

# CEWE Stiftung & Co. KGaA

## Summary

CEWE is Europe's largest provider of photo products: photo books, wall art, calendars and greeting cards made from digital images. The company managed the transition from analogue to digital photofinishing on which Kodak founded, and is controlled by a foundation that faces neither quarterly pressure nor pressure to sell. The business earns a return on capital employed (ROCE) of a good 18%, the balance sheet shows €150m in cash and cash equivalents and no bank debt, and the dividend has been raised for 17 consecutive years. The competitive advantages — a brand with the status of a generic term, a retail network built up over decades with reciprocal lock-in, and the scale economics of the Christmas quarter — are substantial. At a share price of around €94 (early June 2026, after the €3.00 dividend went ex), the group trades at just under eleven times net profit, and the operating business, after deducting net financial assets, at 5.9 times EBIT, on a free cash flow yield of a good 11% and a dividend yield of 3.2%.

## Business Model

CEWE generates its earnings in one segment and in one quarter. In 2024 revenue was €832.8m and EBIT €86.1m (operating margin 10.3%); in 2025 the figures were €864.5m, €88.2m and 10.2%. Photofinishing accounts for 85.7% of revenue and around 97% of EBIT. The low-margin commercial online printing business (Saxoprint, viaprinto, Laserline) was sold to Cimpres on 11 May 2026; completion is subject to antitrust clearance and is expected in the second half of 2026. On a pro forma basis the transaction lifts the operating margin to around 11.2% and is expected to produce a disposal gain in the mid double-digit millions; what is given up is a segment with 10% of revenue but barely 2% of profit.

### 3 Key business segments

	2024 Turnover in m€ 832.8	Brands	Sites
Commercial Online-Print	89.9	SAXOPRINT, viaprinto, LASERLINE	1 Printing company
Photofinishing	714.0	cewe, WHITE WALL, pixum, DeinDesign, Cheerz	13 Photo labs
Retail	30.8	cewe, FOTOKER, FOTOLAB, wältje	101 Photo retail shops

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Revenue structure 2024: Photofinishing €714.0m of €832.8m (85.7%); Commercial Online-Print €89.9m (sold to Cimpres in May 2026); Retail €30.8m. The 13 photo labs and the printing operation make up the 14 production sites. Source: company presentation.

44% of annual revenue and 95% to 98% of annual EBIT arise between October and December; in 2025, of €88.2m in EBIT, €86.4m fell in the fourth quarter, while the third quarter closed at -€0.4m. This concentration is part of the business model: 14 production sites and around 4,000 employees are sized for the Christmas season. Once fixed costs are covered, almost every additional order flows through to the result; a smaller competitor cannot match these unit costs, because the required capacity only pays off in year-round operation. Seasonality is thus the largest concentration risk and at the same time one of the most effective barriers to entry.

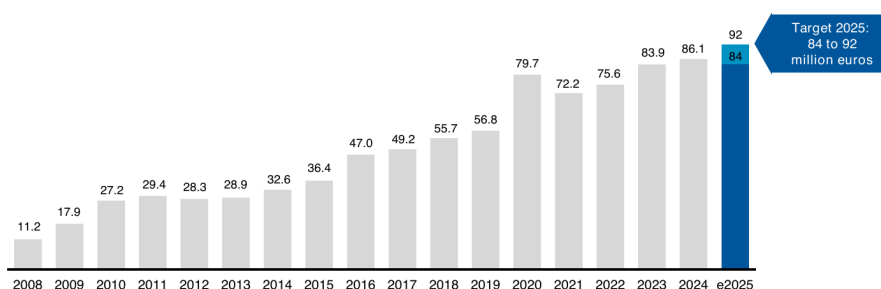
Customers mostly pay in advance: at the end of 2024, €136.9m in trade payables stood against €92.4m in receivables. CEWE collects payment before production and pays suppliers after delivery; growth is pre-financed by customers, and there is no bank debt.

## Earnings and Balance Sheet

Revenue rose from €599.4m (2017) to €832.8m (2024) and EBIT from €49.2m to €86.1m; profit grew faster than revenue. The gross margin increased from 72.1% (2017) to 78.7% (2024), a rise of 6.6 points despite higher costs for paper, energy

and postage. In 2024 CEWE generated 5.4% more revenue per photo sold on 2.9% higher volume, direct evidence of pricing power.

### EBIT e2025 will continue the line of increasing results EBIT in million euros



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EBIT 2008–2024: up from €11.2m to €86.1m; 2025 target: €84m to €92m (achieved: 88.2). Source: company presentation.

