

<b>Buy</b>  <b>EUR 70.00</b>  Price <b>EUR 50.10</b> <b>Upside 39.7 %</b>	<b>Value Indicators:</b> EUR DCF: 70.01 FCF-Value Potential 2016e: 69.02	<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: 358 No. of shares (m): 7 EV: 369 Freefloat MC: 250	<b>Shareholders:</b> Freefloat 69.8 % Comm. heirs Senator 27.4 % CeWe Stiftung & Co. KGaA 2.8 %	<b>Risk Profile (WRe):</b> 2015e Beta: 1.0 Price / Book: 1.9 x Equity Ratio: 52 % Net Debt / EBITDA: 0.2 x

## First Glance: Strong Q4 sales and EBIT increase

Cewe released Q4 sales and EBIT numbers above our expectations. All FY 2015 earnings numbers were in line with CEWE's guidance (EBIT EUR 32-38m, Net profit EUR 20-24m, EPS EUR 2.87-3.45):

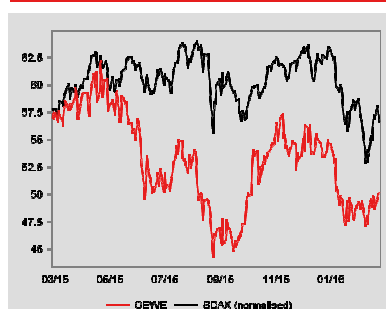
CEWE							
Figures in EUR m	Q4/15	Q4/14	yoy	2015	2015e	2014	yoy
<b>Sales</b>	216.4	194.8	11.1%	554.8	533.0	523.8	5.9%
<b>EBIT</b>	40.9	37.4	9.5%	36.8	36.0	32.6	12.7%
<i>margin</i>	18.9%	19.2%		6.6%	6.8%	6.2%	
<b>Net income</b>	26.0	25.9	0.3%	22.7	219	214	6.3%
<i>margin</i>	12.0%	13.3%		4.1%	4.1%	4.1%	
<b>EPS</b>	3.69	3.77	-2.1%	3.24	3.37	3.07	5.5%

The dynamic Q4 sales growth was driven by a strong business in **Fotofinishing** (Q4 sales +12%), which underlines the strong position in this segment. CEWE Photobook sales were up 5.7% in Q4 (2.4m units). The revenue per photo was up again substantially by 10.3% to 18.6 Eurocent in Q4.

Numbers in **Online Printing** and **Retail** were in line with our estimates. Both segments could clearly the EBIT loss in FY 2015.

With the statement Cewe mentioned current **uncertainties about a VAT increase for Photobooks in Germany** (19% instead of 7%). As Photobooks are CEWE's most relevant product (roughly 50% of sales in Fotofinishing) this could affect margins temporarily.

**Conclusion:** Operating numbers better than expected. We would not overestimate the lower EPS development owing to a higher Q4 tax rate. Overall, the numbers underline the strong position in Fotofinishing and the success of CEWE's strategy to focus on added-value product. For 2016 we regard the Online Printing business as the major sales and earnings driver and expect an EBIT margin increase. Final results and the outlook for the current year will be released on March 23.

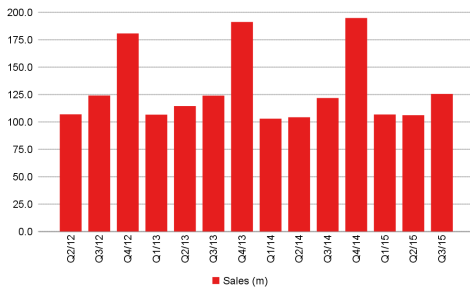


Rel. Performance vs SDAX:	
1 month:	5.8 %
6 months:	11.0 %
Year to date:	2.5 %
Trailing 12 months:	-9.6 %

