

## **CeWe Color AGM in Bremen: overwhelming approval! Record photo book and photo gift article sales justify generous dividend and drive share price upwards**

### **Two successful pillars: digital photos and digital prints**

- CeWe Color is not among the victims of the financial crisis. The market leader photo service company, promoted to the SDAX, expects its top product, the CEWE PHOTO BOOK, to generate a 35% rise in turnover, EBT of 10 to 15 million euros, a much-increased cash flow and a higher profit in 2009 now that restructuring activities are all being completed.

CeWe Color is defying market turbulence. The photo service company, domiciled in Oldenburg, Germany, is reinforcing its market leader position in Europe and with the takeover of DIRON, a company offering digital printing services for corporate customers, CeWe Color has established a promising second line of business. This makes CeWe Color less dependent on what have until now been considerable differences in quarterly developments. CeWe Color does not need to respond to the most serious economic crisis in eighty years - one which has long since beset the real economy - with stringent cost-reduction schemes such as short-time work, job cuts and dividend cancellations. Business is going well. Companies catering for domestic comforts, for more well-being in the privacy of one's own realms and companies whose customer base does not wish to do without life's little pleasures even when purse strings are drawn tight are the companies that are currently flourishing. These little pleasures include photo books, greeting cards, calendars and mugs. Millions of working people whose hours of work have been reduced have more time to spend on other activities, including personalising their own products as gifts, a popular trend which is meeting with a huge response. CeWe Color has mastered the technological transition better than its competitors and expects to see earnings rising in 2010 too.

### **A glance at the statistics**

At present, 50% of all customers are ordering in retail stores and the other 50% are ordering in the online webshop. 75% of these customers collect their photo products in a store, while 25% have them sent to their home by mail for an extra charge. Just over 3% of all digital photos are taken with a camera mobile phone. CeWe Color innovation has been rewarded with half a dozen new prizes and international awards. Given the severe 6.5 % slump in the Germany economy, it can by no means be taken for granted that a company will have fully achieved its projected sales and earnings figures for 2008, but CeWe Color raised sales figures for CEWE PHOTO BOOKS by 75%, online sales by 36% and earnings after tax by 20% in the fourth quarterly period alone.

CEO Dr. Rolf Hollander explains: *"The excellent development in the fourth quarter confirms that we are successfully concluding the transformation to digital business and that our attractive product portfolio is generating growth despite the negative market environment."* - At an increase of approximately 50% in 2009, the development in the share price is ultimately a renewed reflection of the upward trend of the fourth quarter of 2008 and the completion of the restructuring programme, a reward for the rise into the SDAX group of companies. On the stock market, driven by psychological factors, items of news are either reflected or ignored, depending on the overall mood. In this case, the good figures and the handsome dividend of one euro (2007: 1.20 euros) can be seen as a positive signal. The 20 % reduction can be coped with and is to be considered a precautionary measure. There is therefore a lot to be said in favour of investing in this high-resource, guaranteed value growth stock. At a share price of around 21 euros, the dividend yield is now still also just over 5 %. CEO Dr. Hollander says here: *"A substantial amount of cash flow enables us to allow shareholders to participate in the positive development of business, in spite of high restructuring costs and capital expenditure... We expect to see income and dividends rising after this restructuring phase. As of 2010, the transformation from analogue to digital photography will no longer result in additional expenses."*

### **For a better understanding of the business model**

CeWe Color was founded in Oldenburg half a century ago, in 1961, by Senator h. c. Heinz Neumüller. In honour of his father-in-law he included the initials CW in the name of the company. The PLC went public under Hubert Rothärmel in March 1993. Today the name CeWe Color stands for a success story based on innovation, continuity, growth and expansion. As a technological and cost leader, CeWe Color AG, listed on the SDAX since 23 March 2009, has significantly reinforced its position as the European market leader in the photo services sector, now holding a share of the market of more than 40%. CeWe Color, with 13 highly-technical production operations, more than 50,000 retail partners, 190 retail stores in Central Eastern Europe and Norway and a staff of more than 2,800 employees, operates in 24 European countries. The share of digital photos is rising steadily.

