

Q1 2017
Interim Report



Europas beliebtestes
Fotobuch
7,95 €

Mein
cewe fotobuch
Mein Leben

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cewe
BEST IN PRINT

CEWE – Europe’s online printing and photo service

CEWE supplies consumers with photos and digital print products via over-the-counter trade as well as Internet sales. CEWE is the service partner for the leading brands on the European photography market. In 2016, the company developed and produced 2.2 billion photos, also in 6.2 million CEWE PHOTOBOOKS and photo gifts. CEWE PHOTOBOOK (Europe’s leading photo book brand) and the company’s other product brands CEWE CALENDARS, CEWE CARDS and CEWE WALL ART, easy-to-use ordering applications (PC, Mac and mobile iOS, Android and Windows), our high level of expertise in digital printing, the benefits of scale offered by our efficient industrial production and logistics system, broad distribution via the Internet, 25,000 retailers supplied and over 14,000 CEWE PHOTOSTATIONS, are the key competitive advantages of CEWE’s Photofinishing business.

As well as these photo products, CEWE’s Retail business also distributes photographic hardware (e.g. cameras) in several countries.

Through its brands CEWE-PRINT.de, Saxoprint and viaprinto, in its Commercial Online Printing business unit CEWE is increasingly serving customers as an online printing service provider through printed advertising media which can be ordered online, such as flyers, posters, brochures, business cards, etc.



HIGHLIGHTS Q1 2017

Photofinishing business unit

- ▶ Sales, turnover and profit on track
- ▶ CEWE WALL ART and photo gifts growth compensates for CEWE PHOTOBOOK decline
- ▶ CEWE is innovative: In the first quarter, 98 % of all photos are digital, 75 % of all digital photos are ordered via the Internet
- ▶ Turnover per photo increases by 10.4 %: 19.55 euro cents per photo (Q1 2016: 17.72 euro cents)
- ▶ At 85.6 million euros, Photofinishing turnover roughly matches previous year's level (Q1 2016: 85.5 million euros)
- ▶ Positive EBIT figure once again achieved in Q1, with slight increase: 1.3 million euros (Q1 2016: 1.2 million euros)
- ▶ EBIT figure adjusted for one-off factors actually 0.6 million euros higher than in same quarter in the previous year

Commercial Online Printing business unit

- ▶ Despite Brexit effects and strong growth in the previous year, turnover increases slightly, by 0.6 %: 20.6 million euros
- ▶ Q1 EBIT once again positive: 0.1 million euros (Q1 2016: 0.5 million euros)

Retail business unit

- ▶ Repositioning of Retail continues to pay off, improvement in earnings despite decline in turnover
- ▶ Stronger focus on margins and decline in market for SLR cameras reduce turnover volume: 11.8 million euros (Q1 2016: 12.8 million euros)

- ▶ EBIT slightly improved to -0.3 million euros (Q1 2016: -0.4 million euros)

Consolidated profit and loss account

- ▶ Group turnover in the first quarter amounts to 118.6 million euros (Q1 2016: 119.2 million euros)
- ▶ Consolidated income once again already positive in the first quarter: EBIT stable at 0.6 million euros

Net assets and financial position

- ▶ Positive business factors result in increase in total assets
- ▶ Solid balance sheet: equity ratio increases to 63.2 %
- ▶ Lower volume of trade receivables results in decline in operating net working capital

Cash flow

- ▶ Working capital causes cash flow from operating activities to decline to -1.6 million euros
- ▶ Decrease in net cash used in investing activities
- ▶ Working capital causes free cash flow to decline to -7.0 million euros

Return on capital employed

- ▶ Average capital employed increased to 226.2 million euros, on grounds of liquidity
- ▶ ROCE significantly increased to 20.8 %

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My
cewe photobook
My Life

Q1 To the Shareholders

Q2 Interim Consolidated
Management Report

Q3 Interim Consolidated
Financial Statements

Q4 Further Information



Dr Rolf Hollander, Chairman of the Board of Management of Neumüller CEWE COLOR Stiftung

Dear Shareholders

We have now repeated the performance which we achieved last year for the first time: a positive result in the first quarter

Since it was founded back in 1961, your company always had to live with a loss in the first quarter. “Photofinishing in the first quarter is like selling ice cream in the winter.” That was how we frequently explained things in this letter. Over a period of many decades. Your company’s entire team was therefore all the more delighted when we were able to report to you last year that this industry dictum no longer held true. That is due to the digitalisation of our business. Back in the “analogue age”, summer pictures – which account for a large chunk of all photos – were ordered immediately in the third quarter of the year, since everyone wanted to see right away whether his images had “turned out well”. Nowadays, our customers are already sure of the good quality of their photos, having already checked and repeatedly inspected them via a camera or mobile phone screen. The third quarter – in which your company used to achieve most of its annual profit – has therefore lost its significance. Today, it is mainly the fourth quarter with its important Christmas business which generates your company’s profit.

Stable EBIT for the company as a whole: +0.6 million euros.

Moreover, with its “order-friendly weather” – dark, cold and often rainy – the first quarter is now increasingly relevant for the company’s positive profit for the year. Last year’s result, which was positive for the first time, suggested this. Since one swallow doesn’t make a summer, we are delighted to confirm this trend in the current year. To be sure, one-off factors may at some point change this situation, but in structural terms it is now true that your company is capable of starting the year with a positive first quarter, as it has once again demonstrated in 2017. We have repeated the previous year’s EBIT result of +0.6 million euros.

Strategic realignment of Retail continues to have positive impact

Our Retail business unit is an exception in relation to the trend outlined above. It has always been true for this business unit that its cameras, lenses and bags are sought-after Christmas gifts and are likewise popular in the lead-up to the summer holidays, but the first quarter has always been difficult. This has not changed as a result of digitalisation. Accordingly, Retail has contributed a slight loss (EBIT of –0.3 million euros) to the company's quarterly earnings. This represents a small improvement in earnings by comparison with –0.4 million euros in the same quarter in the previous year. The trend for our Retail business unit of higher-quality cameras and improved service is thus continuing to pay off. In addition, as well as this photo hardware business Retail generates a very significant volume of photography products for our Photofinishing business, whose turnover and earnings are reported in the Photofinishing business unit.

Photofinishing confirms trend and increases earnings

Photofinishing has thus more than made up for the Retail result. Its EBIT figure amounts to 1.3 million euros, compared to 1.2 million euros in the previous year. This time, the company's other value-added products have played a particularly important role in this success: CEWE WALL ART, CEWE CARDS and CEWE CALENDARS are increasingly established as successful brand products and are appreciated by consumers.

CEWE PHOTOBOOK: turnover per book increases, with lower volume of sales

In previous years, in line with most markets' advanced stage of development first-quarter volume growth for CEWE PHOTOBOOK had accordingly declined to +3.6 % (2014) and +1.6 % (2015). The company registered extraordinarily strong growth of 10.2 % in 2016. It was not possible to maintain this volume of sales in 2017 due to various different factors. For instance, due to the relinquishment of a business partner which had offered a scarcely adequate margin, and presumably also due to the value added tax increase for this product in Germany and Austria, the volume of sales has decreased by 9.3 % and thus returned to the level realised in 2015. On the other hand, turnover per book has once again increased. This has been a stable and positive underlying trend for many years now, despite various other factors. In this context, we are precisely analysing the price situation on the market as well as the sales, turnover and income position.

Brand power of CEWE PHOTOBOOK continues to increase

The even stronger brand power of CEWE PHOTOBOOK remains a key differentiation advantage on the market. The level of unaided brand awareness for CEWE PHOTOBOOK rose from 44 % in the previous year to 51 % in January 2017. The number of fans of CEWE PHOTOBOOK also increased. For the Net Promoter Score, in response to the question "Would you recommend this product?" on a scale of 0 ("Never") to 10 ("Straight away") only strongly positive responses with a score of 9 or 10 are positively counted. Moderately positive responses with a score of 7 or 8 are not counted at all, while moderately negative or negative responses (score of between 0 and 6) are actually deducted from the number of positive scores. The value range for the Net Promoter Score is thus between -100 and +100. Calculated according to these stringent criteria, CEWE PHOTOBOOK achieved a Net Promoter Score of 54 % in 2016, and this actually increased to 58 % at the start of 2017. We can achieve further growth on the strength of this brand power.

Commercial Online Printing feels effects of "Brexit" ...

Over the last few years, in the first quarter Commercial Online Printing has always achieved positive organic turnover growth, with an increase of +26.6 % in 2014 and +9.5 % in 2015. In 2016, its growth rate picked up again, to +14.3 %. Following this huge lift, the first quarter only offered a very low growth level of +0.6 %. However, this result must be seen in context for three different reasons: combined with the strong level of growth in 2016, it represents growth of +7.9 % per year. This perspective smooths out the exceptional year 2016 and amounts to a harmonious trend which represents a continuation of previous years.

The second important factor is the situation in the United Kingdom. Since last summer's Brexit decision, Commercial Online Printing business has failed to match its previous growth level in the UK and has actually declined by comparison with the same months in the previous year – even when measured in British pounds. Since we report our turnover in euros, this effect is even stronger due to the 10.3 % fall in the value of the British pound against the euro since June 23, 2016 (reporting date: March 31, 2017). The third factor was the changeover of our brands in the Benelux countries: here, on grounds of efficiency CEWE has decided to transfer the turnover previously handled through its CEWE-PRINT brand to its Saxoprint brand. However, during the transformation phase this sort of changeover does entail a short-term stagnation of turnover.

... and reports stable organic development

The other markets, which have not been affected by the negative consequences of Brexit, are maintaining a level of turnover growth in the mid-single digit percentage range. This is entirely in line with the long-term trend. The key thing is thus for us not to lose sight of things due to exogenous shocks or other one-off factors. Commercial Online Printing at CEWE is on the right track. Saxoprint, CEWE-PRINT and viaprinto have found their position on the market.

The CEWE family is due to assemble for the general meeting on May 31

For all of its legal relevance, the general meeting is also a place where the CEWE family comes together. Shareholders and employees (most of whom are likewise shareholders) meet up here. Since both of these groups are generally also customers, at the product display next to the conference hall we repeatedly witness lively discussions about products, ordering channels and further innovation. This dialogue is a good part of what accounts for the special atmosphere at our company.

As in previous years, the Oldenburg photography retail outlet Wöltje – the stem cell of our entire company – will this year once again have special product offers for general meeting participants, which shareholders will only be able to purchase at the general meeting. You will find further information on this on the final page of the invitation to the general meeting.

... and will decide on the eight consecutive dividend increase

By the way, we would like to continue a very nice tradition at the general meeting: if you, as the owners of CEWE, agree, the dividend paid by CEWE will increase for the eighth consecutive occasion and now amount to 1.80 euros per share. This is a trend which everyone at your company is very proud of.

CEWE is hard at work on important innovations – “Christmas is just around the corner”

So as to be able to maintain this trend of long-term dividend growth, we are working on innovations in many areas. For instance, in our Commercial Online Printing business unit through its “Saxoprint Cloud” solution Saxoprint has recently introduced a service to the market which enables business customers to design their own printing intranet, which make it very simple for their employees to produce and order their own particular print documents.

Here too, now if not before, Christmas is just around the corner for Photofinishing! Product management, marketing, production, IT and many other divisions are working on preparations for the key phase of the year, so that in 2017 we can once again delight our customers in providing them with great Christmas gifts which they have designed themselves.

Your company’s entire team is working on this. Enjoy the summer! Take a lot of pictures of some great experiences, and take pleasure in capturing your most impressive moments on our products. And in your work environment: give the products of Saxoprint, CEWE-PRINT and viaprinto a try and find out how comfortable and fun the printing experience can be, while offering a personal touch!