Company events:	
23.03.16	FY 2015
12.05.16	Q1
12.05.16	Q1
11.08.16	Q2

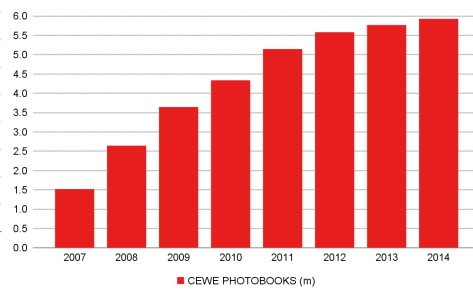
FY End: 31.12. in EUR m	CAGR (14-17e)	2011	2012	2013	2014	2015e	2016e	2017e
<b>Sales</b>	2.6 %	469	507	536	524	533	548	566
Change Sales yoy		5.0 %	8.1 %	5.7 %	-2.3 %	1.8 %	2.8 %	3.3 %
Gross profit margin		63.2 %	63.6 %	64.8 %	69.2 %	69.0 %	69.1 %	69.3 %
<b>EBITDA</b>	9.6 %	64	66	67	66	73	79	87
Margin		13.6 %	13.0 %	12.5 %	12.6 %	13.7 %	14.4 %	15.4 %
<b>EBIT</b>	12.3 %	30	29	29	33	36	39	46
Margin		6.4 %	5.7 %	5.4 %	6.2 %	6.8 %	7.1 %	8.2 %
<b>Net income</b>	14.3 %	19	19	22	21	24	27	32
<b>EPS</b>	13.3 %	2.84	2.88	3.39	3.07	3.37	3.73	4.46
EPS adj.	14.1 %	2.84	2.88	3.51	3.00	3.37	3.73	4.46
<b>DPS</b>	7.0 %	1.40	1.45	1.50	1.55	1.60	1.75	1.90
Dividend Yield		4.5 %	4.6 %	4.2 %	3.0 %	3.2 %	3.5 %	3.8 %
<b>FCFPS</b>		4.58	2.69	1.98	5.14	0.67	2.14	3.55
<b>FCF / Market cap</b>		14.8 %	8.6 %	5.5 %	10.0 %	1.3 %	4.3 %	7.1 %
<b>EV / Sales</b>		0.4 x	0.5 x	0.5 x	0.7 x	0.7 x	0.7 x	0.6 x
<b>EV / EBITDA</b>		3.3 x	3.6 x	4.1 x	5.4 x	5.1 x	4.7 x	4.1 x
<b>EV / EBIT</b>		6.9 x	8.3 x	9.5 x	11.0 x	10.3 x	9.5 x	7.7 x
<b>P / E</b>		10.9 x	10.9 x	10.6 x	16.7 x	14.9 x	13.4 x	11.2 x
<b>P / E adj.</b>		10.9 x	10.9 x	10.2 x	17.1 x	14.9 x	13.4 x	11.2 x
<b>FCF Yield Potential</b>		13.2 %	12.2 %	8.7 %	5.7 %	7.4 %	8.8 %	10.8 %
<b>Net Debt</b>		5	36	41	2	14	11	-1
<b>ROCE (NOPAT)</b>		14.5 %	13.9 %	13.6 %	12.3 %	13.4 %	13.7 %	16.3 %
<b>Guidance:</b>		2015: sales EUR 515-535m; EBIT EUR 32-38m; EPS EUR 2.87-3.45						

**Sales development**  
in EUR m



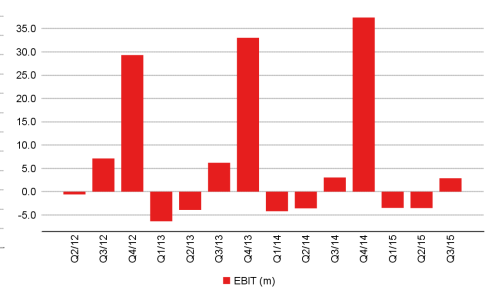
Source: Warburg Research

**Number of CEWE PHOTOBOOKS**  
2014; in million units



Source: Warburg Research

**EBIT development**  
in EUR m



Source: Warburg Research

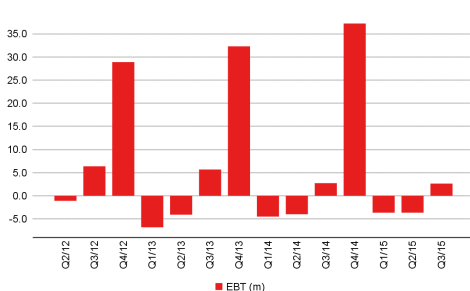
## Company Background

- 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

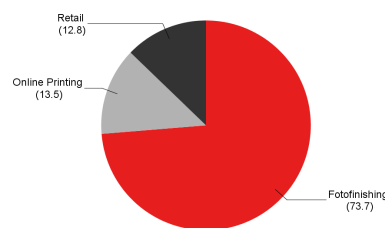
- CEWE has the broadest distribution base of all industrial photofinishers. The dense regional presence facilitates rapid market-share gains.
- CEWE's distribution base of more than 34,000 trade partners represents a significant competitive advantage in the digital market, as it enables broad market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



