

<b>Buy</b>  <b>EUR 83.00</b>  Price <b>EUR 79.85</b> Upside <b>3.9 %</b>	<b>Value Indicators:</b> EUR DCF: 83.23 FCF-Value Potential 2017e: 76.24	<b>Share data:</b> Bloomberg: CWC GR Reuters: CWCG ISIN: DE0005403901	<b>Description:</b> Europe's leading industrial photofinisher and provider of personalised photo products
	<b>Market Snapshot:</b> EUR m Market cap: 570 No. of shares (m): 7 EV: 556 Freefloat MC: 398	<b>Shareholders:</b> Freefloat: 69.8 % Comm. heirs Senator: 27.4 % CeWe Stiftung & Co. KGaA: 2.8 %	<b>Risk Profile (WRe):</b> 2016e Beta: 1.0 Price / Book: 2.9 x Equity Ratio: 51 %

## First Glance: Q3 numbers and higher EBIT guidance in line with expectations

Cewe released Q3 numbers in line with our expectations:

Sales	Q3 2016	Q3 2015	y/y	Q3 WRe	9M 2016	9M 2015	y/y	FY 2016e	FY 2015	y/y
Photofinishing	95.4	91.5	4.3%	94.9	262.0	239.6	9.3%	440.0	414.9	6.0%
Online Printing	19.7	18.7	5.3%	19.9	60.8	55.0	10.6%	87.5	77.8	12.5%
Retail	12.9	15.1	-14.2%	13.7	40.2	43.5	-7.6%	58.0	60.8	-4.6%
Other	0.6	0.2		0.5	1.5	0.2		1.5	0.6	142.7%
<b>Group sales</b>	<b>128.6</b>	<b>125.5</b>	<b>2.5%</b>	<b>129.0</b>	<b>364.6</b>	<b>338.4</b>	<b>7.7%</b>	<b>587.0</b>	<b>554.2</b>	<b>5.9%</b>

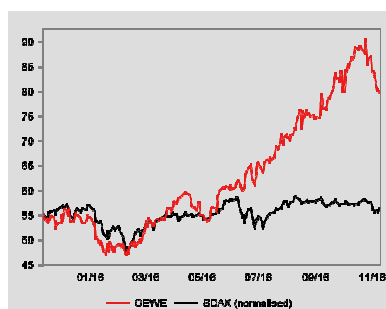
  

EBIT	Q3 2016	Q3 2015		Q3 WRe	9M 2016	9M 2015	y/y	FY 2016e	FY 2015	y/y
Photofinishing	5.6	3.7		4.5	6.1	0.8		45.0	40.4	
Online Printing	-0.3	-0.4		-0.1	0.5	-2.5		2.3	-0.9	
Retail	0.0	-0.1		0.0	-0.4	-1.4		0.6	-0.4	
Other	-0.8	-0.6		-0.8	-2.2	-1.3		-3.2	-2.2	
<b>Group EBIT</b>	<b>4.5</b>	<b>2.7</b>		<b>3.6</b>	<b>4.1</b>	<b>-4.4</b>		<b>44.7</b>	<b>36.8</b>	<b>21.5%</b>

As expected, Q3 numbers in Photofinishing were affected by the long-term **shift in seasonality with declining Q3 volumes** (number of Photobooks sold in Q3: -1.9% to 1.36m, after 9M: +4.6% to 3.83m). The delivery of initial stocks and equipment to new and existing business partners in Q3 had a positive sales and EBIT impact in the Photofinishing segment. Key driver in this business remains the strong focus on added-value products, which lead to an increase in the revenue per photo of 10% (to 18.05 Eurocents) in Q3.

Together with its Q3 report the group **has uplifted its FY 2016 earnings guidance**: New EBIT target range EUR 40-46m (prev. EUR 38-44m), new EPS target range EUR 4.00-4.57 (prev. EUR 3.81-4.38).

**Conclusion:** Overall, Q3 numbers underline the good business performance in Photofinishing and Online Printing. As the management already announced in August that the outlook will be reviewed after 9 months, the higher earnings guidance comes not unexpected. Owing to the seasonality of the business, Cewe has a high dependency on Q4 earnings. Our current estimates are well in line with the new guidance and imply a 3% sales growth with flat EBIT for Q4.

