

CEWE Stiftung & Co. KGaA

HOLD (HOLD) | Target EUR 57.00 (EUR 57.00)

 Price (last closing price) : **EUR 57.91** | Upside : -2%

Est. change	2015e	2016e
EPS	-	-

1Q15 indicate solid start; bottom line improved yoy

Tuesday, 12 May 2015



Capital	
CWC GY WIGG.DE	
Market Cap (EURm)	421
Enterprise value (EURm)	398
Extrema 12 months	63.49 - 45.525
Free Float (%)	86.9%

Performance (%)	1m	3m	12m
Absolute	-4.6	-0.4	2.0
Perf. rel. "sector"	1.3	-5.1	-21.6
Perf. rel. CDAX	-0.5	-7.1	-12.7

P & L	12/15e	12/16e	12/17e
Sales (EURm)	529	545	561
EBITDA (EURm)	69	72	72
EBIT (EURm)	33	34	35
Attr. net profit (EURm)	23	24	25
EPS (EUR)	3.56	3.68	3.80
Dividend (EUR)	1.60	1.60	1.65
P/E (x)	16.0	15.5	15.0
P/B (x)	2.0	1.6	1.2
Dividend yield (%)	3%	3%	3%
FCF yield (%)	3%	5%	6%
EV/Sales (x)	0.8	0.7	0.7
EV/EBITDA (x)	5.8	5.6	5.5
EV/EBIT (x)	12.2	11.7	11.3
Gearing (%)	-12.0	-14.3	-19.4
Net Debt/EBITDA(x)	-0.3	-0.4	-0.6

Next Events	
1Q15 report	12 May 2015

1Q15 results: a solid start into 2015

CEWE Stiftung posted 1Q15 results in line with its full-year guidance, which was confirmed. Overall, group revenues were up ~4% yoy from EUR 102.9m to EUR 106.8m up. EBITDA rose 23% yoy to EUR 4.8m from EUR 3.9m; and the EBIT loss also improved to EUR -3.5m from EUR -4.2m in 1Q14. The net loss also improved by EUR 700k yoy to EUR -3.6m. Given that 1Q15 is traditionally the company's weakest quarter, the 1Q15 results can be considered a solid start into 2015.

Segments – Fotofinishing: revenues up 8% yoy from EUR 70.2m to EUR 75.5m, EBIT improved to EUR -1.1m from EUR -2.3m; **Retail:** revenues down 22% yoy from EUR 16.4m to EUR 13.4m, EBIT down from EUR -0.7m to EUR -1.1m; **Online-Print:** revenues up 10% yoy from EUR 16.3m to EUR 17.9m, EBIT slipped from EUR -1.2m to EUR -1.3m.

CEWE sold a total of 1.16m CEWE PHOTOBOOKs in 1Q15, up +2% yoy from 1.14m in 1Q14. Full year, the company still expects to sell 6.0-6.1m CEWE PHOTOBOOKs and we stick to our estimate of 6.15m. As the company guides for a yoy increase of 1-3% yoy, and 1Q was in line with the full-year guidance; we feel confident that the CEWE PHOTOBOOK will remain a strong driver throughout the year. The average price per picture rose from EUR 0.15 up to EUR 0.16, indicating a trend from quantity to quality.

2015 outlook in line

The company confirmed its full-year guidance, including the following key figures: 1) Revenues: EUR 515-535m; 2) EBIT: EUR 32-38m; 3) Net income: EUR 20-24m; 4) EPS: EUR 2.87-3.45.

We leave our revenue forecast of EUR 529.1m unchanged. We estimate EBIT of EUR 32.6m (lower end of guidance range) and net income at EUR 23.4m (high end). Thus we are thus less bullish than consensus, which forecasts EBIT of EUR 35.8m (high end), and net income of EUR 24.2m (high end). Notably, the consensus net income estimate has fallen by 3% since the release of the full year figures.

Stock on PT level – HOLD

1Q15 showed a solid start into 2015, the guidance remained unchanged as expected. We therefore leave our PT at EUR 57.00 per share. From our current perspective we do not see any major upside potential coming from the operational businesses. If Online-Printing should grow stronger than anticipated and reach break-even soon, this would generate upside momentum for the stock. But as things now stand, we remain on the sidelines.

