



CEWE Stiftung & Co. KGaA

Buy → | Target price : 57.00 EUR

Price : 54.59 EUR | Upside : 4 %

Strong performance on EBIT level, guidance 2016 in line with consensus

Wednesday 23 March 2016



— CEWE Stiftung & Co. KGaA
— CEWE Stiftung & Co. KGaA Relative to Property, holdings, other fi (Rebased)

Capital

CWC GY CWCG.DE	
Market Cap (EURm)	404
Enterprise value (EURm)	375
Extrema 12 months	44.34 - 62.18
Free Float (%)	70.1

Performance (%)	1m	3m	12m
Absolute	10.1	0.8	-6.3
Perf. rel. Country Index	7.3	5.7	11.3
Perf. rel. Property, holding	4.0	8.5	6.5

P&L

	12/15	12/16e	12/17e
Sales (EURm)	554	556	572
EBITDA (EURm)	75.1	77.5	84.5
Current EBIT (EURm)	36.8	38.7	44.4
Attr. net profit (EURm)	22.7	27.6	31.7
Adjusted EPS (EUR)	3.28	3.72	4.29
Dividend (EUR)	1.60	1.60	1.65

P/E (x)	16.3	14.7	12.7
P/B (x)	2.0	2.0	1.8
Dividend Yield (%)	3.0	2.9	3.0
FCF yield (%)	3.8	5.3	9.2
EV/Sales (x)	0.63	0.67	0.61
EV/EBITDA (x)	4.7	4.8	4.2
EV/Current EBIT (x)	9.5	9.7	7.9
Gearing (%)	-12	-15	-24
Net Debt/EBITDA(x)	ns	ns	ns

Next Events

Final numbers confirm preliminaries

CEWE Stiftung presented its final figures for FY15 which confirmed the preliminaries from late February. Group revenues came in at € 554.2m, above the company guidance range of € 515-535m. EBIT increased from € 32.6m to € 36.8m, and net income rise to € 23.1m. While most of the figures beat the market, net income was slightly below consensus.

Fotofinishing: revenues up 7.5% yoy to € 414.9m, EBIT up yoy to € 40.4m (excl. restructuring even €43.4m); **Retail:** revenues at € 60.8m, EBIT flattish at € -0.4m; **Online-Print:** revenues up 10.4% yoy to € 77.8m, EBIT improved from € -2.9m to € -0.9m.

2015 key figures

	2015	Oddo Seydler	Consensus	2014
Revenues	554.2	532.1	546.4	523.8
EBIT	36.8	32.2	36.5	32.6
Net income	23.1	23.2	23.5	21.4
EPS	3.24	3.27	3.32	3.07

Source : Oddo Seydler Bank, Company Data, Factset

Guidance 2016 looks achievable

Management provided an outlook for 2016 for all key figures: 1) CEWE Photobook sales of 6.1-6.15m; 2) revenues of EUR 555-575m; 4) EBIT of EUR 38-44m; 5) EBT of EUR 37-43m; 6) Net income: EUR 25-29m; 7) EPS: EUR 3.53-4.10.

After updating our estimates we now forecast revenues of € 555.6m and EBIT of € 38.7m, both figures at the lower end of the company's new guidance. We remain cautious as visibility into H2 is difficult to assess. We will closely monitor the coming months and update our figures if needed. As for earnings, we forecast net income of EUR 27.5m (middle of guidance range).

Consensus has revenues of € 552.3m (below the guidance range), EBIT of EUR 39.0m and net income of EUR 26.1m.

Buy recommendation with TP at € 57.00/share reiterated

All in all, the company is well on track to achieve its goals for 2016e. Considering that the guidance provides always a wide corridor, the lower end can be considered the company's conservative floor. Given that more than 100% of group EBIT is contributed in Q4, a broader guidance range is justified. We believe CEWE will continue to provide strong figures throughout the year 2016 and this would support the stock. We therefore confirm our Buy recommendation with an unchanged PT of € 57.00/share.