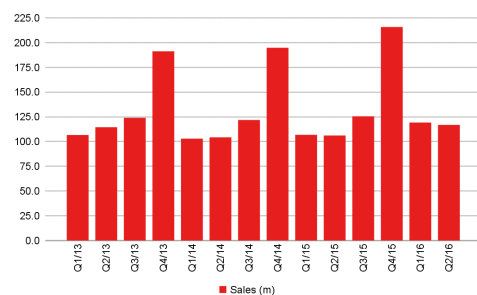


Rel. Performance vs SDAX:	
1 month:	-6.6 %
6 months:	43.2 %
Year to date:	47.5 %
Trailing 12 months:	43.0 %

**Company events:**  
16.11.16 RS EDI

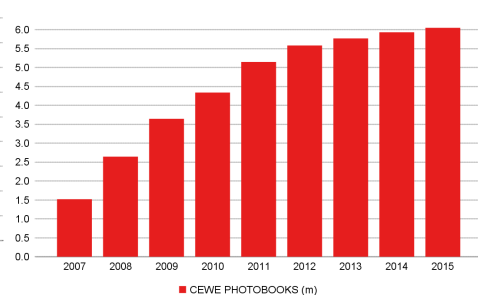
FY End: 31.12. in EUR m	CAGR (15-18e)	2012	2013	2014	2015	2016e	2017e	2018e
<b>Sales</b>	4.1 %	507	536	524	554	587	604	625
Change Sales yoy		8.1 %	5.7 %	-2.3 %	5.8 %	5.9 %	2.9 %	3.5 %
Gross profit margin		63.6 %	64.8 %	69.2 %	71.0 %	71.0 %	71.0 %	71.2 %
<b>EBITDA</b>	6.2 %	66	67	66	75	84	86	90
Margin		13.0 %	12.5 %	12.6 %	13.6 %	14.4 %	14.2 %	14.4 %
<b>EBIT</b>	11.5 %	29	29	33	37	45	47	51
Margin		5.7 %	5.4 %	6.2 %	6.6 %	7.6 %	7.7 %	8.2 %
<b>Net income</b>	15.0 %	19	22	21	23	32	32	35
<b>EPS</b>	14.9 %	2.88	3.39	3.07	3.24	4.46	4.53	4.92
EPS adj.	14.9 %	2.88	3.51	3.00	3.24	4.46	4.53	4.92
<b>DPS</b>	5.9 %	1.45	1.50	1.55	1.60	1.70	1.80	1.90
Dividend Yield		4.6 %	4.2 %	3.0 %	3.0 %	2.1 %	2.3 %	2.4 %
<b>FCFPS</b>		2.69	1.98	5.14	1.38	4.66	2.93	3.48
FCF / Market cap		8.6 %	5.5 %	10.0 %	2.6 %	5.8 %	3.7 %	4.4 %
<b>EV / Sales</b>		0.5 x	0.5 x	0.7 x	0.7 x	1.0 x	0.9 x	0.9 x
<b>EV / EBITDA</b>		3.6 x	4.1 x	5.4 x	5.2 x	6.6 x	6.4 x	6.0 x
<b>EV / EBIT</b>		8.3 x	9.5 x	11.0 x	10.6 x	12.4 x	11.8 x	10.6 x
<b>P / E</b>		10.9 x	10.6 x	16.7 x	16.6 x	17.9 x	17.6 x	16.2 x
<b>P / E adj.</b>		10.9 x	10.2 x	17.1 x	16.6 x	17.9 x	17.6 x	16.2 x
<b>FCF Yield Potential</b>		12.2 %	8.7 %	5.2 %	5.4 %	6.5 %	6.6 %	7.3 %
<b>Net Debt</b>		36	41	2	8	-13	-21	-33
<b>ROCE (NOPAT)</b>		13.9 %	13.6 %	12.3 %	12.4 %	16.8 %	17.4 %	18.7 %
<b>Guidance:</b>		2016: sales EUR 555-575m; EBIT EUR 38-44m; EPS EUR 3.81-4.38						

**Sales development**  
in EUR m



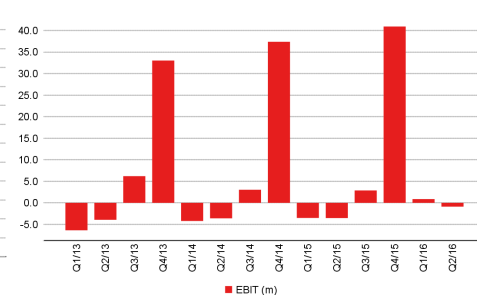
Source: Warburg Research

**Number of CEWE PHOTOBOOKS**  
2015; in million units



Source: Warburg Research

**EBIT development**  
in EUR m



Source: Warburg Research

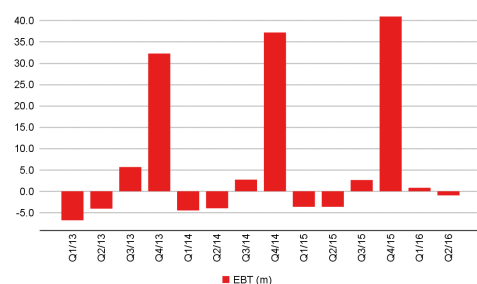
## Company Background

- CEWE is Europe's largest industrial photofinisher with a market share of ca. 40%. The company mainly develops digital photographs in 11 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 online printing the company is expected to generate c. EUR 100m of sales by FY 2016 and contribute to CEWE's earnings after a ramp-up phase of several years
- With more than 30,000 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