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Profit and loss account

	IFRS	EUR 1,000	2012	2013	2014	2015E	2016E	2017E
Revenues			503,346	528,569	523,779	529,142	545,016	561,367
YoY growth			12.7%	5.0%	4.1%	5.1%	3.1%	7.2%
Change in inventory			64	326	176	326	336	346
as % of sales			0.0%	0.1%	0.0%	0.1%	0.1%	0.1%
Other own work capitalized			1,052	1,034	903	1,035	1,066	1,098
as % of sales			0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Other operating income			29,682	24,589	21,462	21,166	21,801	22,455
as % of sales			5.9%	4.7%	4.1%	4.0%	4.0%	4.0%
Cost of materials			-186,234	-190,017	-162,653	-164,034	-172,770	-185,251
as % of sales			-37.0%	-35.9%	-31.1%	-31.0%	-31.7%	-33.0%
Gross profit			347,910	364,501	383,667	387,635	395,449	400,015
as % of sales			69.1%	69.0%	73.2%	73.3%	72.6%	71.3%
Personnel cost			-122,531	-129,882	-135,881	-137,577	-137,889	-137,535
as % of sales			-24.3%	-24.6%	-25.9%	-26.0%	-25.3%	-24.5%
Other operating expenses			-159,439	-167,352	-181,682	-178,321	-185,305	-190,865
as % of sales			-31.7%	-31.7%	-34.7%	-33.7%	-34.0%	-34.0%
EBITDA			65,940	67,267	66,104	71,737	72,254	71,615
as % of sales			13.1%	12.7%	12.6%	13.6%	13.3%	12.8%
Depreciation and amortisation			-37,019	-37,902	-33,468	-39,157	-38,151	-36,489
as % of sales			-7.4%	-7.2%	-6.4%	-7.4%	-7.0%	-6.5%
EBIT			28,921	29,365	32,636	32,581	34,103	35,126
as % of sales			5.7%	5.6%	6.2%	6.2%	6.3%	6.3%
Net financial results			-2,203	-1,547	-1,176	-1,238	-1,276	-1,295
EBT (Earnings before income taxes)			26,718	27,818	31,460	31,343	32,827	33,831
as % of sales			5.3%	5.3%	6.0%	5.9%	6.0%	6.0%
Income taxes (including others)			-7,893	-6,199	-10,099	-7,909	-8,599	-8,862
as % of EBT			-29.5%	-22.3%	-32.1%	-25.2%	-26.2%	-26.2%
Group net income including minorities			18,825	21,619	21,361	23,434	24,227	24,969
Minority interests			0.0	0.0	0.0	0.0	0.0	0.0
Net income attributable to shareholders			18,825	21,619	21,361	23,434	24,227	24,969
as % of sales			3.7%	4.1%	4.1%	4.4%	4.4%	4.4%
Shares outstanding (in m), weighted			6.54	6.54	6.58	6.58	6.58	6.58
Basic earnings per share (EUR)			2.88	3.31	3.25	3.56	3.68	3.80

Source: Company Data, Oddo Seydler Bank AG

Balance Sheet

	IFRS	EUR 1,000	2012	2013	2014	2015E	2016E	2017E
Assets								
Noncurrent assets			165,628	159,656	167,765	174,431	175,864	171,876
as % of total assets			51.2%	48.2%	49.4%	49.5%	48.2%	45.4%
Property, plant and equipment			101,211	98,562	102,539	110,256	112,828	110,019
Real estate held as financial investment			4,484	4,277	4,954	4,954	4,954	4,954
Goodwill			28,529	25,360	25,360	25,360	25,360	25,360
Intangible assets			21,759	19,969	19,290	18,239	17,076	15,872
Financial assets			322	1,153	3,264	3,264	3,288	3,313
Noncurrent receivables from income tax refunds			2,092	1,557	1,071	1,071	1,071	1,071
Noncurrent receivables and assets			680	1,722	3,146	3,146	3,146	3,146
Deferred tax assets			6,551	7,056	8,141	8,141	8,141	8,141
Current assets			157,925	171,820	171,868	177,910	188,725	206,389
as % of total assets			48.8%	51.8%	50.6%	50.5%	51.8%	54.6%
Assets held for sale			192	1,010	1,331	1,331	1,331	1,331
Inventories			62,652	59,131	48,887	52,914	54,502	56,137
Current trade receivables			72,184	88,768	84,269	86,982	89,592	92,279
Current receivables from income tax refunds			1,639	2,127	1,759	1,759	1,759	1,759
Current other receivables and assets			7,888	6,753	7,957	8,514	9,110	9,748
Cash and cash equivalents			13,370	14,031	27,665	26,410	32,432	45,135
Total assets			323,553	331,476	339,633	352,341	364,589	378,264
Shareholders' equity and liabilities								
Shareholders' equity			130,470	140,437	173,653	185,617	198,004	210,763
as % of total equity and liabilities			40.3%	42.4%	51.1%	52.7%	54.3%	55.7%
Subscribed capital			19,188	19,240	19,240	19,240	19,240	19,240
Share premium account			56,228	56,643	69,332	69,332	69,332	69,332
Treasure shares			-23,939	-23,391	-8,511	-8,511	-8,511	-8,511
Revenue reserves and net retained profits			78,993	87,945	93,592	105,556	117,943	130,702
Minority interests			0	0	0	0	0	0
Current liabilities			143,152	161,442	138,141	138,886	138,746	139,662
as % of total equity and liabilities			44.2%	48.7%	40.7%	39.4%	38.1%	36.9%
Current special tax-allowable reserves for investment grants			74	25	0	0	0	0
Current provisions for taxes			2,955	4,180	4,451	4,451	4,451	4,451
Current other provisions			6,068	5,627	3,298	3,430	3,567	3,710
Current financial liabilities			8,005	26,111	1,560	1,560	1,560	1,560
Current trade liabilities			102,186	101,077	96,100	98,022	99,002	100,982
Current other liabilities			23,864	24,422	32,732	31,423	30,166	28,959
Noncurrent liabilities			49,931	29,597	27,839	27,839	27,839	27,839
as % of total equity and liabilities			15.4%	8.9%	8.2%	7.9%	7.6%	7.4%
Noncurrent special tax-allowable reserves for investment grants			245	178	0	0	0	0
Noncurrent provisions for pensions			17,363	17,917	21,941	21,941	21,941	21,941
Noncurrent deferred tax liabilities			3,988	3,280	2,796	2,796	2,796	2,796
Noncurrent other provisions			549	350	242	242	242	242
Noncurrent financial liabilities			23,473	4,212	2,655	2,655	2,655	2,655
Noncurrent other liabilities			4,313	3,660	205	205	205	205
Total equity and liabilities			323,553	331,476	339,633	352,341	364,589	378,264

