

<p><b>Buy</b></p> <p><b>EUR 70.00</b></p>	<p><b>Value Indicators:</b> EUR</p> <p>DCF: 71.23</p> <p>FCF-Value Potential avg.: 68.88</p>	<p><b>Share data:</b></p> <p>Bloomberg: CWC GR</p> <p>Reuters: CWCG</p> <p>ISIN: DE0005403901</p>	<p><b>Description:</b></p> <p>Europe's leading industrial photofinisher and provider of personalised photo products</p>
	<p><b>Market Snapshot:</b> EUR m</p> <p>Market cap: 303</p> <p>No. of shares (m): 7</p> <p>EV: 313</p> <p>Freefloat MC: 211</p> <p>Ø Trad. Vol. (30d): 622.61 th</p>	<p><b>Shareholders:</b></p> <p>Freefloat: 69.8 %</p> <p>Comm. heirs Senator: 27.4 %</p> <p>CeWe Stiftung &amp; Co. KGaA: 2.8 %</p>	<p><b>Risk Profile (WRe):</b> 2015e</p> <p>Beta: 1.1</p> <p>Price / Book: 1.8 x</p> <p>Equity Ratio: 52 %</p> <p>Net Debt / EBITDA: 0.1 x</p>
<p>Price: EUR 46.22</p> <p>Upside: <b>51.5 %</b></p>			

## Feedback from the Capital Market Day in Dresden

We are confirming our **Buy** recommendation for **CEWE** after attending the company's **Capital Market Day** last Thursday. CEWE hosted the conference at its online printing subsidiary Saxoprint, where it gave a short summary of the business approach and recent innovations in its core business PHOTOFINISHING.

The main topic on that day however was the **CEWE growth business, online printing**. This segment generated sales of c. EUR 70m in FY 2014 and c. EUR 80m (WRe) is expected in the current fiscal year. This represents c. 15% of group sales. While this business is still loss-making at EBIT level, given the high marketing costs to establish its brand CEWE print, the company is confident of reaching break-even in the online printing segment by FY 2016.

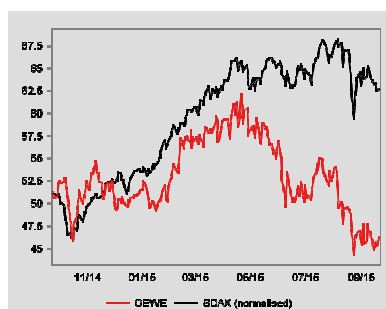
After significant investment in that segment, Saxoprint production in Dresden is claimed to be the **most efficient online-printing plant** in Europe. Additionally, CEWE will exchange six old KBA printers for two new Heidelberg printing devices in the course of FY 2016 which will increase Saxoprint's total capacity to around EUR 100m of annual sales.

External growth opportunities also possible: Given the high fragmentation of both the photofinishing and the online printing market, CEWE looks set to remain an active consolidator of these markets. This is also underlined by CEWE's **recent acquisition of "DeinDesign"** (beginning of Q3 2015), a producer and marketer of customisable smartphone cases and films for personalising a number of electronic appliances. Although small in size (EUR 6m annual sales), we regard this takeover to be a good match for the company's photofinishing segment.

CEWE's share price underperformed the market by 30% year to date. As Q1 and Q2 were in line and considering the company's positive statements in the course of the capital market day, we see no reason for the underperformance. CEWE's equity story remains fully intact, as we are **now entering the time of the year, where demand for all CEWE products will increase substantially** given that the company's business is significantly back-end loaded. First indications by the Saxoprint management for the year-end business were very positive.

We are leaving our model unchanged in terms of our p/l assumption. However, we are slightly reducing our dividend expectations by c. 10% for FY 2015 going forward. We believe that CEWE will keep this money in-house in order to finance further growth in the online printing business and to advance its product innovations in photofinishing. Nevertheless, these new assumptions still imply a **dividend yield of up to 4% for a very defensive and visible business model**. CEWE's financial strength should pave the way for above market-average growth in future and a proportionately greater improvement in profitability in the mid term. Hence, we are confident that CEWE will improve its brand awareness and market share in its core regions (Germany, Austria and Switzerland) but will also gain a stronger footprint in other European countries.