The caveats: unit growth in photo books flattened to 0.9% in 2024 (3.5% again in 2025); growth increasingly comes from higher value per book rather than from volume. Higher selling and administrative expenses absorb part of the gross-margin gain, and the EBIT margin remains at 10% to 11%. It is a maturing market in which the market leader grows through price.

The balance sheet: €150.3m in cash and cash equivalents, no bank debt, and interest expense of just €177,000 most recently. The equity ratio of 59.1% (2019: 48%) may appear low given the absence of bank debt; it is explained by the liabilities side of the business model. Of €716.9m in total assets, €423.8m is equity; the remainder consists essentially of operating, non-bank items: non-interest-bearing trade payables (€136.9m), lease liabilities (€43.1m), pension provisions (€33.0m) and other provisions and accruals. It is precisely the advance-payment model with late supplier payments that generates high liabilities without these being financial debt. Return on capital employed (ROCE) is 18.3%, or 19.7% excluding the non-interest-bearing cash held. The accounting-quality indicators are unremarkable: a Beneish M-score of -4.08 (well below the manipulation threshold), a Campbell probability of insolvency of 0.0001, and negative Sloan accruals; the accounting is more conservative than the cash inflow, not more aggressive. In 2024 free cash flow, at €73.8m, exceeded net profit of €60.1m. With maintenance capital expenditure of €35m to €70m a year for the 14 plants, the business remains asset-intensive.

## Competitive Advantages

Four factors protect the market position. First, the brand: “CEWE Fotobuch” has become a generic term in the German-speaking world and stands for quality in the eyes of the end customer; on a wedding album meant to last 30 years, no one economises on an unknown provider. Brand strength is geographically concentrated — pronounced in the DACH region and Southern Europe, weak in the United Kingdom, Scandinavia and North America; outside the core region the brand advantage does not carry, and expansion there would have to be won without it. Second, distribution: more than 20,000 bricks-and-mortar partner outlets (dm, Rossmann, Müller, plus postal, electronics and grocery retailers) with more than 25,000 photo kiosks; the revenue split in photofinishing is estimated at 35% to 50% through partner brands and 50% to 65% through the company’s own online channels. Third, the scale economics of the fourth quarter. Fourth, the multi-brand strategy: Pixum, Cheerz and WhiteWall are listed as competitors by comparison portals but are subsidiaries of the group; switching provider often merely leads to another CEWE brand.

The retail lock-in is reciprocal. The photo kiosks and the software behind them belong to CEWE, not to the retailer; severing the relationship would interrupt the retailer’s in-store photo business and require a complete re-equipping, including logistics and quality assurance. In-store pickup saves shipping costs and brings the retailer footfall. Above all, the retailer earns a share from CEWE: dm, for example, switched to a commission model in 2024 and receives around 17.5% of the end-customer price. dm and Rossmann already serve the low-price part of the market with their private labels; CEWE supplies the premium range, whose prices a budget provider could not command. Replacing it with a cheaper supplier would only cannibalise the retailer’s own private label and jeopardise premium revenue — it is not in the retailer’s interest. There are, however, no exclusivity agreements; the lock-in is operational and economic, not legal.

Even a well-funded new entrant could buy machines, software and predatory prices, but could not replicate the drugstore network, the brand trust built up over decades or the cost structure of the Christmas quarter. Market-share gains would be achievable, but not the displacement of the market leader.

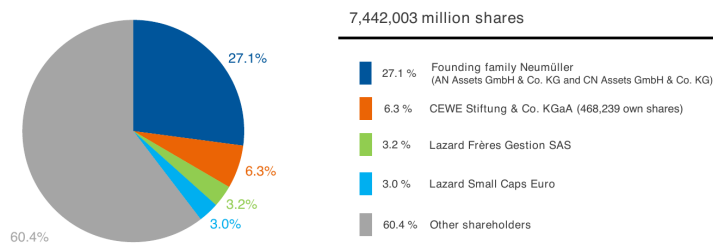
Two caveats belong to the picture; they concern two widespread but inaccurate justifications of the advantage. Real-photo exclusivity: since TCG/Picanova took over an ongoing silver-halide production line on the same Fuji paper from the insolvent ORWO in July 2025, the exposure technology is no longer a unique selling point; the remaining quality gap is estimated at 2% to 5% and is barely perceptible to end customers. And the attribution of volume in the drugstore channel: the standard photo book of dm's private label has been produced for around 15 years by the service provider allcop, not CEWE; CEWE's position at dm is the premium range under its own brand. The competitive advantage thus rests neither on the printing technology nor on private-label volume, but on the combination of brand, kiosk and software infrastructure, the retailer's commission interest and scale. Empirically, over more than seven years of discounter expansion TCG has not taken a single verifiable drugstore customer from CEWE; the gains came from third-party providers and from insolvencies. On balance, the competitive advantage is to be classified as strong.