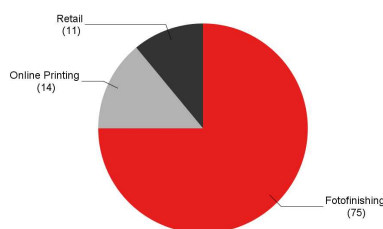
- CEWE has the broadest distribution base of all industrial photofinishers. The dense regional presence facilitates rapid market-share gains.
- CEWE's distribution base of more than 34,000 trade partners represents a significant competitive advantage in the digital market, as it enables broad market 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



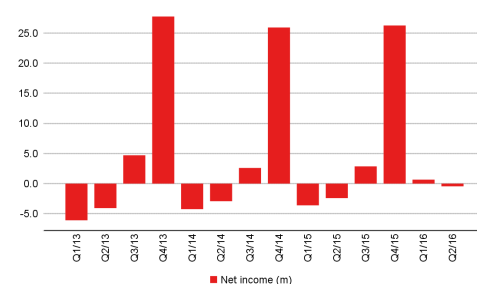
Source: Warburg Research

**Sales by segments**  
2015; 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
	2016e	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	
Sales	587	604	625	647	669	691	713	735	757	778	798	815	832	1.5 %
Sales change	5.9 %	2.9 %	3.5 %	3.5 %	3.4 %	3.3 %	3.2 %	3.1 %	3.0 %	2.8 %	2.5 %	2.2 %	2.0 %	
EBIT	45	47	51	54	57	59	61	59	61	58	60	57	54	
EBIT-margin	7.6 %	7.7 %	8.2 %	8.4 %	8.5 %	8.5 %	8.5 %	8.0 %	8.0 %	7.5 %	7.5 %	7.0 %	6.5 %	
Tax rate (EBT)	29.0 %	31.0 %	31.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	
NOPAT	32	32	35	38	40	41	42	41	42	41	42	40	38	
Depreciation	40	39	39	40	41	43	44	44	45	47	48	49	50	
in % of Sales	6.7 %	6.4 %	6.2 %	6.2 %	6.2 %	6.2 %	6.2 %	6.0 %	6.0 %	6.0 %	6.0 %	6.0 %	6.0 %	
Changes in provisions	1	1	1	1	0	1	0	0	0	0	0	0	0	
Change in Liquidity from														
- Working Capital	-11	4	3	3	3	3	2	2	2	2	2	1	1	
- Capex	40	40	40	41	42	43	44	44	45	47	48	49	50	
Capex in % of Sales	6.8 %	6.6 %	6.4 %	6.4 %	6.3 %	6.2 %	6.2 %	6.0 %	6.0 %	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)	43	28	32	34	36	39	41	39	41	39	40	38	36	
PV of FCF	42	25	27	28	27	27	27	24	23	21	20	18	16	276
share of PVs	15.80 %			38.35 %										45.85 %

**Model parameter**

Derivation of WACC:		Derivation of Beta:	
Debt ratio	2.50 %	Financial Strength	1.00
Cost of debt (after tax)	3.4 %	Liquidity (share)	1.00
Market return	7.00 %	Cyclicality	1.00
Risk free rate	1.50 %	Transparency	1.00
		Others	1.00
<b>WACC</b>	<b>6.91 %</b>	<b>Beta</b>	<b>1.00</b>

**Valuation (m)**

Present values 2028e	326		
Terminal Value	276		
Financial liabilities	7		
Pension liabilities	23		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	22	No. of shares (m)	7.1
<b>Equity Value</b>	<b>594</b>	<b>Value per share (EUR)</b>	<b>83.23</b>

**Sensitivity Value per Share (EUR)**

Beta	WACC	Terminal Growth							Beta	WACC	Delta EBIT-margin						
		0.75 %	1.00 %	1.25 %	1.50 %	1.75 %	2.00 %	2.25 %			-1.5 pp	-1.0 pp	-0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
1.19	7.9 %	68.34	69.29	70.30	71.39	72.57	73.85	75.24	1.19	7.9 %	55.34	60.69	66.04	71.39	76.74	82.09	87.44
1.09	7.4 %	73.06	74.22	75.47	76.82	78.30	79.91	81.68	1.09	7.4 %	59.42	65.22	71.02	76.82	82.63	88.43	94.23
1.05	7.2 %	75.69	76.98	78.37	79.89	81.55	83.37	85.37	1.05	7.2 %	61.71	67.77	73.83	79.89	85.95	92.01	98.06
1.00	6.9 %	78.53	79.96	81.53	83.23	85.10	87.17	89.45	1.00	6.9 %	64.22	70.56	76.89	83.23	89.57	95.91	102.25
0.95	6.7 %	81.60	83.21	84.96	86.89	89.01	91.37	93.98	0.95	6.7 %	66.96	73.60	80.25	86.89	93.54	100.18	106.83
0.91	6.4 %	84.94	86.74	88.73	90.91	93.33	96.03	99.05	0.91	6.4 %	69.96	76.95	83.93	90.91	97.90	104.88	111.86
0.81	5.9 %	92.56	94.88	97.44	100.30	103.50	107.11	111.21	0.81	5.9 %	76.97	84.75	92.52	100.30	108.07	115.85	123.62

