



CEWE Stiftung & Co. KGaA

On track to reaching FY targets

13/11/2014

Hold
54.00 EUR

Close (12/11/2014)	53.40 EUR
Bloomberg: CWC	WKN: 540390
Sector	Consumer

Share price performance

52 week high	60.10
52 week low	39.90
Compared to	SDAX
YTD	24.8%
1 month	2.1%
12 months	8.2%



Share data

Market Cap (m EUR)	351
No. of shares (m)	6.58
Free float	70.1%
Trading vol. Ø (m EUR)	0.56

Next event

25/03/2015	Annual Results
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Analyst

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See end of document for disclaimer.

KEY TAKEAWAYS

- CEWE has published its Q3 results. Due to an accounting effect (advertising cost now booked as other cost, previously as sales), comparing the reported sales numbers with our forecast therefore yields no relevant information.
- The decline in photo finishing EBIT yoy is due to exceptional costs related to the world's largest photo fair. Cewe spent more money on advertising ahead of Q4 in order to gain market share.
- As expected, Retail sales decreased as the company discontinued the sale of zero-margin hardware products (already apparent in the last quarters).
- Growth in the Online segment (12%) slowed down, but we do not regard this as a structural problem. We believe that growth typically slows down somewhat in the summer, but we will have to watch this.
- Guidance confirmed: 2014 EBIT is expected to reach € 30-36 m, EBT € 28-34 m. The company forecasts after-tax earnings of € 19-23 m and EPS of € 2.84-3.45. A dividend increase will therefore be possible for the 6th year in succession.

CeWe Stiftung [€ m]	Q3 2014	BHL Q3 2014e	Q3 2013	% yoy
Sales	121,8	123,7	124,0	-1,8%
EBIT	3,2	3,3	6,2	-48,4%
EBIT-margin	2,6%	2,7%	5,0%	-2,4 PP

Source: Company information, Factset, Bankhaus Lampe Research

[€ m]	Q3 2014	BHL Q3 2014e	Q3 2013	% yoy
Fotofinishing				
Sales	89,4	90,0	85,3	4,8%
EBIT	4,2	4,2	7,8	-46,0%
Retail				
Sales	16,3	17,1	24,3	-32,9%
EBIT	-0,4	-0,3	-0,3	---
Onlineprint				
Sales	16,1	16,6	14,4	11,7%
EBIT	-0,7	-0,6	-1,3	---

Source: Company information, Factset, Bankhaus Lampe Research

FIRST TAKE

- We believe the company is on track to reaching its 2014 targets, but the targets are always back-end loaded. The Christmas business will have to be nearly on a par with last year to reach the lower end of the guidance range.

in m EUR	2012	2013	2014e	2015e	2016e
Sales	507	529	542	558	575
EBIT	29	29	34	38	41
EBIT margin	5.7%	5.6%	6.3%	6.8%	7.2%
Net financial debt	22	19	4	-11	-28
Free cash-flow	6	13	24	26	28
EPS (in EUR)	2.88	3.29	3.40	3.75	4.11
DPS (in EUR)	1.45	1.50	1.60	1.70	1.80
Dividend yield	4.7%	3.5%	3.0%	3.2%	3.4%
EV/Sales	0.5	0.6	0.7	0.6	0.6
EV/EBIT	8.3	10.8	10.9	9.5	8.3
Price Earnings ratio (P/E)	10.8	13.0	15.7	14.3	13.0

Source: Company information, Bankhaus Lampe Research estimates

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Shares are rated based upon analyst forecasts with regard to the performance of the share during a period of twelve months. The rating "Buy" within this general concept means that the share's forecast performance is at least 10%. "Hold" means a price movement in a bandwidth of 0% to 10%. "Sell" means that the share's forecast performance is negative.

Explanation of valuation

Unless shown otherwise, the stated upside targets are based upon either a discounted cash-flow pricing or upon a comparison of the performance ratios of companies that the respective analyst considers to be comparable, or upon a combination of these two analyses. Analysts modify the result of this fundamental assessment to incorporate the potential trend in market sentiment.

Overview of changes in our recommendations/price targets in the previous twelve months for: CEWE Stiftung & Co. KGaA (CWC GY), Close (12/11/2014): 53.40 EUR, Analyst: Christoph Schlienkamp (Investmentanalyst DVFA).

Date of publication	Price at recommendation	Rating	Price target
02/04/2014	59.51 EUR	Hold	54.00 EUR

The distribution of recommendations in our investments universe is currently as follows (date: 01/10/2014)

Rating	Basis: all analysed companies	Basis: companies with investment banking relationships
Buy	57.4%	50.0%
Hold	30.1%	50.0%
Sell	12.5%	0.0%
under review	0.0%	0.0%

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Company	Disclosure
CEWE Stiftung & Co. KGaA	4

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13 November 2014

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