Martin Decot (Analyst)
+49 (69) 92 05 48 13
martin.decot@oddoseydler.com

Marcus Silbe, CEFA (Analyst)
+49 (69) 92 05 48 14
marcus.silbe@oddoseydler.com

Conflict of interests:

Oddo Securities, a division of Oddo et Cie, limited sharepartnership - Bank authorised by ACPR. Oddo & Cie and/or one of its subsidiaries could be in a conflict of interest situation with one or several of the groups mentioned in this publication. Please refer to the conflict of interests section at the end of this document.
This is a non-contractual document, it is strictly for the private use of the recipient, and the information it contains is based on sources we believe to be reliable, but whose accuracy and completeness cannot be guaranteed. The opinions given in the document reflect our appraisal at the time of publication and may therefore be revised at a later date.

CWCG.DE | CWC GY
Specialist Retailing | Germany

Buy
Upside 4.41%
Price TP 54.59EUR
57.00EUR

PER SHARE DATA (EUR)	12/11	12/12	12/13	12/14	12/15	12/16e	12/17e
Adjusted EPS	2.84	2.88	3.29	3.25	3.28	3.72	4.29
Reported EPS	2.84	2.88	3.29	3.25	3.28	3.72	4.29
Growth in EPS(%)	-	1.3%	14.2%	-1.2%	1.1%	13.3%	15.2%
Net dividend per share	1.40	1.45	1.50	1.55	1.60	1.60	1.65
FCF to equity per share	4.80	-0.81	2.24	4.78	2.04	2.88	5.01
Book value per share	18.39	19.96	21.35	26.40	26.79	27.17	29.81
Number of shares market cap	6.54	6.54	6.58	6.58	6.92	7.40	7.40
Number of diluted shares	6.54	6.54	6.58	6.58	6.92	7.40	7.40
VALUATION	12/11	12/12	12/13	12/14	12/15	12/16e	12/17e
12m highest price	35.98	35.00	42.96	60.10	62.18	54.59	
12m lowest price	25.78	27.50	30.42	41.42	44.34	47.11	
(*) Reference price	30.89	31.38	35.82	51.37	53.64	54.59	54.59
Capitalization	202	205	236	338	371	404	404
Restated Net debt	-6.7	18	16	-23.5	-21.4	-29.4	-52.6
Minorities (fair value)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial fixed assets (fair value)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Enterprise Value	195	223	252	314	350	375	351
P/E (x)	11	11	11	16	16	15	13
P/CF (x)	3.8	3.6	3.9	5.8	5.5	6.0	5.5
Net Yield (%)	4.5%	4.6%	4.2%	3.0%	3.0%	2.9%	3.0%
FCF yield (%)	15.5%	ns	6.3%	9.3%	3.8%	5.3%	9.2%
P/B incl. GW (x)	1.68	1.57	1.68	1.95	2.00	2.01	1.83
P/B excl. GW (x)	1.68	1.57	1.68	1.95	2.00	2.01	1.83
EV/Sales (x)	0.42	0.44	0.48	0.60	0.63	0.67	0.61
EV/EBITDA (x)	3.1	3.4	3.7	4.8	4.7	4.8	4.2
EV/EBIT (x)	6.5	7.7	8.6	9.6	9.5	9.7	7.9
(*) historical average price							
PROFIT AND LOSS (EURm)	12/11	12/12	12/13	12/14	12/15	12/16e	12/17e
Sales	469	503	529	524	554	556	572
EBITDA	64	66	67	66	75	78	84
Depreciations	-33.5	-37.0	-37.9	-33.5	-38.4	-38.9	-40.1
Current EBIT	30.1	28.9	29.4	32.6	36.8	38.7	44.4
Published EBIT	30.1	28.9	29.4	32.6	36.8	38.7	44.4