- EBIT margin potential in online printing. Mid-term margin decline assumed 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 via the perpetuity of a given year's "FCF potential" with consideration of 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	2012	2013	2014	2015	2016e	2017e	2018e	
Net Income before minorities	19	22	21	23	32	32	35	
+ Depreciation + Amortisation	37	38	33	38	40	39	39	
- Net Interest Income	-2	-2	-1	0	0	0	0	
- Maintenance Capex	29	38	38	41	35	35	35	
+ Other	0	0	0	0	0	0	0	
<b>= Free Cash Flow Potential</b>	<b>29</b>	<b>24</b>	<b>19</b>	<b>21</b>	<b>36</b>	<b>36</b>	<b>39</b>	
Free Cash Flow Yield Potential	12.2 %	8.7 %	5.2 %	5.4 %	6.5 %	6.6 %	7.3 %	
WACC	6.91 %	6.91 %	6.91 %	6.91 %	6.91 %	6.91 %	6.91 %	
<b>= Enterprise Value (EV)</b>	<b>241</b>	<b>276</b>	<b>359</b>	<b>391</b>	<b>558</b>	<b>550</b>	<b>538</b>	
<b>= Fair Enterprise Value</b>	<b>425</b>	<b>349</b>	<b>268</b>	<b>303</b>	<b>527</b>	<b>523</b>	<b>568</b>	
- Net Debt (Cash)	-15	-15	-15	-15	-37	-46	-58	
- Pension Liabilities	23	23	23	23	24	24	25	
- 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	
<b>= Fair Market Capitalisation</b>	<b>417</b>	<b>342</b>	<b>260</b>	<b>295</b>	<b>540</b>	<b>544</b>	<b>601</b>	
No. of shares (total) (m)	7	7	7	7	7	7	7	
<b>= Fair value per share (EUR)</b>	<b>63.64</b>	<b>52.14</b>	<b>37.39</b>	<b>41.38</b>	<b>75.71</b>	<b>76.24</b>	<b>84.20</b>	
premium (-) / discount (+) in %					-5.2 %	-4.5 %	5.5 %	
<b>Sensitivity Fair value per Share (EUR)</b>								
	9.91 %	40.42	33.05	25.07	28.52	53.35	54.07	60.10
	8.91 %	45.08	36.89	28.00	31.84	59.13	59.80	66.33
	7.91 %	50.92	41.69	31.68	36.01	66.37	66.98	74.14
WACC	<b>6.91 %</b>	<b>58.45</b>	<b>47.88</b>	<b>36.43</b>	<b>41.38</b>	<b>75.71</b>	<b>76.24</b>	<b>84.20</b>
	5.91 %	68.53	56.17	42.78	48.57	88.21	88.64	97.68
	4.91 %	82.71	67.84	51.72	58.69	105.79	106.09	116.64
	3.91 %	104.15	85.48	65.24	73.99	132.37	132.45	145.31

- 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

<b>Valuation</b>							
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016e</b>	<b>2017e</b>	<b>2018e</b>
Price / Book	1.6 x	1.6 x	2.1 x	2.0 x	2.9 x	2.7 x	2.6 x
Book value per share ex intangibles	12.27	14.84	18.56	18.64	19.88	21.54	23.49
EV / Sales	0.5 x	0.5 x	0.7 x	0.7 x	1.0 x	0.9 x	0.9 x
EV / EBITDA	3.6 x	4.1 x	5.4 x	5.2 x	6.6 x	6.4 x	6.0 x
EV / EBIT	8.3 x	9.5 x	11.0 x	10.6 x	12.4 x	11.8 x	10.6 x
EV / EBIT adj.*	8.3 x	9.5 x	11.0 x	10.6 x	12.4 x	11.8 x	10.6 x
P / FCF	11.7 x	18.1 x	10.0 x	38.7 x	17.1 x	27.3 x	22.9 x
P / E	10.9 x	10.6 x	16.7 x	16.6 x	17.9 x	17.6 x	16.2 x
P / E adj.*	10.9 x	10.2 x	17.1 x	16.6 x	17.9 x	17.6 x	16.2 x
Dividend Yield	4.6 %	4.2 %	3.0 %	3.0 %	2.1 %	2.3 %	2.4 %
Free Cash Flow Yield Potential	12.2 %	8.7 %	5.2 %	5.4 %	6.5 %	6.6 %	7.3 %

\*Adjustments made for: -

<b>Company Specific Items</b>							
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016e</b>	<b>2017e</b>	<b>2018e</b>
CEWE PHOTOBOOKS	5,581,000	5,768,000	5,929,000	6,048,000	6,250,000	6,350,000	6,500,000

