



# CeWe Color Company Presentation

Close Brothers Seydler  
Small & Mid Cap Conference

Dr. Olaf Holzkämper

Frankfurt, February 5th, 2009

# Here is why to invest in CeWe Color



- European Market leader in photofinishing
- CEWE PHOTO BOOK market leading and growing
- Photo gifts growing

**Products  
you (would)  
buy**

- Strong balance sheet
- Stable financing situation
- Strong cashflow

**Very strong  
financials**

- Expansion in digital business printing started riding on digital printing and web-to-print growth wave

**New growth  
ahead**



## Agenda

- **Company portrait**
- Products and volumes
- Key numbers
- Growth strategy

# This is CeWe Color



## The European photo service company (industrial photofinisher)

- For retail stores
- For Internet companies

### Personalised photo products

- CEWE PHOTO BOOKS
- Digital photos, CDs, etc.
- Photo gifts
- Photos from films
- Online services



**➔ CeWe is the specialist for the industrial production of personalised photo products**

# Photo servicer for retailers

## Retail

Retail stores



Internet webshop

Ordering

## CeWe Color

Production in an industrial plant



Despatch

## Consumers

Collecting in a store



By mail to customer's home

➔ **Photo products are a service for retailers**  
(no B to C)



# 50,000 trade partners in Europe

| Pharmaceutical markets  | Photo retailers   | Internet retailers  |
|---|---|---|
|        |    <p>www.foto-hamer.de</p>  <p>Europas größter Fotoverbund</p> |                |
| Home electronics stores   | System partners   | Food retailers and department stores  |
|     |  <p>Connecting People</p>   |        |

- ➔ We reach customers with strong trade brands
- ➔ Trade partners contribute distribution and marketing
- ➔ New sales channels with online retailers and system partners

# 2009 corporate structure

(in February 2009)

- 15 production plants
- 24 European countries
- 2,800 employees
- 1,300 courier service drivers
- 50,000 retail partners (PoS)
  - (- 40,000 PoS supplied direct by CeWe Color
  - 10,000 PoS supplied through customers' logistic systems)
- 191 retail stores in  
Central Eastern Europe and Norway
- EUR 415 - 420 million revenue (2008)



 Production plants

**➔ CeWe Color is the leading photo service company in Europe**

# Industrial production plants

---

**CeWe Color operates 15 industrial labs in Europe**

**Four examples:**



**Oldenburg (headquarters)**



**Munich**



**Freiburg**



**Kozle (Poland)**

**➔ Identical industrial production processes**



# Industrial production plants

Substantial know-how in automation and process control



**➔ CeWe Color is the technological leader in industrial photofinishing**



## Agenda

- Company portrait

- **Products and volumes**

- Key numbers

- Growth strategy

# CeWe photofinishing product overview

---

**Products  
Photofinishing**

Photos (digital and analogue)



CEWE PHOTO BOOKS



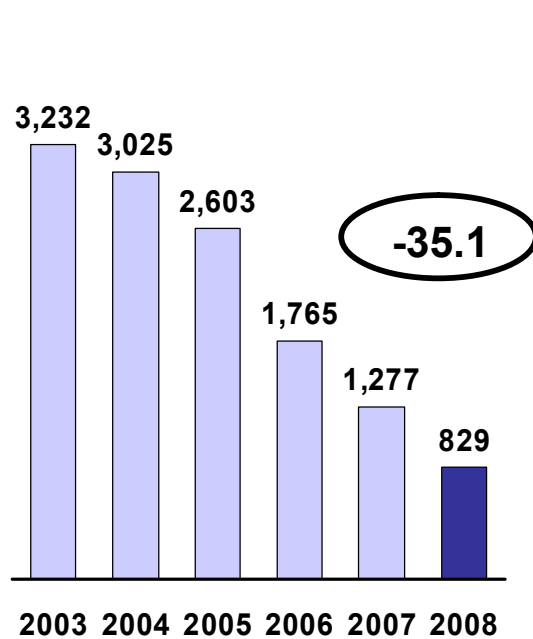
Photo gift articles, especially print products  
(e.g., photo calendars, photo greeting cards)



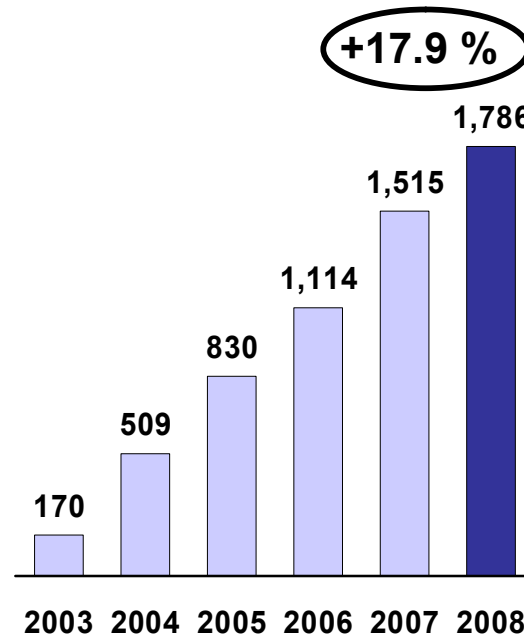
**➔ Digital printing technology gaining importance**

# Photos

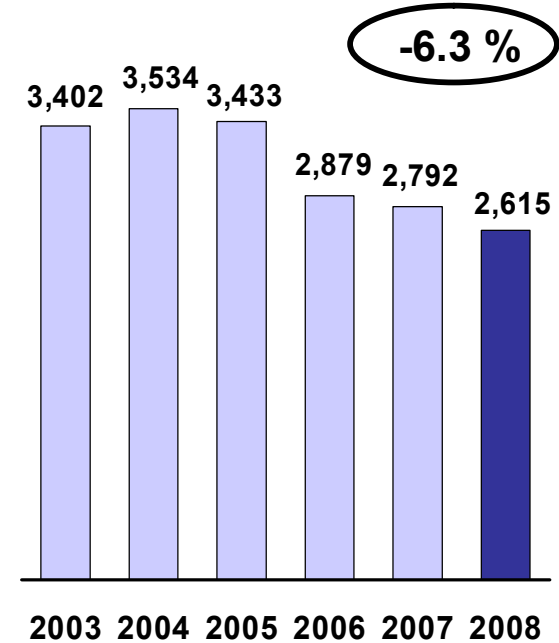
Photos from films  
in millions



Digital photos  
in millions



Photos total  
in millions



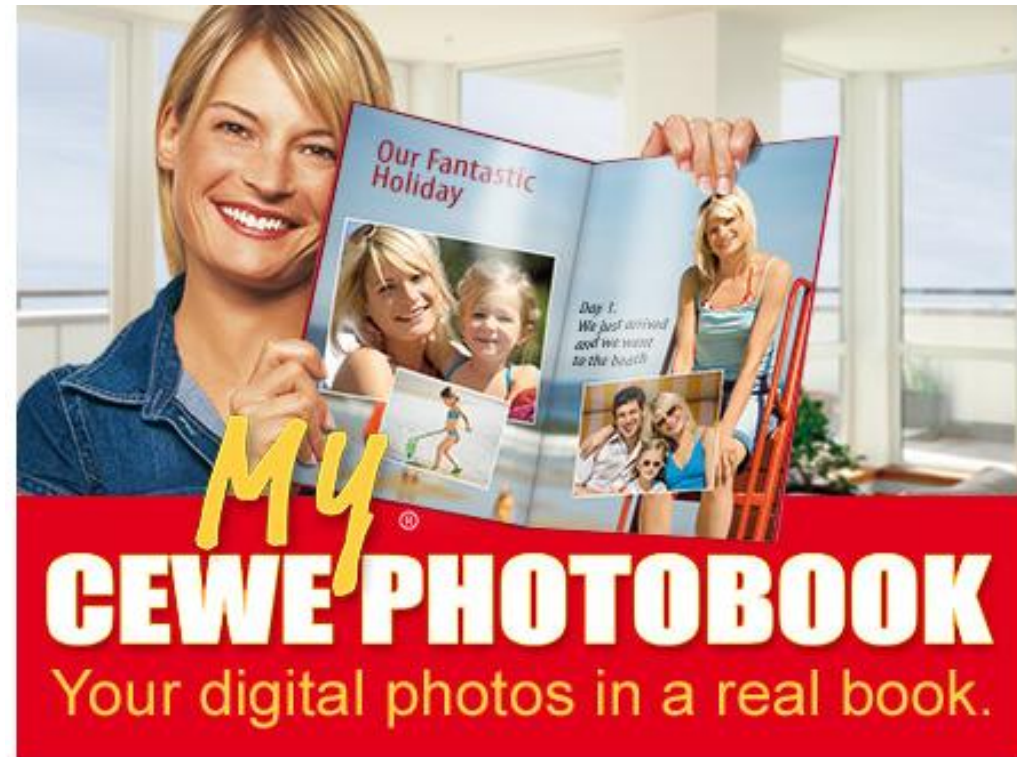
- ➔ **Twice as many digital pictures as analogue ones**
- ➔ **Digital photo growth more valuable due to CEWE PHOTO BOOK prints**



# USPs CEWE PHOTO BOOK



- Easy to design
- Ready in three minutes
- Huge choice available
- Top quality





# CEWE PHOTO BOOK



Photo booklet



Soft cover



Canvas cover



Hard cover

➔ **Wide range**

➔ **Highly attractive for retailers and consumers**

# CEWE PHOTO BOOK

Square



Large

Photo booklet



XXL format (42 x 30 cm)