Our **price target of EUR 70** offers **upside potential of more than 50%**. CEWE is a **well protected brand** with various options to grow faster than the market, which is not really reflected in today's share price. This comes together with high quality management and an expected improvement in news-flow as CEWE is now entering the most important phase of its fiscal year.



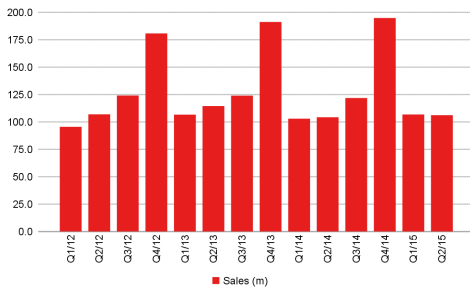
**Rel. Performance vs SDAX:**

1 month:	-2.9 %
6 months:	-20.5 %
Year to date:	-27.2 %
Trailing 12 months:	-31.8 %

**Company events:**  
12.11.15 Q3

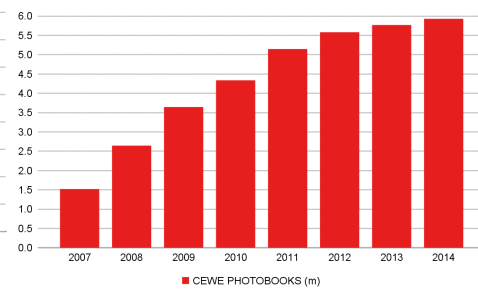
FY End: 31.12. in EUR m	CAGR (14-17e)	2011	2012	2013	2014	2015e	2016e	2017e
<b>Sales</b>	1.6 %	469	507	536	524	528	540	550
Change Sales yoy		5.0 %	8.1 %	5.7 %	-2.3 %	0.8 %	2.2 %	1.9 %
Gross profit margin		63.2 %	63.6 %	64.8 %	69.2 %	69.0 %	69.1 %	69.3 %
<b>EBITDA</b>	9.7 %	64	66	67	66	73	79	87
Margin		13.6 %	13.0 %	12.5 %	12.6 %	13.8 %	14.7 %	15.9 %
<b>EBIT</b>	12.4 %	30	29	29	33	36	39	46
Margin		6.4 %	5.7 %	5.4 %	6.2 %	6.8 %	7.3 %	8.4 %
<b>Net income</b>	13.9 %	19	19	22	21	24	26	32
<b>EPS</b>	13.3 %	2.84	2.88	3.39	3.07	3.37	3.73	4.46
<b>EPS adj.</b>	13.5 %	2.84	2.88	3.51	3.00	3.29	3.66	4.39
<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 %	3.5 %	3.8 %	4.1 %
<b>FCFPS</b>		4.58	2.69	1.98	5.14	1.20	2.84	4.28
<b>FCF / Market cap</b>		14.8 %	8.6 %	5.5 %	10.0 %	2.6 %	6.1 %	9.3 %
<b>EV / Sales</b>		0.4 x	0.5 x	0.5 x	0.7 x	0.6 x	0.6 x	0.6 x
<b>EV / EBITDA</b>		3.3 x	3.6 x	4.1 x	5.4 x	4.6 x	4.2 x	3.6 x
<b>EV / EBIT</b>		6.9 x	8.3 x	9.5 x	11.0 x	9.3 x	8.4 x	6.7 x
<b>P / E</b>		10.9 x	10.9 x	10.6 x	16.7 x	13.7 x	12.4 x	10.4 x
<b>P / E adj.</b>		10.9 x	10.9 x	10.2 x	17.1 x	14.0 x	12.6 x	10.5 x
<b>FCF Yield Potential</b>		13.2 %	12.2 %	8.7 %	5.7 %	6.7 %	10.1 %	12.6 %
<b>Net Debt</b>		5	36	41	2	10	2	-15
<b>ROCE (NOPAT)</b>		14.5 %	13.9 %	13.6 %	12.3 %	13.5 %	14.3 %	17.5 %
<b>Guidance:</b>		2015: sales EUR 515-535m; EBIT EUR 32-38m; EPS EUR 2.87-3.45						