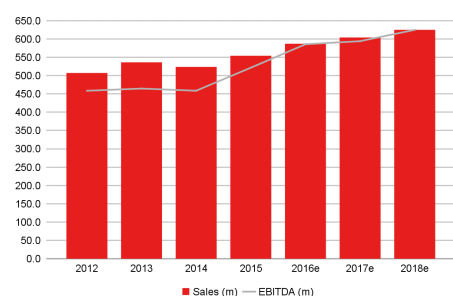
**Consolidated profit & loss**

In EUR m	2012	2013	2014	2015	2016e	2017e	2018e
<b>Sales</b>	<b>507</b>	<b>536</b>	<b>524</b>	<b>554</b>	<b>587</b>	<b>604</b>	<b>625</b>
Change Sales yoy	8.1 %	5.7 %	-2.3 %	5.8 %	5.9 %	2.9 %	3.5 %
Increase / decrease in inventory	0	0	0	0	0	0	0
Own work capitalised	1	1	1	1	0	0	0
<b>Total Sales</b>	<b>508</b>	<b>538</b>	<b>525</b>	<b>555</b>	<b>587</b>	<b>604</b>	<b>625</b>
Material expenses	186	190	163	162	170	175	180
<b>Gross profit</b>	<b>323</b>	<b>348</b>	<b>362</b>	<b>393</b>	<b>417</b>	<b>429</b>	<b>445</b>
<i>Gross profit margin</i>	<i>63.6 %</i>	<i>64.8 %</i>	<i>69.2 %</i>	<i>71.0 %</i>	<i>71.0 %</i>	<i>71.0 %</i>	<i>71.2 %</i>
Personnel expenses	122	130	136	144	151	155	159
Other operating income	30	25	21	20	22	20	20
Other operating expenses	164	175	182	194	203	209	216
Unfrequent items	0	0	0	0	0	0	0
<b>EBITDA</b>	<b>66</b>	<b>67</b>	<b>66</b>	<b>75</b>	<b>84</b>	<b>86</b>	<b>90</b>
<i>Margin</i>	<i>13.0 %</i>	<i>12.5 %</i>	<i>12.6 %</i>	<i>13.6 %</i>	<i>14.4 %</i>	<i>14.2 %</i>	<i>14.4 %</i>
Depreciation of fixed assets	37	38	33	38	40	39	39
<b>EBITA</b>	<b>29</b>	<b>29</b>	<b>33</b>	<b>37</b>	<b>45</b>	<b>47</b>	<b>51</b>
Amortisation of intangible assets	0	0	0	0	0	0	0
Goodwill amortisation	0	0	0	0	0	0	0
<b>EBIT</b>	<b>29</b>	<b>29</b>	<b>33</b>	<b>37</b>	<b>45</b>	<b>47</b>	<b>51</b>
<i>Margin</i>	<i>5.7 %</i>	<i>5.4 %</i>	<i>6.2 %</i>	<i>6.6 %</i>	<i>7.6 %</i>	<i>7.7 %</i>	<i>8.2 %</i>
<b>EBIT adj.</b>	<b>29</b>	<b>29</b>	<b>33</b>	<b>37</b>	<b>45</b>	<b>47</b>	<b>51</b>
Interest income	0	0	0	0	0	0	0
Interest expenses	3	2	1	1	0	0	0
Other financial income (loss)	0	0	0	0	0	0	0
<b>EBT</b>	<b>27</b>	<b>27</b>	<b>31</b>	<b>36</b>	<b>45</b>	<b>47</b>	<b>51</b>
<i>Margin</i>	<i>5.3 %</i>	<i>5.1 %</i>	<i>6.0 %</i>	<i>6.6 %</i>	<i>7.6 %</i>	<i>7.7 %</i>	<i>8.1 %</i>
Total taxes	8	5	10	14	13	14	16
<b>Net income from continuing operations</b>	<b>19</b>	<b>22</b>	<b>21</b>	<b>23</b>	<b>32</b>	<b>32</b>	<b>35</b>
Income from discontinued operations (net of tax)	0	0	0	0	0	0	0
<b>Net income before minorities</b>	<b>19</b>	<b>22</b>	<b>21</b>	<b>23</b>	<b>32</b>	<b>32</b>	<b>35</b>
Minority interest	0	0	0	0	0	0	0
<b>Net income</b>	<b>19</b>	<b>22</b>	<b>21</b>	<b>23</b>	<b>32</b>	<b>32</b>	<b>35</b>
<i>Margin</i>	<i>3.7 %</i>	<i>4.2 %</i>	<i>4.1 %</i>	<i>4.2 %</i>	<i>5.4 %</i>	<i>5.4 %</i>	<i>5.6 %</i>
Number of shares, average	7	7	7	7	7	7	7
<b>EPS</b>	<b>2.88</b>	<b>3.39</b>	<b>3.07</b>	<b>3.24</b>	<b>4.46</b>	<b>4.53</b>	<b>4.92</b>
EPS adj.	2.88	3.51	3.00	3.24	4.46	4.53	4.92