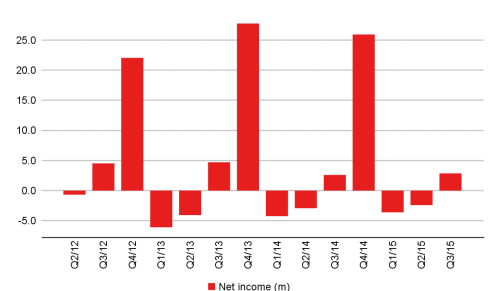
Source: Warburg Research

**Sales by segments**  
2014; 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
	2015e	2016e	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	
Sales	533	548	566	583	600	615	631	643	656	669	683	697	710	
Sales change	1.8 %	2.8 %	3.3 %	3.0 %	3.0 %	2.5 %	2.5 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
EBIT	36	39	46	47	48	49	50	51	49	50	48	45	43	
EBIT-margin	6.8 %	7.1 %	8.2 %	8.0 %	8.0 %	8.0 %	8.0 %	8.0 %	7.5 %	7.5 %	7.0 %	6.5 %	6.0 %	
Tax rate (EBT)	30.3 %	30.1 %	29.7 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	
NOPAT	25	27	32	33	34	34	35	36	34	35	33	32	30	
Depreciation	37	40	41	43	44	44	45	45	43	40	41	42	43	
in % of Sales	6.9 %	7.3 %	7.2 %	7.4 %	7.3 %	7.2 %	7.1 %	7.0 %	6.5 %	6.0 %	6.0 %	6.0 %	6.0 %	
Changes in provisions	1	1	1	-4	1	1	1	0	0	0	0	0	0	
Change in Liquidity from														
- Working Capital	14	2	1	1	2	-2	1	-2	1	1	1	1	1	
- Capex	43	40	40	41	41	41	41	42	43	40	41	42	43	
Capex in % of Sales	8.1 %	7.3 %	7.1 %	7.0 %	6.8 %	6.6 %	6.5 %	6.5 %	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)	6	26	33	30	36	40	38	42	34	34	33	31	29	21
PV of FCF	6	24	29	25	28	29	26	27	20	20	18	16	14	221
share of PVs	11.78 %			44.18 %										44.03 %

**Model parameter**

Derivation of WACC:		Derivation of Beta:	
Debt ratio	25.00 %	Financial Strength	1.00
Cost of debt (after tax)	4.9 %	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>6.48 %</b>	<b>Beta</b>	<b>1.00</b>

**Valuation (m)**

Present values 2027e	281		
Terminal Value	221		
Financial liabilities	8		
Pension liabilities	22		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	28	No. of shares (m)	7.2
<b>Equity Value</b>	<b>501</b>	<b>Value per share (EUR)</b>	<b>70.01</b>

**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
1.24	7.5 %	56.91	57.74	58.65	59.64	60.72	61.91	63.23	1.24	7.5 %	43.61	48.95	54.29	59.64	64.98	70.32	75.67
1.12	7.0 %	60.89	61.93	63.08	64.34	65.73	67.28	69.01	1.12	7.0 %	46.77	52.62	58.48	64.34	70.20	76.05	81.91
1.06	6.7 %	63.13	64.31	65.60	67.03	68.63	70.41	72.41	1.06	6.7 %	48.57	54.73	60.88	67.03	73.19	79.34	85.50
1.00	6.5 %	65.57	66.90	68.37	70.01	71.84	73.90	76.24	1.00	6.5 %	50.56	57.04	63.53	70.01	76.49	82.98	89.46
0.94	6.2 %	68.23	69.75	71.43	73.31	75.44	77.84	80.59	0.94	6.2 %	52.75	59.61	66.46	73.31	80.17	87.02	93.88
0.88	6.0 %	71.16	72.89	74.83	77.01	79.48	82.32	85.59	0.88	6.0 %	55.20	62.47	69.74	77.01	84.28	91.55	98.82
0.76	5.5 %	77.98	80.29	82.91	85.90	89.37	93.41	98.19	0.76	5.5 %	61.06	69.34	77.62	85.90	94.19	102.47	110.75