**Sales development**  
in EUR m



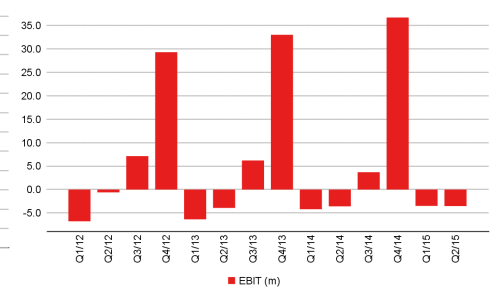
Source: Warburg Research

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



Source: Warburg Research

**EBIT development**  
in EUR m



Source: Warburg Research

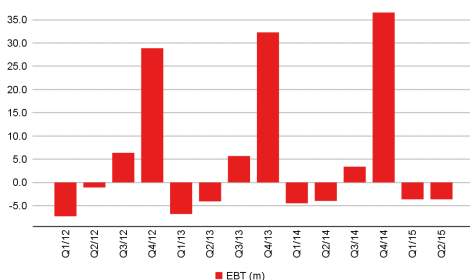
## Company Background

- 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

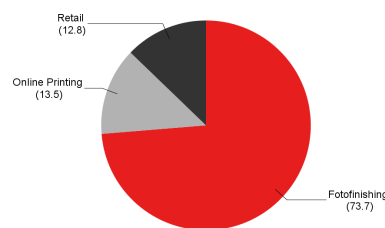
- CEWE has the broadest distribution base of all industrial photofinishers. The dense regional presence facilitates rapid market-share gains.
- CEWE's distribution base of more than 34,000 trade partners represents a significant competitive advantage in the digital market, as it enables broad market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



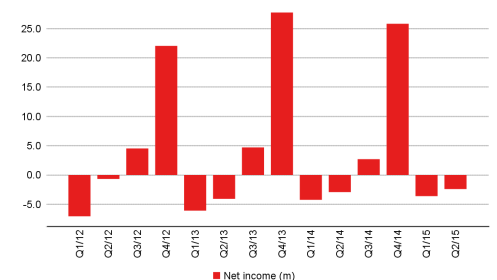
Source: Warburg Research

**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	528	540	550	561	572	584	595	607	619	632	644	657	670	
Sales change	0.8 %	2.2 %	1.9 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
EBIT	36	39	46	45	43	41	42	43	43	41	42	36	37	
EBIT-margin	6.8 %	7.3 %	8.4 %	8.0 %	7.5 %	7.0 %	7.0 %	7.0 %	7.0 %	6.5 %	6.5 %	5.5 %	5.5 %	
Tax rate (EBT)	30.6 %	29.4 %	29.2 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %	
NOPAT	25	28	33	31	30	29	29	30	30	29	29	25	26	
Depreciation	37	40	41	42	43	44	45	43	40	38	39	39	40	
in % of Sales	7.0 %	7.4 %	7.5 %	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	-4	0	0	0	0	0	0	0	0	0	
Change in Liquidity from														
- Working Capital	13	2	1	0	1	-2	1	-2	1	-2	1	-2	1	
- Capex	40	35	35	36	40	44	45	43	40	38	39	39	40	
Capex in % of Sales	7.6 %	6.5 %	6.4 %	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)	10	31	39	32	32	31	29	32	30	31	29	28	25	17
PV of FCF	10	29	34	27	25	23	20	21	18	18	16	14	12	203
share of PVs	15.44 %			41.34 %										43.22 %

**Model parameter**

Derivation of WACC:		Derivation of Beta:	
Debt ratio	55.00 %	Financial Strength	1.10
Cost of debt (after tax)	4.9 %	Liquidity (share)	1.10
Market return	7.00 %	Cyclicality	1.10
Risk free rate	1.50 %	Transparency	1.10
		Others	1.10
<b>WACC</b>	<b>6.09 %</b>	<b>Beta</b>	<b>1.10</b>