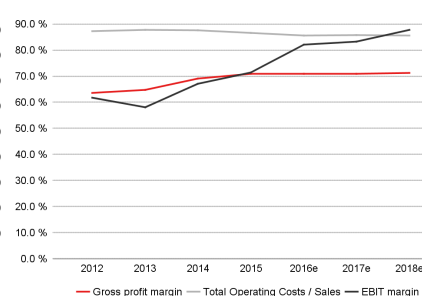
\*Adjustments made for:

**Guidance: 2016: sales EUR 555-575m; EBIT EUR 38-44m; EPS EUR 3.81-4.38**
**Financial Ratios**

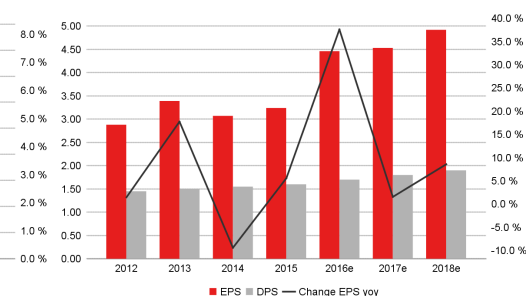
	2012	2013	2014	2015	2016e	2017e	2018e
Total Operating Costs / Sales	87.2 %	87.8 %	87.6 %	86.7 %	85.6 %	85.8 %	85.6 %
Operating Leverage	-0.4 x	-0.1 x	-5.5 x	2.2 x	3.7 x	1.5 x	2.6 x
EBITDA / Interest expenses	26.2 x	30.9 x	46.6 x	86.3 x	210.8 x	285.1 x	300.0 x
Tax rate (EBT)	29.9 %	17.7 %	32.1 %	37.4 %	29.0 %	31.0 %	31.0 %
Dividend Payout Ratio	50.3 %	44.2 %	50.4 %	50.2 %	38.5 %	40.1 %	38.8 %
Sales per Employee	153,461	166,123	162,715	162,044	167,451	168,098	169,700

**Sales, EBITDA**  
in EUR m


Source: Warburg Research

**Operating Performance**  
in %


Source: Warburg Research

**Performance per Share**


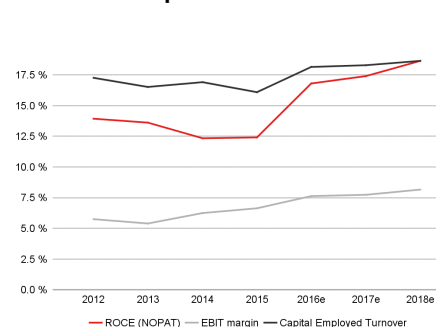
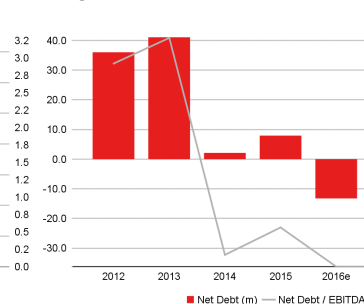
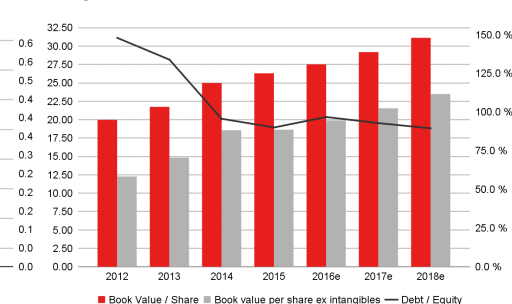
Source: Warburg Research

**Consolidated balance sheet**

In EUR m	2012	2013	2014	2015	2016e	2017e	2018e
<b>Assets</b>							
Goodwill and other intangible assets	50	45	45	55	55	55	55
thereof other intangible assets	22	20	19	17	17	17	17
thereof Goodwill	29	25	25	37	37	37	37
Property, plant and equipment	101	99	103	109	109	110	111
Financial assets	5	5	8	9	9	9	9
Other long-term assets	0	0	0	0	0	0	0
<b>Fixed assets</b>	<b>156</b>	<b>149</b>	<b>155</b>	<b>173</b>	<b>173</b>	<b>174</b>	<b>175</b>
Inventories	63	59	49	51	56	60	63
Accounts receivable	72	89	84	90	96	99	103
Liquid assets	13	14	28	22	43	50	62
Other short-term assets	19	23	23	20	20	19	19
<b>Current assets</b>	<b>167</b>	<b>185</b>	<b>184</b>	<b>183</b>	<b>214</b>	<b>228</b>	<b>247</b>
<b>Total Assets</b>	<b>324</b>	<b>334</b>	<b>340</b>	<b>356</b>	<b>387</b>	<b>403</b>	<b>422</b>
<b>Liabilities and shareholders' equity</b>							
Subscribed capital	19	19	19	19	19	19	19
Capital reserve	56	57	69	70	70	70	70
Retained earnings	79	90	94	106	115	127	141
Other equity components	-24	-23	-9	-7	-8	-8	-8
Shareholders' equity	130	143	174	188	197	209	223
Minority interest	0	0	0	0	0	0	0
<b>Total equity</b>	<b>130</b>	<b>143</b>	<b>174</b>	<b>187</b>	<b>197</b>	<b>209</b>	<b>223</b>
Provisions	27	27	30	33	34	35	36
thereof provisions for pensions and similar obligations	18	18	22	23	24	24	25
Financial liabilities (total)	31	37	8	7	6	5	5
thereof short-term financial liabilities	8	26	2	5	4	3	3
Accounts payable	102	101	96	91	113	116	120
Other liabilities	32	26	32	38	38	39	39
<b>Liabilities</b>	<b>193</b>	<b>191</b>	<b>166</b>	<b>168</b>	<b>191</b>	<b>194</b>	<b>199</b>
<b>Total liabilities and shareholders' equity</b>	<b>324</b>	<b>334</b>	<b>340</b>	<b>356</b>	<b>387</b>	<b>403</b>	<b>422</b>