The photo specialist recognised the changed needs of its customers at an early stage and found the right answers. As a "first mover", the company supplied the market with new, innovative products. The CEWE PHOTO BOOK, of high printing quality, comes in a wide range of models and the software is user-friendly, so that this product is becoming increasingly popular. This is confirmed by the record sales figures of the fourth quarterly period of 2008. Around 2.6 billion photos and 2.6 million CEWE PHOTO BOOKS were sold last year – almost twice as many as in 2007.

The considerable 43% stock of available equity, strong gross cash flow and a good credit rating are proof of a healthy balance sheet structure and secure sound financing. CeWe Color remains on a path of growth, even in difficult times. In 2009, capacities are to be adapted in France in order to set the course for a positive development in earnings in the neighbouring country.

**For the CEWE PHOTO BOOK, a milestone with huge potential for growth and a software program unrivalled in its creativity, the maxim is:** simplest design – ready in three minutes – huge choice – top quality – bindings that can also be designed – ready in only a few steps: download the software, design a CEWE PHOTO BOOK on your PC and hand in your order or place it online. Around 95 % of all the photo books are produced in two days.

PR manager Dr. Hella Hahm reports here: *“We are investing more in product development and marketing. CeWe Color is becoming a successful Internet enterprise, offering a wide basis for distribution.” CeWe Color is expanding the design options with new contents which are available online and can be combined with personal photos without any licence fees. The trend towards **geotagging**, a combination of photos and geographic data about where they were taken, is likely to boost sales more.*

## **A glance at the 2008 Annual Report**

The 2008 Annual Report, already prepared four weeks prior to the Annual General Meeting in Bremen on 28 May, is also evidence of innovative strength. However, the type size of the texts and notably of the schedules on key financial data appears to be rather small. On the other hand, it is positive that employees, environmental protection, quality management and social commitment are so well-emphasised. Ethical-social-ecological standards are becoming increasingly important in terms of investments in shares, especially for a large number of private investors.

## **A glance at the positive business figures for the full year of 2008**

- **Turnover** rose from 413.5 million euros in 2007 to 419.9 million euros. Sales of CEWE PHOTO BOOKS rose by 74.8% to a new record high of 2.64 million books, against 1.51 million books for the previous year.
- **Earnings before tax** and restructuring (EBT) were at 22.1 million euros, against 25 million euros at the end of 2008, representing a drop of 11.6 %. **EBT after restructuring** amounted to 10.7 euros after 12.8 million euros in the same period of the previous year – a reduction of 16.8 %.
- Reduced expenses for restructuring and a non-recurring tax effect enabled CeWe Color as the European market leader to raise **earnings after tax** by 19.4 %, from 5.9 million euros to 7 million euros.

- The increase in online business, at 36 %, was particularly high. Today online business accounts for 49 % of all the business conducted with digital photos.

<b>CeWe Color Group financial data for 2007 and 2008</b>				
<b>Item (IFRS)</b>	<b>31.12.2007</b>	<b>31.12.2008</b>	<b>Change</b>	<b>Change</b>
Sales revenues	€ 413.5 m.	€ 420.0 m.	+€ 6.5 m.	+1.5 %
Gross profit	€ 285.0 m.	€ 285.6 m.	+€ 0.6 m.	+0.2 %
EBIT	€ 14.3 m.	€ 12.4 m.	-€ 1.9 m.	-13.9 %
EBT	€ 12.8 m.	€ 10.7 m.	-€ 2.1 m.	-16.8 %
Earnings after tax	€ 5.9 m.	€ 7.0 m.	+€ 1.1 m.	+19.4 %
Gross cash flow	€ 44.4 m.	€ 47.5 m.	€ 3.1 m.	+7.0 %
Net cash flow	€ 8.9 m.	€ 14.1 m.	+€ 5.2 m.	+59.4 %
Capital expenditure	€ 35.5 m.	€ 33.3 m.	-€ 2.2 m.	-6,1 %
Employees (full time)	3,124	2,921	-163	-6.5 %
Dividend per share	€ 1.20	€ 1.00	-€ 0.20	-16.7 %
Long-term increase in assets	€ 148.0 m.	€ 141.2 m.	-€ 6.8 m.	-4.6 %
Short-term increase in assets	€ 116.8 m.	€ 120.8 m.	+€ 4.0 m.	+3.4 %
Equity	€ 120.6 m.	€ 112.4 m.	-€ 8.2 m.	-6.8 %
Capital ratio	45.5 %	42.9 %		-2.6 %
Long-term liabilities	€ 29.0 m.	€ 29.3 m.	+€ 0.3 m.	+0.8 %
Short-term liabilities	€ 115.1 m.	€ 120.2 m.	+€ 5.1 m.	+4.4 %
<b>Balance Sheet total</b>	<b>€ 264.8 m.</b>	<b>€ 262.0 m.</b>	<b>-€ 2.8 m.</b>	<b>-1.1 %</b>