Oldenburg, May 11, 2017

CEWE SHARE

Following strong growth in 2016, CEWE share moves sideways in the first quarter

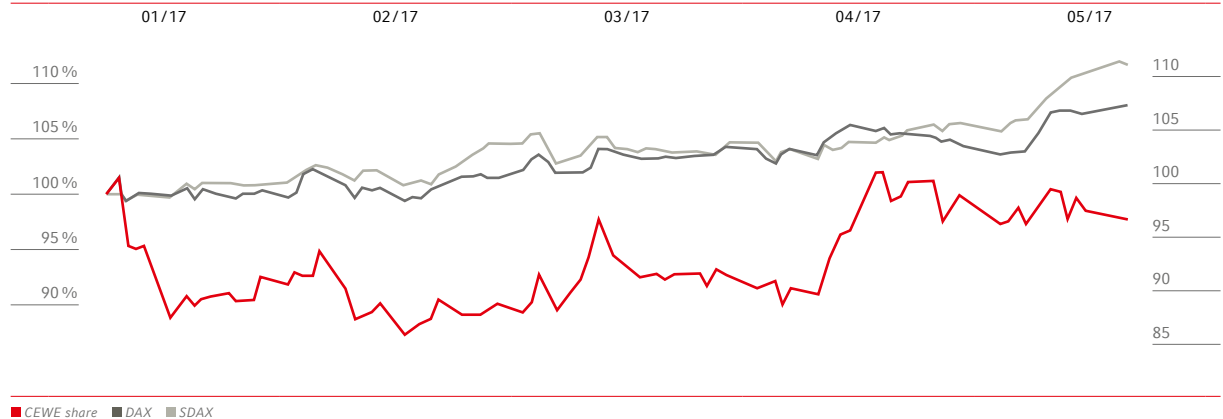
By comparison with its 2016 year-end closing price (84.57 euros), in the period up to the end of March 2017 the CEWE share fell slightly, by 2.9 %, to 82.15 euros. Following a strong price performance in 2016, with growth of +54.9 % (DAX: +11.6 %, SDAX: +6.5 %) in the first quarter of 2017 the CEWE share was thus more or less stable at this new high level. The DAX and the SDAX, which failed to match the performance of

the CEWE share in 2016, recovered slightly in the first quarter: the DAX rose by 9.3 %, while the SDAX also ended the period positively with growth of 11.5 %.

Supervisory Board and Board of Management propose eighth consecutive dividend increase

In a joint proposal with the Board of Management, at the general meeting which will be held on May 31, 2017 the Supervisory Board will propose a dividend increase to 1.80 euros

CEWE share January 1, 2017 to May 1, 2017 in euros



per share conferring a dividend entitlement for the financial year 2016 (dividend in the previous year: 1.60 euros). This increase is the eighth consecutive dividend increase: since 2008, the dividend issued by CEWE has risen continuously, year-on-year, from 1.00 euros per share to the current figure of 1.80 euros.

On average, around 18,000 CEWE sales traded every day in the first quarter of 2017

In the first three months of 2017, on average 17,957 CEWE shares were traded every day on German stock markets. This was significantly higher than the level in the same period in the previous year (Q1 2016: 12,525 shares per day). The daily euro trading volume amounted to an average figure of approx.

1.4 million euros (Q1 2016: approx. 642,000 euros per day). The daily volume of CEWE shares traded now clearly and continuously exceeds this level of 1 million euros per day which influences the investment decisions of many institutional investors. As well as the positive operating trend, this has also made the CEWE share attractive for other, larger institutional investors on a long-term basis.

Analysts continue to have a consistently positive view of CEWE

All of the analysts who follow CEWE continue to concur in their positive analysis. Two analysts are signalling "Buy" for the CEWE share and five "Hold/Neutral". The detailed studies are available for downloading in the Investor Relations section of CEWE's website (company.cewe.de).

 www.cewe.de>
Investor Relations>
The Share of CEWE >
Analysts

Overview of current analysts' assessments	Analysis	Date
GSC Research	Hold	Apr. 25, 2017
Baader Bank	Buy	Apr. 03, 2017
Warburg Research	Buy	Mar. 27, 2017
Oddo Seydler	Neutral	Mar. 24, 2017
Bankhaus Lampe	Hold	Feb. 22, 2017
Deutsche Bank	Hold	Nov. 04, 2016
Berenberg Bank	Hold	Sep. 29, 2016

CEWE share solidly positioned in the SDAX

According to the “trading volume” criterion, in March 2017 CEWE was in 72nd position (previous year: 88th position) and in terms of “market capitalisation” it was in 87th position (previous year: 90th position). The CEWE share is thus a permanent fixture on the SDAX index, which normally features shares with a ranking of 110 or higher.



Stable shareholder structure strengthens management's strategy

CEWE enjoys a high level of ownership stability thanks to its anchor investor, the heirs of Senator h. c. Heinz Neumüller (ACN Vermögensverwaltungsgesellschaft mbH & Co. KG), who hold 27.4 % of its shares.

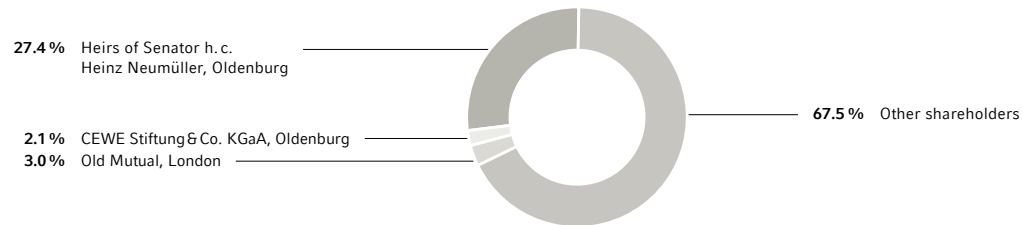
CEWE is there for its shareholders

The clear objective of investor relations activities at CEWE is to notify all market participants promptly, comprehensively and equally in line with the principles of “Fair Disclosure”, while achieving a high level of overall transparency.

CEWE thus naturally also publishes all of its annual and interim reports and capital market information online at company.cewe.de. All analyst telephone conferences are immediately made available as webcasts and audiocasts on the CEWE website. All of the company's key presentations at conferences and other events are published online at the same time.

The Board of Management and the Investor Relations team present the company at key capital market conferences and attend road shows in European and US financial centres. For details of the dates currently planned for 2017, please refer to the financial diary on the penultimate page of this report.

Shareholder structure (April 2017) in % (100 % = 7.4 million shares)



02

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BASIC INFORMATION ON THE GROUP

Business model

CEWE operates in three strategic business units: Photofinishing, Retail and Commercial Online Printing. Its segment reporting by business unit also reflects these strategic business units (together with a further business unit, Other Activities).

Photofinishing – CEWE’s traditional core business unit achieves growth

Photofinishing is the name we give to our photo products business. CEWE is the European market leader in photofinishing, previously based on analogue film and now replaced by digital data. CEWE PHOTOBOOK has established itself as the key product in this field. As such, it has superseded individual photos. CEWE has also rigorously expanded its product range, with other significant turnover and growth generators now including CEWE CALENDARS, CEWE CARDS, CEWE WALL ART and CEWE INSTANT PHOTOS.

CEWE RETAIL: proprietary Retail business unit handles important functions

CEWE has multichannel retailing operations for photo hardware and photofinishing products in Poland, the Czech Republic, Slovakia, Norway and Sweden. In addition to selling photo hardware, over-the-counter outlets and online shops are a

key channel for distributing CEWE photo products directly to end-consumers. Turnover and income from photofinishing products are shown in the Photofinishing business unit.

Commercial Online Printing – a new key business area

CEWE is active in its Commercial Online Printing business unit through the production and marketing of printed advertising media via the distribution platforms CEWE-PRINT, Saxoprint and viaprinto. In 2012, in this business unit CEWE acquired the Saxoprint Group, a specialist in online offset printing. CEWE launched Commercial Online Printing for printed advertising media in Germany and is now rolling out this business model in many other European countries, where local websites are already present and are increasingly generating business. The depth of added value in Commercial Online Printing is very similar to Photofinishing. However, here CEWE does not provide software for the creation of printed products (unlike in the case of CEWE PHOTOBOOK, for instance).

For further details of CEWE’s business model, please see pp. 32ff. of its Annual Report 2016 or its website at company.cewe.de > Investor Relations > News & Publications > Business reports > Annual Report 2016.

ECONOMIC REPORT

Photofinishing business unit

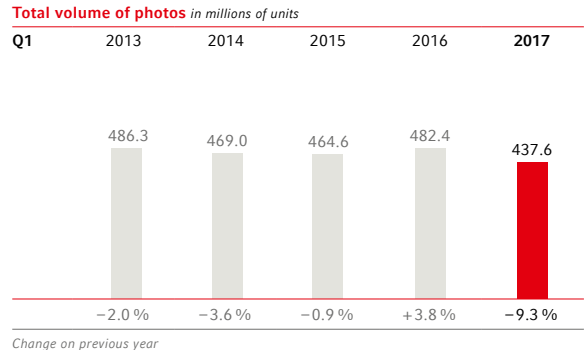
- ▶ *Sales, turnover and profit on track*
- ▶ *CEWE WALL ART and photo gifts growth compensates for CEWE PHOTOBOOK decline*
- ▶ *CEWE is innovative: In the first quarter, 98 % of all photos are digital, 75 % of all digital photos are ordered via the Internet*
- ▶ *Turnover per photo increases by 10.4 %: 19.55 euro cents per photo (Q1 2016: 17.72 euro cents)*
- ▶ *At 85.6 million euros, Photofinishing turnover roughly matches previous year's level (Q1 2016: 85.5 million euros)*
- ▶ *Positive EBIT figure once again achieved in Q1, with slight increase: 1.3 million euros (Q1 2016: 1.2 million euros)*
- ▶ *EBIT figure adjusted for one-off factors actually 0.6 million euros higher than in same quarter in the previous year*

In principle, sales of CEWE photo products continue to be shaped by two enduring consumer trends: higher-quality products and the shift in demand to the fourth quarter especially. Further information on general developments and on current trends in Photofinishing may be found on pp. 64ff. of the Annual Report 2016.

Despite decline, Q1 sales in line with expectations

As a rule, the first quarter is only slightly affected by the seasonal migration. Two peculiarities should be considered for an assessment of the sales trend in this first quarter.

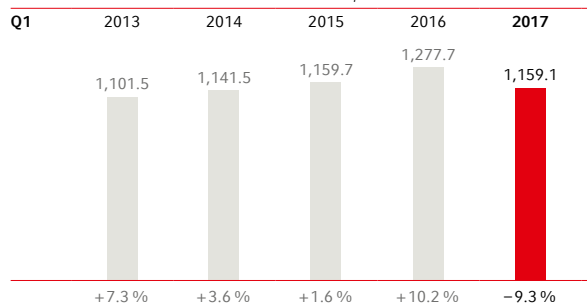
On the one hand, in the previous year, 2016, the first quarter was shaped by unusually strong growth for CEWE PHOTOBOOK, so that even the current trend – which represents more of a logical continuation of the year 2015 – amounts to a –9.3 % decline by comparison with the company's performance in 2016. The current decline, in the first quarter of 2017, by 119,000 CEWE PHOTOBOOKS produced to 1.159 million CEWE PHOTOBOOKS (Q1 2016: 1.278 million CEWE PHOTOBOOKS) therefore represents more of a logical continuation of the trend in the year before last, 2015 (Q1 2015: 1.160 million CEWE PHOTOBOOKS).



A further factor was the termination of deliveries to a business partner which had offered a scarcely adequate margin. The small US Internet presence Smilebooks, which has now been sold, had also contributed to the company's volume growth in the previous year. The decline in CEWE PHOTOBOOK volumes presumably also partly reflects the increase in the rate of value added tax charged on photo books in Germany and Austria. The company continuously analyses the demand trend for this product.

On the other hand, at the level of turnover factors such as the fine level of growth for CEWE WALL ART and other CEWE brand products have fully compensated for the decline in CEWE PHOTOBOOK turnover (see below), but have been unable to make up for this decrease in terms of the volume of sales/images, since in almost all cases for CEWE WALL ART and other CEWE brand products only one item at a time is added to the quantity statistics, while for photo books and the photos featured in them many more items are added with each order.

Number of CEWE PHOTOBOOKS in thousands of units



Change on previous year

Accordingly, in planning terms a volume share of around 20.5 % may be assumed, which is roughly stable by comparison with the year before last, 2015. On the basis of the goal for the year as a whole of 2.12 to 2.23 billion photos for 2017, the predicted volume for the first quarter is 0.435 to 0.457 billion photos. In this context, with 0.438 billion photos the first quarter has fallen within the expected range and thus confirms the company's target for the year of a volume trend of between -5 % and 0 % by comparison with the previous year.