- Long-term growth rate assumptions reflect market growth - CEWE expected to grow faster
- 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	2011	2012	2013	2014	2015e	2016e	2017e	
Net Income before minorities	19	19	22	21	24	26	32	
+ Depreciation + Amortisation	33	37	38	33	37	40	41	
- Net Interest Income	-1	-2	-2	-1	-1	-1	-1	
- Maintenance Capex	26	29	38	35	35	35	35	
+ Other	0	0	0	0	0	0	0	
<b>= Free Cash Flow Potential</b>	<b>27</b>	<b>29</b>	<b>24</b>	<b>21</b>	<b>28</b>	<b>33</b>	<b>39</b>	
Free Cash Flow Yield Potential	13.2 %	12.2 %	8.7 %	5.7 %	7.4 %	8.8 %	10.8 %	
WACC	6.48 %	6.48 %	6.48 %	6.48 %	6.48 %	6.48 %	6.48 %	
<b>= Enterprise Value (EV)</b>	<b>207</b>	<b>241</b>	<b>276</b>	<b>359</b>	<b>372</b>	<b>369</b>	<b>357</b>	
<b>= Fair Enterprise Value</b>	<b>422</b>	<b>453</b>	<b>373</b>	<b>318</b>	<b>425</b>	<b>504</b>	<b>596</b>	
- Net Debt (Cash)	-20	-20	-20	-20	-9	-12	-25	
- Pension Liabilities	22	22	22	22	23	23	24	
- 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>420</b>	<b>451</b>	<b>371</b>	<b>315</b>	<b>411</b>	<b>494</b>	<b>597</b>	
No. of shares (total) (m)	7	7	7	7	7	7	7	
<b>= Fair value per share (EUR)</b>	<b>64.05</b>	<b>68.89</b>	<b>56.62</b>	<b>45.39</b>	<b>57.46</b>	<b>69.02</b>	<b>83.55</b>	
premium (-) / discount (+) in %					14.7 %	37.8 %	66.8 %	
<b>Sensitivity Fair value per Share (EUR)</b>								
	9.48 %	40.01	43.04	35.35	30.06	38.64	46.69	57.16
	8.48 %	44.77	48.15	39.56	33.64	43.43	52.38	63.88
	7.48 %	50.79	54.63	44.89	38.18	49.51	59.59	72.40
WACC	<b>6.48 %</b>	<b>58.68</b>	<b>63.12</b>	<b>51.87</b>	<b>44.12</b>	<b>57.46</b>	<b>69.02</b>	<b>83.55</b>
	5.48 %	69.46	74.70	61.40	52.23	68.31	81.91	98.78
	4.48 %	85.04	91.46	75.18	63.97	84.01	100.55	120.81
	3.48 %	109.60	117.86	96.90	82.47	108.75	129.92	155.52

- 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**

	2011	2012	2013	2014	2015e	2016e	2017e
Price / Book	1.7 x	1.6 x	1.6 x	2.1 x	1.9 x	1.9 x	1.8 x
Book value per share ex intangibles	15.17	12.27	14.84	18.56	19.67	20.22	21.75
EV / Sales	0.4 x	0.5 x	0.5 x	0.7 x	0.7 x	0.7 x	0.6 x
EV / EBITDA	3.3 x	3.6 x	4.1 x	5.4 x	5.1 x	4.7 x	4.1 x
EV / EBIT	6.9 x	8.3 x	9.5 x	11.0 x	10.3 x	9.5 x	7.7 x
EV / EBIT adj.*	6.9 x	8.3 x	9.5 x	11.0 x	10.3 x	9.5 x	7.7 x
P / FCF	6.7 x	11.7 x	18.1 x	10.0 x	74.3 x	23.4 x	14.1 x
P / E	10.9 x	10.9 x	10.6 x	16.7 x	14.9 x	13.4 x	11.2 x
P / E adj.*	10.9 x	10.9 x	10.2 x	17.1 x	14.9 x	13.4 x	11.2 x
Dividend Yield	4.5 %	4.6 %	4.2 %	3.0 %	3.2 %	3.5 %	3.8 %
Free Cash Flow Yield Potential	13.2 %	12.2 %	8.7 %	5.7 %	7.4 %	8.8 %	10.8 %

\*Adjustments made for: -

**Company Specific Items**

	2011	2012	2013	2014	2015e	2016e	2017e
CEWE PHOTOBOOKS	5,146,000	5,581,000	5,768,000	5,929,000	6,050,000	6,200,000	6,250,000

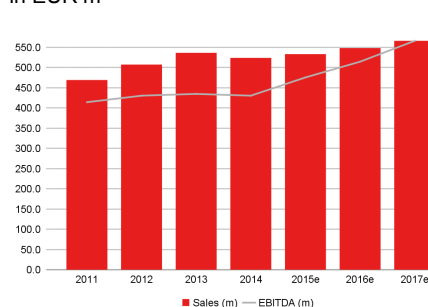
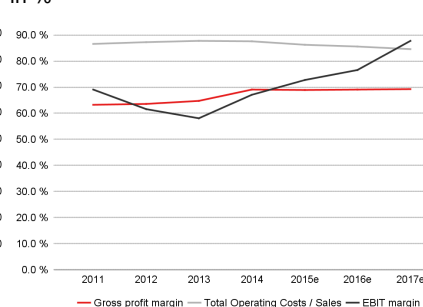
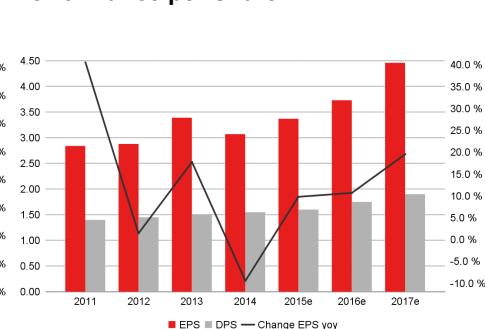
**Consolidated profit & loss**

