

Buy EUR 60.00	Value Indicators: EUR	Share data:	Description:
	DCF: 60.06 FCF-Value Potential avg.: 63.91	Bloomberg: CWC GR Reuters: CWCG ISIN: DE0005403901	Europe's leading industrial photofinisher and provider of personalised photo products
Price: EUR 53.36 Upside: 12.4 %	Market Snapshot: EUR m	Shareholders:	Risk Profile (WRe): 2014e
	Market cap: 350 No. of shares (m): 7 EV: 378 Freefloat MC: 244 Ø Trad. Vol. (30d; EUR): 543.85 th	Freefloat: 69.8 % Comm. heirs Senator: 27.4 % CeWe Stiftung & Co. KGaA: 2.8 %	Beta: 1.1 Price / Book: 2.6 x Equity Ratio: 43 % Net Fin. Debt / EBITDA: 0.1 x Net Debt / EBITDA: 0.4 x

Q3 in line but Q4 is more important; Model adjusted

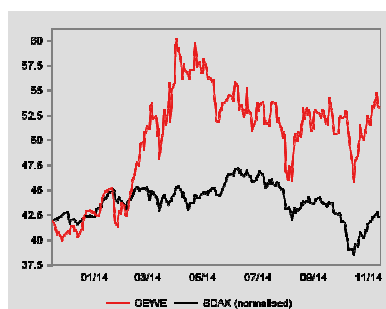
Stated Figures Q3/2014:										Comment on Figures:	
FY End: 31.12. in EUR m	Q3 14	Q3 14e	Q3 13	yoy	9M 14	9M 14e	9M 13	yoy			
Sales	122	120	124	-2 %	329	324	345	-5 %			■ Photofinishing increased by almost 5% to EUR 89.4m (WRe: EUR 85.5m) in comparison to the extraordinarily high base in Q3 2013, which also represents the continuous business shift to the fourth quarter
EBIT	3	4	6	-49 %	-4	-4	-4	n.a.			■ Online Printing business grew by c. 11% to EUR 16.1m (WRe: EUR 16.6m) in Q3 (ramp-up of this business). Q3 EBIT in this segment was just slightly loss making (EUR -0.7m), which is a result of the high marketing expenses to improve market awareness. Q3 sales in the Retail business declined as expected to EUR 16.3m (WRe: EUR 15.8m) due to the deconsolidation of the wholesale activities.
Margin	2.6 %	3.1 %	5.0 %		-1.2 %	-1.1 %	-1.2 %				
Net income	3	2	5	-43 %	-4	-5	-5	n.a.			
Margin	2.2 %	1.6 %	3.8 %		-1.4 %	-1.6 %	-1.6 %				
EPS	0.38	0.29	0.72	-47 %	-0.65	-0.76	-0.83	n.a.			

Yesterday morning, CEWE released its **Q3 2014 figures, which were slightly better in terms of sales and net profit** and a notch below our estimates with regards to EBIT. Q3 sales declined by c. 2% to EUR 122m. While the Online Printing and Retail sales volume was somewhat weaker than assumed, Photofinishing exceeded our expectations. However, this can mainly be explained by a change in accounting (CEWE has standardised its reporting of advertising costs subsidies which in some cases had previously been reported under different items).

The number of PHOTOBOKS sold after Q3 increased by c. 5% to 1.4m (9M 2014: 3.4m; +3.6%). In contrast to this, the number of digital photos sold slipped slightly by 2.2% to 567m and photos from film took another nosedive of 24% to 30m. Nevertheless, as a result of the growing share of high-quality value-added products (e.g. photobooks, calendars, cards or wall art), the turnover per photo increased another 8.8% to 14.98 cents in Q3 and 5.2% to 15.04 cents after 9M. Given the somewhat lower top line, **group EBIT declined to EUR 3.2m** (WRe: EUR 3.7m). This is also a result of the continuous shift of business towards the fourth quarter as well as higher marketing expenses for Online Printing and the important Christmas business

Given that the first three quarters developed as expected, **CEWE confirmed its FY 2014 targets**. Hence, the company expects sales in the range of EUR 525m-540m, EBIT between EUR 30m and EUR 36m (WRe: EUR 33.4m), and net profit between EUR 19m and EUR 23m (WRe: EUR 21.9m). Nevertheless, it has to be kept in mind that CEWE is likely to slightly miss its projected sales corridor as the top-line impact of the wholesale divestment looks set to be higher than initially expected. However, as this business hardly contributed to earnings, we are confident that CEWE will meet its FY 2014 EBIT and net profit guidance. **The Buy rating is being reiterated with an unchanged PT of EUR 60, upside 12%.**