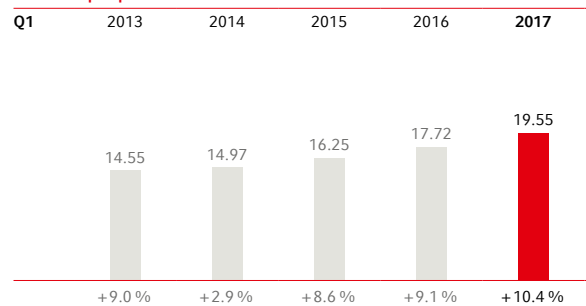
98 % of photos are digital

With the success of CEWE PHOTOBOOK and the other CEWE brands, digitalisation is increasingly approaching the 100 % mark. Following 98 % in the first quarter of 2016, in the quarter under review 98 % of all photos were once again digital in origin.

CEWE's positioning bolstered through ideal combination of "Internet ordering and retail outlet collection"

At 75 % (321 million photos), the proportion of digital photos

Turnover per photo in euro cents



Change on previous year

ordered via the Internet was in line with the previous year's level. 49 % of customers placing orders via the Internet opted to collect their completed orders from the retail outlets supplied by CEWE, while 51 % chose postal delivery. Customers thus collected a total of approx. 63 % of all photos (both analogue and digital, ordered via the Internet and over-the-counter) at retail outlets of CEWE's trading partners. This confirms the strength of CEWE's "bricks and clicks" positioning, i. e. a strategic combination of retail outlet and Internet-based sales.

Value-added products continue to strengthen Photofinishing turnover: turnover per photo increases by 10.4 %

In the quarter under review, CEWE brand and value-added products once again accounted for an increased share of overall turnover. The trend of higher-quality photo products thus continues to strengthen the turnover trend. Turnover per photo once again rose in the quarter under review: by 10.4 % from 17.72 euro cents per photo in the first quarter of 2016 to 19.55 euro cents per photo in the first quarter of 2017.

Photofinishing turnover within the expected range: 85.6 million euros (+0.1 % on same quarter in previous year)

At 85.6 million euros, Photofinishing turnover in the first quarter is very slightly higher than the turnover figure for the same quarter in the previous year of 85.5 million euros (+0.1 %). In its planning based on the continuing seasonal migration and the above-mentioned one-off momentum for CEWE PHOTOBOOK for the same quarter in the previous year, Q1 2016, CEWE had assumed Q1 Photofinishing

turnover of between 82 and 88 million euros for the current quarter under review. The realised Photofinishing turnover figure of 85.6 million euros is within this range and thus bears out the expectations for the first quarter as well as for the goal for the year.

Photofinishing confirms strong previous-year result and once again achieves positive EBIT figure

Until two years ago, a negative first-quarter EBIT figure always used to be typical for the start of a Photofinishing year. Due to the seasonal migration of Photofinishing business to the fourth quarter which has been apparent for some years now, the share of profits and the level of absolute income provided by the Christmas quarter are continuously increasing. The fourth quarter is stronger very largely at the expense of the second and third quarters of the year. Over a period of some years, the first quarter had achieved continuous slight improvements in its profitability, but until 2015 it had been unable to provide any positive earnings contribution due to strong residual fixed costs. Last year, in 2016, CEWE actually achieved a positive result for its Photofinishing business for the first time in CEWE's history. CEWE has now repeated this performance in the first quarter of the current year.

EBIT increased slightly in Q1: 1.3 million euros (Q1 2016: 1.2 million euros)

In the quarter under review, CEWE slightly improved the EBIT figure for its Photofinishing business unit on the previous year, by 0.1 million euros to 1.3 million euros (Q1 2016: 1.2 million euros).

This once again confirms the trend which has been intact for some years now: all in all, the changeover in the product mix away from individual photo prints towards value-added products such as CEWE PHOTOBOOK, CEWE CALENDARS, CEWE CARDS or CEWE WALL ART – which in the first quarter of this year has once again entailed increased marketing expenses – is generating growing profitability for CEWE’s core business.

EBIT figure adjusted for one-off factors actually 0.6 million euros higher than in same quarter in the previous year

In the quarter under review, as a one-off factor non-operating depreciation has arisen on the customer base and brand in the amount of approx. 0.1 million euros, due to the purchase price allocation for DeinDesign.

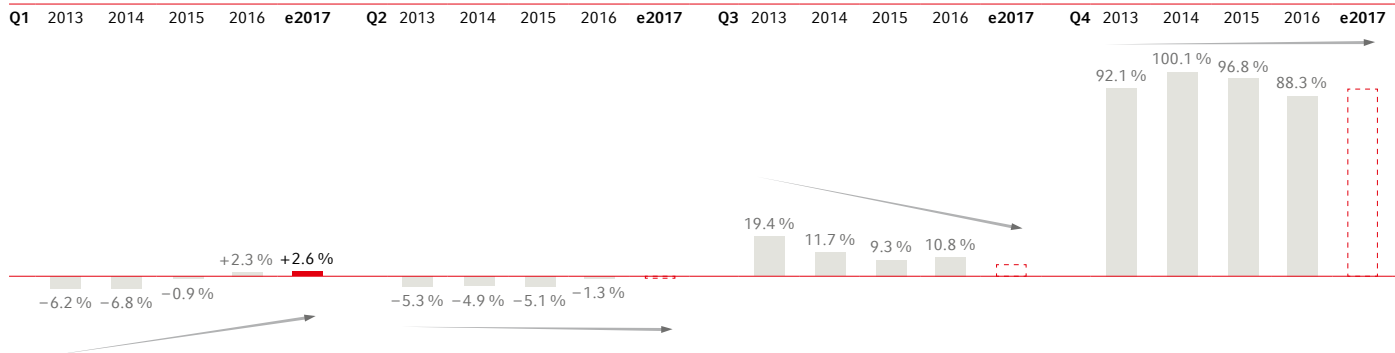
In the same quarter in the previous year, the proceeds of the sale of the US Internet presence “Smilebooks” in the amount

of 0.4 million euros were realised as one-off income. CEWE established a small Internet presence, “smilebooks.com”, a few years ago in the USA, in order to find out more about the US Internet market, which is slightly more advanced than the European market. In addition, non-operating depreciation resulting from the purchase price allocation of DeinDesign was recognised in the amount of 0.1 million euros.

Adjusted for these one-off factors, at 1.5 million euros the operating EBIT figure was actually approx. 0.6 million euros better than in the same quarter in the previous year (Q1 2016: 0.9 million euros).

In overall terms, Photofinishing profits are thus consistent with the annual target, as the graphic showing the seasonal distribution of Photofinishing’s EBIT figure makes clear.

EBIT prior to restructuring – seasonal distribution as % (incl. other taxes)



Commercial Online Printing business unit

- ▶ *Despite Brexit effects and strong growth in the previous year, turnover increases slightly, by 0.6 %: 20.6 million euros*
- ▶ *Q1 EBIT once again positive: 0.1 million euros (Q1 2016: 0.5 million euros)*

CEWE is already active in ten countries in its Commercial Online Printing business unit

Through its brands CEWE-PRINT, Saxoprint and Viaprinto, in Commercial Online Printing CEWE is now active in 10 countries: as well as online shops in Germany, the United Kingdom, France, Spain, Italy, Switzerland and Austria, CEWE currently also markets business stationery in the Netherlands, Belgium and Poland. It also has plans to expand into further European countries. The aim is to exploit CEWE's existing structures in these countries, so as to enter markets rapidly and successfully. Further general information on Commercial Online Printing may be found on pp. 79ff. of the Annual Report 2016.

Due to Brexit, Commercial Online Printing turnover increases only slightly in the first quarter, to 20.6 million euros

In the first quarter of 2017, the turnover of the Commercial Online Printing business unit increased from 20.4 million euros in the same quarter in the previous year to 20.6 million euros – a slight growth rate of 0.6 %.

Commercial Online Printing growth was subdued, above all, by the performance of the British market. Due to Brexit-induced demand and currency declines (10.3 % fall in the value

of the British pound against the euro since June 2016), in the United Kingdom the Commercial Online Printing business unit registered a fall in turnover in the first quarter of 2017. If one were to merely assume a stable volume of UK business as in the previous year, the Commercial Online Printing business unit would have ended the current first quarter with a mid-single digit growth rate for turnover.

Moreover, the changeover of the company's brand in the Netherlands and Belgium to the "Saxoprint" brand has resulted in a temporary stagnation of turnover there. By focusing on the Saxoprint brand, among other effects CEWE envisages increased advertising efficiency. In addition, business expansion has been hampered overall by unusually strong growth in the previous year, in January and February 2016, which is not typical of this time of year.

With its current performance, the Commercial Online Printing business unit is thus on track to achieve its target for the year 2017 of rising turnover in most markets.

EBIT already positive in the first quarter: 0.1 million euros

To date, the growth investments required for brand-building have strongly influenced this business unit's profit and loss account. For CEWE has exploited the profitability of its established Photofinishing core business unit in order to rapidly develop the high-potential growth field of Commercial Online Printing through intensive marketing. CEWE is thus generating a growing clientele in Commercial Online Printing which the company will continue to benefit from in future.



With an EBIT figure of 0.1 million euros, the Commercial Online Printing business unit has once again already realised a positive result in the first quarter of the year (Q1 2016: 0.5 million euros). Earnings currently also include non-operating expenses resulting from the purchase price allocation for the Saxoprint Group. In particular, they comprise amortisation on identified intangible assets. This amounted to –0.2 million euros in the first quarter of 2017. For the financial year 2017, overall this will entail expenses of approx. –0.7 million euros.



Adjusted for this non-operating effect associated with the purchase price allocation for Saxoprint's acquisition, Commercial Online Printing's EBIT in the first quarter of 2017 amounted to 0.3 million euros. This corresponds to an operating EBIT margin of 1.6 %.

The results for the Commercial Online Printing business unit in the first quarter of 2017 thus confirm the goal for the year of a positive earnings contribution (incl. the effects of the purchase price allocation for Saxoprint) to consolidated income. As in Photofinishing, in Commercial Online Printing the strongest month falls in the fourth quarter: in November, many business customers are preparing for their Christmas business and ramp up their orders of printed advertising media.

Retail business unit

- ▶ *Repositioning of Retail continues to pay off, improvement in earnings despite decline in turnover*
- ▶ *Stronger focus on margins and decline in market for SLR cameras reduce turnover volume: 11.8 million euros (Q1 2016: 12.8 million euros)*
- ▶ *EBIT slightly improved to –0.3 million euros (Q1 2016: –0.4 million euros)*

CEWE RETAIL has both retail outlets and online shops

CEWE operates multichannel retailing in Poland, the Czech Republic, Slovakia, Norway and Sweden in the form of retail outlets and online shops. CEWE RETAIL offers its customers an attractive selection of cameras, lenses, accessories and services as well as CEWE's entire Photofinishing range. The related turnover and earnings contribution provided by CEWE's photofinishing product range is reported in the Photofinishing business unit. Further general information on CEWE RETAIL may be found on pp. 81ff. of the Annual Report 2016.

Focus on margins and decline in market for high-quality cameras cause turnover to fall to 11.8 million euros

CEWE RETAIL's large and attractive product range and its strong customer focus are a key competitive factor. Moreover, in the past year CEWE repositioned its Retail business in Poland especially, more strongly focused on sales of Photo-finishing products (which are reported in the Photofinishing business unit) and introduced an optimised price strategy in order to improve margins for photo hardware.

Reflex camera business continued to decline in the first quarter of 2017. Moreover, it was the deliberate abandonment of low-margin turnover which in the current quarter under review reduced turnover in the Retail business unit by 8.0 % to 11.8 million euros, compared to 12.8 million euros in the same quarter in the previous year.

Further slight improvement of 0.1 million euros in EBIT

CEWE's successful repositioning – in Poland particularly – once again had a positive impact on earnings in the first quarter of 2017: cost savings were realised through the branch closures implemented last year as well as the adjustment of the company's business model. The focus on a higher-margin pricing policy also provided a positive contribution to the earnings situation. With an EBIT figure of –0.3 million euros, the Retail business unit improved slightly, by 0.1 million euros (Q1 2016: –0.4 million euros).

Other Activities business unit

Structural and company expenses, real estate and equity investments summarised in the Other Activities business unit.