**Valuation (m)**

Present values 2027e	266		
Terminal Value	203		
Financial liabilities	8		
Pension liabilities	22		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	28	No. of shares (m)	6.6
<b>Equity Value</b>	<b>467</b>	<b>Value per share (EUR)</b>	<b>71.23</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
1.50	7.1 %	57.55	58.41	59.36	60.39	61.54	62.81	64.22	1.50	7.1 %	42.87	48.71	54.55	60.39	66.24	72.08	77.92
1.30	6.6 %	61.61	62.71	63.92	65.26	66.76	68.44	70.34	1.30	6.6 %	45.90	52.36	58.81	65.26	71.72	78.17	84.63
1.20	6.3 %	63.92	65.16	66.54	68.09	69.82	71.77	74.00	1.20	6.3 %	47.64	54.46	61.27	68.09	74.90	81.71	88.53
1.10	6.1 %	66.44	67.86	69.45	71.23	73.24	75.53	78.16	1.10	6.1 %	49.57	56.79	64.01	71.23	78.44	85.66	92.88
1.00	5.8 %	69.21	70.84	72.67	74.75	77.10	79.82	82.97	1.00	5.8 %	51.73	59.40	67.07	74.75	82.42	90.09	97.77
0.90	5.6 %	72.28	74.16	76.30	78.72	81.52	84.76	88.57	0.90	5.6 %	54.15	62.34	70.53	78.72	86.92	95.11	103.30
0.70	5.1 %	79.53	82.10	85.06	88.50	92.54	97.36	103.21	0.70	5.1 %	60.05	69.53	79.01	88.50	97.98	107.46	116.95

- Long-term growth rate assumptions reflect market growth - CEWE expected to grow faster
- Beta of 1.1 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 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	-2	-2	-2	
- Maintenance Capex	26	29	38	35	40	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>23</b>	<b>33</b>	<b>39</b>	
Free Cash Flow Yield Potential	13.2 %	12.2 %	8.7 %	5.7 %	6.7 %	10.1 %	12.6 %	
WACC	6.09 %	6.09 %	6.09 %	6.09 %	6.09 %	6.09 %	6.09 %	
<b>= Enterprise Value (EV)</b>	<b>207</b>	<b>241</b>	<b>276</b>	<b>359</b>	<b>337</b>	<b>329</b>	<b>311</b>	
<b>= Fair Enterprise Value</b>	<b>448</b>	<b>482</b>	<b>396</b>	<b>338</b>	<b>371</b>	<b>544</b>	<b>646</b>	
- Net Debt (Cash)	-20	-20	-20	-20	-12	-21	-39	
- 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>446</b>	<b>480</b>	<b>394</b>	<b>335</b>	<b>360</b>	<b>542</b>	<b>661</b>	
No. of shares (total) (m)	7	7	7	7	7	7	7	
<b>= Fair value per share (EUR)</b>	<b>68.09</b>	<b>73.24</b>	<b>60.19</b>	<b>51.20</b>	<b>55.01</b>	<b>82.76</b>	<b>100.84</b>	
premium (-) / discount (+) in %					19.0 %	79.1 %	118.2 %	
<b>Sensitivity Fair value per Share (EUR)</b>								
	9.09 %	45.52	48.97	40.23	34.20	36.34	55.34	68.32
	8.09 %	51.19	55.06	45.24	38.47	41.03	62.22	76.48
	7.09 %	58.45	62.87	51.66	43.94	47.03	71.04	86.94
WACC	<b>6.09 %</b>	<b>68.09</b>	<b>73.24</b>	<b>60.19</b>	<b>51.20</b>	<b>55.01</b>	<b>82.76</b>	<b>100.84</b>
	5.09 %	81.53	87.68	72.07	61.32	66.12	99.07	120.19
	4.09 %	101.53	109.19	89.76	76.38	82.66	123.36	149.00
	3.09 %	134.46	144.60	118.89	101.19	109.89	163.36	196.44

- 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>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015e</b>	<b>2016e</b>	<b>2017e</b>
Price / Book	1.7 x	1.6 x	1.6 x	2.1 x	1.8 x	1.7 x	1.6 x
Book value per share ex intangibles	15.17	12.27	14.84	18.56	19.88	20.42	21.94
EV / Sales	0.4 x	0.5 x	0.5 x	0.7 x	0.6 x	0.6 x	0.6 x
EV / EBITDA	3.3 x	3.6 x	4.1 x	5.4 x	4.6 x	4.2 x	3.6 x
EV / EBIT	6.9 x	8.3 x	9.5 x	11.0 x	9.3 x	8.4 x	6.7 x
EV / EBIT adj.*	6.9 x	8.3 x	9.5 x	11.0 x	9.3 x	8.4 x	6.7 x
P / FCF	6.7 x	11.7 x	18.1 x	10.0 x	38.5 x	16.3 x	10.8 x
P / E	10.9 x	10.9 x	10.6 x	16.7 x	13.7 x	12.4 x	10.4 x
P / E adj.*	10.9 x	10.9 x	10.2 x	17.1 x	14.0 x	12.6 x	10.5 x
Dividend Yield	4.5 %	4.6 %	4.2 %	3.0 %	3.5 %	3.8 %	4.1 %
Free Cash Flow Yield Potential	13.2 %	12.2 %	8.7 %	5.7 %	6.7 %	10.1 %	12.6 %
*Adjustments made for: -							