Changes in Estimates:							Comment on Changes:	
FY End: 31.12. in EUR m	2014e (old)	+ / -	2015e (old)	+ / -	2016e (old)	+ / -		
Sales	537	-2.4 %	551	-4.2 %	562	-3.9 %		■ We have lowered our sales assumptions for this and the following fiscal years as the impact of the discontinuation of the wholesale business looks set to be higher than previously anticipated
EBIT	34	-0.6 %	36	0.0 %	39	-0.3 %		■ As this business delivered almost no profit contribution, we are sticking to our earnings assumptions
Net income	22	-1.0 %	24	0.0 %	26	-0.5 %		



Rel. Performance vs SDAX:

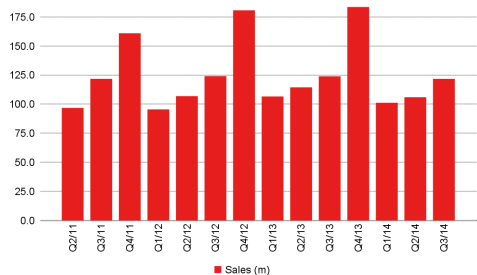
1 month:	3.1 %
6 months:	5.1 %
Year to date:	24.8 %
Trailing 12 months:	25.9 %

Company events:

Net Debt	18	5	36	35	28	16	4
ROE	11.8 %	15.3 %	15.0 %	15.9 %	15.3 %	15.8 %	17.0 %
ROCE (NOPAT)	10.2 %	14.5 %	13.9 %	13.4 %	13.2 %	14.5 %	16.7 %
Guidance:	2013: sales EUR 525-540m; EBIT EUR 30-36m; EPS EUR 2.84-3.45						

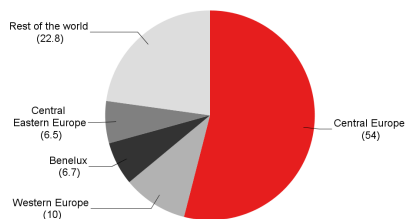
FY End: 31.12. in EUR m	CAGR (13-16e)	2010	2011	2012	2013	2014e	2015e	2016e
Sales	0.7 %	447	469	507	529	524	528	540
Change Sales yoy		9.0 %	5.0 %	8.1 %	4.2 %	-0.9 %	0.8 %	2.2 %
Gross profit margin		62.6 %	63.2 %	63.6 %	64.3 %	65.4 %	65.1 %	65.1 %
EBITDA	6.6 %	66	64	66	67	72	77	82
Margin		14.7 %	13.6 %	13.0 %	12.7 %	13.8 %	14.5 %	15.1 %
EBIT	9.9 %	28	30	29	29	33	36	39
Margin		6.3 %	6.4 %	5.7 %	5.6 %	6.4 %	6.8 %	7.2 %
Net income	6.7 %	14	19	19	22	22	24	26
EPS	4.1 %	2.02	2.84	2.88	3.29	3.10	3.33	3.71
EPS adj.	2.1 %	2.02	2.84	2.88	3.42	3.03	3.26	3.64
DPS	8.2 %	1.25	1.40	1.45	1.50	1.60	1.75	1.90
Dividend Yield		4.6 %	4.5 %	4.6 %	4.2 %	3.0 %	3.3 %	3.6 %
FCFPS		3.91	4.58	2.69	1.93	2.45	3.41	3.58
EV / Sales		0.5 x	0.4 x	0.5 x	0.5 x	0.8 x	0.7 x	0.7 x
EV / EBITDA		3.1 x	3.3 x	3.6 x	4.0 x	5.6 x	5.1 x	4.7 x
EV / EBIT		7.2 x	6.9 x	8.3 x	9.2 x	12.1 x	11.0 x	9.8 x
P / E		13.5 x	10.9 x	10.9 x	10.9 x	17.2 x	16.0 x	14.4 x
P / E adj.		13.5 x	10.9 x	10.9 x	10.5 x	17.6 x	16.4 x	14.7 x
FCF Yield Potential		13.6 %	13.2 %	12.2 %	8.6 %	6.3 %	8.0 %	9.3 %