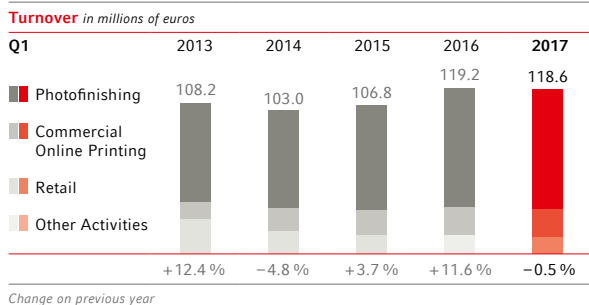
Since its reporting for the financial year 2015, CEWE has reported its structural and company costs as well as the result of its real estate holdings and equity investments in its Other Activities business unit.

Structural and company costs mainly comprise the costs associated with the company's Supervisory Board and committees as well as the costs of its general meetings and the costs of investor relations activities for all of the company's business units. The earnings generated by the Group company futalis are also reported in this business unit, since its business activities cannot be allocated to CEWE's other business units. As a premium brand, online at www.futalis.de futalis produces and markets highly personalised pet food which is tailored to each animal's specific veterinary requirements.

In the first quarter of 2017, in its Other Activities business unit CEWE realised turnover in the amount of 0.7 million euros (Q1 2016: 0.5 million euros). In the quarter under review, the EBIT contribution to consolidated income deriving from the expense items for structural and company costs and the result of real estate holdings and equity investments amounted to –0.5 million euros (Q1 2016: –0.7 million euros). This includes amortisation of intangible assets amounting to –0.1 million euros in the current period under review and also in the same quarter in the previous year, for the purchase price allocation recognisable in accordance with the IFRS for the investment acquired in futalis.

Consolidated profit and loss account

- ▶ *Group turnover in the first quarter amounts to 118.6 million euros (Q1 2016: 119.2 million euros)*
- ▶ *Consolidated income once again already positive in the first quarter: EBIT stable at 0.6 million euros*



Group turnover reaches 118.6 million euros in the first quarter

Die leichten Umsatzzuwächse in den Geschäftsfeldern Fotofinishing und Kommerzieller Online-Druck konnten den The slight turnover growth in the Photofinishing and Commercial Online Printing business units was unable to fully make up for the

decline in turnover in the Retail business segment. In the first quarter of 2017, this resulted in Group turnover **1** of 118.6 million euros (Q1 2016: 119.2 million euros).

Changes in individual P & L items largely reflect business trend

The change in the item “Change in inventories” **2** reflects a weaker decline in the volume of finished and unfinished goods than in the previous year. The decline in other operating income **3** is attributable to accounting events in the same quarter in the previous year: the first quarter of 2016 includes the one-off income from the sale of the company’s US Internet presence Smilebooks (which has already been outlined in the chapter on the Photofinishing business unit) as well as income from the disposal of fixed assets. The cost of materials **4** has decreased on business-related grounds, in particular due to the decline in retail activity. The cost of sales ratio has thus improved to 28.4 % (Q1 2016: 30.1 %). The slight absolute increase in personnel expenses **5** has resulted from new hirings in the Photofinishing and Commercial Online Printing business units as well as the company’s acquisitions of start-ups. Other operating expenses **6** have increased slightly. The absolute increase in this position has mainly resulted from higher marketing costs. In

EBIT by business unit in millions of euros	Q1 2013	Q1 2014	Q1 2015	Q1 2016	Q1 2017
Photofinishing	-4.7	-2.7	-0.8	1.2	1.3
Retail	-0.7	-0.7	-1.1	-0.4	-0.3
Commercial Online Printing	-1.2	-1.2	-1.3	0.5	0.1
Other Activities	0.0	0.4*	-0.3*	-0.7*	-0.5
Group	-6.5	-4.2	-3.5	0.6	0.6

* The reference figures have been restated.

regard to the depreciation figure **7**, the trend for the depreciation ratio has failed to match the turnover trend.

Group EBIT once again already positive in the first quarter: 0.6 million euros

At 0.6 million euros, the Group EBIT figure reported for the quarter under review is stable by comparison with the same quarter in the previous year. Following its result in 2016, CEWE has thus been able to complete the first quarter of the year with a positive EBIT figure for the second time in the company's history. Due to strong residual fixed costs, on seasonal grounds it

was entirely normal in the photo industry – and for CEWE, too, up to 2015 – to report negative earnings in the first quarter.

Before the one-off factors described in the chapters on the business units, the consolidated operating EBIT figure has improved by 0.1 million euros to 1.0 million euros (adjusted EBIT for Q1 2016: 0.9 million euros).

Group tax rate of 28.3 %

Due to the positive EBT in the first quarter, tax expenses **8** amount to 0.2 million euros. The company's tax rate is 28.3 %.

Consolidated profit and loss account <i>in millions of euros</i>	Q1 2016	as % of turnover	Q1 2017	as % of turnover	Change as %	Change in millions of euros
Revenues	119.2	100 %	118.6	100 %	-0.5 %	-0.6 1
Increase/decrease in finished and unfinished goods	-0.7	-0.5 %	-0.2	-0.2 %	+70.5 %	+0.5 2
Other own work capitalised	0.1	0.1 %	0.3	0.2 %	+119 %	+0.1
Other operating income	5.2	4.4 %	4.4	3.7 %	-16.5 %	-0.9 3
Cost of materials	-35.9	-30.1 %	-33.7	-28.4 %	+6.2 %	+2.2 4
Gross profit	88.0	73.8 %	89.4	75.3 %	+1.6 %	+1.4
Personnel expenses	-36.4	-30.6 %	-37.9	-32.0 %	-4.2 %	-1.5 5
Other operating expenses	-41.9	-35.2 %	-42.3	-35.7 %	-0.8 %	-0.3 6
EBITDA	9.6	8.1 %	9.1	7.7 %	-5.3 %	-0.5
Depreciation	-9.0	-7.5 %	-8.5	-7.2 %	+5.0 %	+0.5 7
EBIT	0.6	0.5 %	0.6	0.5 %	-9.0 %	-0.1
Financial income	0.0	0.0 %	0.1	0.1 %	+261 %	+0.1
Financial expenses	-0.1	-0.1 %	-0.1	-0.1 %	+32.4 %	+0.0
EBT	0.6	0.5 %	0.7	0.6 %	+14.5 %	+0.1
Income taxes	-0.2	-0.2 %	-0.2	-0.2 %	-1.1 %	-0.0 8
Earnings after taxes	0.4	0.3 %	0.5	0.4 %	+20.8 %	+0.1

Employees

Increase in number of employees to 3,433

At the end of March 2017, the number of employees of the CEWE Group was at 3,433 slightly higher than in the previous year (3,303 employees).

On the one hand, the increase in employees has resulted due to new hirings in the Photofinishing and Commercial Online Printing production divisions. On the other hand, CEWE has slightly increased its personnel for central functions such as research and development and marketing/product management by comparison with the previous year and hired some new employees within the scope of the development of its start-ups DeinDesign and futalis.

Employees by business unit <i>(as of reporting date)</i>	Q1 2016	Q1 2017	Change
Photofinishing	2,154	2,238	+3.9 %
Retail	526	539	+2.5 %
Commercial Online Printing	573	607	+5.9 %
Other Activities	40	49	+22.5 %
Group	3,293	3,433	+4.3 %

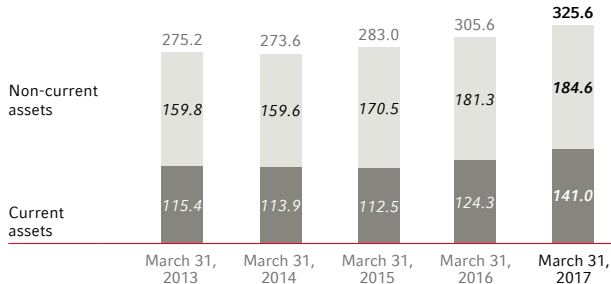
Net assets and financial position

- ▶ *Positive business factors result in year-on-year increase in total assets*
- ▶ *Solid balance sheet: equity ratio increases to 63.2 %*
- ▶ *Lower volume of trade receivables results in decline in operating net working capital*

The following comments on the balance sheet mainly refer to the development of the management balance sheet during the quarter under review. They are preceded by a section detailing general balance sheet trends by comparison with March 31, 2016.

Balance sheet in millions of euros

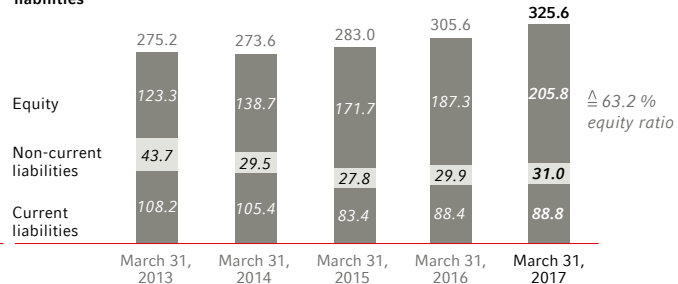
Assets



Positive business factors result in year-on-year increase in total assets

While the balance sheet as of March 31, 2016 was strongly affected by consolidation of these acquisitions, as of March 31, 2017 it has been influenced by the positive business factors. Non-current assets have risen by 3.3 million euros to 184.6 million euros due to investments, while current assets have increased on grounds of liquidity by 16.7 million euros to 141.0 million euros.

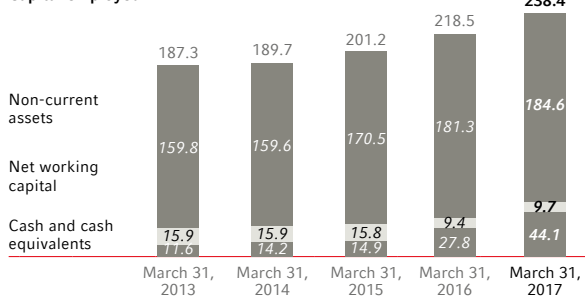
Equity and liabilities



Solid balance sheet: equity ratio increases to 63.2 %

Equity has increased by 18.5 million euros by comparison with March 31, 2016 and amounts to 205.8 million euros. In particular, this reflects positive comprehensive income over the past twelve months in the amount of 30.0 million euros. The company's equity ratio has risen by almost two percentage points to 63.2 %.

In the same period, the Group's debt increased by just 1.5 million euros to 119.8 million euros. While non-current liabilities have increased by 1.0 million euros to 31.0 million euros, current liabilities have risen by 0.4 million euros to 88.8 million euros.

Management balance sheet figures in millions of euros**Capital employed****Capital employed increases by 19.9 million euros year-on-year**

On March 31, 2017, the volume of capital employed totalled 238.4 million euros and was thus 19.9 million euros higher than in the previous year. The non-current assets included in this figure increased by 3.3 million euros to 184.6 million euros. This was mainly due to investments. The goodwill amortisation which is necessary due to impairment testing has had a dampening effect (cf. consolidated management report for the financial year 2016: p. 91). Net working capital totalled 9.7 million euros and was thus only 0.3 million euros higher than in the previous year. With an increase of 16.3 million euros to 44.1 million euros, the cash and cash equivalents item is the key factor in the growth of the volume of capital employed.

Capital employed in millions of euros	Dec. 31, 2016	% of CE	Mar. 31, 2017	% of CE	Change as %	Change in millions of euros
Non-current assets	188.6	80.5 %	184.6	77.4 %	-2.1 %	-4.0 ²
+ Net working capital	-2.9	-1.2 %	9.7	4.1 %	—	+12.6 ³
+ Cash and cash equivalents	48.6	20.7 %	44.1	18.5 %	-9.2 %	-4.5 ⁴
Capital employed	234.2	100 %	238.4	100 %	+1.8 %	+4.2 ¹

Since the start of the quarter, the volume of capital employed has increased by 4.2 million euros ¹. Non-current assets have been reduced by 4.0 million euros ² and net working capital has increased by 12.6 million euros ³, while the volume of cash and cash equivalents has decreased by 4.5 million euros ⁴.