In EUR m	2011	2012	2013	2014	2015e	2016e	2017e
<b>Sales</b>	<b>469</b>	<b>507</b>	<b>536</b>	<b>524</b>	<b>533</b>	<b>548</b>	<b>566</b>
Change Sales yoy	5.0 %	8.1 %	5.7 %	-2.3 %	1.8 %	2.8 %	3.3 %
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>470</b>	<b>508</b>	<b>538</b>	<b>525</b>	<b>533</b>	<b>548</b>	<b>566</b>
Material Expenses	174	186	190	163	165	169	174
<b>Gross profit</b>	<b>296</b>	<b>323</b>	<b>348</b>	<b>362</b>	<b>368</b>	<b>379</b>	<b>392</b>
<i>Gross profit margin</i>	<i>63.2 %</i>	<i>63.6 %</i>	<i>64.8 %</i>	<i>69.2 %</i>	<i>69.0 %</i>	<i>69.1 %</i>	<i>69.3 %</i>
Personnel expenses	109	122	130	136	137	139	142
Other operating income	23	30	25	21	22	23	24
Other operating expenses	147	164	175	182	180	184	187
Unfrequent items	0	0	0	0	0	0	0
<b>EBITDA</b>	<b>64</b>	<b>66</b>	<b>67</b>	<b>66</b>	<b>73</b>	<b>79</b>	<b>87</b>
<i>Margin</i>	<i>13.6 %</i>	<i>13.0 %</i>	<i>12.5 %</i>	<i>12.6 %</i>	<i>13.7 %</i>	<i>14.4 %</i>	<i>15.4 %</i>
Depreciation of fixed assets	32	37	38	33	37	40	41
<b>EBITA</b>	<b>31</b>	<b>29</b>	<b>29</b>	<b>33</b>	<b>36</b>	<b>39</b>	<b>46</b>
Amortisation of intangible assets	1	0	0	0	0	0	0
Goodwill amortization	0	0	0	0	0	0	0
<b>EBIT</b>	<b>30</b>	<b>29</b>	<b>29</b>	<b>33</b>	<b>36</b>	<b>39</b>	<b>46</b>
<i>Margin</i>	<i>6.4 %</i>	<i>5.7 %</i>	<i>5.4 %</i>	<i>6.2 %</i>	<i>6.8 %</i>	<i>7.1 %</i>	<i>8.2 %</i>
<b>EBIT adj.</b>	<b>30</b>	<b>29</b>	<b>29</b>	<b>33</b>	<b>36</b>	<b>39</b>	<b>46</b>
Interest income	0	0	0	0	0	0	0
Interest expenses	1	3	2	1	2	2	1
Other financial income (loss)	0	0	0	0	0	0	0
<b>EBT</b>	<b>29</b>	<b>27</b>	<b>27</b>	<b>31</b>	<b>35</b>	<b>38</b>	<b>45</b>
<i>Margin</i>	<i>6.2 %</i>	<i>5.3 %</i>	<i>5.1 %</i>	<i>6.0 %</i>	<i>6.5 %</i>	<i>6.9 %</i>	<i>8.0 %</i>
Total taxes	11	8	5	10	11	11	13
<b>Net income from continuing operations</b>	<b>19</b>	<b>19</b>	<b>22</b>	<b>21</b>	<b>24</b>	<b>26</b>	<b>32</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>19</b>	<b>22</b>	<b>21</b>	<b>24</b>	<b>26</b>	<b>32</b>
Minority interest	0	0	0	0	0	0	0
<b>Net income</b>	<b>19</b>	<b>19</b>	<b>22</b>	<b>21</b>	<b>24</b>	<b>27</b>	<b>32</b>
<i>Margin</i>	<i>4.0 %</i>	<i>3.7 %</i>	<i>4.2 %</i>	<i>4.1 %</i>	<i>4.5 %</i>	<i>4.9 %</i>	<i>5.6 %</i>
Number of shares, average	7	7	7	7	7	7	7
<b>EPS</b>	<b>2.84</b>	<b>2.88</b>	<b>3.39</b>	<b>3.07</b>	<b>3.37</b>	<b>3.73</b>	<b>4.46</b>
EPS adj.	2.84	2.88	3.51	3.00	3.37	3.73	4.46