Sales development
in EUR m



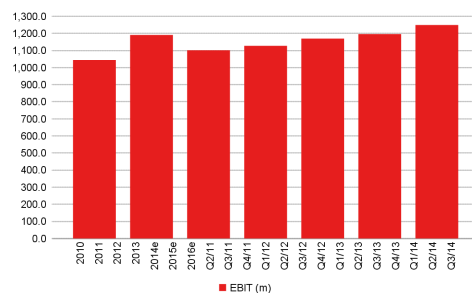
Source: Warburg Research

Sales by regions
2013; in %



Source: Warburg Research

EBIT development
in EUR m



Source: Warburg Research

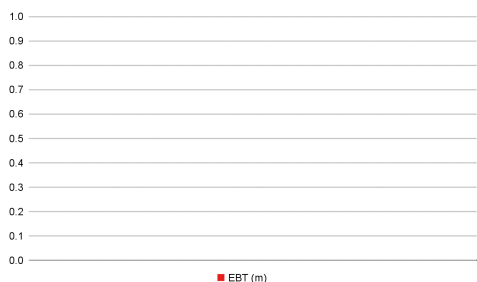
Company Background

- CEWE is Europe's largest industrial photofinisher with a market share of ca. 40%. The company mainly develops digital photographs in 19 photo labs across Europe.
- The company also sells personalised photo products and, with the CEWE PHOTOBOOK, is the best-known and most successful producer of photobooks.
- In Scandinavia and Central and Eastern Europe (Slovakia, Czech Republic, Poland) CEWE also sells cameras and photo accessories in more than 200 retail stores.
- With ca. 34,000 trade customers (drug stores, photographic retailers, internet partners) CEWE has the broadest base of outlets of all photo finishers, supplying a total of 24 European countries.
- The products are distributed via trading partners and over the internet.

Competitive Quality

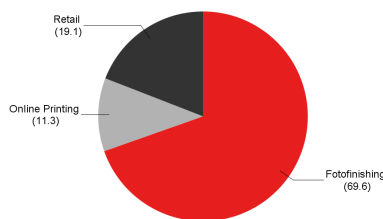
- CEWE has the broadest distribution base of all industrial photofinishers. The dense regional presence facilitates rapid market-share gains.
- CEWE's distribution base of more than 34,000 trade partners represents a significant competitive advantage in the digital market, as it enables broad market coverage.
- The company has a clear competitive advantage with its high brand awareness in Europe (mainly thanks to the CEWE PHOTOBOOK).
- The broad range of products and the resulting higher revenues per photo secure CEWE's strong market position in a highly competitive market.
- The digital online printing business broadens the company's customer base and offers synergies with the company's ancestral business

EBT development
in EUR m



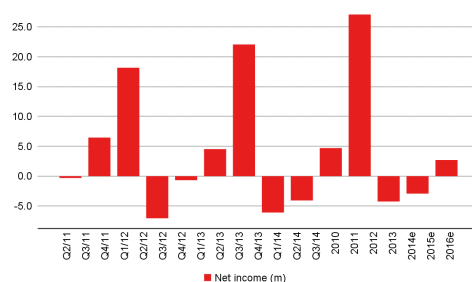
Source: Warburg Research

Sales by segments
2013; in %



Source: Warburg Research

Net income development
in EUR m



Source: Warburg Research

DCF model

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	2014e	2015e	2016e	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	
Sales	524	528	540	551	562	573	585	596	608	620	633	645	658	
Sales change	-0.9 %	0.8 %	2.2 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
EBIT	33	36	39	41	42	40	41	42	43	40	41	35	36	
EBIT-margin	6.4 %	6.8 %	7.2 %	7.5 %	7.5 %	7.0 %	7.0 %	7.0 %	7.0 %	6.5 %	6.5 %	5.5 %	5.5 %	
Tax rate (EBT)	31.1 %	30.9 %	29.6 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	
NOPAT	23	25	27	29	29	28	29	29	30	28	29	25	25	
Depreciation	39	41	43	41	42	43	44	42	40	37	38	39	39	
in % of Sales	7.4 %	7.8 %	7.9 %	7.5 %	7.5 %	7.5 %	7.5 %	7.0 %	6.5 %	6.0 %	6.0 %	6.0 %	6.0 %	
Changes in provisions	1	1	1	-1	0	0	0	0	0	0	0	0	0	
Change in Liquidity from														
- Working Capital	2	1	2	0	1	-2	1	-2	1	-2	1	-2	1	
- Capex	37	35	35	36	39	43	44	42	40	37	38	39	39	
Capex in % of Sales	7.1 %	6.6 %	6.5 %	6.5 %	7.0 %	7.5 %	7.5 %	7.0 %	6.5 %	6.0 %	6.0 %	6.0 %	6.0 %	
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	
Free Cash Flow (WACC Model)	23	30	34	33	32	30	28	32	29	31	28	28	25	15
PV of FCF	23	28	29	28	25	22	19	20	18	17	15	14	12	158
share of PVs	18.94 %			44.18 %										36.88 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	55.00 %	Financial Strength	1.00
Cost of debt (after tax)	4.9 %	Liquidity (share)	1.10
Market return	8.00 %	Cyclicality	1.10
Risk free rate	2.50 %	Transparency	1.00
		Others	1.10
WACC	6.44 %	Beta	1.06

Valuation (m)