Langfristige Vermögenswerte <i>in millions of euros</i>	Dec. 31, 2016	% of CE	Mar. 31, 2017	% of CE	Change as %	Change in millions of euros
Property, plant and equipment	124.5	53.2 %	121.1	50.8 %	-2.7 %	-3.4 ⁶
Investment properties	4.9	2.1 %	4.8	2.0 %	-1.9 %	-0.1
Goodwill	25.8	11.0 %	25.8	10.8 %	—	+0.0
Intangible assets	19.2	8.2 %	18.6	7.8 %	-3.5 %	-0.7 ⁷
Financial assets	6.2	2.6 %	6.4	2.7 %	+4.1 %	+0.3
Non-current financial assets	0.5	0.2 %	0.5	0.2 %	-3.6 %	-0.0
Non-current other receivables and assets	0.6	0.3 %	0.6	0.2 %	-5.1 %	-0.0
Deferred tax assets	6.8	2.9 %	6.8	2.8 %	+0.1 %	+0.0
Non-current assets	188.6	80.5 %	184.6	77.4 %	-2.1 %	-4.0 ⁵

In the quarter under review, non-current assets ⁵ declined by 4.0 million euros – particularly since seasonal investments fell short of the depreciation figure. The company has invested 0.1 million euros in offset printing and finishing, 0.9 million euros in digital printing and finishing, 0.5 million euros

in point-of-sale presences, 0.5 million euros in IT infrastructure and 1.2 million euros in various items of property, plant and equipment ⁶. Investments in intangible assets ⁷ amounted to 1.1 million euros and mainly related to software.

Net working capital <i>in millions of euros</i>	Dec. 31, 2016	% of CE	Mar. 31, 2017	% of CE	Change as %	Change in millions of euros
Operating net working capital	37.5	16.0 %	35.9	15.0 %	-4.3 %	-1.6
Other net working capital	-40.4	-17.2 %	-26.1	-11.0 %	+35.3 %	+14.2
Net working capital	-2.9	-1.2 %	9.7	4.1 %	—	+12.6 ⁸

The increase in net working capital ⁸ has resulted from the seasonal decrease in operating net working capital as well as the increase in other net working capital, which likewise reflects seasonal factors.

Operating net working capital <i>in millions of euros</i>	Dec. 31, 2016	% of CE	Mar. 31, 2017	% of CE	Change as %	Change in millions of euros
Inventories	49.4	21.1 %	46.3	19.4 %	-6.3 %	-3.1 ¹⁰
+ Current trade receivables	84.2	35.9 %	35.6	14.9 %	-57.7 %	-48.5 ¹¹
Operating gross working capital	133.5	57.0 %	81.9	34.3 %	-38.7 %	-51.6
- Current trade payables	96.1	41.0 %	46.0	19.3 %	-52.1 %	-50.0 ¹²
Operating net working capital	37.5	16.0 %	35.9	15.0 %	-4.3 %	-1.6 ⁹

Lower volume of trade receivables results in decline in operating net working capital

During the quarter under review, operating net working capital ⁹ decreased by 1.6 million euros to 35.9 million euros. The scope of operating net working capital was at 27 days higher than the level of 25 days reached on the same date in the 1st quarter of 2016. Due to seasonal factors, CEWE has hugely reduced its inventories ¹⁰ by 3.1 million euros to 46.3 million euros and its trade receivables ¹¹ associated with year-end

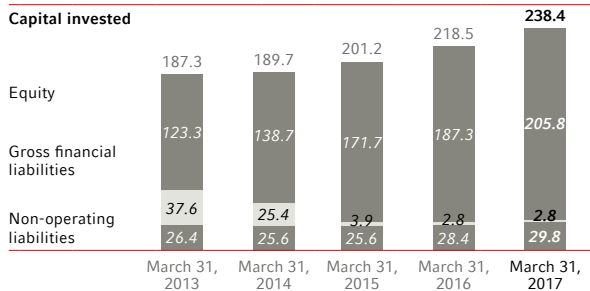
business by 48.5 million euros to 35.6 million euros. While the average payment period has fallen from 30 days in the 1st quarter of 2016 to a current period of 27 days, due to the significant reduction in the volume of receivables, the scope of inventories has increased from 33 days in the 1st quarter of 2016 to 35 days. This mainly reflects the hardware-related decrease in turnover in the Retail business unit. On the other hand, trade payables ¹² have decreased by 50.0 million euros to 46.0 million euros due to the usual seasonal factors.

Other net working capital <i>in millions of euros</i>	Dec. 31, 2016	% of CE	Mar. 31, 2017	% of CE	Change as %	Change in millions of euros
Non-current assets held for sale	0.5	0.2 %	0.5	0.2 %	—	+0.0
+ Current receivables from income tax refunds	1.3	0.6 %	4.1	1.7 %	+208 %	+2.7 ¹⁴
+ Current financial assets	3.0	1.3 %	2.5	1.0 %	-17.2 %	-0.5
+ Other current receivables and assets	5.5	2.3 %	7.9	3.3 %	+45.4 %	+2.5 ¹⁵
Other gross working capital	10.3	4.4 %	15.0	6.3 %	+45.6 %	+4.7
- Current tax liabilities	11.3	4.8 %	11.0	4.6 %	-2.5 %	-0.3
- Current other accruals	3.5	1.5 %	3.5	1.5 %	-0.5 %	-0.0
- Current financial liabilities	1.5	0.6 %	1.0	0.4 %	-30.8 %	-0.4
- Current other liabilities	34.5	14.7 %	25.7	10.8 %	-25.5 %	-8.8 ¹⁶
Other current liabilities	50.7	21.6 %	41.2	17.3 %	-18.8 %	-9.5
Other net working capital	-40.4	-17.2 %	-26.1	-11.0 %	+35.3 %	+14.2 ¹³

Other net working capital continues to contribute to financing

Since December 31, 2016, other net working capital ¹³ has increased by 14.2 million euros and has provided a contribution of -26.1 million euros to the company's financing. This growth is attributable to various factors: as of the quarterly reporting date, income tax prepayments ¹⁴ have been capitalised in the balance sheet and eliminated from tax expenses shown in the profit and loss account. Prepaid expenses have

been shown for prepayments recognised as expenses in other quarters, and value added tax claims have resulted on fixed assets purchases as of the reporting date ¹⁵. At the same time, current other liabilities ¹⁶ have been reduced due to settlement of the high value-added tax payment burden as of the end of the year and through settlement of wage and salary liabilities resulting from outstanding vacation and bonuses.

Management balance sheet figures in millions of euros**Capital invested: increase in equity – Group's debt remains at a low level**

On March 31, 2017, the capital invested – identical with the capital employed – totalled 238.4 million euros and was thus 19.9 million euros higher than in the previous year. The equity capital included in this figure has increased by 18.5 million euros to 205.8 million euros. The Group's gross financial liabilities continued to amount to 2.8 million euros, while non-operating liabilities increased by 1.4 million euros to 29.8 million euros.

Capital invested in millions of euros	Dec. 31, 2016	% of CE	Mar. 31, 2017	% of CE	Change as %	Change in millions of euros
Equity	204.9	87.5 %	205.8	86.3 %	+0.5 %	+0.9 2
Non-current accruals for pensions	25.5	10.9 %	25.9	10.9 %	+1.8 %	+0.5 3
Non-current deferred tax liabilities	2.9	1.2 %	3.1	1.3 %	+7.4 %	+0.2 4
Non-current financial liabilities	0.2	0.1 %	0.2	0.1 %	—	+0.0
Non-current other liabilities	0.5	0.2 %	0.5	0.2 %	-5.2 %	-0.0
Non-operating liabilities	29.1	12.4 %	29.8	12.5 %	+2.3 %	+0.7
Non-current interest-bearing financial liabilities	0.0	0.0 %	1.2	0.5 %	—	+1.2
+ Current interest-bearing financial liabilities	0.2	0.1 %	1.7	0.7 %	+688 %	+1.4
Gross financial liabilities	0.2	0.1 %	2.8	1.2 %	>+1,000 %	+2.6 5
Capital invested	234.2	100 %	238.4	100 %	1.8 %	+4.2 1

In the quarter under review, the volume of capital invested ¹ increased by 4.2 million euros. Equity ² has increased by 0.9 million euros. This mainly comprises earnings after taxes in the amount of 0.5 million euros, income and expenses not affecting net income in the amount of 0.2 million euros and additions to reserves for stock option plans in the amount of

0.2 million euros. Non-operating liabilities have increased slightly due to the amount added to the pension accruals ³ and to the deferred tax liabilities determined at a flat rate as of the quarterly reporting dates ⁴. The increase in gross financial liabilities ⁵ has resulted due to the take-up of funds.

Net cash position <i>in millions of euros</i>	Dec. 31, 2016	% of CE	Mar. 31, 2017	% of CE	Change as %	Change in millions of euros
Gross financial liabilities	0.2	0.1 %	2.8	1.2 %	>+1,000 %	+2.6
+ Cash and cash equivalents	48.6	20.7 %	44.1	18.5 %	-9.2 %	-4.5
Net cash position	-48.3	—	-41.3	—	-14.7 %	+7.1

Net cash position decreases by 7.1 million euros to 41.3 million euros
The company's net cash position has decreased by 7.1 million euros to 41.3 million euros ⁶. As well as the 2.6 million euros increase in financial liabilities, which now amount to 2.8 million euros ⁷, this also reflected the seasonal decrease in cash and cash equivalents by a further 4.5 million euros to

44.1 million euros ⁸. This is consistent with the normal liquidity trend: the cash and cash equivalents position is maximised as of December 31 of each year and subsequently run down over the course of the year due to operational expenditure, investments and dividends.

Cash flow

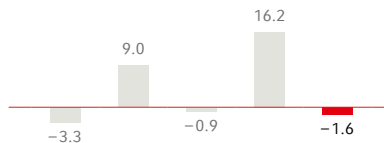
- ▶ Working capital causes cash flow from operating activities to decline to –1.6 million euros
- ▶ Decrease in net cash used in investing activities
- ▶ Working capital causes free cash flow to decline to –7.0 million euros

Working capital causes free cash flow to decline to –7.0 million euros

Due to the decrease in cash flow from operating activities to –1.6 million euros and the reduction in cash outflows from investments to –5.5 million euros, free cash flow declined by 17.0 million euros to –7.0 million euros.

Cash flow from operating activities in millions of euros

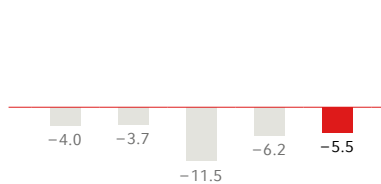
Q1 2013 2014 2015 2016 2017



-13.3% — — — —

Cash flow from investing activities in millions of euros

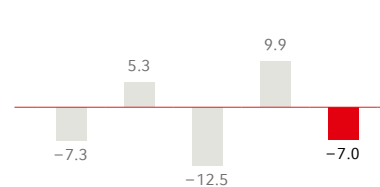
Q1 2013 2014 2015 2016 2017



+85.4% +7.5% -209% +45.9% +12.0%

Free cash flow in millions of euros

Q1 2013 2014 2015 2016 2017



+75.9% — — — —

Cash flow from operating activities <i>in millions of euros</i>	Q1 2016	Q1 2017	Change as %	Change in millions of euros
EBITDA	9.6	9.1	-5.3 %	-0.5
+/- Non-cash factors	-0.5	0.6	—	+1.1
+ Decrease in operating net working capital	17.6	2.9	-83.5 %	-14.7
- Increase in other net working capital	-8.6	-11.2	-30.0 %	-2.6
- Taxes paid	-2.0	-3.0	-49.2 %	-1.0
= Cash flow from operating activities	16.2	-1.6	—	-17.7

Working capital causes cash flow from operating activities to decline to -1.6 million euros

In the first quarter of 2017, at -1.6 million euros cash flow from operating activities **1** was 17.7 million euros lower than in the same period in the previous year (16.2 million euros). As well as operating net working capital – which at 2.9 million euros has released 14.7 million euros less in cash than in the same period in the previous year – at 11.2 million euros other net working capital tied up 2.6 million euros more in cash. The decline in cash flow for operating net working capital **2** was mainly attributable to the payments already made by various business partners in 2016, which were accordingly missing in the 1st quarter of 2017. In addition, the settlement of the downstream conditions for business partners, which

have increased due to the higher volume of turnover in 2016, resulted in cash outflows. The seasonal rundown of inventories – particularly in the Retail business unit – has slowed down and thus likewise tied up more cash. On the basis of a higher volume of trade payables as of December 31, 2016 than in the previous year, suppliers received a higher volume of cash and cash equivalents due to seasonal factors. In the other net working capital item, increased value added tax payments and payments to the company's employees resulted in a higher rate of cash absorption **3**. In the quarter under review, income tax payments increased by 1.0 million euros on the same quarter in the previous year, on account of earnings, and amounted to -3.0 million euros **4**.

