



CEWE Stiftung & Co. KGaA

Record result meets expectations

22/02/2017

Hold
77.00 EUR

Close (21/02/2017)	76.50 EUR
Bloomberg: CWC	WKN: 540390
Sector	Consumer

Share price performance

52 week high	90.55
52 week low	49.52
Compared to	SDAX
YTD	-16.3%
1 month	-7.1%
12 months	32.1%



Share data

Market Cap (m EUR)	544.7
No. of shares (m)	7.1
Free float	70.5%
Trading vol. Ø (m EUR)	1.5

Next event

23/03/2017	Annual Results
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Analyst

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See end of document for disclaimer.

CEWE released strong preliminary FY 2016 figures, although they were totally in line with our expectations. We confirm our current HOLD rating with an unchanged price target of € 77.00.

POSITIVE EARNINGS CONTRIBUTIONS FROM ALL SEGMENTS

CEWE Stiftung [€ m]	prel.	BHL	Consensus	2015	% yoy
	2016	2016e	2016e		
Sales	593.1	592.0	587.3	554.2	7.0%
EBIT	47.0	47.0	46.0	36.4	29.1%
EBIT-margin	7.9%	7.9%	7.8%	6.6%	1.4 PP

Source: Company information, FactSet, Bankhaus Lampe Research

- The numbers show that CEWE has had a strong Q4 with sales growth of 4.5% and an EBIT increase of 5.1%. The company stated that new products and the user-friendly apps for mobile devices such as smartphones and tablets have clearly supported the business development.
- The success in 2016 is obviously supported by CEWE Photo Books (6.2 bn, 2015: 6.018 bn, BHL 2016: 6.15 bn).
- CEWE also released some additional figures which underpin our view that the company has a healthy balance sheet. The capital ratio rose by 1.5 percentage points to 53.8% as at 31 December 2016 (31 December 2015: 52.3%). According to the preliminary EBIT figures, the ROCE improved in 2016 from 17.2% to 21.3%.
- CEWE indicated that it was not only the photofinishing business segment, but also commercial online printing and retailing that contributed to the positive development. Detailed segment numbers will be presented on 23 March 2017.
- The company has also not issued a dividend statement at this point of time. A dividend proposal should follow after the supervisory board meeting in mid-March.
- The company will also publish guidance for 2017 on 23 March when it presents the full set of FY 2016 results.

in m EUR	2014	2015	2016e	2017e	2018e
Sales	523.8	554.2	592.0	609.8	628.1
EBIT	32.6	36.8	47.0	50.5	54.6
EBIT margin	6.2%	6.6%	7.9%	8.3%	8.7%
Net financial debt	-23.5	-15.0	-33.8	-53.5	-75.7
Free cash-flow	28.1	4.4	27.8	32.1	34.9
EPS (in EUR)	3.08	3.24	4.74	4.79	5.19
DPS (in EUR)	1.55	1.60	1.75	1.80	1.85
Dividend yield	3.0%	2.9%	2.1%	2.4%	2.4%
EV/Sales	0.7	0.7	1.0	0.8	0.8
EV/EBIT	11.0	10.8	12.6	10.2	9.0
Price Earnings ratio (P/E)	16.7	16.8	17.9	16.0	14.7

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 -10% to 10%. "Sell" means that the share's forecast performance is less than -10%.

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 (21/02/2017): 76.50 EUR, Analyst: Christoph Schlienkamp (Investmentanalyst DVFA).

Date of publication	Price at recommendation	Rating	Price target
06/12/2016	81.15 EUR	Hold	77.00 EUR
16/08/2016	76.09 EUR	Hold	72.00 EUR
06/04/2016	58.47 EUR	Buy	65.00 EUR
25/02/2016	50.10 EUR	Buy	60.00 EUR

The distribution of recommendations in our investments universe is currently as follows (date: 01/01/2017)

Rating	Basis: all analysed companies	Basis: companies with investment banking relationships
Buy	49.0%	75.0%
Hold	46.0%	25.0%
Sell	5.0%	0.0%
Under Review	0.0%	0.0%

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Company	Disclosure
CEWE Stiftung & Co. KGaA	---

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Federal Financial Supervisory Authority – Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), Marie-Curie-Str. 24-28, D-60439 Frankfurt

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