### **Q1 is on target and reinforces annual targets**

- Top position on the photo book market extended from 410 million to 647 million euros, an increase of 58 % - an absolute growth driver
- Restructuring phase successfully completed, enhanced profits expected as of 2010
- Internet business increased by 29 %
- Development of sales and earnings as projected, slight 1 % decline from 82.5 million to 81.7 million euros
- Free cash flow rises by 3.3 million euros

- Commercial digital prints confirmed as a new growth sector, initial phase of integration successfully concluded
- Capital ratio drops moderately from 44.4 % to 40.8 %

Chairman of the Board of Management Dr. Rolf Hollander explains: *“Despite the financial and economic crisis, we expect to achieve last year’s level again, with sales at EUR 420 to 425 million and earnings before tax of EUR 10 to 15 million.”*  
*“We have increased online sales by 29 %. We are thus setting very high standards in terms of sales figures for many Internet companies in our sector.*

## **Restructuring activities successfully completed in 2009**

CeWe Color AG will be completing essential restructuring activities in Europe sooner than initially expected.

- Closure of the production operation and lab in Paris in May 2009.
- Dissolution of the small operation in Teplice in the Czech Republic in April 2009.
- Target structure already achieved in the 2009 business year with the final plant closures. Restructuring expenses in the current business year will not exceed a volume of around 10 million euros.

### **CeWe Color Group financial data for Q1 2009**

<b>Item (IFRS)</b>	<b>31.12.2008</b>	<b>31.03.2008</b>	<b>31.03.2009</b>	<b>Change</b>
<b>Long-term increase in assets</b>	€ 141.2 m.	€ 140.1 m.	€ 135.0 m.	-3.7 %
<b>Short-term increase in assets</b>	€ 120.8 m.	€ 103.7 m.	€ 94.3 m.	-9.1 %
<b>Equity</b>	€ 112.4 m.	€ 108.4 m.	€ 93.5 m.	-13.7 %
<b>Long-term liabilities</b>	€ 29.3 m.	€ 26.6 m.	€ 35.3 m.	+32.7 %
<b>Short-term liabilities</b>	€ 120.2 m.	€ 108.9 m.	€ 100.5 m.	-7.7 %
<b>Balance Sheet total</b>	<b>€ 262.0 m.</b>	<b>€ 243.8 m.</b>	<b>€ 292.2 m.</b>	<b>-6.0 %</b>

While a CeWe Color AG production plant produced an average of 108 million prints a year in 2000, this figure was now at around 200 million prints a year.

CEO Dr. Rolf Hollander explains here: *“We commenced with the task of restructuring the company in the process of transformation at an early stage and prepared CeWe Color for the world of digital photography in good time – not only*

*technologically, but also in terms of plant structure. The restructuring phase has now been concluded.”*

**No more extraordinary expenses - 250 million euros invested in the digital transformation.** As of 2010, CeWe Color will be operating an efficient system of production throughout Europe. Dr. Rolf Hollander reports here: *“We are proud to have concluded the process of transformation with positive results and to have maintained an extremely sound capital ratio of 42.9 %. As of 2010 we will no longer be burdened by transformation-related restructuring costs.”*