Present values 2026e	270		
Terminal Value	158		
Financial liabilities	30		
Pension liabilities	18		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	14	No. of shares (m)	6.6
Equity Value	393	Value per share (EUR)	60.06

Sensitivity Value per Share (EUR)

Beta	WACC	Terminal Growth							Beta	WACC	Delta EBIT-margin						
		1.25 %	1.50 %	1.75 %	2.00 %	2.25 %	2.50 %	2.75 %			-1.5 pp	-1.0 pp	-0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
1.46	7.4 %	49.48	50.13	50.84	51.61	52.45	53.38	54.42	1.46	7.4 %	35.30	40.73	46.17	51.61	57.04	62.48	67.92
1.26	6.9 %	52.75	53.57	54.46	55.45	56.54	57.75	59.11	1.26	6.9 %	37.56	43.53	49.49	55.45	61.41	67.37	73.33
1.16	6.7 %	54.59	55.51	56.52	57.64	58.89	60.29	61.86	1.16	6.7 %	38.85	45.11	51.38	57.64	63.91	70.18	76.44
1.06	6.4 %	56.58	57.62	58.78	60.06	61.50	63.12	64.95	1.06	6.4 %	40.25	46.85	53.46	60.06	66.67	73.27	79.88
0.96	6.2 %	58.75	59.94	61.26	62.74	64.41	66.30	68.46	0.96	6.2 %	41.79	48.77	55.76	62.74	69.72	76.71	83.69
0.86	5.9 %	61.14	62.49	64.02	65.73	67.67	69.90	72.48	0.86	5.9 %	43.50	50.91	58.32	65.73	73.14	80.55	87.96
0.66	5.4 %	66.67	68.49	70.54	72.90	75.63	78.82	82.61	0.66	5.4 %	47.55	56.00	64.45	72.90	81.35	89.80	98.25

- Long-term growth rate assumptions reflect market growth - CEWE expected to grow faster
- Beta of 1.15 despite the defensive business model
- Declining margin assumption due to highly competitive market

Free Cash Flow Value Potential

Warburg Research's valuation tool "FCF Value Potential" reflects the ability of the company to generate sustainable free cash flows. It is based on the "FCF potential" - a FCF "ex growth" figure - which assumes unchanged working capital and pure maintenance capex. A value indication is derived by discounting the "FCF potential" of a given year with the weighted costs of capital. The fluctuating value indications over time add a timing element to the DCF model (our preferred valuation tool).

in EUR m	2010	2011	2012	2013	2014e	2015e	2016e	
Net Income before minorities	14	19	19	22	22	24	26	
+ Depreciation + Amortisation	38	33	37	38	39	41	43	
- Net Interest Income	-2	-1	-2	-2	-2	-2	-2	
- Maintenance Capex	26	26	29	38	37	35	35	
+ Other	0	0	0	0	0	0	0	
= Free Cash Flow Potential	28	27	29	23	26	31	36	
Free Cash Flow Yield Potential	13.6 %	13.2 %	12.2 %	8.6 %	6.3 %	8.0 %	9.3 %	
WACC	6.44 %	6.44 %	6.44 %	6.44 %	6.44 %	6.44 %	6.44 %	
= Enterprise Value (EV)	204	207	241	270	405	393	381	
= Fair Enterprise Value	430	424	456	360	396	486	551	
- Net Debt (Cash)	16	16	16	16	10	-3	-16	
- Pension Liabilities	18	18	18	18	19	19	20	
- Other	0	0	0	0	0	0	0	
- Market value of minorities	0	0	0	0	0	0	0	
+ Market value of investments	0	0	0	0	0	0	0	
= Fair Market Capitalisation	395	389	421	325	368	470	547	
No. of shares (total) (m)	7	7	7	7	7	7	7	
= Fair value per share (EUR)	60.33	59.41	64.28	49.61	56.12	71.70	83.54	
premium (-) / discount (+) in %					5.2 %	34.4 %	56.6 %	
Sensitivity Fair value per Share (EUR)								
	9.44 %	39.49	38.86	42.18	32.17	36.92	48.13	56.82
	8.44 %	44.79	44.09	47.80	36.61	41.80	54.13	63.61
	7.44 %	51.52	50.72	54.93	42.23	48.00	61.73	72.24
WACC	6.44 %	60.33	59.41	64.28	49.61	56.12	71.70	83.54
	5.44 %	72.39	71.30	77.05	59.69	67.23	85.32	99.00
	4.44 %	89.86	88.53	95.58	74.31	83.34	105.08	121.41
	3.44 %	117.49	115.77	124.87	97.42	108.80	136.32	156.84

- After transition from analog to digital high cash flow can be expected in the future
- Significant upside potential despite high investments in particular for the online printing business