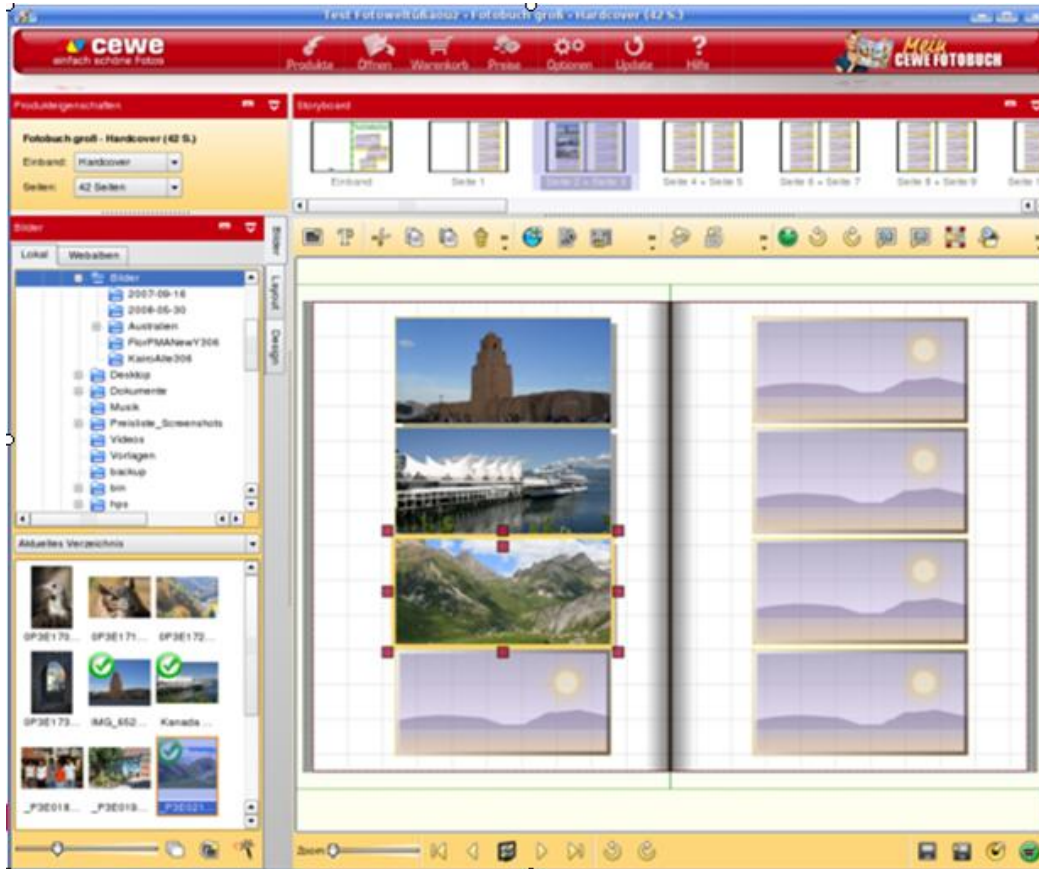
**➔ Wide range:  
photo booklet, square, large XL and XXL  
formats**

# CEWE PHOTO BOOK





# New CEWE PHOTO BOOK SOFTWARE



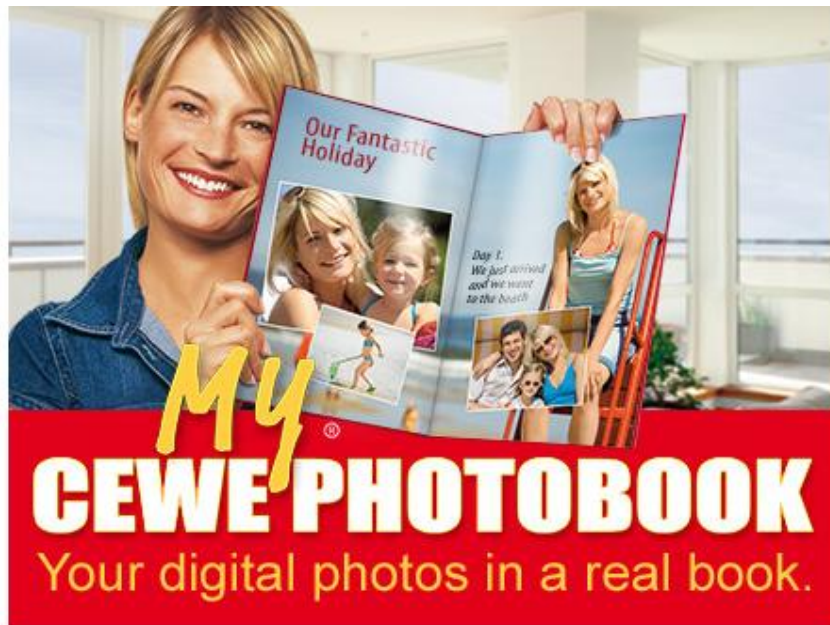
Now available for



- Includes all new products like CEWE PHOTO BOOK on photopaper, drink bottle etc.
- New features like transparencies, clip arts and spelling control
- Launched first October 2008, roll out at top thirty accounts until end of Q1 2009

➔ **CEWE PHOTO BOOK Software remains leading edge**

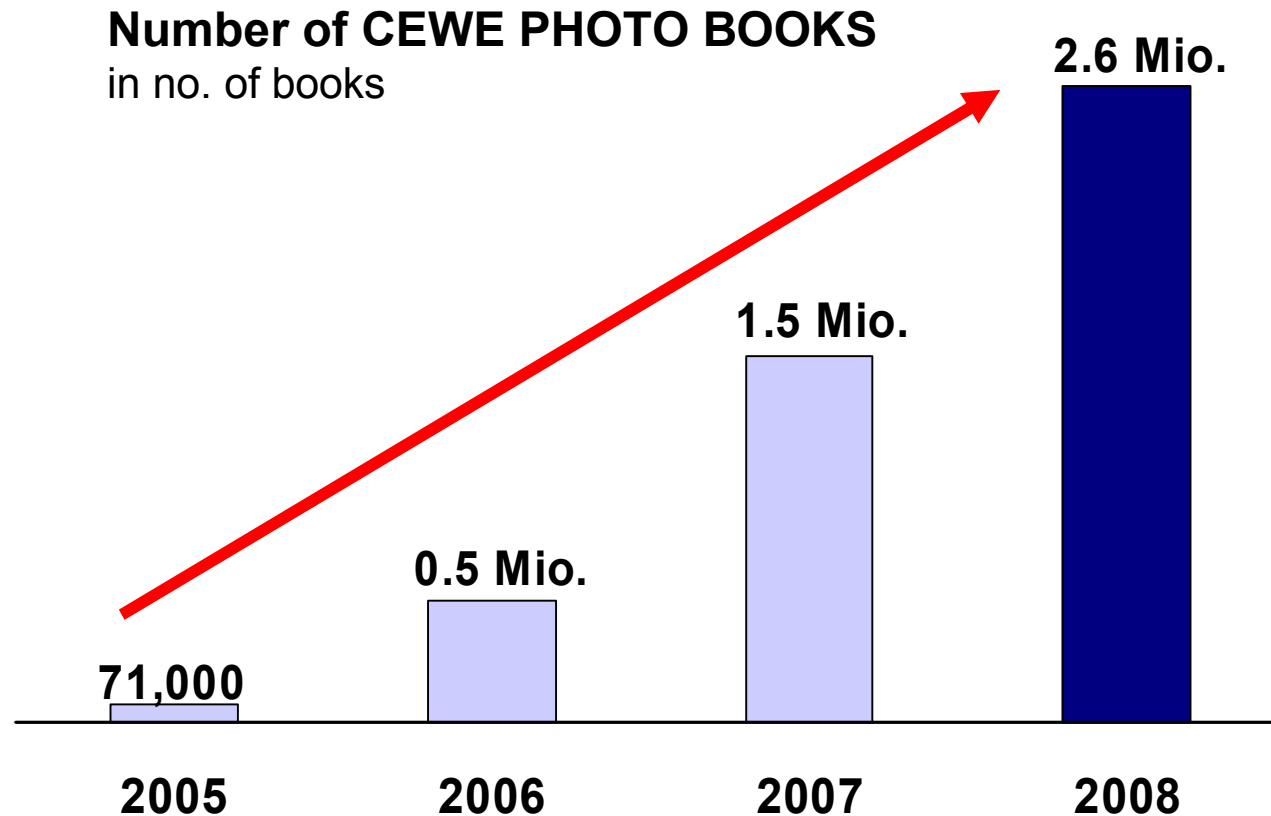
# CEWE PHOTO BOOK



➔ Winner in a series of tests through top quality



# CEWE PHOTO BOOK increases



**➔ Very positive increases generated for CEWE PHOTO BOOKS**

# Photo gift articles

A few examples:



Teddy



Mug



T-shirts



Shoulder bag



Crystal photo



Snowflake ball

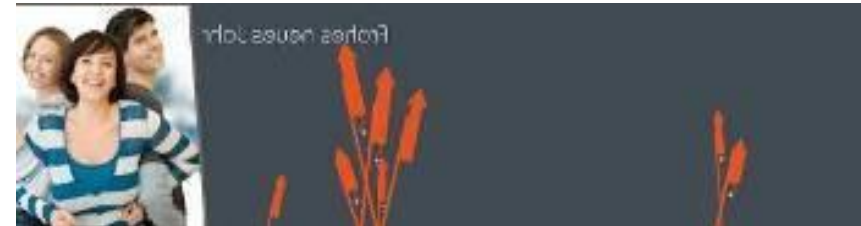


Puzzle



➔ **CeWe Color offers a wide range of personalised photo products**

# CeWe Greeting cards: 400 new designs



➔ **CeWe offers brand new styles and occasions to attract more consumers in Q4**

# CeWe Greeting cards: 400 new designs





# New Calenders / New designs

Marriage



Modern



Stylish



On photopaper

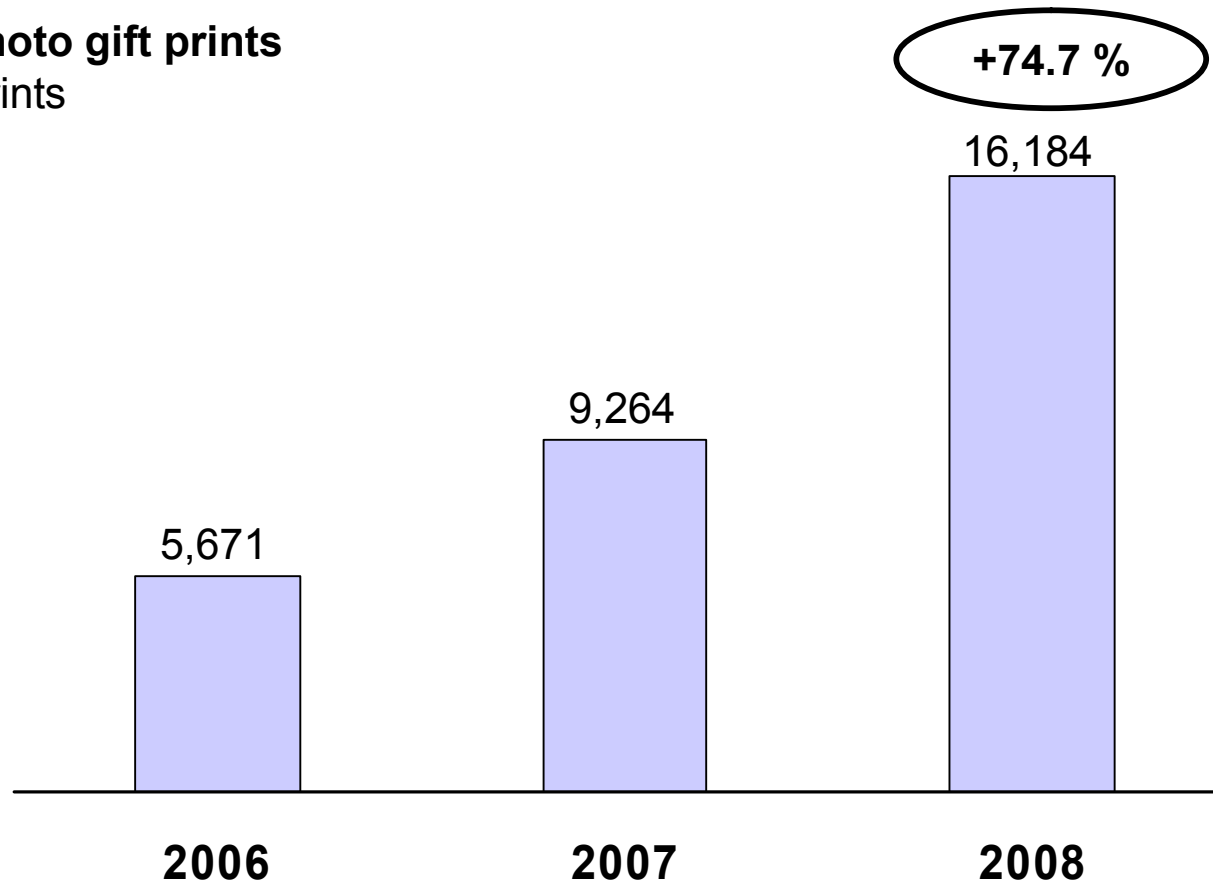


➔ **CeWe continues to broaden the category of individualized calendars**



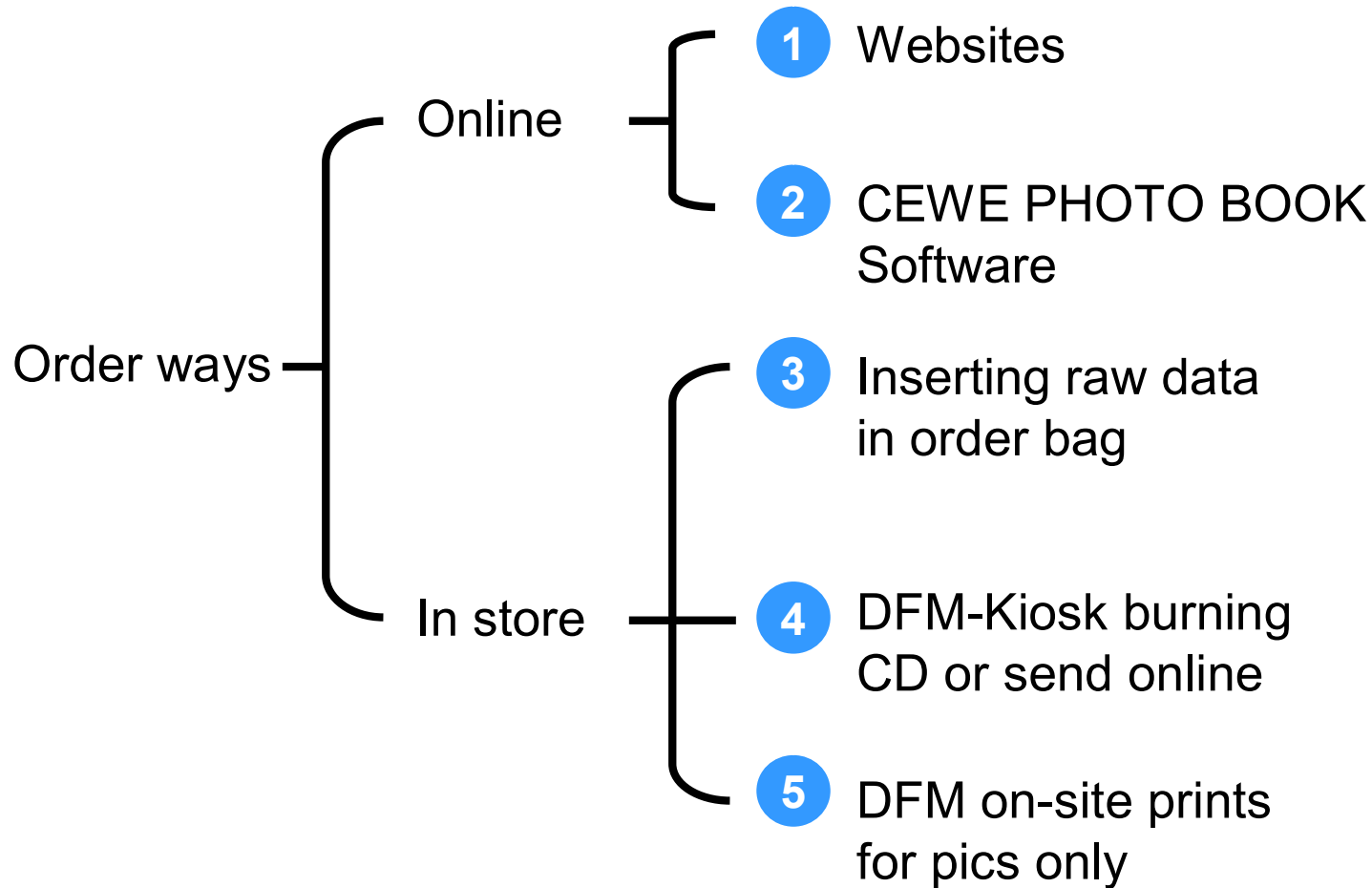
# Photo gifts

Number of photo gift prints  
in thousand prints



- ➡ Strong growth of photo gifts
- ➡ On top of volume: Template usage drives revenue growth