Net financial income	-1.0	-2.2	-1.5	-1.2	-0.5	-1.4	-1.6
Corporate Tax	-10.6	-7.9	-6.2	-10.1	-13.6	-9.7	-11.0
Net income of equity-accounted companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit/loss of discontinued activities (after tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Attributable net profit	18.6	18.8	21.6	21.4	22.7	27.6	31.7
Adjusted attributable net profit	18.6	18.8	21.6	21.4	22.7	27.6	31.7
BALANCE SHEET (EURm)	12/11	12/12	12/13	12/14	12/15	12/16e	12/17e
Goodwill	9.1	29	25	25	25	25	25
Other intangible assets	13	22	20	19	18	17	15
Tangible fixed assets	79	101	99	103	110	112	106
WCR	22	12	25	12	20	27	31
Financial assets	14	14	17	22	22	22	22
Ordinary shareholders equity	120	130	140	174	185	201	221
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shareholders equity	120	130	140	174	185	201	221
Non-current provisions	23	29	29	31	31	31	31
Net debt	-6.7	18	16	-23.5	-21.4	-29.4	-52.6
CASH FLOW STATEMENT (EURm)	12/11	12/12	12/13	12/14	12/15	12/16e	12/17e
EBITDA	63.6	65.9	67.3	66.1	75.1	77.5	84.5
Change in WCR	8.6	-6.0	-13.1	13.0	-7.3	-6.9	-4.1
Interests & taxes	-9.7	-11.1	-6.0	-7.1	-7.8	-9.7	-11.0
Others	-1.0	2.3	-0.3	-0.8	0.0	0.0	0.0
Operating Cash flow	61.4	51.2	47.9	71.2	60.0	60.9	69.3
CAPEX	-30.0	-56.5	-33.2	-39.7	-45.8	-39.6	-32.2
Free cash-flow	31.4	-5.3	14.7	31.4	14.1	21.3	37.0
Acquisitions / disposals	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends	-8.5	-9.2	-9.5	-10.6	-11.5	-11.8	-12.2
Net capital increase	-6.5	0.5	0.5	23.7	0.0	0.0	0.0
Others	-8.1	-14.2	-3.2	-27.5	-1.2	-1.4	-1.6
Change in net debt	14.0	-8.8	1.8	39.7	1.4	8.1	23.2
GROWTH MARGINS PRODUCTIVITY	12/11	12/12	12/13	12/14	12/15	12/16e	12/17e
Sales growth	-	7.3%	5.0%	-0.9%	5.8%	0.3%	3.0%
Lfl sales growth	-	7.3%	5.0%	-0.9%	5.8%	0.3%	3.0%
Current EBIT growth	-	-4.0%	1.5%	11.1%	12.7%	5.1%	14.8%
Growth in EPS(%)	-	1.3%	14.2%	-1.2%	1.1%	13.3%	15.2%
Net margin	4.0%	3.7%	4.1%	4.1%	4.1%	5.0%	5.5%
EBITDA margin	13.6%	13.1%	12.7%	12.6%	13.6%	14.0%	14.8%
Current EBIT margin	6.4%	5.7%	5.6%	6.2%	6.6%	7.0%	7.8%
CAPEX / Sales	-6.5%	-11.4%	-6.7%	-7.7%	-8.3%	-7.1%	-5.6%
WCR / Sales	4.7%	2.4%	4.8%	2.3%	3.5%	4.8%	5.4%
Tax Rate	36.3%	29.5%	22.3%	32.1%	37.4%	26.0%	25.8%
Normative tax rate	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
Asset Turnover	-	3.5	3.2	3.2	3.3	3.1	3.2
ROCE post-tax (normative tax rate)	-	14.1%	12.4%	13.9%	15.5%	15.3%	17.3%
ROCE post-tax hors GW (normative tax rate)	-	16.3%	14.7%	16.5%	18.3%	17.8%	20.2%
ROE	-	15.0%	16.0%	13.6%	12.7%	14.3%	15.1%
DEBT RATIOS	12/11	12/12	12/13	12/14	12/15	12/16e	12/17e
Gearing	-6%	14%	12%	-14%	-12%	-15%	-24%
Net Debt / Market Cap	-0.03	0.09	0.07	-0.07	-0.06	-0.07	-0.13
Net debt / EBITDA	ns	0.27	0.24	ns	ns	ns	ns
EBITDA / net financial charges	66.7	29.9	43.5	56.2	163.7	54.1	52.1