Valuation							
	2010	2011	2012	2013	2014e	2015e	2016e
Price / Book	1.5 x	1.7 x	1.6 x	1.7 x	2.6 x	2.5 x	2.4 x
Book value per share ex intangibles	14.01	15.17	12.27	14.49	14.20	15.03	15.83
EV / Sales	0.5 x	0.4 x	0.5 x	0.5 x	0.8 x	0.7 x	0.7 x
EV / EBITDA	3.1 x	3.3 x	3.6 x	4.0 x	5.6 x	5.1 x	4.7 x
EV / EBIT	7.2 x	6.9 x	8.3 x	9.2 x	12.1 x	11.0 x	9.8 x
EV / EBIT adj.*	7.2 x	6.9 x	8.3 x	9.2 x	12.1 x	11.0 x	9.8 x
P / FCF	7.0 x	6.7 x	11.7 x	18.6 x	21.8 x	15.7 x	14.9 x
P / E	13.5 x	10.9 x	10.9 x	10.9 x	17.2 x	16.0 x	14.4 x
P / E adj.*	13.5 x	10.9 x	10.9 x	10.5 x	17.6 x	16.4 x	14.7 x
Dividend Yield	4.6 %	4.5 %	4.6 %	4.2 %	3.0 %	3.3 %	3.6 %
Free Cash Flow Yield Potential	13.6 %	13.2 %	12.2 %	8.6 %	6.3 %	8.0 %	9.3 %

*Adjustments made for: -

Company Specific Items							
	2010	2011	2012	2013	2014e	2015e	2016e
CEWE PHOTOBOOKS	4,337,000	5,146,000	5,581,000	5,768,000	5,900,000	6,150,000	6,200,000

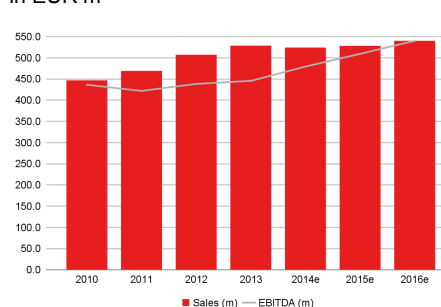
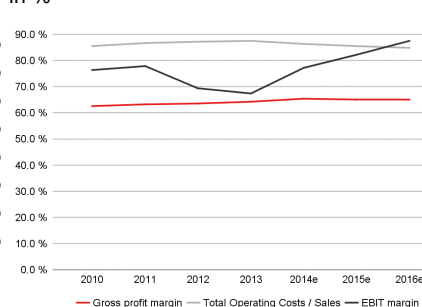
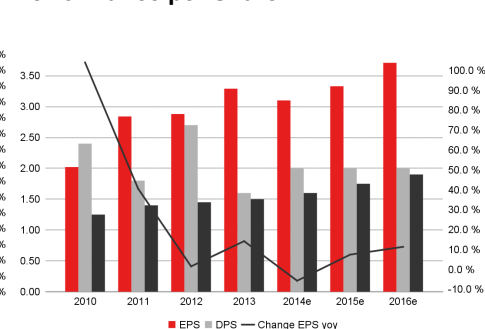
Consolidated profit & loss

In EUR m	2010	2011	2012	2013	2014e	2015e	2016e
Sales	447	469	507	529	524	528	540
Change Sales yoy	9.0 %	5.0 %	8.1 %	4.2 %	-0.9 %	0.8 %	2.2 %
Increase / decrease in inventory	0	0	0	0	0	0	0
Own work capitalised	1	1	1	1	1	0	0
Total Sales	448	470	508	530	525	528	540
Material Expenses	169	174	186	190	182	184	188
Gross profit	280	296	323	340	343	344	352
<i>Gross profit margin</i>	<i>62.6 %</i>	<i>63.2 %</i>	<i>63.6 %</i>	<i>64.3 %</i>	<i>65.4 %</i>	<i>65.1 %</i>	<i>65.1 %</i>
Personnel expenses	102	109	122	130	128	128	129
Other operating income	25	23	30	25	26	26	26
Other operating expenses	136	147	164	167	168	165	168
Unfrequent items	0	0	0	0	0	0	0
EBITDA	66	64	66	67	72	77	82
<i>Margin</i>	<i>14.7 %</i>	<i>13.6 %</i>	<i>13.0 %</i>	<i>12.7 %</i>	<i>13.8 %</i>	<i>14.5 %</i>	<i>15.1 %</i>
Depreciation of fixed assets	36	32	37	38	39	41	43
EBITA	30	31	29	29	33	36	39
Amortisation of intangible assets	2	1	0	0	0	0	0
Goodwill amortization	0	0	0	0	0	0	0
EBIT	28	30	29	29	33	36	39
<i>Margin</i>	<i>6.3 %</i>	<i>6.4 %</i>	<i>5.7 %</i>	<i>5.6 %</i>	<i>6.4 %</i>	<i>6.8 %</i>	<i>7.2 %</i>
EBIT adj.	28	30	29	29	33	36	39
Interest income	1	0	0	0	0	0	0
Interest expenses	2	1	3	2	2	2	2
Other financial income (loss)	0	0	0	0	0	0	0
EBT	26	29	27	28	32	34	37
<i>Margin</i>	<i>5.9 %</i>	<i>6.2 %</i>	<i>5.3 %</i>	<i>5.3 %</i>	<i>6.1 %</i>	<i>6.4 %</i>	<i>6.9 %</i>
Total taxes	13	11	8	6	10	11	11
Net income from continuing operations	14	19	19	22	22	24	26
Income from discontinued operations (net of tax)	0	0	0	0	0	0	0
Net income before minorities	14	19	19	22	22	24	26
Minority interest	0	0	0	0	0	0	0
Net income	14	19	19	22	22	24	26
<i>Margin</i>	<i>3.1 %</i>	<i>4.0 %</i>	<i>3.7 %</i>	<i>4.1 %</i>	<i>4.2 %</i>	<i>4.4 %</i>	<i>4.9 %</i>
Number of shares, average	7	7	7	7	7	7	7
EPS	2.02	2.84	2.88	3.29	3.10	3.33	3.71
EPS adj.	2.02	2.84	2.88	3.42	3.03	3.26	3.64