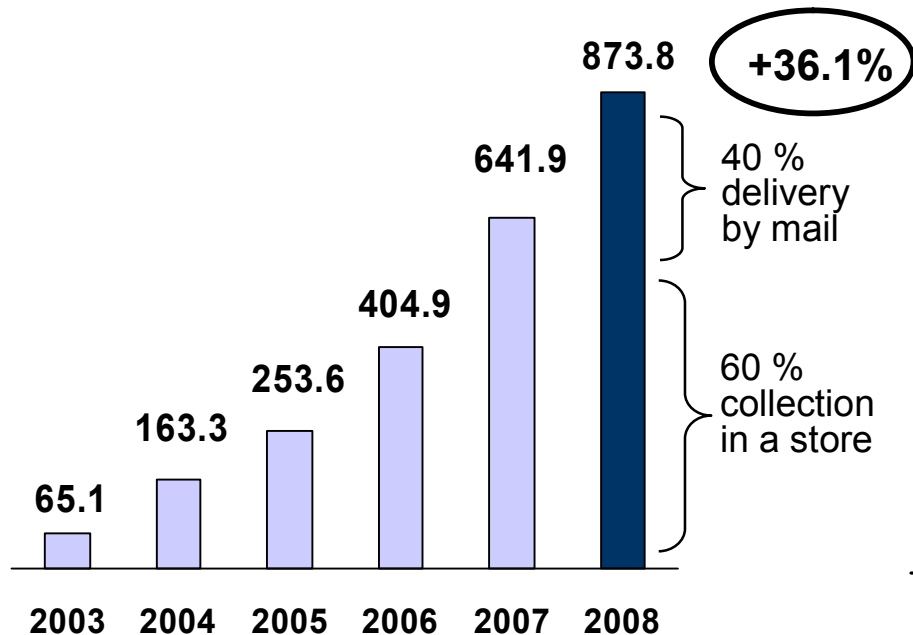
# CeWe order ways overview



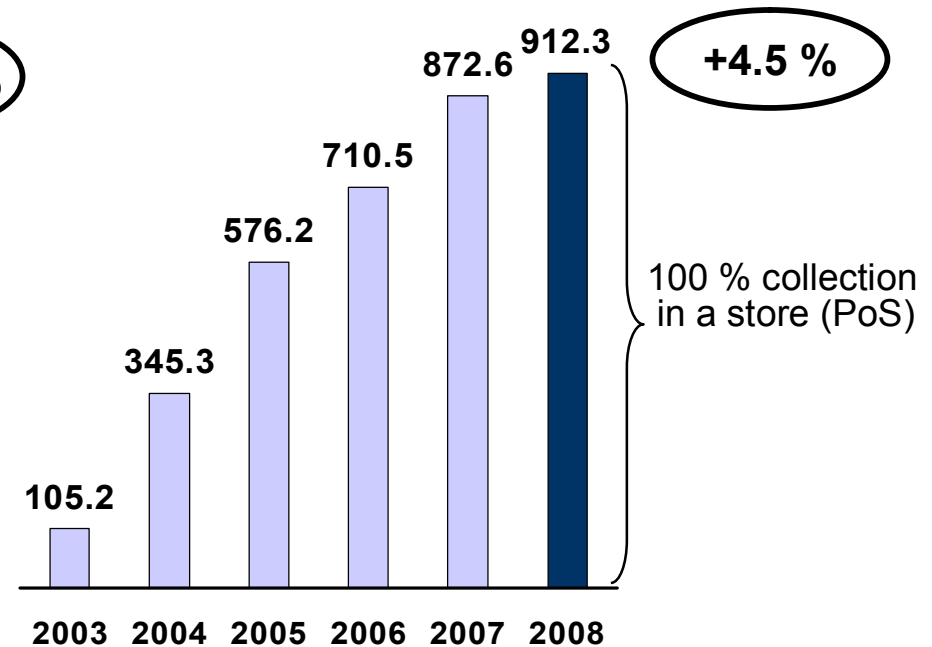
**➡ All potential order ways offered by CeWe**

# Digital photos

Digital photos ordered online  
in millions



Digital photos ordered in a store (PoS)  
in millions



- ➔ Consumers collect 80 % of the photos in stores
- ➔ CeWe strength: linking the internet to 50,000 POS
- ➔ Strong growth in internet business

