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Positive image for CeWe

Photo service company raises turnover and completes process of restructuring

Photo service company CeWe Color intends to complete a process of radical restructuring in 2009, so that profits are expected to increase in 2010.

During a five-year transformation phase, CeWe Color Holding AG in Oldenburg, Germany, had to spend almost half of its respective earnings on plant closures which had become necessary in line with the process of restructuring. CEO Dr. Rolf Hollander explains that “profits had been reduced by around ten million euros a year since 2005.” Once the operations in Paris and in Teplice in the Czech Republic have been closed down in May, the number of photo development labs will have been reduced from 20 to 13. Dr. Hollander is certain: “We have achieved an ideal structure with this number.” A total of around 225 million euros have been invested in restructuring the group over the past few years, preparing CeWe Color for the age of digital photography. Because the number of analogue photos has been drastically reduced and this reduction cannot be offset with digital exposures, the overall number of photos has dropped. While as many as 3.5 billion prints were developed in 2004, this figure is likely to fall to 2.4 billion prints in 2009. “This is why we had to reduce capacities in line with this development in volume,” says the CeWe Head. At the same time, the company has invested in modern technology. The CeWe labs are equipped with 50 digital printers, for which capacities are also utilised for “a new mainstay in our line of business”. CeWe joined the digital printing market for commercial users with the takeover of Diron GmbH & Co. KG, a company located in Münster, Germany, last October. Diron is one of the leading software pioneers in the development of web-to-print systems and the company’s customers include Allianz, Smart and Media-Saturn-Holding. Diron turnover currently amounts to 2.1 million euros. Dr. Hollander reckons that revenues will amount to around 20 million euros in 2012. CeWe sees business with photo books as a clear growth driver. Consumers put the books together online with the help of a special software program. The ready-produced books are then either delivered to consumers’ homes by mail or they can be collected from retail stores. CeWe produced 2.6 million of these modern-day photo albums in 2008, almost 75 per cent more than in the previous year. Turnover is likely to be around 50 million euros on the basis of an average price of 20 euros per order placed. Record sales in this segment contributed significantly to the increase in turnover at CeWe in 2008. Revenues rose by 1.6 per cent to 420 million euros. Thanks to lower restructuring expenses and a non-recurring tax effect, earnings after tax were raised by 19.4 per cent to seven million euros.