*Adjustments made for:

Guidance: 2013: sales EUR 525-540m; EBIT EUR 30-36m; EPS EUR 2.84-3.45
Financial Ratios

	2010	2011	2012	2013	2014e	2015e	2016e
Total Operating Costs / Sales	85.6 %	86.6 %	87.2 %	87.5 %	86.3 %	85.5 %	84.9 %
Operating Leverage	5.6 x	1.4 x	-0.4 x	0.2 x	-16.0 x	8.9 x	4.0 x
EBITDA / Interest expenses	27.2 x	45.3 x	26.2 x	36.4 x	38.1 x	38.4 x	37.1 x
Tax rate (EBT)	48.0 %	36.3 %	29.9 %	22.3 %	31.1 %	30.9 %	29.6 %
Dividend Payout Ratio	62.0 %	49.3 %	50.3 %	45.6 %	51.6 %	52.6 %	51.2 %
Sales per Employee	162,947	166,151	153,461	156,029	150,908	148,407	148,022

Sales, EBITDA
in EUR m

Operating Performance
in %

Performance per Share


Source: Warburg Research

Source: Warburg Research

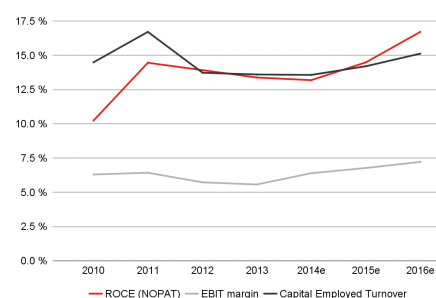
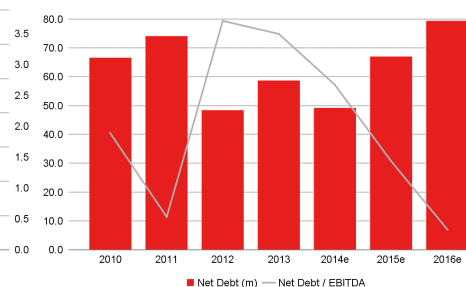
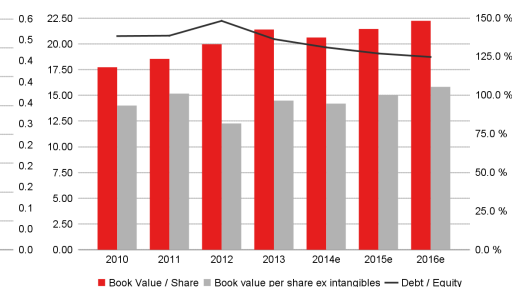
Source: Warburg Research