# Instant Products

## CEWE COMBI PHOTO KIOSK



### Greeting cards



Print sizes: 10x15, 13x18, 15x20, 20x30



### ID prints



### Calendars



➔ **CeWe benefits from instant print development**

# Products to order via the CEWE COMBI PHOTO KIOSK

Teddy



Photo Mug



Mousepad



CEWE PHOTOBOOK light



Pillow case



Calendar A4 & A3



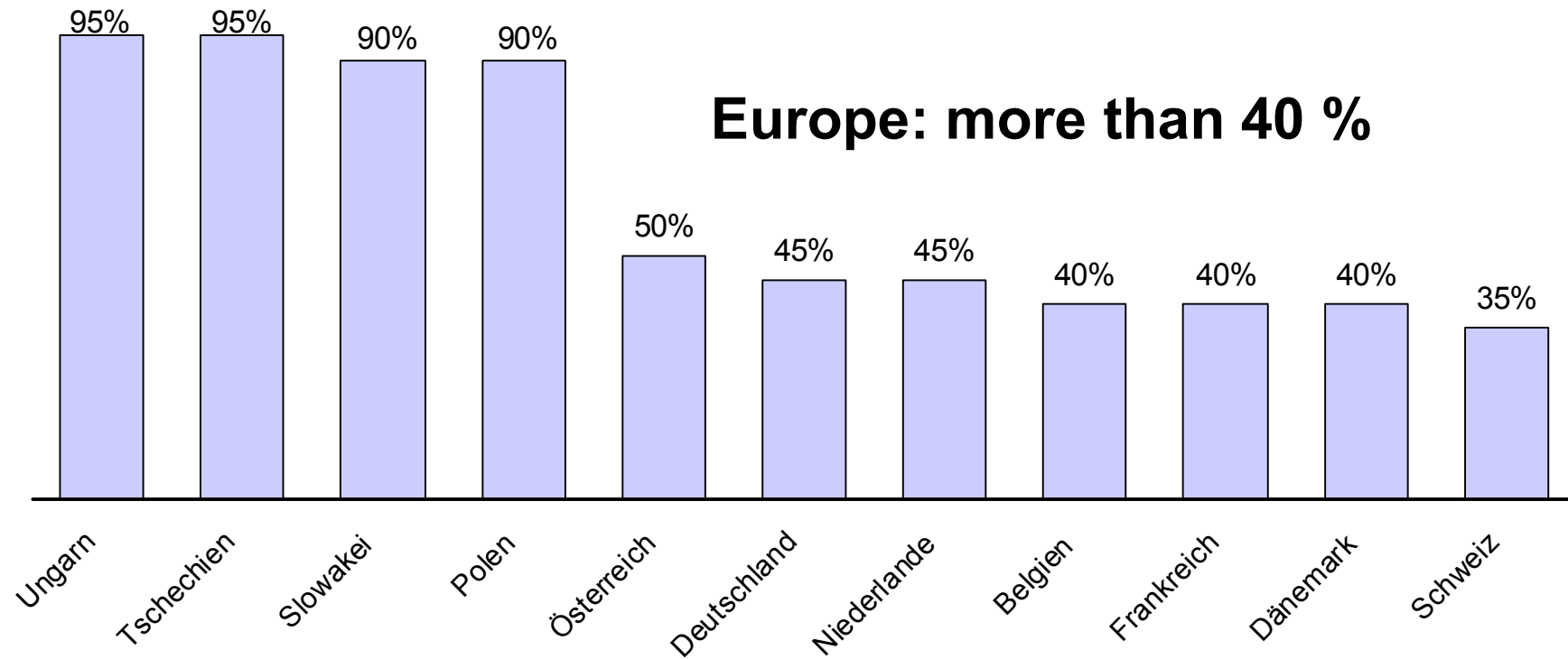
➔ Further products offered via Kiosks



# Market leadership



## CeWe Color market shares in industrial photofinishing



➔ **CeWe Color is No. 1 on almost all the markets**

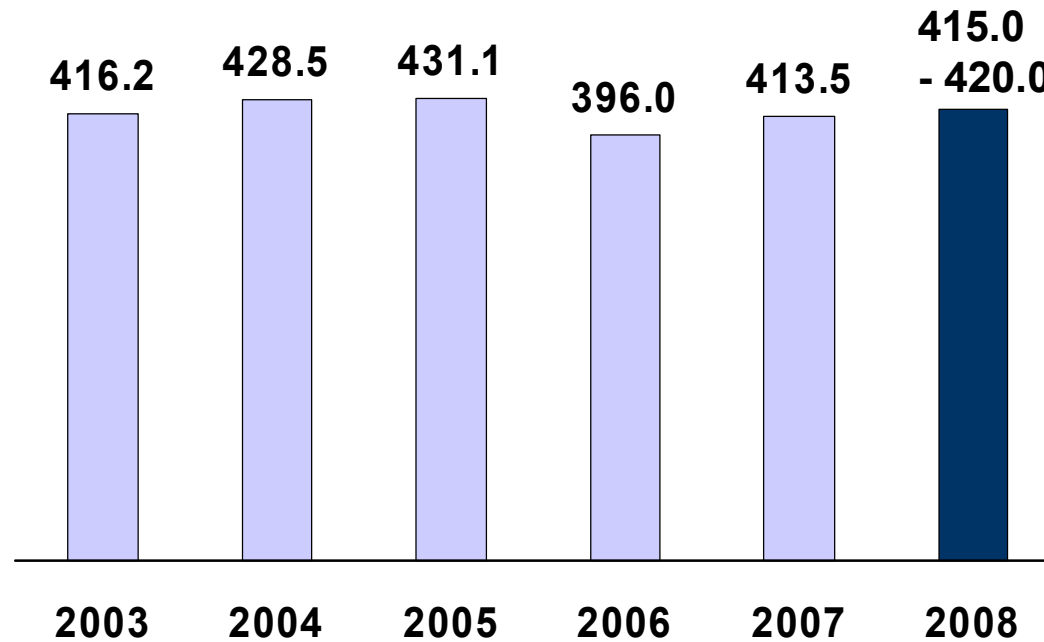


## Agenda

- Company portrait
- Products and volumes
- **Key financials**
- Growth strategy

# Turnover

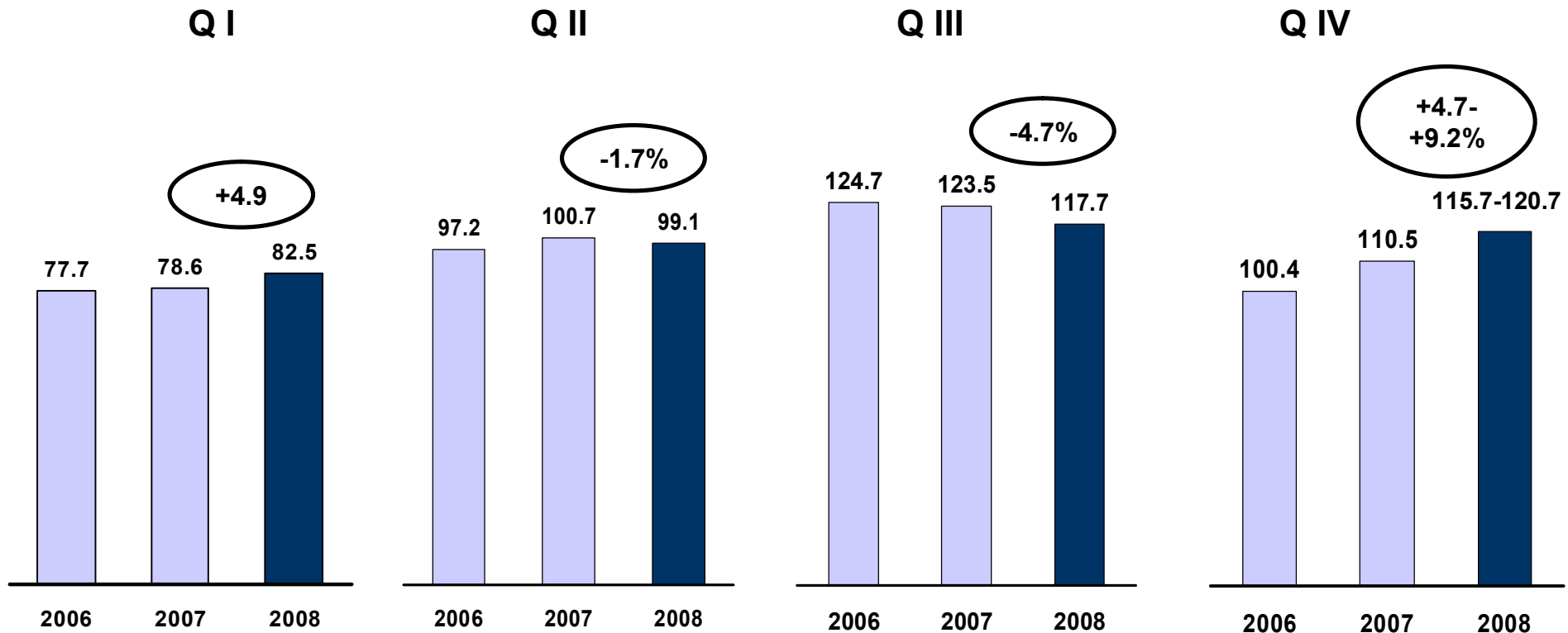
Turnover  
in EUR millions



➔ Revenue guidance will be met  
due to strong Q4

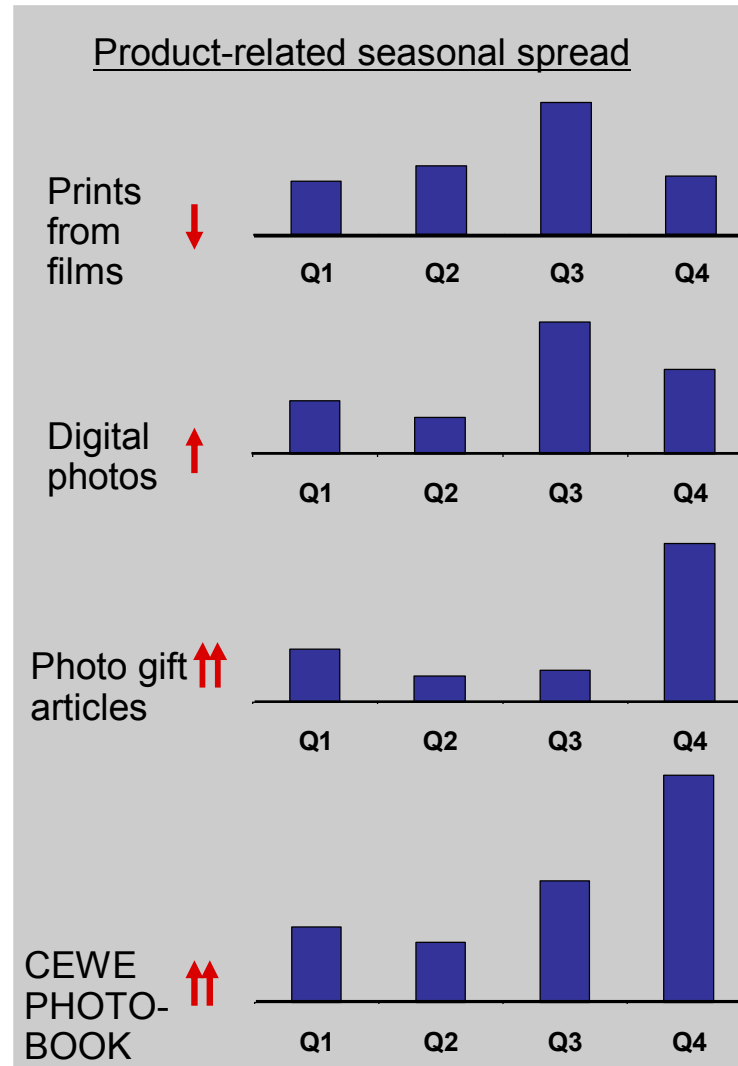
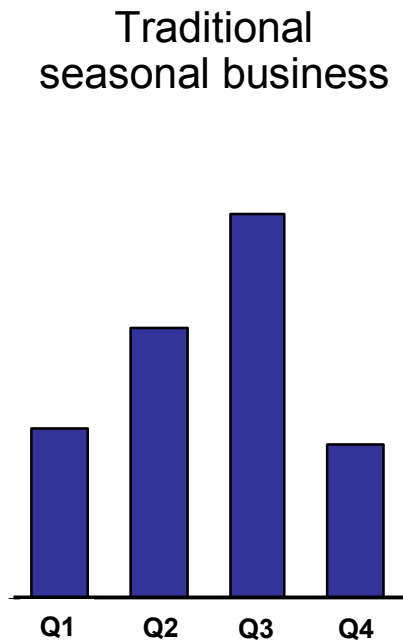
# Turnover by quarter

in EUR millions

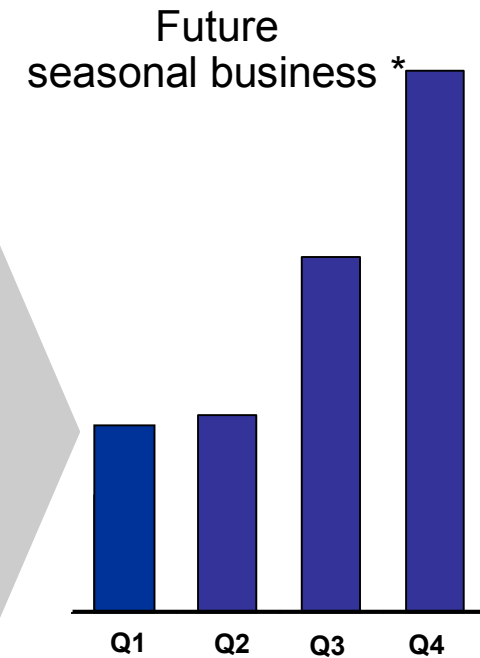


➔ **Q IV becoming more significant due to CEWE PHOTO BOOKS, photo calendars and photo gifts**

# Seasonal shift



## Diagrams



\* Own estimation for the coming few years

**➔ Product mix change means Q4 is the main season** 33

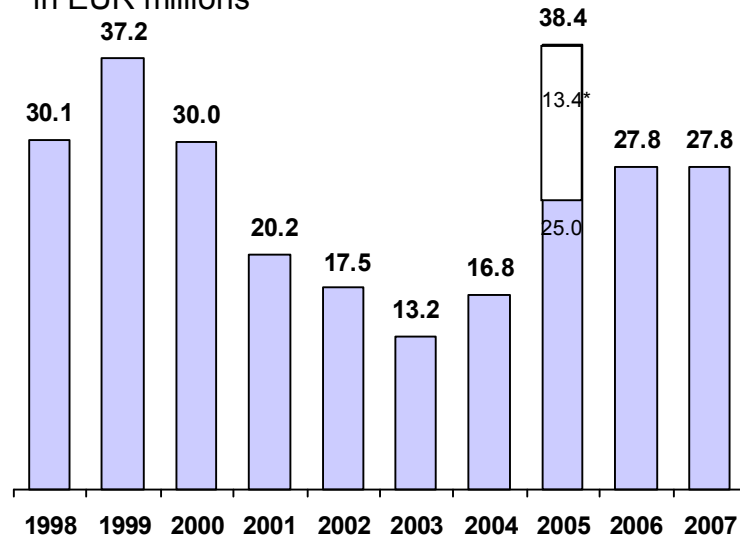


# CeWe Color results



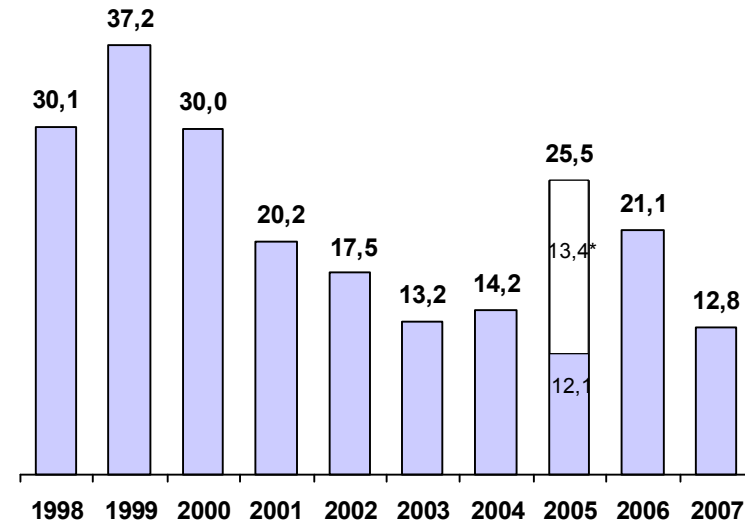
## 1. Operative earnings before restructuring