\*Adjustments made for:

**Guidance: 2015: sales EUR 515-535m; EBIT EUR 32-38m; EPS EUR 2.87-3.45**
**Financial Ratios**

	2011	2012	2013	2014	2015e	2016e	2017e
Total Operating Costs / Sales	86.6 %	87.2 %	87.8 %	87.6 %	86.3 %	85.6 %	84.6 %
Operating Leverage	1.4 x	-0.4 x	-0.1 x	-5.5 x	5.9 x	3.0 x	5.6 x
EBITDA / Interest expenses	45.3 x	26.2 x	30.9 x	46.6 x	45.6 x	52.7 x	66.9 x
Tax rate (EBT)	36.3 %	29.9 %	17.7 %	32.1 %	30.3 %	30.1 %	29.7 %
Dividend Payout Ratio	49.3 %	50.3 %	44.2 %	50.4 %	47.5 %	47.5 %	42.9 %
Sales per Employee	166,151	153,461	158,296	150,844	149,756	150,215	151,365

**Sales, EBITDA**  
in EUR m

**Operating Performance**  
in %

**Performance per Share**


Source: Warburg Research

Source: Warburg Research

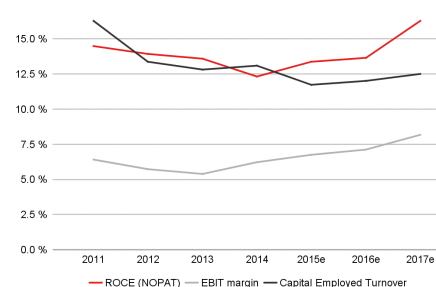
Source: Warburg Research

**Consolidated balance sheet**

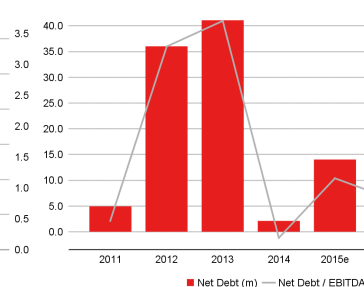
In EUR m	2011	2012	2013	2014	2015e	2016e	2017e
<b>Assets</b>							
Goodwill and other intangible assets	22	50	45	45	45	45	45
thereof other intangible assets	13	22	20	19	19	19	19
thereof Goodwill	9	29	25	25	25	25	25
Property, plant and equipment	79	101	99	103	114	114	113
Financial assets	5	5	5	8	8	8	8
Other long-term assets	0	0	0	0	0	0	0
<b>Fixed assets</b>	<b>106</b>	<b>156</b>	<b>149</b>	<b>155</b>	<b>166</b>	<b>166</b>	<b>166</b>
Inventories	48	63	59	49	65	68	70
Accounts receivable	78	72	89	84	88	90	93
Liquid assets	31	13	14	28	13	17	29
Other short-term assets	27	19	23	23	23	22	22
<b>Current assets</b>	<b>183</b>	<b>167</b>	<b>185</b>	<b>184</b>	<b>189</b>	<b>197</b>	<b>214</b>
<b>Total Assets</b>	<b>290</b>	<b>324</b>	<b>334</b>	<b>340</b>	<b>355</b>	<b>363</b>	<b>380</b>
<b>Liabilities and shareholders' equity</b>							
Subscribed capital	19	19	19	19	19	19	19
Capital reserve	56	56	57	69	69	69	69
Retained earnings	71	79	90	94	105	110	121
Other equity components	-24	-24	-23	-9	-9	-9	-9
Shareholders' equity	121	130	143	174	185	189	200
Minority interest	0	0	0	0	0	0	0
<b>Total equity</b>	<b>121</b>	<b>130</b>	<b>143</b>	<b>174</b>	<b>185</b>	<b>189</b>	<b>200</b>
Provisions	25	27	27	30	31	31	32
thereof provisions for pensions and similar obligations	12	18	18	22	23	23	24
Financial liabilities (total)	24	31	37	8	4	4	4
thereof short-term financial liabilities	7	8	26	2	2	1	1
Accounts payable	90	102	101	96	102	105	109
Other liabilities	29	32	26	32	33	34	34
<b>Liabilities</b>	<b>168</b>	<b>193</b>	<b>191</b>	<b>166</b>	<b>170</b>	<b>174</b>	<b>179</b>
<b>Total liabilities and shareholders' equity</b>	<b>290</b>	<b>324</b>	<b>334</b>	<b>340</b>	<b>355</b>	<b>363</b>	<b>380</b>