Consolidated balance sheet

In EUR m	2010	2011	2012	2013	2014e	2015e	2016e
Assets							
Goodwill and other intangible assets	25	22	50	45	45	45	45
thereof other intangible assets	16	13	22	20	20	20	20
thereof Goodwill	9	9	29	25	25	25	25
Property, plant and equipment	80	79	101	99	97	91	83
Financial assets	5	5	5	5	5	5	5
Other long-term assets	0	0	0	0	0	0	0
Fixed assets	111	106	156	149	147	141	134
Inventories	50	48	63	59	63	64	67
Accounts receivable	72	78	72	89	86	87	89
Liquid assets	23	31	13	14	20	32	45
Other short-term assets	31	27	19	20	20	19	19
Current assets	177	183	167	182	189	202	219
Total Assets	288	290	324	332	336	344	353
Liabilities and shareholders' equity							
Subscribed capital	19	19	19	19	19	19	19
Capital reserve	56	56	56	57	57	57	57
Retained earnings	63	71	79	88	94	100	106
Other equity components	-18	-24	-24	-23	-24	-24	-25
Shareholder's equity	121	121	130	140	146	152	157
Minority interest	0	0	0	0	0	0	0
Total equity	121	121	130	140	146	152	157
Provisions	24	25	27	28	29	29	29
thereof provisions for pensions and similar obligations	11	12	18	18	19	19	20
Financial liabilities (total)	31	24	31	30	30	29	28
thereof short-term financial liabilities	7	7	8	26	26	25	25
Accounts payable	83	90	102	101	100	101	104
Other liabilities	29	29	32	32	32	33	34
Liabilities	167	168	193	191	190	192	196
Total liabilities and shareholders' equity	288	290	324	332	336	344	353

Financial Ratios

	2010	2011	2012	2013	2014e	2015e	2016e
Efficiency of Capital Employment							
Operating Assets Turnover	3.7 x	4.1 x	3.8 x	3.6 x	3.6 x	3.8 x	4.0 x
Capital Employed Turnover	3.2 x	3.7 x	3.0 x	3.0 x	3.0 x	3.1 x	3.4 x
ROA	12.4 %	17.5 %	12.1 %	14.5 %	14.9 %	16.6 %	19.6 %
Return on Capital							
ROCE (NOPAT)	10.2 %	14.5 %	13.9 %	13.4 %	13.2 %	14.5 %	16.7 %
ROE	11.8 %	15.3 %	15.0 %	15.9 %	15.3 %	15.8 %	17.0 %
Adj. ROE	11.8 %	15.3 %	15.0 %	16.6 %	15.0 %	15.5 %	16.7 %
Balance sheet quality							
Net Debt	18	5	36	35	28	16	4
Net Financial Debt	7	-7	18	16	10	-3	-16
Net Gearing	15.1 %	4.1 %	27.6 %	24.6 %	19.5 %	10.7 %	2.5 %
Net Fin. Debt / EBITDA	11.2 %	n.a.	27.4 %	24.2 %	13.3 %	n.a.	n.a.
Book Value / Share	17.7	18.5	20.0	21.4	20.6	21.5	22.2
Book value per share ex intangibles	14.0	15.2	12.3	14.5	14.2	15.0	15.8

ROCE Development

Net debt in EUR m

Book Value per Share in EUR


Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

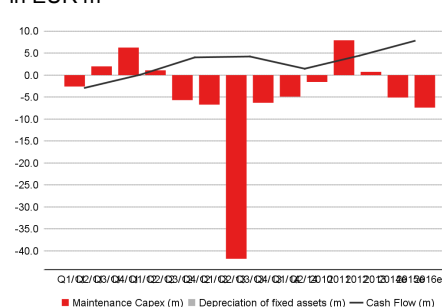
Consolidated cash flow statement

In EUR m	2010	2011	2012	2013	2014e	2015e	2016e
Net income	14	19	19	22	22	24	26
Depreciation of fixed assets	36	32	37	38	39	41	43
Amortisation of goodwill	0	0	0	0	0	0	0
Amortisation of intangible assets	2	1	0	0	0	0	0
Increase/decrease in long-term provisions	0	1	6	0	1	1	1
Other non-cash income and expenses	0	2	-3	0	-5	-5	-5
Cash Flow	51	55	60	60	56	60	64
Increase / decrease in inventory	2	2	-15	4	-4	-1	-3
Increase / decrease in accounts receivable	-5	-6	6	-17	3	-1	-2
Increase / decrease in accounts payable	9	8	12	-1	-1	1	3
Increase / decrease in other working capital positions	-4	1	-11	2	0	0	-2
Increase / decrease in working capital (total)	2	5	-8	-12	-2	-1	-4
Net cash provided by operating activities	53	60	51	48	54	59	60
Investments in intangible assets	-4	0	0	0	0	0	0
Investments in property, plant and equipment	-22	-30	-34	-35	-37	-35	-35
Payments for acquisitions	-1	0	-24	0	0	0	0
Financial investments	0	0	0	-1	0	0	0
Income from asset disposals	0	0	12	1	0	0	0
Net cash provided by investing activities	-27	-30	-46	-35	-37	-35	-35
Change in financial liabilities	-2	-7	-14	-3	-1	-1	-1
Dividends paid	-7	-8	-9	-9	-11	-11	-12
Purchase of own shares	-1	-7	0	0	0	0	0
Capital measures	0	0	0	0	0	0	0
Other	-2	-1	0	0	0	0	0
Net cash provided by financing activities	-11	-23	-23	-12	-11	-12	-13
Change in liquid funds	15	8	-18	1	6	12	12
Effects of exchange-rate changes on cash	0	0	0	0	0	0	0
Cash and cash equivalent at end of period	23	31	13	14	20	32	45