Cash flow from investing activities <i>in millions of euros</i>	Q1 2016	Q1 2017	Change as %	Change in millions of euros
- Outflows from investments in fixed assets	-7.4	-5.4	+26.3 %	+1.9 ⁶
- Outflows from investments in financial assets	-0.1	-0.3	-211 %	-0.2 ⁸
+/- Inflows (+)/Outflows (-) from investments in non-current financial instruments	-0.0	0.1	—	+0.1 ⁹
+ Inflows from the sale of property, plant and equipment and intangible assets	1.2	0.1	+94.2 %	-1.2 ⁷
= Cash flow from investing activities	-6.2	-5.5	+12.0 %	+0.8 ⁵

Decrease in net cash used in investing activities

In the first quarter, net cash used in investing activities ⁵ decreased by 0.8 million euros to 5.5 million euros. At 5.4 million euros, the outflows due to investments in fixed assets ⁶ were 1.9 million euros lower than in the same quarter in the previous year. In the previous year, a cash inflow of 1.2 million euros resulted due to the disposal of fixed assets of the company. In

the current quarter under review, this amounted to just 0.1 million euros ⁷. As in the same quarter in the previous year, only minor investments have been made in financial assets ⁸ and financial instruments ⁹.

Return on capital employed

- ▶ Average capital employed increased to 226.2 million euros, on grounds of liquidity
- ▶ ROCE significantly increased to 20.8 %

Average capital employed increased to 226.2 million euros, on grounds of liquidity

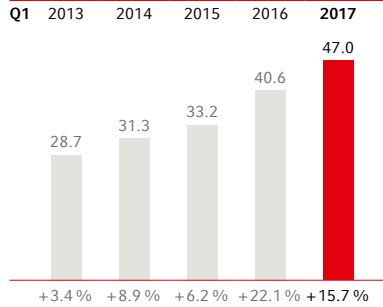
As of March 31, 2017, the capital employed figure was 238.4 million euros and thus 4.2 million euros higher than as of December 31, 2016. This reflects the seasonal nature of business. On March 31, 2017, at 226.2 million euros the average capital employed – calculated on the basis of the four quarterly reporting dates within a given 12-month period – was thus 9.9 million euros higher than in the previous year. This increase is mainly due

to the investing activities of the CEWE Group and the strong level of liquidity.

ROCE significantly increased to 20.8 %

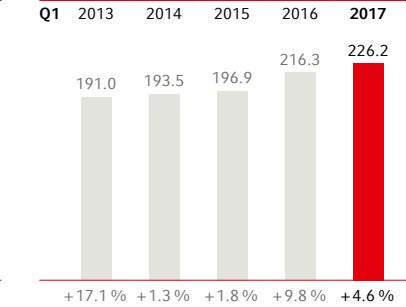
The return on capital employed (ROCE) – a ratio indicating the return on capital – has risen from 18.8 % to 20.8 % since March 31, 2016. The value of 20.8 % reflects a twelve-month EBIT figure of 47.0 million euros and an average volume of capital employed of 226.2 million euros. Despite the higher capital employed figure, the yield has continued to increase due to the rise in earnings for the EBIT figure. As outlined on page 100 of the Annual Report 2016, all three of the company’s strategic business units have provided a positive contribution to its profitability through their earnings trends.

12-month EBIT
in millions of euros

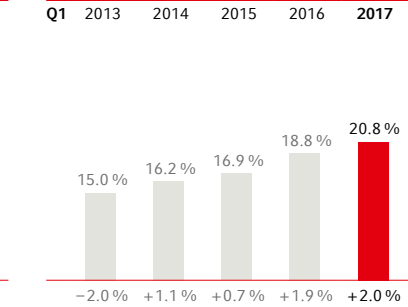


Change on previous year

Average capital employed over past 4 quarters in millions of euros



ROCE
as %



FORECAST, OPPORTUNITIES AND RISK REPORT

Risks and opportunities

The consolidated management report for the financial year 2016 outlines the key risks and opportunities associated with the envisaged development of the CEWE Group. Ongoing systematic risk monitoring and control measures implemented by the Group's risk management have not identified any risks which, individually or collectively, are liable to jeopardise the Group's status as a going concern. You will find further information on pp. 112ff. of the Annual Report 2016.

Forecast for 2016

As of the preparation of this interim report, there have not been any changes in relation to the key statements provided in the company's Annual Report 2016 concerning its long-term business development, market focus, innovation, its assessment of the overall economic conditions and the company's far-reaching independence from economic trends (cf. pp. 119ff. of the Annual Report 2016). Our assessments of the development of our three business units Photofinishing, Retail and Commercial Online Printing likewise continue to apply as before (cf. pp. 121ff. of the Annual Report 2016).

Higher rate of value added tax on photo books in Germany applicable from 2017

A non-objection regulation deferred until December 31, 2016 the increase in the rate of value added tax on photo books in Germany from 7 % to 19 %. This rise was originally due to come into effect on December 25, 2015. The regulation in question is now no longer applicable. Accordingly, since January 1, 2017 photo books have been subject to a 19 % rate of value added tax, instead of the previous 7 % rate. On the basis of the higher rate of value added tax, CEWE currently assumes an EBIT burden of between 0 euros and a high seven-digit figure at the most, e.g. due to a possible fall in demand resulting from consumer price increases. This is included in the earnings target forecast.

EBIT earnings target range in 2017: +5 million euros

Despite the increased rate of value added tax on photo books, on average Group turnover will increase slightly in 2017, from 593.1 million euros in the previous year, 2016, to between 585 million euros and 615 million euros. The turnover trend in Photofinishing will be roughly stable or pick up slightly, while turnover in the Retail business unit will be more or less constant or else decrease slightly and Commercial Online Printing will achieve further turnover growth in most markets, with the possible exception of the British market following the Brexit decision (cf. the “Commercial Online Printing business unit” chapter in the Annual Report 2016 and the Q1 2017 Interim Report).

Group EBIT will fall within a range of between 45 million euros and 51 million euros, the EBT figure will amount to between 44.5 million euros and 50.5 million euros and earnings after tax to between 30 million euros and 34 million euros.

This corresponds to an increase of approx. 5 million euros in the scope of the operating EBIT results by comparison with the goals for 2016.

The ROCE should nonetheless decline slightly, since a further increase in the average level of capital employed included in this calculation may be expected, until a period of one year has elapsed since the increases which are already apparent.

The investments planned for 2017 will amount to approx. 55 million euros.

Goal for 2017		Change on previous year
Digital photos	2.08–2.18 billion units	–4 % to 0 %
Photos from film	0.040–0.045 billion units	–29 % to –20 %
Total volume of photos	2.12–2.23 billion units	–5 % to 0 %
CEWE PHOTOBOOKS	6.00–6.25 million units	–3 % to +1 %
Investments*	55 million euros	—
Turnover	585–615 million euros	+1 % to +4 %
EBIT	45–51 million euros	–4 % to +8 %
Earnings before taxes (EBT)	44.5–50.5 million euros	–4 % to +9 %
Earnings after tax	30–34 million euros	0 % to +13 %
Earnings per share	4.23–4.81 euros/unit	0 % to +14 %

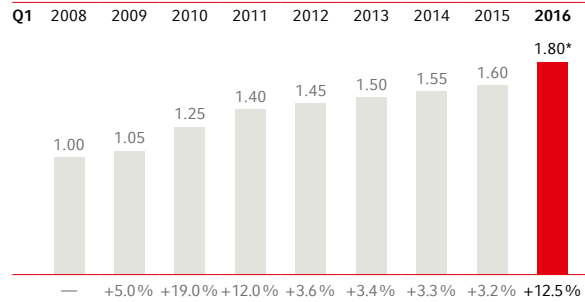
* Operational investments excl. possible investments in expansion of the Group's volume of business, e. g. corporate acquisitions or purchasing of customer bases

Minimum goal of dividend continuity

In general, CEWE pursues the goal of dividend continuity where this appears appropriate in view of the company's economic situation and the available investment opportunities. At the same time, the company's shareholders are to share in increased income. This policy clearly focuses on the absolute dividend value, with the payout ratio as a secondary element.

In a joint proposal with the Board of Management, at the general meeting which will be held on May 31, 2017 the Supervisory Board will propose a dividend increase to 1.80 euros per share conferring a dividend entitlement for the financial year 2016. This increase is the eighth consecutive dividend increase: since 2008, the dividend issued by CEWE has risen continuously, year-on-year, from 1.00 euros per share to the current figure of 1.80 euros.

Dividend in euros



* Dividend proposal of the Board of Management and the Supervisory Board for the general meeting on May 31, 2017

GLOSSARY



Please note:
Where digital photos are referred to in this interim report, figures include CEWE PHOTOBOOK prints and the images included in photo gifts.

As a rule, all figures are calculated as precisely as possible and are rounded off in the tables in line with applicable commercial procedures. This rounding-off may give rise to discrepancies, particularly in totals lines.

Borrowed capital

The total value reported as non-current and current liabilities under equity and liabilities

Capital employed (CE)

Net working capital plus non-current assets and cash and cash equivalents

Capital invested (CI)

Equity plus non-operating liabilities and gross financial liabilities

Days working capital

Term of net working capital in days, measured in relation to turnover in the past quarter

EBIT

Earnings before interest and taxes

EBITDA

Earnings before interest, taxes, depreciation and amortisation

EBT

Earnings before taxes

Equity

The residual claim to the net assets remaining after deduction of liabilities according to IAS 32

Equity ratio

Equity as a share of total capital; the ratio of equity to the balance sheet total

Fixed assets

Property, plant and equipment plus real estate held as financial investments, goodwill, intangible assets and financial assets

Free cash flow

Cash flow from operating activities less cash flow from investing activities (both according to the cash flow statement)

Free float

The proportion of the company's freely tradable shares on the market

Gross cash flow

Earnings after taxes plus amortisation on intangible assets and depreciation on property, plant and equipment

Gross financial liabilities

Total of non-current interest-bearing financial liabilities and current interest-bearing financial liabilities; cf. interest-bearing financial liabilities

Gross working capital

Current assets without cash and cash equivalents

Interest-bearing financial liabilities

Non-current and current interest-bearing financial liabilities shown as such, without rights to repayment subject to interest shown in the balance sheet under other credit lines

Liquidity ratio

Ratio of cash and cash equivalents versus the balance sheet total

Net cash flow

Gross cash flow less investments

Net cash position/net financial liabilities

Non-current interest-bearing financial liabilities plus current interest-bearing financial liabilities less cash and cash equivalents; this represents a net cash position in case of a negative difference, and otherwise net financial liabilities

Net working capital

Current assets excl. cash and cash equivalents less current liabilities excl. current special items for investment grants and excl. current interest-bearing financial liabilities

Non-operating liabilities

Current and non-current special items for investment grants, non-current provisions for pensions, non-current deferred tax liabilities, other non-current provisions, non-current financial liabilities and other non-current liabilities

NOPAT

EBIT less income taxes and other taxes

Operating net working capital

Inventories plus current trade receivables less current trade payables

Other current liabilities

Current provisions for taxes, other current provisions, other current financial liabilities and other current liabilities

Other gross working capital

Assets held for sale, current receivables from income tax refunds, other current financial assets and other current receivables and assets

Other net working capital

Other gross working capital less other current liabilities

Other operating cash flows

Changes resulting from taxes paid as well as proceeds from interest received

P&L

Profit and loss account

POS

The points of sale are the retail outlets of the company's business partners and also its own retail branches

Return on capital employed (ROCE)

The ratio of earnings before interest and taxes (EBIT) versus the capital employed; in general, the twelve-month perspective is chosen for the calculation of a rolling annual return on investment

Return on capital employed (ROCE) before restructuring

The ratio of earnings before interest and taxes (EBIT) – adjusted for restructuring expenses – versus the capital employed

Return on capital employed

See return on capital employed

Working capital-induced cash flow

Changes resulting from net working capital

03

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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A man with curly brown hair, wearing a grey blazer over a white t-shirt and dark blue trousers, is sitting on a grey sofa. He is smiling broadly and holding a silver photo album open in his lap. The background shows a bright, modern living room with large windows and a green plant.