**Financial Ratios**

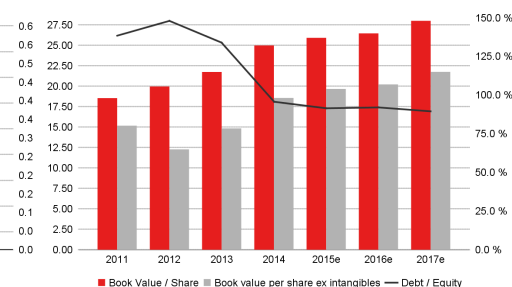
	2011	2012	2013	2014	2015e	2016e	2017e
<b>Efficiency of Capital Employment</b>							
Operating Assets Turnover	4.1 x	3.8 x	3.7 x	3.8 x	3.2 x	3.3 x	3.4 x
Capital Employed Turnover	3.7 x	3.0 x	2.9 x	3.0 x	2.7 x	2.7 x	2.8 x
ROA	17.5 %	12.1 %	14.9 %	13.7 %	14.5 %	16.0 %	19.3 %
<b>Return on Capital</b>							
ROCE (NOPAT)	14.5 %	13.9 %	13.6 %	12.3 %	13.4 %	13.7 %	16.3 %
ROE	15.3 %	15.0 %	16.3 %	13.5 %	13.4 %	14.2 %	16.4 %
Adj. ROE	15.3 %	15.0 %	16.9 %	13.2 %	13.4 %	14.2 %	16.4 %
<b>Balance sheet quality</b>							
Net Debt	5	36	41	2	14	11	-1
Net Financial Debt	-7	18	23	-20	-9	-12	-25
Net Gearing	4.1 %	27.6 %	28.8 %	1.2 %	7.6 %	5.7 %	-0.7 %
Net Fin. Debt / EBITDA	n.a.	27.4 %	34.6 %	n.a.	n.a.	n.a.	n.a.
Book Value / Share	18.5	20.0	21.7	25.0	25.9	26.5	28.0
Book value per share ex intangibles	15.2	12.3	14.8	18.6	19.7	20.2	21.8

**ROCE Development**


Source: Warburg Research

**Net debt in EUR m**


Source: Warburg Research

**Book Value per Share in EUR**


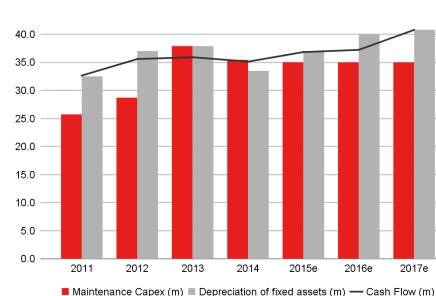
Source: Warburg Research

**Consolidated cash flow statement**

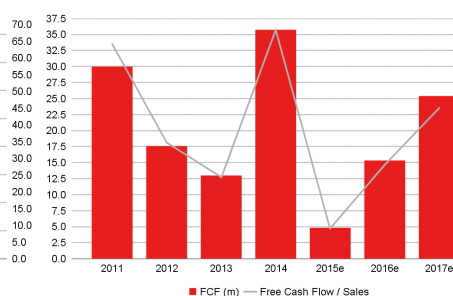
In EUR m	2011	2012	2013	2014	2015e	2016e	2017e
Net income	19	19	22	21	24	27	32
Depreciation of fixed assets	32	37	38	33	37	40	41
Amortisation of goodwill	0	0	0	0	0	0	0
Amortisation of intangible assets	1	0	0	0	0	0	0
Increase/decrease in long-term provisions	1	6	0	4	1	1	1
Other non-cash income and expenses	2	-3	0	0	0	-5	-5
<b>Cash Flow</b>	<b>55</b>	<b>60</b>	<b>60</b>	<b>59</b>	<b>62</b>	<b>62</b>	<b>68</b>
Increase / decrease in inventory	2	-15	4	10	-16	-3	-2
Increase / decrease in accounts receivable	-6	6	-17	4	-4	-2	-3
Increase / decrease in accounts payable	8	12	-1	-5	6	3	4
Increase / decrease in other working capital positions	1	-11	2	3	0	-5	-2
Increase / decrease in working capital (total)	5	-8	-12	12	-14	-7	-3
<b>Net cash provided by operating activities</b>	<b>60</b>	<b>51</b>	<b>48</b>	<b>71</b>	<b>48</b>	<b>55</b>	<b>65</b>
Investments in intangible assets	0	0	0	0	0	0	0
Investments in property, plant and equipment	-30	-34	-35	-35	-43	-40	-40
Payments for acquisitions	0	-24	0	0	-5	0	0
Financial investments	0	0	-1	-2	0	0	0
Income from asset disposals	0	12	1	-6	0	0	0
<b>Net cash provided by investing activities</b>	<b>-30</b>	<b>-46</b>	<b>-35</b>	<b>-43</b>	<b>-48</b>	<b>-40</b>	<b>-40</b>
Change in financial liabilities	-7	-14	-3	-26	-4	0	0
Dividends paid	-8	-9	-9	-11	-11	-11	-13
Purchase of own shares	-7	0	0	0	0	0	0
Capital measures	0	0	0	-3	0	0	0
Other	-1	0	0	25	0	0	0
<b>Net cash provided by financing activities</b>	<b>-23</b>	<b>-23</b>	<b>-12</b>	<b>-14</b>	<b>-15</b>	<b>-12</b>	<b>-13</b>
Change in liquid funds	8	-18	1	14	-15	4	13
Effects of exchange-rate changes on cash	0	0	0	0	0	0	0
<b>Cash and cash equivalent at end of period</b>	<b>31</b>	<b>13</b>	<b>14</b>	<b>28</b>	<b>13</b>	<b>17</b>	<b>29</b>