## Ownership Structure and Corporate Governance

CEWE is a partnership limited by shares (KGaA); its general partner is the Neumüller CEWE COLOR Stiftung, which controls the company without a voting majority. The founding family holds 27.1% of the shares and the free float stands at 58.8%. A hostile takeover is structurally all but impossible. This construction is both an anchor of stability and a governance risk.

### Stability through anchor shareholders

Shares in % (investors with notification obligation)



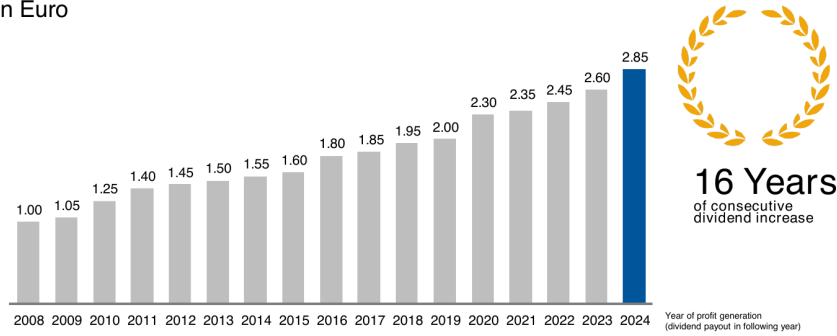
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Shareholder structure: founding family Neumüller 27.1%; treasury shares held by the KGaA 6.3% (as of the presentation, 468,239 shares; now 7.9%); Lazard funds combined 6.2%; free float, including the current treasury-share holding, 58.8%. Source: company presentation.

The long horizon has a stabilising effect: no quarterly pressure, no fund with a fixed end date, no debt-financed acquisitions. The rising equity ratio, the growing cash position and the 17-year dividend track record are expressions of this structure.

## Sixteenth consecutive dividend increase in Euro



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Sixteenth consecutive dividend increase (financial year 2024: €2.85, paid in 2025); for 2025 the seventeenth followed at €3.00, approved at the annual general meeting on 3 June 2026. Source: company presentation.

Against this stand frictions: three CEOs in four years (Friege dismissed in 2022, reportedly “against the will of the supervisory board”; Rostock not renewed despite the record EBIT of 2024; Mehls in office since May 2025), a court dispute over the former chairman of the board of trustees, Hollander, and a 2026 annual general meeting at which a third of shareholders rejected the remuneration report. The operating business was untouched by the changes; the strategy proved independent of the person at the top. Minority shareholders nonetheless have no influence over appointments or strategy.

The use of the cash allows two readings. Arithmetically, €150m earning around 2% in a business with an 18% return on capital is an inefficiency; the buyback programme is capped at a maximum of €20m, and there is no permanent buyback programme. At the same time, there is some case for a deliberate strategic reserve: the founding family holds 27.1% of the shares and itself bears part of the opportunity cost of the holding – the interests of the family and the other shareholders run largely in parallel here. One obvious use is acquisitions, since several competitors are owned by private-equity funds that are seeking a sale or whose customary holding periods have expired (Storio for years, Saal Digital after a typical fund cycle). The specific strategy is not public; in addition, the pre-financing requirement of the Christmas business and a conservative balance-sheet culture explain part of the reserve.

## Competitive Landscape

A comparison with nine competitors shows that the ownership structure – foundation, founder or private equity – explains the long-term stability of the providers better than any operating metric.

Shutterfly, the US market leader, runs the same business with the same printing technology but was acquired in 2019 by the financial investor Apollo in a debt-financed takeover. Seven years later the balance sheet carries around US\$2.4bn in net debt, in 2023 the company was temporarily classified as in “selective default”, 84% of the debt falls due in 2026/27, and since the acquisition it has been on its fourth CEO (most recently a change in October 2025).

The remaining providers confirm the pattern. Storio (Photobox, abelli, PosterXXL), the largest European competitor with around €340m in revenue, is owned by two private-equity funds that have been seeking an exit for around nine years; the company is losing ground to CEWE, not the other way round. Ifolor, a third-generation Swiss family business, works with the same technology and the same time horizon but, at one-eighth of the size, remains regionally confined. Saal Digital, with a 32.4% EBITDA margin on €52.5m in revenue (audited accounts), achieves the highest profitability in the comparison group, but deliberately concentrates on the professional niche and has been majority-owned since 2019 by the private-equity house Ardian (the founding family remains invested and operationally active); for CEWE’s core business Saal is not a competitor, but it is one for the premium subsidiary WhiteWall. Mixbook of California, the quality leader in design software (debt-free and, by outward signs, profitable; audited figures are not available), has remained at one-twentieth of CEWE’s size despite having the best editor in the industry: ease of use without switching costs is the weakest type of competitive advantage, and the AI features of all providers rely on the same rented-in cloud services.