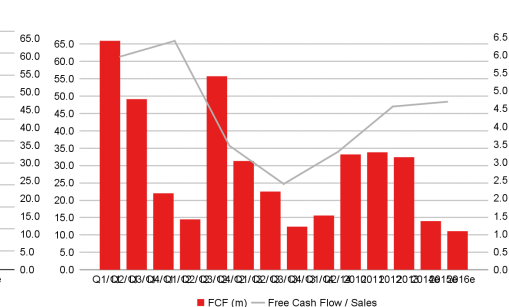
Financial Ratios

	2010	2011	2012	2013	2014e	2015e	2016e
Cash Flow							
FCF	27	30	18	13	17	24	25
Free Cash Flow / Sales	6.0 %	6.4 %	3.5 %	2.4 %	3.3 %	4.6 %	4.7 %
Free Cash Flow Potential	28	27	29	23	26	31	36
Free Cash Flow / Sales	6.0 %	6.4 %	3.5 %	2.4 %	3.3 %	4.6 %	4.7 %
Free Cash Flow / Net Profit	194.0 %	161.3 %	93.3 %	58.7 %	78.9 %	102.4 %	96.5 %
Interest Received / Avg. Cash	4.1 %	1.7 %	1.5 %	2.1 %	1.8 %	0.8 %	1.0 %
Interest Paid / Avg. Debt	7.7 %	5.1 %	9.1 %	6.0 %	6.3 %	6.8 %	7.7 %
Management of Funds							
Investment ratio	5.9 %	6.5 %	6.7 %	6.7 %	7.1 %	6.6 %	6.5 %
Maint. Capex / Sales	5.7 %	5.5 %	5.7 %	7.2 %	7.1 %	6.6 %	6.5 %
Capex / Dep	69.9 %	90.4 %	91.2 %	93.0 %	94.9 %	85.4 %	82.4 %
Avg. Working Capital / Sales	9.5 %	8.0 %	6.7 %	7.5 %	9.1 %	9.4 %	9.4 %
Trade Debtors / Trade Creditors	87.2 %	86.3 %	70.6 %	87.8 %	86.0 %	86.1 %	85.6 %
Inventory Turnover	3.4 x	3.6 x	3.0 x	3.2 x	2.9 x	2.9 x	2.8 x
Receivables collection period (days)	59	61	52	61	60	60	60
Payables payment period (days)	179	190	201	194	201	200	201
Cash conversion cycle (Days)	-52	-72	-60	-61	-53	-52	-50

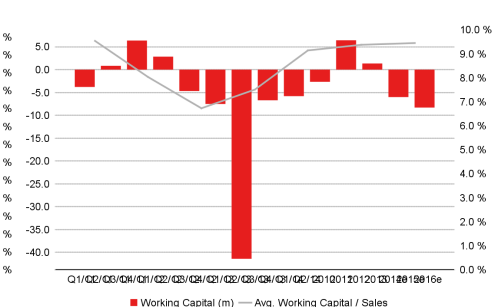
CAPEX and Cash Flow
in EUR m



Free Cash Flow Generation



Working Capital



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

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CEWE	5	http://www.mmwarburg.com/disclaimer/disclaimer_en/DE0005403901.htm

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Investment recommendation: expected direction of the share price development of the financial instrument up to the given price target in the opinion of the analyst who covers this financial instrument.

-B-	Buy:	The price of the analysed financial instrument is expected to rise over the next 12 months.
-H-	Hold:	The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months.
-S-	Sell:	The price of the analysed financial instrument is expected to fall over the next 12 months.
“-“	Rating suspended:	The available information currently does not permit an evaluation of the company.

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Rating	Number of stocks	% of Universe
Buy	112	60
Hold	64	34
Sell	8	4
Rating suspended	4	2
Total	188	100

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING ...

... Looking only at companies for which a disclosure according to § 34b of the Germany Securities Trading Act and the FinAnV has to be made.

Rating	Number of stocks	% of Universe
Buy	93	63
Hold	46	31
Sell	4	3
Rating suspended	4	3
Total	147	100

PRICE AND RATING HISTORY CEWE AS OF 14.11.2014


The chart has markings if Warburg Research GmbH changed its rating in the last 12 months. Every marking represents the date and closing price on the day of the rating change.

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