**Increases through CEWE PHOTO BOOKS and commercial digital prints.** The newly-acquired digital expertise and the sales know-how of Diron, a company taken over by CeWe Color in 2008, is also enabling CeWe Color to benefit from the high-growth market for commercial digital prints. Chairman of the Board of Management Dr. Rolf Hollander says here: *“CeWe Color is emerging stronger from the analogue/digital transformation. We are now in a position to once again focus the strength of the entire company on increasing sales and earnings.”*

### **Key points of the outlook and targets for 2009 against those of 2008**

<b>Business segments, items, key financial data</b>	<b>Figures expected for 2009</b>	<b>Change from 2008</b>
Digital colour photos	1.9 billion photos	+6 %
Analogue colour photos	0.5 billion photos	-38 %
Total colour photos	2.4 billion photos	-8 %
<b>CEWE PHOTO BOOKS</b>	3.5 million photo books	+35 %
<b>Business segments, items, key financial data</b>	<b>Figures expected for 2009</b>	<b>Change from 2008</b>
Sales	€ 420 – 425 m.	0 % to 1 %
EBT before restructuring	€ 20 – 25 m.	-9 % to +14 %
Final restructuring expenditure	€ 10 m.	-9 %
Earnings before tax (EBT)	€ 10 – 15 m.	-9 % to +36 %
Capital expenditure	€ 22 m.	-33 %
Net cash flow	€ 20 – 25 m.	+42 % to +77 %

### **CeWe Color highlights in the merry month of May 2009**

**Press release of 4 May 2009: “International Best Service Award” for CeWe Color.** Jury’s reasons: *“The company uses innovative sales channels in the*

*Internet. The uniform service commences with the provision of free high-quality software through to the customer-focused system of order processing and a helpful hotline service.*

*The excellent system of process management on making goods and services available is security for the considerable investments made in the technical infrastructure. A comprehensive system of quality management ensures that the digital prints are of a consistently high quality. Increases in sales are secured by opening up new markets.”* The Vice-President of the Bavarian state parliament presented the prestigious awards to the best middle-market companies.

**Hanover, 6 May 2009:** “Jump over one’s own shadow” at the IdeenExpo. An exhibit at the IdeenExpo exhibition now enables any visitor to “jump over his/her own shadow”. The CeWe Color “Frozen Shadow” exhibit shows that light can be “stored”. This is also the principle by which photo cameras function. “With this kind of vivid demonstration the IdeenExpo, which is due to take place at the trade show grounds in Hanover from 5 to 13 September 2009, shows the general public in a fascinating manner how scientific phenomena work,” Dr. Rolf Hollander, the CeWe Color Director, explains.

**Oldenburg, 6 May 2009:** Unique insight into the world of modern photography. The chance is unique, the insight stunning. Europe’s leading photo service company CeWe Color is inviting citizens to visit its main production operation in Oldenburg in June 2009. This is where modern processing machines produce billions of photos a year, millions of CEWE PHOTO BOOKS and photo gift articles – precisely and in high standards of quality. In the “City of Science” programme, citizens who are interested can take a look behind the scenes at Europe’s largest photo service company and largest digital printing plant on eight days, on Tuesdays at 5 p.m. and Thursdays at 9 a.m.

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## **AGM shorthand notes**

- 1. Presentation of the established annual financial statements, approved consolidated financial statements and the management reports of CeWe Color Holding AG and the Group as well as the report of the Supervisory Board for 2008**

### **Report by the Chairman of the Supervisory Board, Mr Hubert Rothärmel**

The AGM got off to a punctual start at 10 a.m. in the PARK HOTEL in Bremen, competent clarification of all the formalities by the chairman of the meeting, Chairman of the Supervisory Board Hubert Rothärmel, who referred to the particularly reliable and at the same time tedious method of addition: the casting and counting of votes in

favour and votes against in one procedure. The AGM attendance list showed a high representation of capital at **76.20 %**. There were no countermoves.