**Financial Ratios**

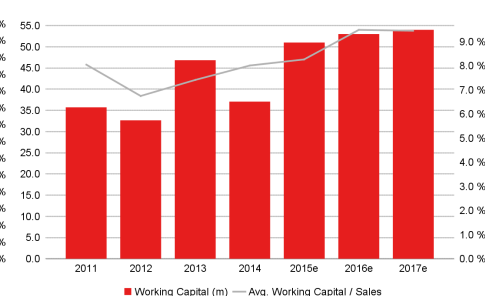
	2011	2012	2013	2014	2015e	2016e	2017e
<b>Cash Flow</b>							
FCF	30	18	13	36	5	15	25
Free Cash Flow / Sales	6.4 %	3.5 %	2.4 %	6.8 %	0.9 %	2.8 %	4.5 %
Free Cash Flow Potential	27	29	24	21	28	33	39
Free Cash Flow / Net Profit	161.3 %	93.3 %	58.3 %	167.3 %	20.0 %	57.5 %	79.6 %
Interest Received / Avg. Cash	1.7 %	1.5 %	2.2 %	1.2 %	1.0 %	1.4 %	0.9 %
Interest Paid / Avg. Debt	5.1 %	9.1 %	6.3 %	6.3 %	26.8 %	36.7 %	32.4 %
<b>Management of Funds</b>							
Investment ratio	6.5 %	6.7 %	6.6 %	6.8 %	8.1 %	7.3 %	7.1 %
Maint. Capex / Sales	5.5 %	5.7 %	7.1 %	6.8 %	6.6 %	6.4 %	6.2 %
Capex / Dep	90.4 %	91.2 %	93.0 %	105.9 %	116.2 %	100.0 %	98.0 %
Avg. Working Capital / Sales	8.0 %	6.7 %	7.4 %	8.0 %	8.3 %	9.5 %	9.5 %
Trade Debtors / Trade Creditors	86.3 %	70.6 %	87.8 %	87.7 %	86.3 %	85.7 %	85.3 %
Inventory Turnover	3.6 x	3.0 x	3.2 x	3.3 x	2.5 x	2.5 x	2.5 x
Receivables collection period (days)	61	52	60	59	60	60	60
Payables payment period (days)	190	201	194	216	225	226	229
Cash conversion cycle (Days)	-72	-60	-62	-88	-58	-56	-58

**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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CEWE	5, 6	<a href="http://www.mmwarburg.com/disclaimer/disclaimer_en/DE0005403901.htm">http://www.mmwarburg.com/disclaimer/disclaimer_en/DE0005403901.htm</a>

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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.

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Rating	Number of stocks	% of Universe
Buy	124	65
Hold	58	31
Sell	4	2
Rating suspended	4	2
<b>Total</b>	<b>190</b>	<b>100</b>

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

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

Rating	Number of stocks	% of Universe
Buy	27	82
Hold	4	12
Sell	1	3
Rating suspended	1	3
<b>Total</b>	<b>33</b>	<b>100</b>

**PRICE AND RATING HISTORY CEWE AS OF 25.02.2016**


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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