<b>Company Specific Items</b>							
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015e</b>	<b>2016e</b>	<b>2017e</b>
CEWE PHOTOBOOKS	5,146,000	5,581,000	5,768,000	5,929,000	6,050,000	6,200,000	6,250,000

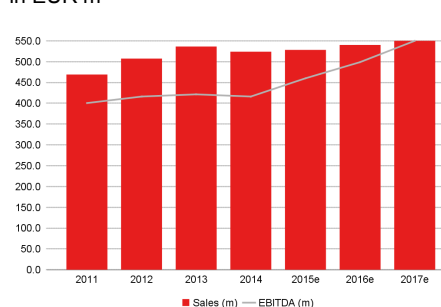
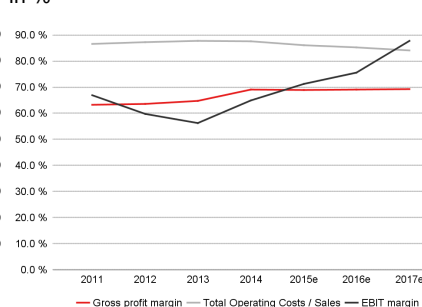
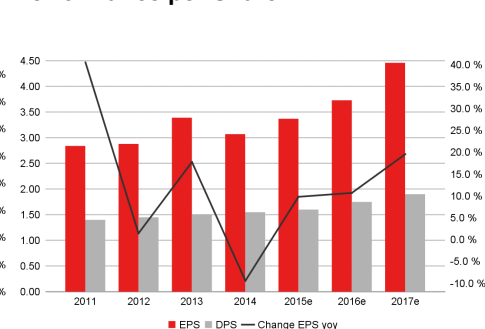
**Consolidated profit & loss**

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>528</b>	<b>540</b>	<b>550</b>
Change Sales yoy	5.0 %	8.1 %	5.7 %	-2.3 %	0.8 %	2.2 %	1.9 %
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>528</b>	<b>540</b>	<b>550</b>
Material Expenses	174	186	190	163	164	167	169
<b>Gross profit</b>	<b>296</b>	<b>323</b>	<b>348</b>	<b>362</b>	<b>364</b>	<b>373</b>	<b>381</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	136	136	137
Other operating income	23	30	25	21	22	23	24
Other operating expenses	147	164	175	182	177	181	180
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>13.8 %</i>	<i>14.7 %</i>	<i>15.9 %</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>7.3 %</i>	<i>8.4 %</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	2
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>34</b>	<b>37</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>8.1 %</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>26</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>5.7 %</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	3.29	3.66	4.39

\*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 %	86.2 %	85.3 %	84.1 %
Operating Leverage	1.4 x	-0.4 x	-0.1 x	-5.5 x	12.5 x	3.8 x	9.9 x
EBITDA / Interest expenses	45.3 x	26.2 x	30.9 x	46.6 x	36.5 x	36.0 x	39.7 x
Tax rate (EBT)	36.3 %	29.9 %	17.7 %	32.1 %	30.6 %	29.4 %	29.2 %
Dividend Payout Ratio	49.3 %	50.3 %	44.2 %	50.4 %	47.5 %	46.9 %	42.6 %
Sales per Employee	166,151	153,461	158,296	150,844	148,407	148,022	147,086