## **Exciting free speeches by the Board of Management trio Dr. Rolf Hollander, Andreas F. L. Heydemann and Dr. Reiner Fageth**

The three Directors impressed and inspired the shareholders and guests with a comprehensive overview of the Group and detailed statements on operative business, products and coping with the technological transition resulting from the replacement of analogue cameras with digital cameras. The trio from the Board of Management gave exciting informative talks on the successful integration of DIRON, a company specialised in digital printing and sales that was acquired by CeWe Color in 2008. This was followed by information on the successful conclusion of restructuring activities, the balance sheet structure, the share and the dividend strategy, the share repurchase programme, employee situation, market penetration, outlook and corporate goals. Those present honoured the convincing presentation made by the top management by applauding loudly.

### **Brief details of the allocation of themes**

#### **Dr. Rolf Hollander**

- Company portrait
- Products
- Mastering the technological transformation
- 2008 annual financial statements and outlook for 2009, Q1 2009 results
- Growth from 2010 to **2010**

#### **Andreas F.L. Heydemann**

- CeWe Color share
- Agenda

#### **Dr. Reiner Fageth**

- Innovative solutions for retailers
- Addressing consumers
- Demonstration of the CEWE PHOTO BOOK
- Summary

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## **Requests for leave to speak – general debate**

**Content of the free speech by Beate Sander:** Deutsche Börse AG extended invitations to a three-day capital market conference from 4 to 6 May. In panel discussions, top level financial experts addressed the issue of “causes of the global economic and financial crisis and how to overcome it.” The general tenor: not to instigate a racing duel around the worst spirit of doom and gloom; instead to establish optimism and trust despite the slump in the economy, roll up one’s sleeves,

develop a founder mentality, acknowledge values, take responsibility, operate with a view to the long term and avoid any financial adventures.

A sound financial structure is decisive for survival. Thanks to its innovation and creativity and, on the customer side, to an increase in activities and leisure time at home due to short-time work, reductions in working hours and a rise in unemployment, CeWe Color is likely to emerge strengthened from this serious crisis. The reduction in the dividend payout by 20 % is the right thing to do in order to reinforce equity and it is also acceptable in view of the fact that the dividend yield is nevertheless in excess of 5 %. Money must be kept in the bank – perhaps also for favourably priced takeovers. In recapitulation of the capital market conference in Frankfurt, it must be noted that, more than at any other time, companies may not neglect IR responsibilities, research and development work, transparency and communications in times of crisis. CeWe Color is exemplary here. The “industrial malady of text entanglements” with its symptom of incomprehensible texts made up of complicated tapeworm structures, riddled with specialist terms and foreign words, hardly legible due to minute writing and closely packed typing, must be energetically combated. CeWe Color is largely immune to this ailment. The financial disaster originated in highly complicated credit derivatives that even directors could not understand and which are today called toxic waste. – A CEO said recently: *“I can’t change the weather out on the ocean but I can guide my ship safely to the shore despite hurricane force storms if I have a strong team.”* CeWe Color also has this ability with its innovative business model.

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- The questions were all dealt with competently and quickly by the Board of Management and the Supervisory Board, so that there was no need for any follow-up questions.

## 2. Resolution on the appropriation of net retained profits for 2008

The Board of Management and the Supervisory Board propose that net retained profits amounting to **7,106,310.13 euros** for the 2008 financial year be appropriated as follows:

Payment of **1.00 euro** per denominated participating share: **€ 6,903,415.00**

Carried forward to new account: **202,895.13 euros**.

The above-mentioned proposal on the appropriation of net annual income takes into account the fact that the company holds **476,605 own company shares** which are not eligible for dividend payments.