My
cewe photobook
My Life

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for Q1 2016 and 2017 of CEWE Stiftung & Co. KGaA

<i>Figures in thousands of euros</i>	Q1 2016	Q1 2017	Change
Revenues	119,174	118,598	-0.5 %
Increase/decrease in finished and unfinished goods	-650	-192	70.5 %
Other own work capitalised	119	261	119 %
Other operating income	5,246	4,383	-16.5 %
Cost of materials	-35,902	-33,693	6.2 %
Gross profit	87,987	89,357	1.6 %
Personnel expenses	-36,412	-37,947	-4.2 %
Other operating expenses	-41,940	-42,285	-0.8 %
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	9,635	9,125	-5.3 %
Amortisation of intangible assets, depreciation of property, plant and equipment	-8,988*	-8,536	5.0 %
Earnings before interest and taxes (EBIT)	647	589	-9.0 %
Financial income	41	148	261 %
Financial expenses	-108	-73	32.4 %
Financial result	-67	75	212 %
Earnings before taxes (EBT)	580	664	14.5 %
Income taxes	-186*	-188	-1.1 %
Earnings after taxes (attributable to the shareholders of CEWE KGaA)	394	476	20.8 %
Earnings per share (in euros)			
undiluted	0.06*	0.07	21.0 %
diluted	0.06*	0.07	19.6 %

* The reference figures have been restated, as outlined on page 58 f.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for Q1 2016 and 2017 of CEWE Stiftung & Co. KGaA

<i>Figures in thousands of euros</i>	Q1 2016	Q1 2017	Change
Earnings after taxes	394*	476	20.8 %
Difference resulting from currency translation	-182	230	—
Amounts which may be reclassified to the profit and loss account in future periods	-182	230	—
Other comprehensive income	-182	230	—
Comprehensive income	212	706	233 %

* The reference figures have been restated, as outlined on page 58 f.

CONSOLIDATED BALANCE SHEET

as of March 31, 2017 of CEWE Stiftung & Co. KGaA

ASSETS	<i>Figures in thousands of euros</i>	Mar. 31, 2016	Mar. 31, 2017	Change
Property, plant and equipment		107,034	121,137	13.2 %
Investment properties		5,066	4,824	-4.8 %
Goodwill		32,675*	25,839	-20.9 %
Intangible assets		21,920*	18,573	-15.3 %
Financial assets		4,339	6,427	48.1 %
Non-current receivables from income tax refunds		536	0	—
Non-current financial assets		1,858	461	-75.2 %
Non-current other receivables and assets		590	575	-2.5 %
Deferred tax assets		7,255*	6,779	-6.6 %
Non-current assets		181,273	184,615	1.8 %
Inventories		43,218	46,276	7.1 %
Current trade receivables		39,207	35,619	-9.2 %
Current receivables from income tax refunds		3,162	4,058	28.3 %
Current financial assets		2,634	2,497	-5.2 %
Other current receivables and assets		7,127	7,941	11.4 %
Cash and cash equivalents		27,825	44,081	58.4 %
		123,173	140,472	14.0 %
Non-current assets held for sale		1,158	525	-54.7 %
Current assets		124,331	140,997	13.4 %
Assets		305,604	325,612	6.5 %

* The reference figures have been restated, as outlined on page 58 f.

EQUITY AND LIABILITIES	<i>Figures in thousands of euros</i>	Mar. 31, 2016	Mar. 31, 2017	Change
Subscribed capital		19,240	19,240	—
Capital reserve		70,332	71,417	1.5 %
Treasury shares at acquisition cost		-7,454	-8,482	-13.8 %
Retained earnings and unappropriated profits		105,161*	123,651	17.6 %
Total equity attributable to the shareholders of CEWE KGaA		187,279	205,826	9.9 %
Non-current accruals for pensions		23,383	25,933	10.9 %
Non-current deferred tax liabilities		4,249*	3,133	-26.3 %
Non-current other accruals		162	0	—
Non-current interest-bearing financial liabilities		1,489	1,163	-21.9 %
Non-current financial liabilities		46	230	400 %
Non-current other liabilities		576	494	-14.2 %
Non-current liabilities		29,905	30,953	3.5 %
Current tax liabilities		7,092	10,971	54.7 %
Current other accruals		2,993	3,468	15.9 %
Current interest-bearing financial liabilities		1,337	1,655	23.8 %
Current trade payables		49,044	46,024	-6.2 %
Current financial liabilities		346	1,008	191 %
Current other liabilities		27,608	25,707	-6.9 %
Current liabilities		88,420	88,833	0.5 %
Equity and liabilities		305,604	325,612	6.5 %

* The reference figures have been restated, as outlined on page 58 f.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for Q1 2016 and 2017 of CEWE Stiftung & Co. KGaA

<i>Figures in thousands of euros</i>	Subscribed capital	Capital reserve	Generated Group equity
As of Jan. 1, 2016	19,240	70,223	114,607
Comprehensive income	0	0	394*
Stock option plans	0	109	0
Owner-related equity changes	0	109	0
As of Mar. 31, 2016	19,240	70,332	115,001
As of Jan. 1, 2017	19,240	71,188	133,502
Comprehensive income	0	0	476
Stock option plans	0	229	0
Owner-related equity changes	0	229	0
As of Mar. 31, 2017	19,240	71,417	133,978

* The reference figures have been restated, as outlined on page 58 f.

Actuarial profits and losses	Compensating item from currency translation	Income taxes not affecting net income	Retained earnings and unappropriated profits	Total	Treasury shares at acquisition cost	Total equity attributable to the shareholders of CEWE KGaA
-9,182	-3,730	3,254	104,949	194,412	-7,454	186,958
0	-182	0	212	212	0	212
0	0	0	0	109	0	109
0	0	0	0	109	0	109
-9,182	-3,912	3,254	105,161	194,733	-7,454	187,279
-9,822	-4,164	3,429	122,945	213,373	-8,482	204,891
0	230	0	706	706	0	706
0	0	0	0	229	0	229
0	0	0	0	229	0	229
-9,822	-3,934	3,429	123,651	214,308	-8,482	205,826

CONSOLIDATED CASH FLOW STATEMENT

for Q1 2016 and 2017 of CEWE Stiftung & Co. KGaA

<i>Figures in thousands of euros</i>	Q1 2016	Q1 2017	Deviation as %
EBITDA	9,635	9,125	-5.3 %
+/- Non-cash factors	-455	621	—
+ Decrease in operating net working capital	17,631	2,902	-83.5 %
- Increase in other net working capital (excluding income tax items)	-8,631	-11,217	-30.0 %
- Taxes paid	-2,012	-3,002	-49.2 %
+ Interest received	13	13	—
= Cash flow from operating activities	16,181	-1,558	—
- Outflows from investments in fixed assets	-7,379	-5,439	26.3 %
- Outflows from investments in financial assets	-81	-252	-211 %
+/- Inflows (+)/outflows (-) from investments in non-current financial instruments	-8	129	—
+ Inflows from the sale of property, plant and equipment and intangible assets	1,227	71	-94.2 %
= Cash flow from investing activities	-6,241	-5,491	12.0 %
= Free cash flow	9,940	-7,049	—
+/- Inflows (+)/outflows (-) from change in financial liabilities	-3,848	2,608	—
- Interest paid	-108	-73	32.4 %
+ Other financial transactions	24	126	425 %
= Cash flow from financing activities	-3,932	2,661	—
Exchange rate-related changes in cash and cash equivalents	21,679	48,557	124 %
+/- Cash flow from operating activities	138	-88	—
- Cash flow from investing activities	16,181	-1,558	—
- Cash flow from financing activities	-6,241	-5,491	12.0 %
+ Cash Flow aus Finanzierungstätigkeit	-3,932	2,661	—
= Cash and cash equivalents at the end of the reporting period	27,825	44,081	58.4 %

SEGMENT REPORTING BY BUSINESS UNIT*

for Q1 2016 and 2017 of CEWE Stiftung & Co. KGaA

Q1			Commercial	Other	CEWE Group	
	Photofinishing	Retail	Online Printing	Activities		
External revenues	2017	85,566	11,783	20,566	683	118,598
	2016	85,460	12,814	20,448	452	119,174
External revenues, adjusted for currency effects	2017	85,469	11,437	20,723	683	118,312
	2016	85,460	12,814	20,448	452	119,174
EBIT	2017	1,349	-323	109	-546	589
	2016	1,179**	-397	527	-662**	647

* Segment reporting by business unit is an integral part of the notes.

** The reference figures have been restated, as outlined on page 58 f.

Comments on the business units:

- Photofinishing incl. turnover and earnings from CEWE photo products from own retail activities
- Retail only consists of merchandise business, excluding CEWE's photography products.
- Other Activities comprises holding/structural costs (mainly Supervisory Board and IR costs), real estate, futalis.

SELECTED NOTES

Corporate information

CEWE Stiftung & Co. KGaA, Oldenburg (hereinafter: CEWE KGaA), is a stock market-listed partnership limited by shares (Kommanditgesellschaft auf Aktien) under German law and is seated in Germany. CEWE KGaA is the parent company of the CEWE Group (hereinafter: CEWE). CEWE is an internationally active group which focuses on photofinishing, commercial online printing and photo retail business as a technology and market leader.

Principles for the preparation of the interim consolidated financial statements as of March 31, 2017

The interim consolidated financial statements of CEWE KGaA as of March 31, 2017 have been prepared in accordance with the International Financial Reporting Standards (IFRS) applicable on the reporting date and the interpretations of the International Accounting Standards Board (IASB) to be applied in the European Union. These interim financial statements contain all data and information required according to IAS 34 for abridged interim financial statements.

In preparing the abridged interim financial statements, the Board of Management is obliged to make estimates and assumptions in compliance with the applicable accounting principles regarding the presentation of assets and liabilities as well as income and expenses and the disclosure of contingent liabilities and assets. The actual future amounts may deviate from these estimates.

No new standards have become applicable for the first time in the reporting year 2017.

The following IFRS endorsed in EU law had been issued up to March 31, 2017 but are only mandatorily applicable in subsequent reporting periods:

	Date of publication	Date of endorsement within the scope of EU law	Date of adoption (EU)
IFRS 15 Revenue from Contracts with Customers (including amendments to IFRS 15: date on which IFRS 15 enters into force)	11.09.2015	22.09.2016	01.01.2018
IFRS 9 Financial Instruments	24.07.2014	22.11.2016	01.01.2018

The following standards and interpretations and amendments of existing standards which have also been issued by the IASB are not yet mandatorily applicable in the interim consolidated

financial statements as of March 31, 2017. They will become applicable following their adoption within the scope of the EU's endorsement of the IFRS.

Amendment/standard	Date of publication	Expected endorsement within the scope of EU law	Date of adoption
IFRS 14 Regulatory Deferral Accounts	January 30, 2014	The European Commission has decided not to launch the endorsement process for this interim standard and to wait for the final standard.	
IFRS 16 Leases	January 13, 2016	2nd half of 2017	January 1, 2019
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	September 11, 2014	Postponed	Postponed indefinitely
Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses	January 19, 2016	2nd quarter of 2017	January 1, 2017
Amendments to IAS 7: Disclosure Initiative	January 29, 2016	2nd quarter of 2017	January 1, 2017
Clarification of IFRS 15 Revenue from Contracts with Customers	April 12, 2016	2nd quarter of 2017	January 1, 2018
Amendments to IFRS 2: Classification and Measurement of Share Based Payment Transactions	June 20, 2016	2nd half of 2017	January 1, 2018
Amendments to IFRS 4: Adoption of IFRS 9 Financial Instruments together with IFRS 4 Insurance Contracts	September 12, 2016	2017	January 1, 2018
Annual improvements to the IFRS (AIP) cycle 2014-2016	December 8, 2016	2nd half of 2017	January 1, 2018/ January 1, 2017
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration	December 8, 2016	2nd half of 2017	January 1, 2018
Amendments to IAS 40: Transfers of Investment Property	December 8, 2016	2nd half of 2017	January 1, 2018

Insofar as any further new standards which are not yet valid for 2017 may be adopted voluntarily, the Group has not made use of this option. The future effects on the Group's net assets, financial position and results of operations resulting from implementation of the standards issued as of the quarterly reporting date but not yet mandatorily applicable are still being reviewed. Several standards may necessitate additional notes. The new standards will be adopted in the EU upon completion of the endorsement procedure. On the effects on the net assets, financial position and results of operations, please refer to the comments on the consolidated financial statements 2016 (p. 179).