**Sales, EBITDA**  
in EUR m

**Operating Performance**  
in %

**Performance per Share**


Source: Warburg Research

Source: Warburg Research

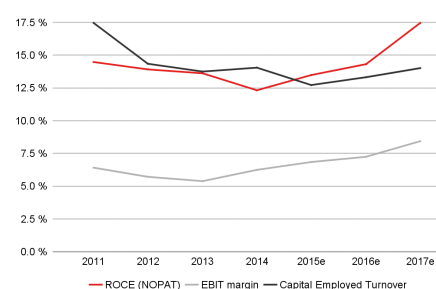
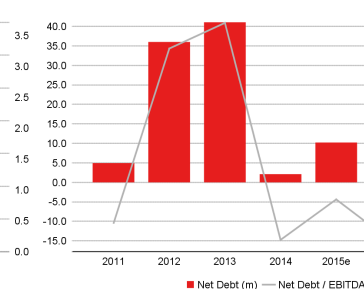
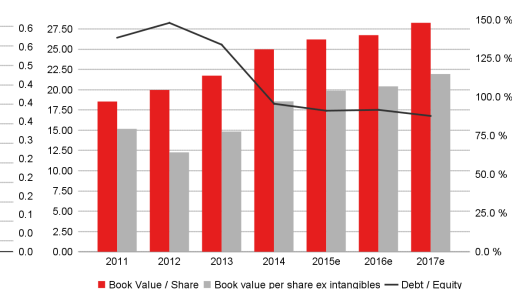
Source: Warburg Research

**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	111	106	100
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>163</b>	<b>158</b>	<b>152</b>
Inventories	48	63	59	49	64	67	68
Accounts receivable	78	72	89	84	87	89	90
Liquid assets	31	13	14	28	17	25	43
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>190</b>	<b>203</b>	<b>223</b>
<b>Total Assets</b>	<b>290</b>	<b>324</b>	<b>334</b>	<b>340</b>	<b>354</b>	<b>362</b>	<b>375</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	109	120
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	101	104	105
Other liabilities	29	32	26	32	33	34	35
<b>Liabilities</b>	<b>168</b>	<b>193</b>	<b>191</b>	<b>166</b>	<b>169</b>	<b>173</b>	<b>175</b>
<b>Total liabilities and shareholders' equity</b>	<b>290</b>	<b>324</b>	<b>334</b>	<b>340</b>	<b>354</b>	<b>362</b>	<b>375</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	3.3 x	3.4 x	3.6 x
Capital Employed Turnover	3.7 x	3.0 x	2.9 x	3.0 x	2.7 x	2.8 x	3.0 x
ROA	17.5 %	12.1 %	14.9 %	13.7 %	14.5 %	16.6 %	20.7 %
<b>Return on Capital</b>							
ROCE (NOPAT)	14.5 %	13.9 %	13.6 %	12.3 %	13.5 %	14.3 %	17.5 %
ROE	15.3 %	15.0 %	16.3 %	13.5 %	13.3 %	14.1 %	16.2 %
Adj. ROE	15.3 %	15.0 %	16.9 %	13.2 %	13.0 %	13.8 %	16.0 %
<b>Balance sheet quality</b>							
Net Debt	5	36	41	2	10	2	-15
Net Financial Debt	-7	18	23	-20	-12	-21	-39
Net Gearing	4.1 x	27.6 %	28.8 %	1.2 %	5.5 %	1.1 %	-7.5 %
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	26.2	26.7	28.3
Book value per share ex intangibles	15.2	12.3	14.8	18.6	19.9	20.4	21.9