**Financial Ratios**

	2012	2013	2014	2015	2016e	2017e	2018e
<b>Efficiency of Capital Employment</b>							
Operating Assets Turnover	3.8 x	3.7 x	3.8 x	3.5 x	4.0 x	3.9 x	4.0 x
Capital Employed Turnover	3.0 x	2.9 x	3.0 x	2.8 x	3.2 x	3.2 x	3.3 x
ROA	12.1 %	14.9 %	13.7 %	13.4 %	18.4 %	18.6 %	20.0 %
<b>Return on Capital</b>							
ROCE (NOPAT)	13.9 %	13.6 %	12.3 %	12.4 %	16.8 %	17.4 %	18.7 %
ROE	15.0 %	16.3 %	13.5 %	12.8 %	16.6 %	16.0 %	16.3 %
Adj. ROE	15.0 %	16.9 %	13.2 %	12.8 %	16.6 %	16.0 %	16.3 %
<b>Balance sheet quality</b>							
Net Debt	36	41	2	8	-13	-21	-33
Net Financial Debt	18	23	-20	-15	-37	-46	-58
Net Gearing	27.6 %	28.8 %	1.2 %	4.2 %	-6.7 %	-10.2 %	-14.6 %
Net Fin. Debt / EBITDA	27.4 %	34.6 %	n.a.	n.a.	n.a.	n.a.	n.a.
Book Value / Share	20.0	21.7	25.0	26.3	27.5	29.2	31.1
Book value per share ex intangibles	12.3	14.8	18.6	18.6	19.9	21.5	23.5

