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CeWe Color focuses on business customers

Commercial digital printing and "web-to-print" to become growth drivers

Sample booklets, presentation folders, menus and elegant catalogues – in future commercial digital printing is to become a growth driver for Europe's leading photo developing company, CeWe Color. Director Olaf Holzkämper did reassure those present at the DVFA Small Cap Conference in Frankfurt on Tuesday that sales of digital photo books to private customers would also continue to expand considerably. In the period up to 2012 alone, sales figures for the professionally produced photo albums in Western Europe are to about double against sales figures for 2008, to 400 million euros.

In the fledgling stage

In comparison, commercial digital printing is still in the fledgling stage, but does offer far more growth potential. As Olaf Holzkämper ascertained, CeWe Color was only expecting turnover to be in the "lower single-digit million range" this year, but by 2012 this line of business was to be expanded to more than 20 million euros. The business idea of ordering high-quality presentation material from CeWe Color originated with customers, Holzkämper said. The company was now expanding its range.

Another area in which the company hopes to see growth is "web-to print" business, involving standardised print templates generated online. CeWe acquired Diron GmbH & Co. KG for this segment last year. Here too, turnover is expected to have topped 20 million euros by 2012. CeWe Color has also set its sights on mobile services. On being asked, Holzkämper replied that the idea of placing print orders – for example for postcards – from a mobile phone with the help of an extra program was quite conceivable for the future, although consumer demand for such a service was currently still very low. Contacts to the worldwide leading manufacturer of mobile phones, Nokia, was however good, so that the company would be able to react quickly in future.

Increasing income from photo books

The launch of additional high-quality photo book and calendar variants was now paying off. Average selling prices for photo books had risen in the first six-month period, Holzkämper said. The number of photo books sold had also soared and with sales at just over 1.3 million books, around 50 % more photo books had been sold than in the same period of the previous year. This meant that the company had clearly surpassed growth on the market, which was slightly more than one third.

For the full year the company continues to aim for sales at around the same level as those of the previous year – revenue of between "420 million and 425 million" is to be generated, with pre-tax earnings anticipated at between 10 million and 15 million euros.

In the past few years CeWe Color has had to cope with high restructuring and investment costs, as the company had to be restructured from film development to digital photo production. With another 10 million euros the final remaining restructuring expenses would be accounted for in the current period, said the CeWe Director. The investment volume would now also settle at a low level. While 35 million euros were still invested last year, in 2009 expenses are to amount to only 26 million

euros. The CeWe share price has gained 75% since the beginning of the year. Market capitalisation amounted to 132 million euros.