**ROCE Development**

**Net debt**  
in EUR m

**Book Value per Share**  
in EUR


Source: Warburg Research

Source: Warburg Research

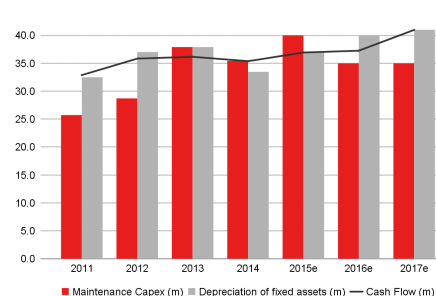
Source: Warburg Research

**Consolidated cash flow statement**

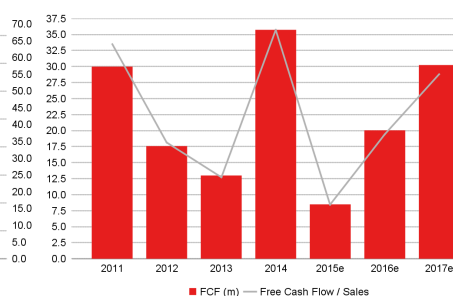
In EUR m	2011	2012	2013	2014	2015e	2016e	2017e
Net income	19	19	22	21	24	26	32
Depreciation of fixed assets	32	37	38	33	37	40	41
Amortisation of goodwill	0	0	0	0	0	0	0
Amortisation of intangible assets	1	0	0	0	0	0	0
Increase/decrease in long-term provisions	1	6	0	4	1	1	1
Other non-cash income and expenses	2	-3	0	0	0	-5	-5
<b>Cash Flow</b>	<b>55</b>	<b>60</b>	<b>60</b>	<b>59</b>	<b>61</b>	<b>62</b>	<b>68</b>
Increase / decrease in inventory	2	-15	4	10	-15	-3	-1
Increase / decrease in accounts receivable	-6	6	-17	4	-3	-2	-1
Increase / decrease in accounts payable	8	12	-1	-5	5	3	1
Increase / decrease in other working capital positions	1	-11	2	3	0	-5	-2
Increase / decrease in working capital (total)	5	-8	-12	12	-13	-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	-40	-35	-35
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>-45</b>	<b>-35</b>	<b>-35</b>
Change in financial liabilities	-7	-14	-3	-26	-4	0	0
Dividends paid	-8	-9	-9	-11	-11	-11	-12
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>-11</b>	<b>-12</b>
Change in liquid funds	8	-18	1	14	-11	9	18
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>17</b>	<b>25</b>	<b>43</b>

**Financial Ratios**

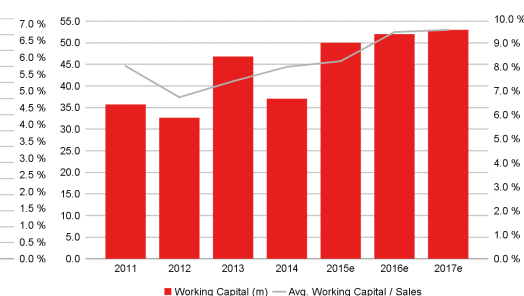
	2011	2012	2013	2014	2015e	2016e	2017e
<b>Cash Flow</b>							
FCF	30	18	13	36	8	20	30
Free Cash Flow / Sales	6.4 %	3.5 %	2.4 %	6.8 %	1.6 %	3.7 %	5.5 %
Free Cash Flow Potential	27	29	24	21	23	33	39
Free Cash Flow / Net Profit	161.3 %	93.3 %	58.3 %	167.3 %	35.7 %	76.0 %	95.9 %
Interest Received / Avg. Cash	1.7 %	1.5 %	2.2 %	1.2 %	0.9 %	1.9 %	1.2 %
Interest Paid / Avg. Debt	5.1 %	9.1 %	6.3 %	6.3 %	33.5 %	53.8 %	54.9 %
<b>Management of Funds</b>							
Investment ratio	6.5 %	6.7 %	6.6 %	6.8 %	7.6 %	6.5 %	6.4 %
Maint. Capex / Sales	5.5 %	5.7 %	7.1 %	6.8 %	7.6 %	6.5 %	6.4 %
Capex / Dep	90.4 %	91.2 %	93.0 %	105.9 %	108.1 %	87.5 %	85.4 %
Avg. Working Capital / Sales	8.0 %	6.7 %	7.4 %	8.0 %	8.2 %	9.4 %	9.5 %
Trade Debtors / Trade Creditors	86.3 %	70.6 %	87.8 %	87.7 %	86.1 %	85.6 %	85.7 %
Inventory Turnover	3.6 x	3.0 x	3.2 x	3.3 x	2.6 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	227	227
Cash conversion cycle (Days)	-72	-60	-62	-88	-59	-57	-56

**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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-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 – RESEARCH UNIVERSE BY RATING**

Rating	Number of stocks	% of Universe
Buy	119	65
Hold	58	32
Sell	4	2
Rating suspended	3	2
<b>Total</b>	<b>184</b>	<b>100</b>

**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	96	67
Hold	41	29
Sell	4	3
Rating suspended	2	1
<b>Total</b>	<b>143</b>	<b>100</b>

**PRICE AND RATING HISTORY CEWE AS OF 22.09.2015**


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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**Our research can be found under:**

Warburg Research [research.mmwarburg.com/en/index.html](http://research.mmwarburg.com/en/index.html)  
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