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**Vote result: In favour = 99.997 %**

**3. Resolution on the ratification of the Board of Management for 2008**

**Vote result: In favour = 91 % in each case**

**4. Resolution on the ratification of the Supervisory Board for 2008**

**Vote result: In favour = 91.1 % to 99.99 %**

**5. Appointment of auditors for the business year of 2009**

**Commerzial Treuhand GmbH Wirtschaftsprüfungsgesellschaft,  
Oldenburg**

**Vote result: In favour = 99 %**

**6. Resolution on authorisation for the acquisition and employment of  
own company shares and on exclusion of entitlement to  
subscription and to tender**

**Vote result: In favour = 91.1 %**

**7. Resolution on the cancellation of authorised capital and the raising  
of new authorised capital for 2009 and a corresponding amendment  
to the articles of association**

**Vote result: In favour = 87.5 %**

**8. Resolution on amendments to the articles of association; revised §  
3.3.3 (voting right)**

**Vote result: In favour = 99.8 %**

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**To sum up:** The official part of the consensual, harmonious AGM lasted from 10 a.m. to around 3 p.m. in the immaculate premises of the PARK HOTEL in Bremen and involved conclusive presentations by the Supervisory Board and the Board of Management, effective contributions by the investor protectors and the shareholders, well-founded responses to all the questions asked in the general debate and positive voting results.

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### **Key financial data about CeWe Color (SIN: 540 390, ISIN: DE000 540 390 1) based on analyses of Börse Online financial data (26 May 2009)**

**Sector:** Photo service company, stores and online, focus: digital photo market

**Stock exchange listing:** Prime Standard on the Frankfurt Stock Exchange, rise to SDAX in March 2009

**Current indicators:** Strong drop in the share price in the autumn of 2008 as a result of the financial crisis; reversal in the trend since the spring of 2009 with a rise in the share price of around 35 %

**Market value:** approx. € 150 million

**Diversified holdings:** 52 % (acc. to Deutsche Börse)

**52-week high/low:** € 25.00 /€ 10.35

**Share price dev. in 2008:** -46 %

**Share price dev. in 2009:** approx. +50 %

**Closing price (29 May 2009):** € 21.50

**Capital ratio:** 41 %

**Profit per share:** 2007: € 0.83, 2008: € 1.01, 2009(e): € 1.05

**2009 P/E ratio:** 14

**Dividend:** € 1.20 for 2005 to 2007, 2008: € 1.00

**Dividend yield:** 5.0 % on 28 May 2009

**Rating:** \*\*\*\* (raised by the 4th star)

**Permissible insider transactions:** Massive purchases by the Board of Management and the Supervisory Board throughout 2007/2008/2009 to the amount of several million euros. This was not matched by any sales at all.

**Analysts' assessments in February 2009:** According to boerse.express.com, analysts with tradersreport consider CeWe Color to be fundamentally undervalued and recommend establishing an initial speculative long position.

**Analysts' assessments in March 2009:** Study covering several pages in the "BÖRSE AM SONNTAG" online market letter with an investment recommendation of "buy long-term".

**Analysts' assessments in April/May 2009:** Four "buy" recommendations at targets of 21 to 26 euros, average: € 23.50

**Recent analysts' rating in general:** All six analysts recommend "buy" for CeWe Color

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Summer 2008: **Beate Sander: „BÖRSENERFOLG FAMILIENUNTERNEHMEN – mehr Rendite mit GEX-Werten“**

FinanzBuch Verlag, Munich, 336 pages, mid-June 2008, elaborate design, € 30

**Beate Sander: „NICHT NUR BESTIEN – Mitarbeiter- und Kundenzufriedenheit als Schlüssel zum Unternehmenserfolg“**

Volk Verlag, Munich, 320 pages, two-colour print, elaborate design, € 27; E.ON Group Academy, Book of the Month in March 2009, 1 Place

**Beate Sander: „MANAGED FUTURES – Erfolgreich Geld verdienen in steigenden und fallenden Märkten“**

FinanzBuch Verlag, much-noticed new publication, 2008, 272 pages, 25 euros

**Beate Sander: „NEUE BÖRSENSTRATEGIEN FÜR PRIVATANLEGER – Richtig handeln in jeder Marktsituation“**

FinanzBuch Verlag, complete revision of the classical standard bestseller, 430 pages, date of publication early June 2009, € 25

**Beate Sander: „GOLD – SILBER – PLATIN. Mehr Sicherheit für Anleger“**

FinanzBuch Verlag, new publication, mid-April 2009, 220 pages, € 25