Source: Company Data, Oddo Seydler Bank AG

Cash flow statement

	IFRS	EUR 1,000	2012	2013	2014	2015E	2016E	2017E
EBIT			29,072	29,365	32,636	32,581	34,103	35,126
Amortization of intangible assets and depreciation of property, plant and equipment			37,037	37,902	33,468	39,157	38,151	36,489
Changes in deferred tax assets and tax liabilities			0	0	0	0	0	0
Changes in other non-current account receivable and debts			6,208	988	0	0	-24	-25
Income/Loss from the disposal of fixed assets			253	-439	0	0	0	0
Other non-cash transactions			-4,183	-800	-765	0	0	0
Operating result before change of working capital and tax payments			68,387	67,016	65,339	71,737	72,230	71,590
Change in Working Capital			-5,966	-13,055	12,952	-6,553	-4,932	-4,044
Taxes paid			-11,068	-6,023	-7,123	-7,909	-8,599	-8,862
Cash flow from operating activities			51,353	47,938	71,168	57,276	58,698	58,684
CAPEX			-33,775	-35,265	-35,442	-45,823	-39,560	-32,476
Cash flow from purchases of consolidated shareholdings/acquisitions			-23,548	-333	-4,883	0	0	0
Cash flow from disposal of tangible and intangible assets			870	2,406	579	0	0	0
Other investing CF			10,605	-1,932	-3,358	0	0	0
Cash flow from investing activities			-45,848	-35,124	-43,104	-45,823	-39,560	-32,476
Dividends paid			-9,188	-9,540	-10,646	-11,470	-11,840	-12,210
Acquisition of treasury shares			0	0	26,838	0	0	0
Sale of treasury shares			492	548	0	0	0	0
Valuation of 2005 Stock Option Plan (IFRS 2)			0	0	-3,156	0	0	0
Cash flow from change of financial liabilities			-8,787	-1,155	-26,108	0	0	0
Cash flow from the change of interest income			-2,453	-1,846	-1,418	-1,238	-1,276	-1,295
Other financial transactions			-3,238	0	7	0	0	0
Cash flow from financing activities			-23,174	-11,993	-14,483	-12,708	-13,116	-13,505
Total change in cash and cash equivalents			-17,669	821	13,581	-1,255	6,022	12,703
Change in cash and cash equivalents due to exchange rate changes			275	-160	53	0	0	0
Cash and cash equivalents at the start of the period			30,764	13,370	14,031	27,665	26,410	32,432
Cash and cash equivalents at year's end			13,370	14,031	27,665	26,410	32,432	45,135

Source: Company Data, Oddo Seydler Bank AG

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Recommendation history over the last 12 months for the company analysed in this report:

Date	Recommendation	Price at change date	Price target
13 May 2014	HOLD	EUR 55.84	EUR 47.00
13 August 2014	HOLD	EUR 49.80	EUR 47.00
13 November 2014	HOLD	EUR 53.40	EUR 47.00
26 February 2015	HOLD	EUR 56.19	EUR 57.00
26 March 2015	HOLD	EUR 59.17	EUR 57.00
12 May 2015	HOLD	EUR 57.91	EUR 57.00

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