**ROCE Development**

**Net debt in EUR m**

**Book Value per Share in EUR**


Source: Warburg Research

Source: Warburg Research

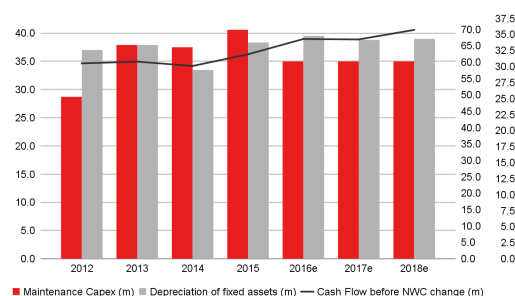
Source: Warburg Research

**Consolidated cash flow statement**

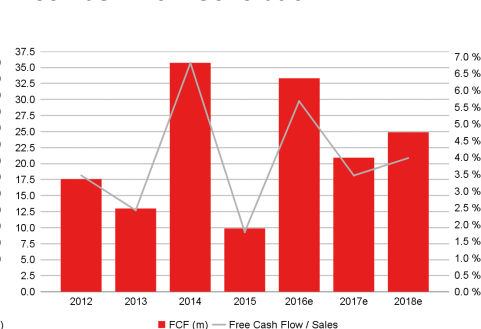
In EUR m	2012	2013	2014	2015	2016e	2017e	2018e
Net income	19	22	21	23	32	32	35
Depreciation of fixed assets	37	38	33	38	40	39	39
Amortisation of goodwill	0	0	0	0	0	0	0
Amortisation of intangible assets	0	0	0	0	0	0	0
Increase/decrease in long-term provisions	6	0	4	1	1	1	1
Other non-cash income and expenses	-3	0	0	0	-5	-5	-5
<b>Cash Flow before NWC change</b>	<b>60</b>	<b>60</b>	<b>59</b>	<b>62</b>	<b>67</b>	<b>67</b>	<b>70</b>
Increase / decrease in inventory	-15	4	10	-2	-5	-4	-3
Increase / decrease in accounts receivable	6	-17	4	-6	-6	-3	-4
Increase / decrease in accounts payable	12	-1	-5	-5	22	3	4
Increase / decrease in other working capital positions	-11	2	3	0	-5	-2	-2
Increase / decrease in working capital (total)	-8	-12	12	-13	6	-6	-5
<b>Net cash provided by operating activities [1]</b>	<b>51</b>	<b>48</b>	<b>71</b>	<b>49</b>	<b>73</b>	<b>61</b>	<b>65</b>
Investments in intangible assets	0	0	0	0	0	0	0
Investments in property, plant and equipment	-34	-35	-35	-39	-40	-40	-40
Payments for acquisitions	-24	0	0	-5	0	0	0
Financial investments	0	-1	-2	0	0	0	0
Income from asset disposals	12	1	-6	0	0	0	0
<b>Net cash provided by investing activities [2]</b>	<b>-46</b>	<b>-35</b>	<b>-43</b>	<b>-44</b>	<b>-40</b>	<b>-40</b>	<b>-40</b>
Change in financial liabilities	-14	-3	-26	-1	-1	-1	0
Dividends paid	-9	-9	-11	-11	-11	-12	-13
Purchase of own shares	0	0	0	0	0	0	0
Capital measures	0	0	-3	0	0	0	0
Other	0	0	25	0	0	0	0
<b>Net cash provided by financing activities [3]</b>	<b>-23</b>	<b>-12</b>	<b>-14</b>	<b>-12</b>	<b>-12</b>	<b>-13</b>	<b>-13</b>
<b>Change in liquid funds [1]+[2]+[3]</b>	<b>-18</b>	<b>1</b>	<b>14</b>	<b>-7</b>	<b>21</b>	<b>8</b>	<b>12</b>
Effects of exchange-rate changes on cash	0	0	0	0	0	0	0
Cash and cash equivalent at end of period	13	14	28	20	43	50	62

**Financial Ratios**

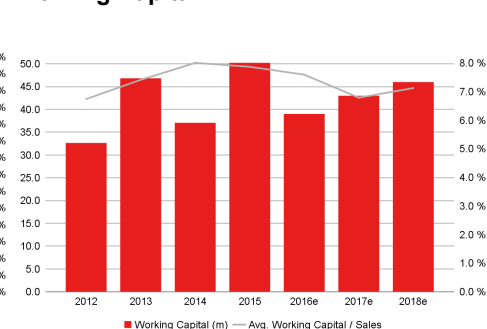
	2012	2013	2014	2015	2016e	2017e	2018e
<b>Cash Flow</b>							
FCF	18	13	36	10	33	21	25
Free Cash Flow / Sales	3.5 %	2.4 %	6.8 %	1.8 %	5.7 %	3.5 %	4.0 %
Free Cash Flow Potential	29	24	19	21	36	36	39
Free Cash Flow / Net Profit	93.3 %	58.3 %	167.3 %	42.8 %	104.4 %	64.5 %	70.8 %
Interest Received / Avg. Cash	1.5 %	2.2 %	1.2 %	1.7 %	0.3 %	0.2 %	0.2 %
Interest Paid / Avg. Debt	9.1 %	6.3 %	6.3 %	12.0 %	6.4 %	5.8 %	6.6 %
<b>Management of Funds</b>							
Investment ratio	6.7 %	6.6 %	6.8 %	7.1 %	6.8 %	6.6 %	6.4 %
Maint. Capex / Sales	5.7 %	7.1 %	7.2 %	7.3 %	6.0 %	5.8 %	5.6 %
Capex / Dep	91.2 %	93.0 %	105.9 %	102.7 %	101.3 %	103.1 %	102.6 %
Avg. Working Capital / Sales	6.7 %	7.4 %	8.0 %	7.9 %	7.6 %	6.8 %	7.1 %
Trade Debtors / Trade Creditors	70.6 %	87.8 %	87.7 %	99.5 %	85.0 %	85.3 %	85.8 %
Inventory Turnover	3.0 x	3.2 x	3.3 x	3.2 x	3.0 x	2.9 x	2.9 x
Receivables collection period (days)	52	60	59	60	60	60	60
Payables payment period (days)	201	194	216	205	242	242	243
Cash conversion cycle (Days)	-60	-62	-88	-72	-103	-96	-95

**CAPEX and Cash Flow**  
in EUR m


Source: Warburg Research

**Free Cash Flow Generation**


Source: Warburg Research

**Working Capital**


Source: Warburg Research



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

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

Rating	Number of stocks	% of Universe
Buy	125	64
Hold	63	32
Sell	5	3
Rating suspended	1	1
<b>Total</b>	<b>194</b>	<b>100</b>

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

... taking into account only those companies which were provided with major investment services in the last twelve months.

Rating	Number of stocks	% of Universe
Buy	21	72
Hold	7	24
Sell	0	0
Rating suspended	1	3
<b>Total</b>	<b>29</b>	<b>100</b>

**PRICE AND RATING HISTORY CEWE AS OF 10.11.2016**


Markings in the chart show rating changes by Warburg Research GmbH in the last 12 months. Every marking details the date and closing price on the day of the rating change.

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