in EUR millions



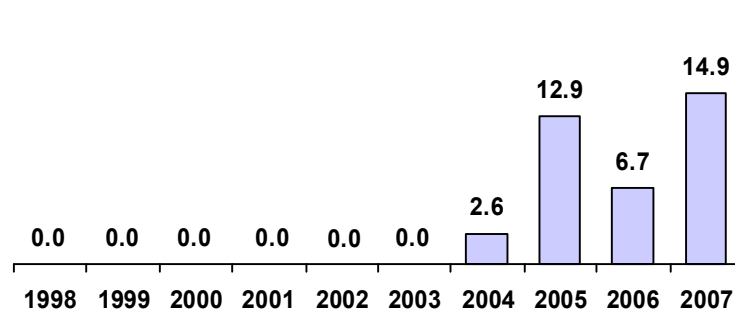
## 3. Earnings before tax (EBT)

in EUR millions



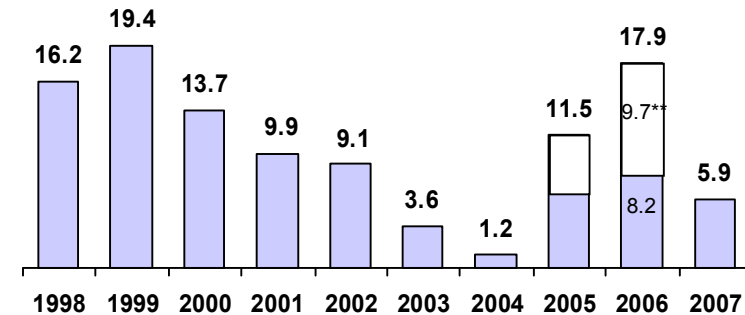
## 2. Restructuring/extra costs

in EUR millions



## 4. Earnings after tax

in EUR millions



**➔ CeWe has profitably mastered technological change** 34

\* Reduced in 2005 as a result of insurance payments to the amount of 13.4 million euros

\*\* non-recurring specific effects

# 2008 latest forecast



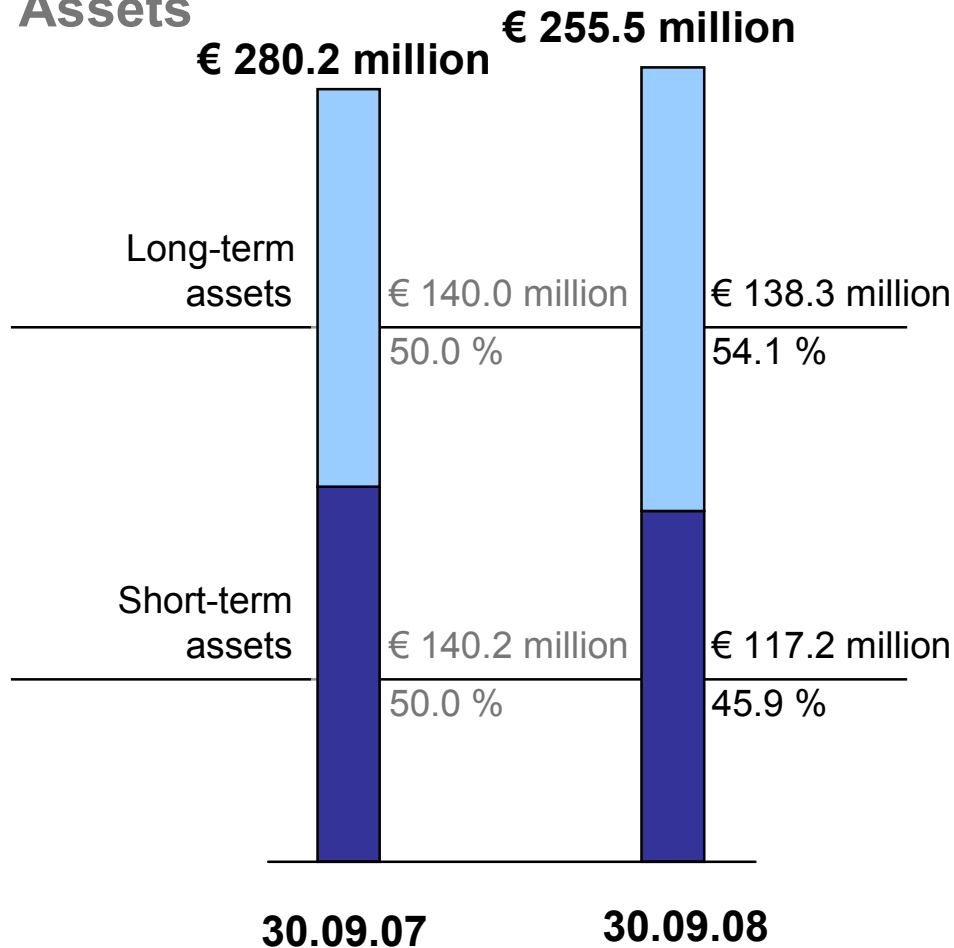
in Million Euro

|                             | Q4/2007<br>actuals | 2007<br>actuals | Q1-Q3/2008<br>actuals | Q4/2008<br>forecast | 2008<br>forecast |
|-----------------------------|--------------------|-----------------|-----------------------|---------------------|------------------|
| Revenue                     | 110,5              | 413,5           | 299,3                 | 115.7 –<br>120.7    | 415 - 420        |
| EBT before<br>restructuring | 8,1                | 25,0            | 13,8                  | 6.2 -11.2           | 20 - 25          |

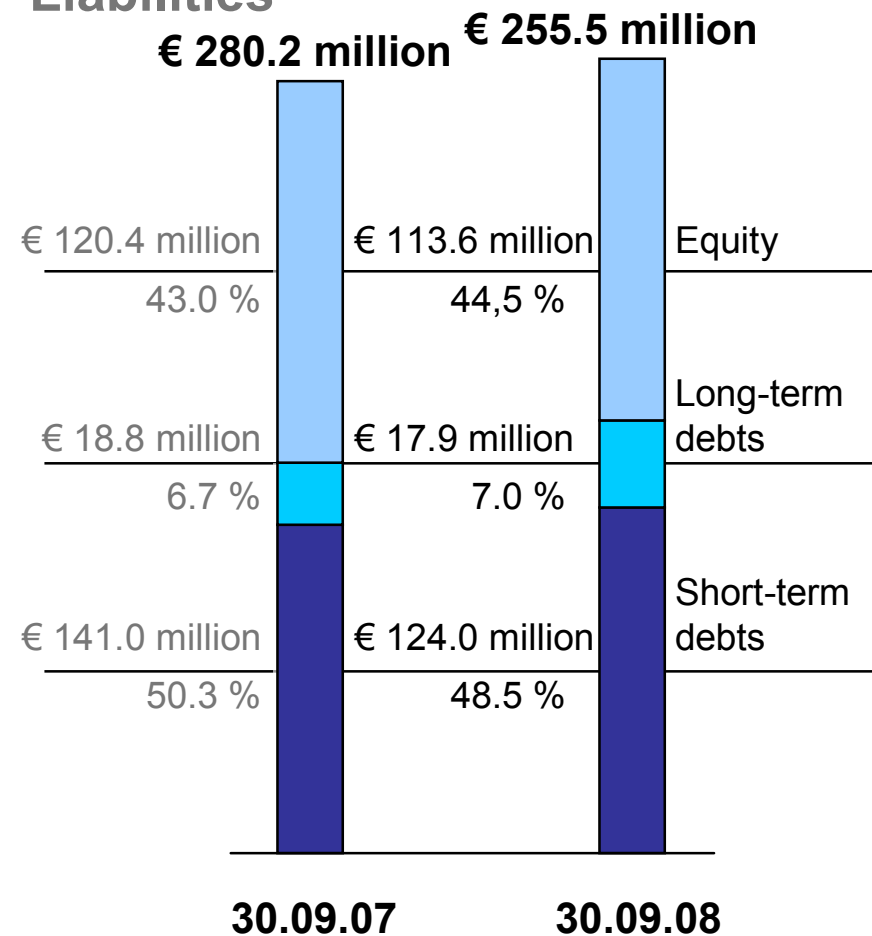
**➔ Current 2008 forecast meets guidance given during 2008**

# Balance Sheet as at Sep. 30, 2008

## Assets



## Liabilities



**➔ Healthy equity structure: 44.5 % equity capital ratio**

# Comments on Financing situation

---

- Strong Cash Flow generation (yearly gross cash flow typically able to fully fund investments)
- Very solid equity ratio of 44.5 %
- Rating in internal rating system of financing banks corresponds to „investment grade“
- Debt capacity agreed by banks only used to ~50 % even in peak borrowing season