Relevant competitive pressure comes from one provider: TCG/Picanova of Cologne, the discount and private-label consolidator behind Aldi Fotos, Lidl Fotos and – via ORWO – Rossmann’s Fotowelt. The audited consolidated accounts for 2023 refute the widespread assessment that TCG is low-margin and would quickly become insolvent in a price war: net cash stands at plus €19.4m, and acquisitions are made from its own resources. Revenue has, however, remained on a plateau for years – €155.0m (2022), €154.5m (2023) – while CEWE grew over the same period from

€732.7m to €780.2m (2025: €864.5m): TCG consolidates existing volumes but generates no growth of its own. Both of its 2025 acquisitions (ORWO, sendmoments) are loss-making restructuring cases that together bring around €7.7m in annual losses. TCG concentrates on Germany, the market in which CEWE earns around 97% of its EBIT. The gap remains considerable: TCG is one-fifth of the size, has no pricing power and no brand or distribution depth in the premium segment. CEWE can steer through price, TCG only through costs.

The supplier Fujifilm plays a special role. According to industry sources, Fujifilm holds an estimated 80% to 90% of the European market for real-photo paper; the Crystal Archive paper comes almost entirely from the Tilburg plant, while the second source, Kodak, is faltering. The bottleneck affects the entire industry and may worsen, as Fujifilm directs its capital towards healthcare and semiconductors. In itself this is a cost risk, not an existential one. One constellation would be critical: the venture-capital investor Ventech has been invested in TCG since 2013, well beyond the usual fund horizon; an unwinding of the stake within 12 to 24 months is to be expected (an ongoing sale process is not documented; the available signs point rather to a buyout by the founders). Were Fujifilm to appear as a buyer, paper leverage and discount production would coincide, with around ten times the financial strength; the strongest counterargument against such an acquisition is competition law. The more likely exit scenarios are neutral to positive for CEWE. The ownership question at TCG is the most important variable to watch over the coming two years.

## Risks

Three risks are material. Seasonality: 95% to 98% of the result arises in the fourth quarter; a production, logistics or IT failure in November would hit an entire financial year — against this stand 14 distributed sites, redundant systems and four decades of routine. The drugstore channel: a shift of the partnership of dm or Rossmann to a private-label manufacturer would cost 10% to 25% of photofinishing volume, with a disproportionate effect on earnings; there are no concrete signs of such a step. Disintermediation as the only structural long-term risk: Google and Apple control the photo libraries and thus the moment at which a photo book is created; Google's Memories feature has counted more than a billion users since July 2025, and a print subscription for US\$6.99 a month already exists. Against this stand three observations: Apple discontinued its own printing service in 2018 and today lists the CEWE subsidiary WhiteWall as an official printing partner; Google has offered photo printing in Europe only since 2022 and only in the low-price segment; and CEWE's revenue has grown since the introduction of these features. Artificial intelligence, by contrast, does not constitute an independent risk: at all providers it denotes rented-in curation software (image selection, layout) with no differentiating power.

## Valuation

Relative to the share price of around €94 (early June 2026, after the €3.00 dividend approved at the annual general meeting on 3 June went ex), the following relationships emerge: the price/earnings ratio based on 2024 net profit is just under eleven, the free cash flow yield based on 2024 is a good 11%, and the dividend yield is 3.2%. The net financial assets on the balance sheet amount to around €11 per share (cash and cash equivalents net of lease liabilities, less pension obligations); including the expected, still outstanding Cimpress proceeds, the figure is around €19. Deducting these net assets of around €131m from the market capitalisation of around €645m leaves about €514m for the operating business — 5.9 times the core EBIT of €86.5m — at an 18% return on capital employed, with no bank debt and 17 years of uninterrupted dividend increases.

These metrics assume the continuation of the business at today's level. EBIT grew by just under 8% a year from 2017 to 2024; this is no guarantee: volume growth is erratic (close to zero in 2024, 3.5% again in 2025), and the most direct evidence of pricing power comes from a single year; the multi-year gross-margin expansion supports it but also contains product-mix effects. On the question of durability, the competitive comparison provides the finding: no provider reaches the core of the business, artificial intelligence gives no provider an edge, and the large platforms avoid physical production. Volume maturity and disintermediation remain open.

Observable variables for testing these assumptions are the volume trend over the coming two financial years, the ownership question at TCG (in particular any involvement by Fujifilm) and the continuation of the drugstore partnerships.