Recommendation and target price changes history over the last 12 months for the company analysed in this report

Date	Reco	Price Target (EUR)	Price (EUR)
25.02.16	Buy	57.00	49.52

Risk of conflict of interest :

Investment banking and/or Distribution

Has Oddo Group, or Oddo & Cie, or Oddo Seydler managed or co-managed in the past 12 months a public offering of securities for the subject company/ies?	No
Has Oddo Group, or Oddo & Cie, or Oddo Seydler received compensation for investment banking services from the subject company/ies in the past 12 months or expects to receive or intends to seek compensation for investment banking services from the subject company/ies in the last 12 months?	No

Research contract between Oddo group & the issuer

Oddo & Cie and the issuer have agreed that Oddo & Cie will produce and disseminate investment recommendations on the said issuer as a service to the issuer	Yes
---	-----

Liquidity provider agreement and market-making

At the date of the distribution of this report, does Oddo Group, or Oddo & Cie, or Oddo Seydler act as a market maker or has Oddo Group or Oddo & Cie, or Oddo Seydler signed a liquidity provider agreement with the subject company/ies?	Yes
--	-----

Significant equity stake

Does Oddo Group, or Oddo & Cie, or Oddo Seydler own 5% or more of any class of common equity securities of the subject company/ies?	No
Does the subject company beneficially own 5% or more of any class of common equity of Oddo & Cie or its affiliates?	No

Disclosure to Company

Has a copy of this report ; with the target price and/or rating removed, been presented to the subject company/ies prior to its distribution, for the sole purpose of verifying the accuracy of factual statements ?	No
Have the conclusions of this report been amended following disclosure to the company/ies and prior its distribution?	No

Additional material conflicts

Is Oddo Group, or Oddo & Cie, or Oddo Seydler aware of any additional material conflict of interest?	No
--	----

Statement of conflict of interests of all companies mentioned in this document may be consulted on Oddo & Cie's: www.oddosecurities.com

Disclaimer:

Disclaimer for Distribution by Oddo & Cie to Non-United States Investors:

This research publication is produced by Oddo Securities ("Oddo Securities"), a division of Oddo & Cie ("ODDO"), which is licensed by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the Autorité des Marchés Financiers ("AMF"), and/or by ODDO SEYDLER BANK AG ("Oddo Seydler"), a German subsidiary of ODDO, regulated by Bundesanstalt für Finanzdienstleistungsaufsicht ("BaFin").

The research, when distributed outside of the U.S., is intended exclusively for non-U.S. customers of ODDO and cannot be divulged to a third-party without prior written consent of ODDO. This document is not and should not be construed as an offer to sell or the solicitation of an offer to purchase or subscribe for any investment.

This research has been prepared in accordance with regulatory provisions designed to promote the independence of investment research. "Chinese walls" (information barriers) have been implemented to avert the unauthorized dissemination of confidential information and to prevent and manage situations of conflict of interest. This research has been prepared in accordance with French and German regulatory provisions designed to promote the independence of investment research.

At the time of publication of this document, ODDO and/or Oddo Seydler, and/or one of its subsidiaries may have a conflict of interest with the issuer(s) mentioned. While all reasonable effort has been made to ensure that the information contained is not untrue or misleading at the time of publication, no representation is made as to its accuracy or completeness and it should not be relied upon as such. Past performances offer no guarantee as to future performances. All opinions expressed in the present document reflect the current context and which is subject to change without notice. The views expressed in this research report accurately reflect the analyst's personal views about the subject securities and/or issuers and no part of his compensation was, is, or will be directly or indirectly related to the specific views contained in the research report.