These accounting, valuation and recognition policies and consolidation methods were applied to the quarterly financial report as of March 31, 2017, without any significant changes in relation to December 31, 2016. These policies and methods are detailed in the consolidated financial statements as of December 31, 2016. Nor have the fundamental principles and methods of estimation for the quarterly financial report changed in comparison to previous periods.

Finalisation of purchase price allocations

Purchase price allocations were completed in the financial year 2016. The figures for the first quarter of 2016 have been restated (cf. p. 179 of the Annual Report 2016).

The changes have had the following effects on the reference figures:

	<u>Mar. 31, 2016</u>
	Finalisation of purchase price allocation
Balance sheet	<i>Figures in thousands of euros</i>
Goodwill	-4,742
Intangible assets	6,096
Deferred tax assets	131
Retained earnings and unappropriated profits	-911
Non-controlling interests	483
Non-current deferred tax liabilities	1,913
Total assets	1,485
	<u>Q1 2016</u>
	Finalisation of purchase price allocation
Consolidated profit and loss account	<i>Figures in thousands of euros</i>
Depreciation	-229
EBIT	-229
Income taxes	70
Earnings after taxes	-159

	2016
Consolidated statement of comprehensive income	Finalisation of purchase price allocation
	<i>Figures in thousands of euros</i>
Comprehensive income	-159
Earnings per share (in euros)	
undiluted	-0.03
diluted	-0.03

Scope of consolidation

Apart from CEWE KGaA, the interim consolidated financial statements as of March 31, 2017 include domestic and foreign companies over which CEWE KGaA has a direct or indirect controlling interest.

As of March 31, 2017, apart from CEWE KGaA as the parent company, the scope of consolidation includes eleven German and 21 foreign companies. The pension commitments transferred to CEWE COLOR Versorgungskasse e.V., Wiesbaden, also continue to be included in the consolidated financial statements. Insofar as this pension fund is unable to meet its obligations on the basis of its own resources, resources are provided by CEWE KGaA. Bilderplanet.de GmbH, Cologne, has not been included in the scope of consolidation due to its economic insignificance since its balance sheet total represents only 0.00 % of the consolidated balance sheet total and its revenue 0.00 % of total Group revenue.

Seasonal effects on business activities

Please see the notes in the interim management report regarding the seasonal and economic effects on the interim financial statements as of March 31, 2017.

Key business transactions

No events affecting the balance sheet, the profit and loss account or the cash flow which are significant on account of their nature, size or frequency have occurred in the period to March 31 of the current financial year.

Events following the reporting date

In the period after March 31, 2017, the right of first refusal was exercised for the Dresden production plant site, for a purchase price of 26.4 million euros.

No further events which are significant on account of their nature, size or frequency have occurred since March 31, 2017.

Notes on the profit and loss account, balance sheet, cash flow statement

Detailed notes concerning the profit and loss account are set down in the interim management report in the chapters for the individual business units as well as the "Consolidated profit and loss account"; the notes on the balance sheet and the cash flow statement are provided in the chapters "Balance sheet and financing" and "Cash flow". The development of equity is shown separately in the statement of changes in equity following the profit and loss account, the statement of comprehensive income, the balance sheet, the cash flow statement and the segment reporting.

Equity

On December 31, 2016, CEWE Stiftung & Co. KGaA, Oldenburg, held 143,836 no-par value shares as treasury shares. In addition, CEWE COLOR Versorgungskasse e. V., Wiesbaden, held 112,752 no-par value shares of the company on the same date. The latter were required to be included in the consolidated financial statements by way of adjustment, so that as of the reporting date December 31, 2016 a total of 256,588 no-par value shares were reportable as treasury shares in the consolidated financial statements of CEWE KGaA.

On March 31, 2017, CEWE KGaA's treasury shares portfolio pursuant to § 71 of the German Stock Corporation Act (AktG) amounted to 143,836 no-par value shares (total amount: 4,709 thousand euros, average purchase price: 32.74 euros/share; previous year: 131,246 no-par value shares, 3,681 thousand euros, 28.05 euros/share) and for the Group a total of 256,588 no-par value shares (total amount: 8,482 thousand euros, average purchase price: 33.06 euros/share, previous year: 243,998 no-par value shares, 7,454 thousand euros, 30.55 euros/share).

As of March 31, 2017, the share capital of CEWE KGaA was unchanged on December 31, 2016 at 19,240 thousand euros, divided up into 7,400,020 shares. Changes in equity are described in the consolidated statement of changes in equity and relevant explanations are provided in the "Balance sheet and financing" chapter of the interim management report.

Financial instruments

With the exception of the derivatives carried in the balance sheet at fair value, all assets and liabilities are measured at amortised cost. For assets and liabilities carried at amortised cost, the book values of the financial assets and liabilities in the balance sheet represent a reasonable approximation of the fair value.

Derivatives reported in the balance sheet are carried at fair value.

Pages 19 ff.
Business units

Pages 48 ff.
Consolidated profit
and loss account

Pages 50
Asset and financial
position

Pages 54
Cash flow

Notes on the segment reporting

Detailed notes on the segment reporting can be found in the segments chapter of the interim management report.

Contingent liabilities

Contingent liabilities resulted from the grant of suretyships and guarantees for third parties, possible litigation risks and other issues and amounted to 1,458 thousand euros (end of the same quarter in the previous year: 1,451 thousand euros).

Transactions with related parties

The members of the Board of Management and the Supervisory Board and the heirs of Senator h. c. Heinz Neumüller, Oldenburg, and the affiliates of the heirs are defined as related parties of the CEWE Group. Transactions with other related parties occurred in the first quarter of 2017. Key transactions relate to individual commercial tenancies concluded between the Group and affiliates of the heirs of Senator h.c. Heinz Neumüller, Oldenburg. There has not been any significant change in the nature or scope of these transactions by comparison with the consolidated financial statements as of December 31, 2016.

Earnings per share	<i>Figures in thousands of euros</i>	Q1 2016	Q1 2017
Earnings after taxes		394*	476
Weighted average number of shares, undiluted (<i>in units</i>)		7,156,022	7,143,432
Undiluted earnings per share (<i>in euros</i>)		0.06	0.07
Consolidated profits after minority interests		394*	476
Weighted average number of shares, diluted (<i>in units</i>)		7,156,022	7,143,432
Diluting effect of stock options issued		-6,437	76,386
Diluted earnings per share (<i>in euros</i>)		0.06	0.07

* The reference figures have been restated, as outlined on page 58 f.

STATEMENT FROM THE COMPANY'S LEGAL REPRESENTATIVES

To the best of our knowledge, we hereby confirm that the interim consolidated financial statements provide a true and fair view of the Group's net assets, financial position and results of operations in line with applicable accounting principles for interim reporting and that the interim consolidated manage-

ment report presents a fair review of the development and performance of the business and the position of the Group, while describing the key risks and opportunities associated with the Group's envisaged development in the remainder of the financial year.

Oldenburg, May 11, 2017
CEWE Stiftung & Co. KGaA

For the general partner
Neumüller CEWE COLOR Stiftung
– The Board of Management –



Dr Rolf Hollander
(Chairman of the Board of Management)



Patrick Berkhouwer



Dr Reiner Fageth



Dr Christian Friege



Carsten Heitkamp



Dr Olaf Holzkämper



Thomas Mehls



Frank Zweigle

04

FURTHER INFORMATION

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MULTI-YEAR OVERVIEW

Key indicators

Volumes and employees		Q1 2011	Q1 2012	Q1 2013	Q1 2014	Q1 2015	Q1 2016	Q1 2017
Digital photos	<i>in millions of units</i>	422.9	461.8	462.9	451.0	450.5	471.6	428.4
Photos from film	<i>in millions of units</i>	51.1	34.4	23.4	18.0	14.1	10.8	9.2
Total volume of photos	<i>in millions of units</i>	474	496	486	469	465	482	438
CEWE PHOTOBOOKS	<i>in thousands of units</i>	920	1,027	1,102	1,142	1,160	1,278	1,159
Employees (average)	<i>converted to full-time equivalent</i>	2,671	3,130	3,145	3,115	3,261	3,338	3,470
Employees (as of the reporting date)	<i>converted to full-time equivalent</i>	2,654	2,697	3,114	3,156	3,229	3,293	3,433
Income		Q1 2011	Q1 2012	Q1 2013	Q1 2014	Q1 2015	Q1 2016	Q1 2017
Turnover	<i>in millions of euros</i>	89.5	96.3	108.2	103.0	106.8	119.2	118.6
EBITDA	<i>in millions of euros</i>	3.2	2.0	2.5	3.9	4.8	9.6	9.1
EBITDA margin	<i>as % of turnover</i>	3.5	2.1	2.3	3.8	4.5	8.1	7.7
EBIT	<i>in millions of euros</i>	-5.4	-7.0	-6.5	-4.2	-3.5	0.6	0.6
EBIT margin	<i>as % of turnover</i>	-6.0	-7.3	-6.1	-4.1	-3.3	0.5	0.5
Restructuring expenses	<i>in millions of euros</i>	0.0	0.0	2.3	0.0	1.0	0.0	0.0
EBIT prior to restructuring	<i>in millions of euros</i>	-5.4	-7.0	-4.3	-4.2	-2.5	0.6	0.6
EBT	<i>in millions of euros</i>	-5.4	-7.5	-7.0	-4.5	-3.7	0.6	0.7
Earnings after taxes	<i>in millions of euros</i>	-5.7	-7.1	-6.1	-4.2	-3.6	0.4	0.5
Capital		Q1 2011	Q1 2012	Q1 2013	Q1 2014	Q1 2015	Q1 2016	Q1 2017
Total assets	<i>in millions of euros</i>	242.6	295.8	275.2	273.6	283.0	305.6	325.6
Capital employed (CE)	<i>in millions of euros</i>	158.1	200.4	187.3	189.7	201.2	218.5	238.4
Equity	<i>in millions of euros</i>	114.8	115.0	123.3	138.7	171.7	187.3	205.8
Equity ratio	<i>as % of the balance sheet total</i>	47.3	38.9	44.8	50.7	60.7	61.3	63.2
Net financial liabilities	<i>in millions of euros</i>	10.8	43.3	26.0	11.2	-11.0	-25.0	-41.3
ROCE (last 12 months)	<i>as % of capital employed</i>	18.9	17.0	15.0	16.2	16.9	18.8	20.8

Cash flow		Q1 2011	Q1 2012	Q1 2013	Q1 2014	Q1 2015	Q1 2016	Q1 2017
Cash flow from operating activities	<i>in Mio. Euro</i>	2.2	-2.9	-3.3	9.0	-0.9	16.2	-1.6
Cash flow from investing activities	<i>in Mio. Euro</i>	-5.5	-27.6	-4.0	-3.7	-11.5	-6.2	-5.5
Free cash flow	<i>in Mio. Euro</i>	-3.3	-30.5	-7.3	5.3	-12.5	9.9	-7.0
Cash flow from financing activities	<i>in Mio. Euro</i>	-1.3	18.3	5.6	-5.3	-0.5	-3.9	2.7
Change in cash and cash equivalents	<i>in Mio. Euro</i>	-4.6	-12.2	-1.7	0.0	-12.9	6.0	-4.4
Share		Q1 2011	Q1 2012	Q1 2013	Q1 2014	Q1 2015	Q1 2016	Q1 2017
Number of shares (nominal value: 2.60 euros)	<i>in units</i>	7,380,020	7,380,020	7,380,020	7,400,020	7,400,020	7,400,020	7,400,020
Earnings per share								
undiluted	<i>in euros</i>	-0.84	-1.08	-0.93	-0.64	-0.51	0.06	0.07
diluted	<i>in euros</i>	-0.84	-1.08	-0.92	-0.64	-0.51	0.06	0.07

FINANCIAL DIARY

May 31, 2017

2017 general meeting,
Weser-Ems-Hallen, Oldenburg

August 10, 2017

Publication of the Semi-Annual Report Q2 2017

September 20, 2017

Berenberg & Goldman Sachs
German Corporate Conference, Munich

September 21, 2017

Baader Investment Conference, Munich

November 10, 2017

Publication of the Interim Report Q3 2017

November 27 – 28, 2017

German Equity Forum, Frankfurt

IMPRINT

This interim report is also available in German. We will be pleased to send you a copy upon request.

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