**➔ CeWe Color financing is very stable**

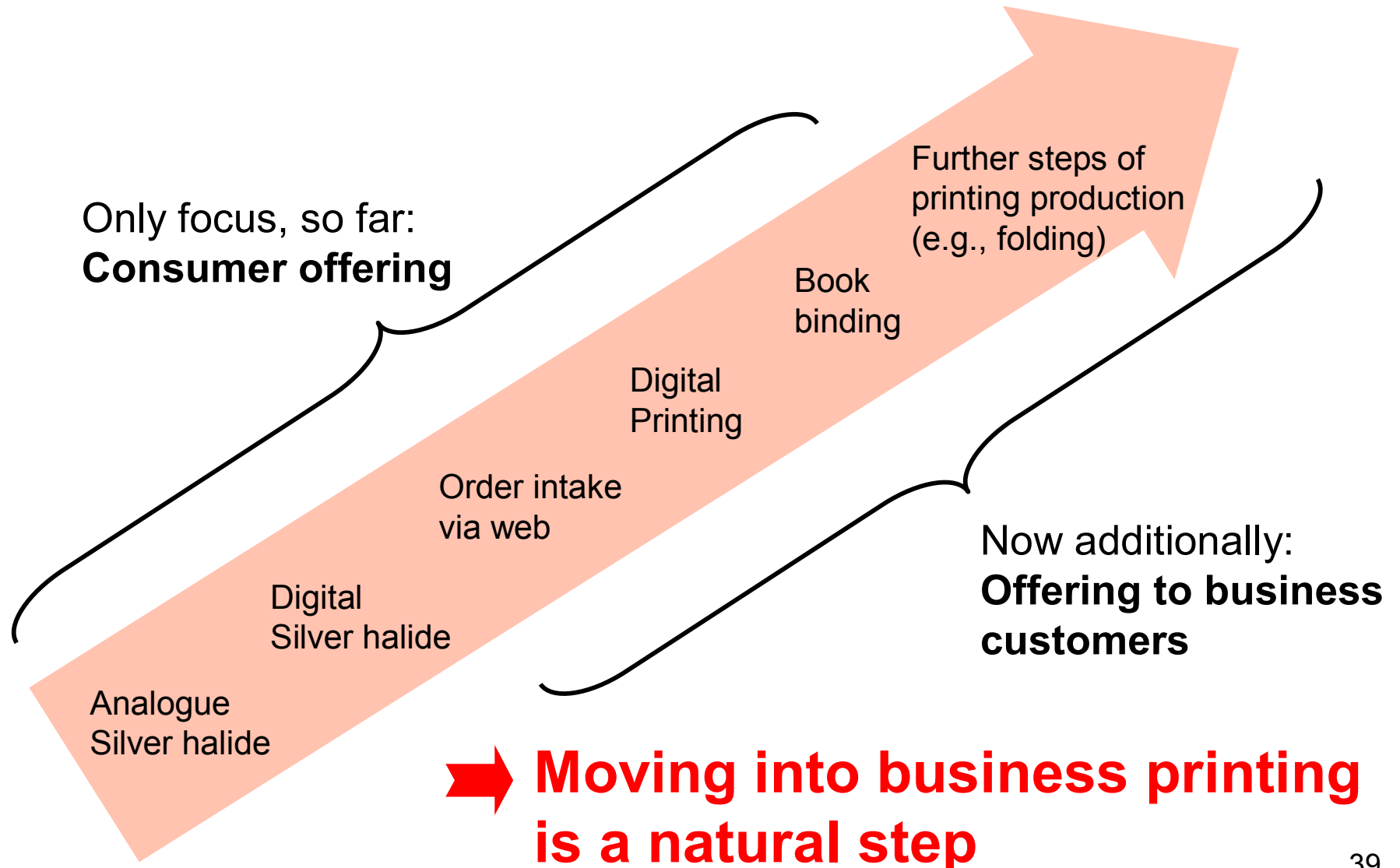




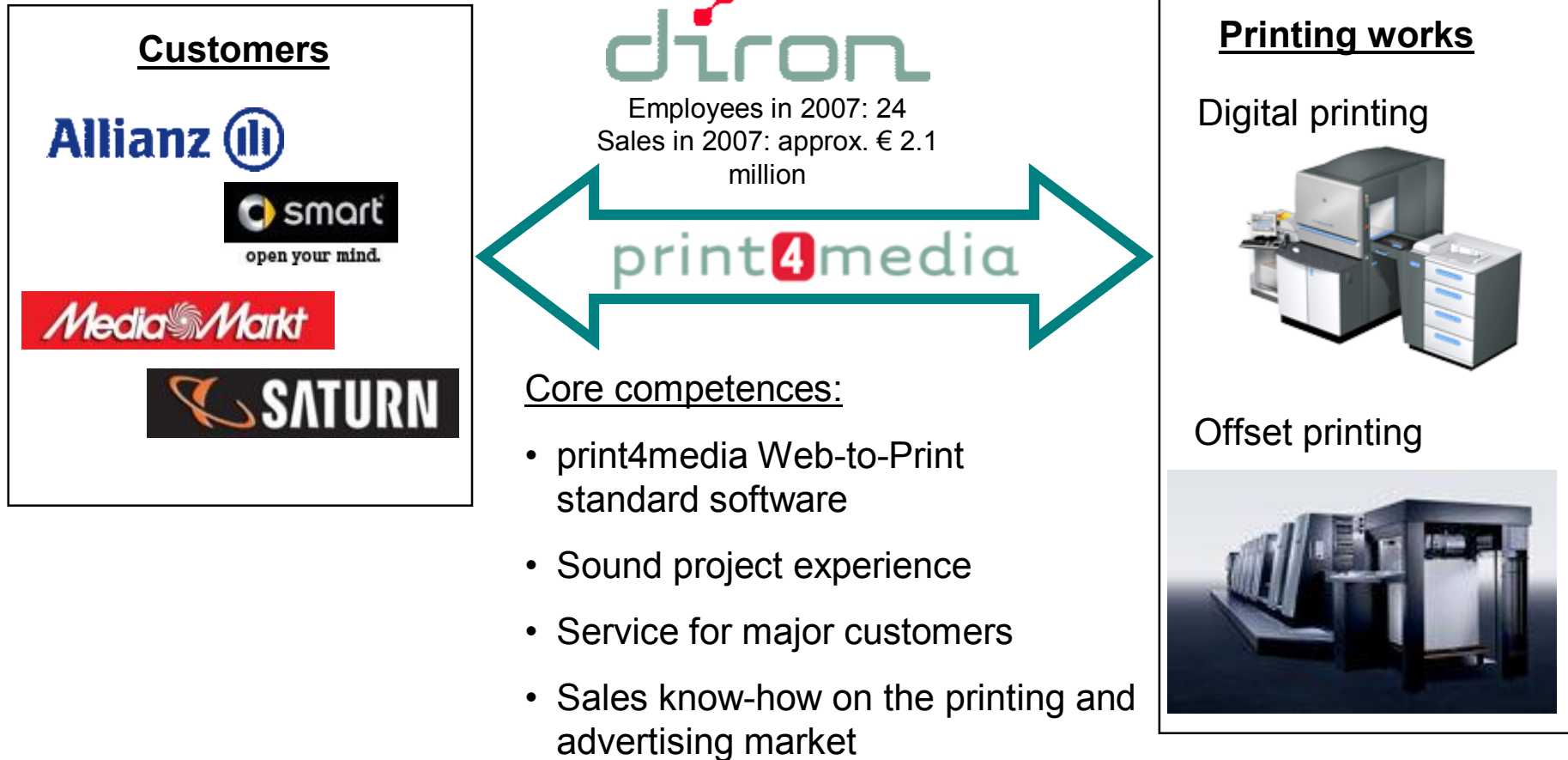
## Agenda

- Company portrait
- Products and volumes
- Key financials
- **Growth strategy**

# Key technologies at CeWe



# diron business



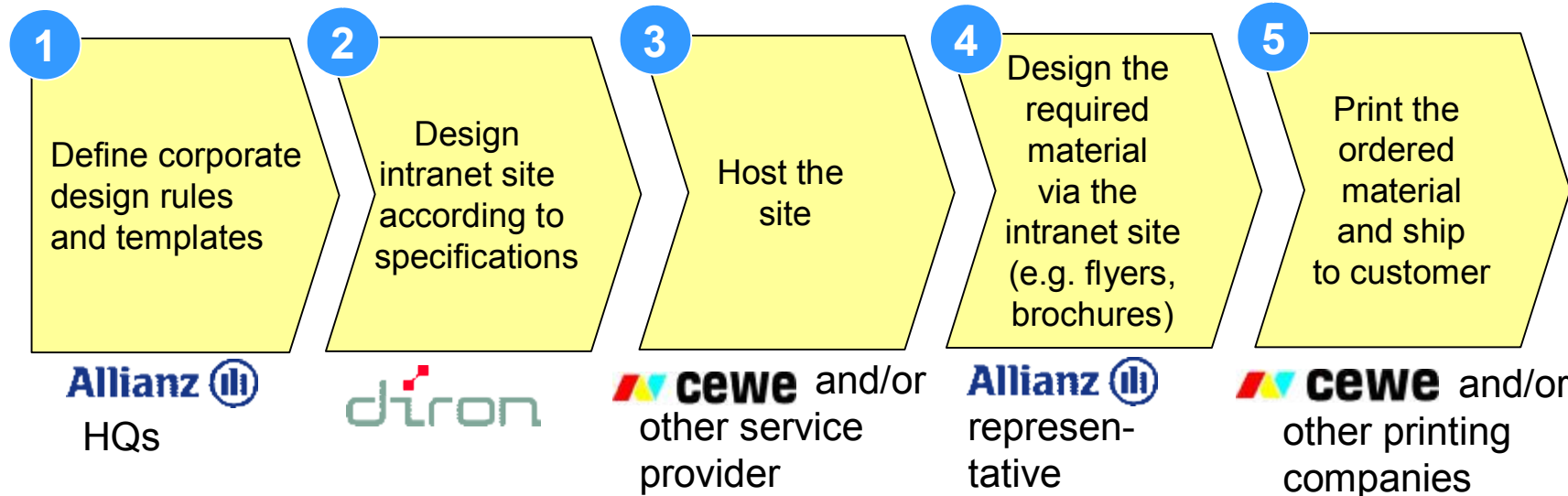
➔ **diron: software market leader in the Web-to-Print line of business**