This research report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice.

Disclaimer for Distribution by Oddo New York to United States Investors:

This research publication is produced by Oddo Securities, a division of ODDO and/or by Oddo Seydler.

This research is distributed to U.S. investors exclusively by Oddo New York Corporation ("ONY"), MEMBER: FINRA/SIPC, and is intended exclusively for U.S. customers of ONY and cannot be divulged to a third-party without prior written consent of ONY. This document is not and should not be construed as an offer to sell or the solicitation of an offer to purchase or subscribe for any investment.

This research has been prepared in accordance with regulatory provisions designed to promote the independence of investment research. "Chinese walls" (information barriers) have been implemented to avert the unauthorized dissemination of confidential information and to prevent and manage situations of conflict of interest. This research has been prepared in accordance with French and German regulatory provisions designed to promote the independence of investment research.

At the time of publication of this document, ODDO and/or Oddo Seydler, and/or one of its subsidiaries may have a conflict of interest with the issuer(s) mentioned. While all reasonable effort has been made to ensure that the information contained is not untrue or misleading at the time of publication, no representation is made as to its accuracy or completeness and it should not be relied upon as such. Past performances offer no guarantee as to future performances. All opinions expressed in the present document reflect the current context and which is subject to change without notice.

Rule 15a-6 Disclosure:

Under Rule 15a-6(a)(3), any transactions conducted by ODDO and/or Oddo Seydler, and/or one of its subsidiaries with U.S. persons in the securities described in this foreign research must be effected through ONY. As a member of FINRA, ONY has reviewed this material for distribution to U.S. persons as required by FINRA Rules 2241(h) applicable to dissemination of research produced by its affiliate ODDO.

FINRA Disclosures:

- Neither ONY, ODDO, nor Oddo Securities, nor Oddo Seydler beneficially owns 1% or more of any class of common equity securities of the subject company.
- The research analyst of Oddo Securities or Oddo Seydler, at the time of publication of this research report, is not aware, nor does he know or have reason to know of any actual, material conflict of interest of himself, ODDO, Oddo Securities, Oddo Seydler or ONY, except those mentioned in the paragraph entitled "Risk of Conflict of Interest."
- Oddo Securities or ODDO or Oddo Seydler may receive or seek compensation for investment banking services in the next 3 months from the subject company of this research report, but ONY would not participate in those arrangements.
- Neither ONY, ODDO, Oddo Securities, nor Oddo Seydler has received compensation from the subject company in the past 12 months for providing investment banking services except those mentioned in the paragraph of "Risk of Conflict of Interest".
- Neither ONY, ODDO, Oddo Securities nor Oddo Seydler has managed or co-managed a public offering of securities for the subject company in the past 12 months except those mentioned in the paragraph of "Risk of Conflict of Interest".
- ONY does not make (and never has made) markets and, accordingly, was not making a market in the subject company's securities at the time that this research report was published.

Regulation AC:

ONY is exempt from the certification requirements of Regulation AC for its distribution to a U.S. person in the United States of this research report that is prepared by an Oddo Securities research analyst because ODDO has no officers or persons performing similar functions or employees in common with ONY and ONY maintains and enforces written policies and procedures reasonably designed to prevent it, any controlling persons, officers or persons performing similar functions, and employees of ONY from influencing the activities of the third party research analyst and the content of research reports prepared by the third party research analyst.

Contact Information of firm distributing research to U.S. investors: Oddo New York Corporation, MEMBER: FINRA/SIPC, is a wholly owned subsidiary of Oddo & Cie; Philippe Bouclainville, President (pbouclainville@oddonny.com) 150 East 52nd Street New York, NY 10022 212-481-4002.