# Joined offering diron / CeWe Color

Intranet of Allianz



**CONCEPTUAL**

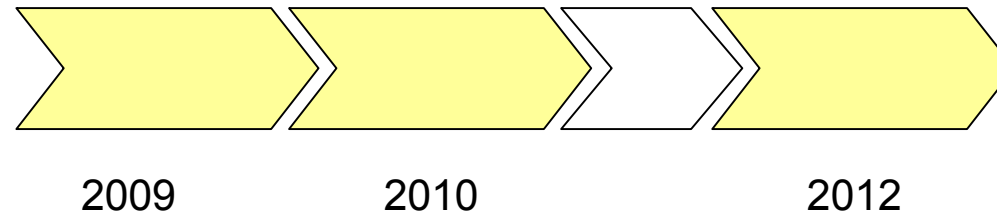


**➔ Joined offering of CeWe Color and diron will include other printing companies**



# Time schedule

ROUGH

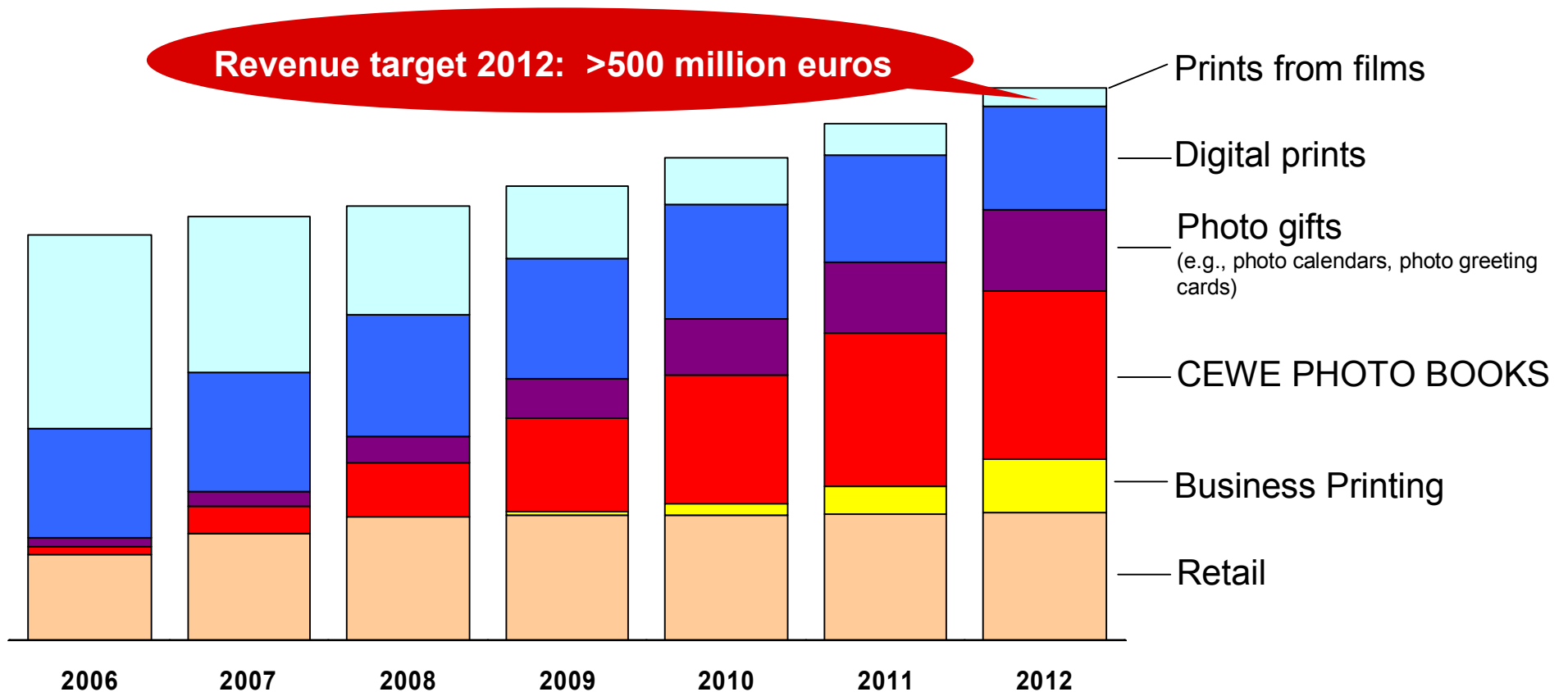


- |   |   |   |
|---|---|---|
| <ul style="list-style-type: none"><li>• Sales in the lower single-digit € million range</li><li>• Negative cash effect (approx. 1 mill.€) through expansion</li></ul> | <ul style="list-style-type: none"><li>• Sales in the top single-digit € million range</li><li>• EBIT break-even</li></ul> | <ul style="list-style-type: none"><li>• Sales &gt;€ 20 million</li><li>• Approx. 10% EBIT-Marge</li></ul> |
|---|---|---|

**➔ The development of a joint range of services is in progress**

# Revenue development along product groups

CONCEPTUAL

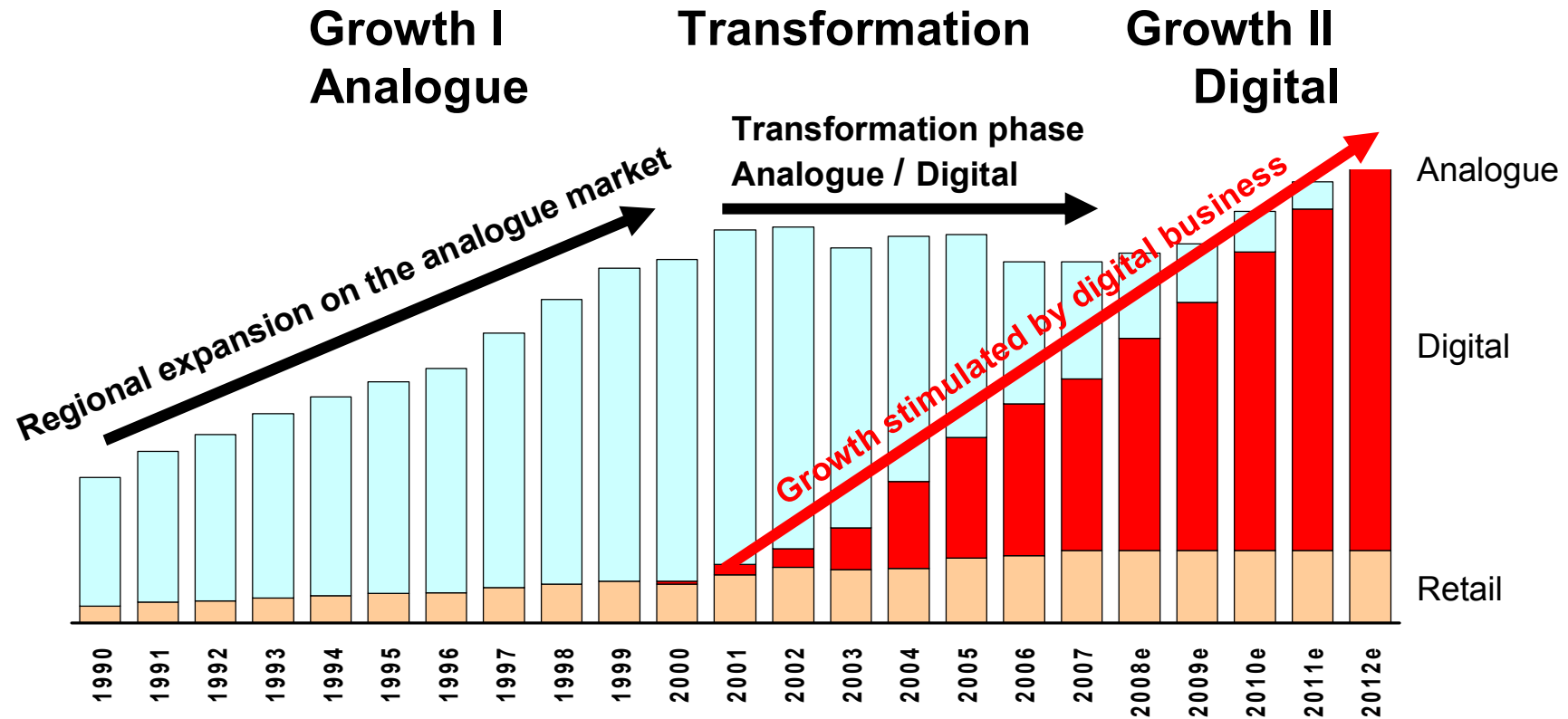


NB: Contains only revenues from products groups currently sold or in development

# Two CeWe Color growth phases



Turnover (conceptual only as of 2008)



➡ CeWe finalises the transformation process

➡ CeWe commences with the second phase of growth

# Here is why to invest in CeWe Color



- European Market leader in photofinishing
- CEWE PHOTOBOOK market leading and growing
- Photo gifts growing

**Products  
you (would)  
buy**

- Strong balance sheet
- Stable financing situation
- Strong cashflow

**Very strong  
financials**

- Expansion in digital business printing started riding on digital printing and web-to-print growth wave

**New growth  
ahead**