

# Mein cewe kalender Ganz persönlich

Q1 Q2 Q3 2014  
Interim Report

## CEWE – Europe’s online printing and photo service

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*CEWE supplies consumers with photos and digital print products via over-the-counter trade as well as Internet sales.*

*CEWE acts as a service partner for the leading brands on the European photographic market. In 2013, the company developed and produced 2.4 billion photos and also 5.8 million CEWE PHOTOBOOKS and photo gifts. “CEWE PHOTOBOOK” (Europe’s leading photo book brand), easy-to-use order applications (PC, Mac and mobile iOS, Android and Windows), our high level of competence in digital printing, the benefits of scale offered by our efficient industrial production and logistics system, broad distribution via the Internet, more than 34,000 retailers and over 20,000 CEWE INSTANT PHOTO stations 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, Saxoprint and Viaprinto, 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.*

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## HIGHLIGHTS Q3 2014

### Photofinishing business segment

- ▶ *Sales, turnover and profit on track*
- ▶ *CEWE PHOTOBOOK: 1.413 million books in the third quarter of 2014: +4.8 % on previous year*
- ▶ *CEWE is innovative: in the third quarter, 95 % of all photos are digital, 70 % of all digital photos are ordered via the Internet*
- ▶ *At 89.4 million euros, third-quarter Photofinishing turnover exceeds expected range*
- ▶ *Third-quarter Photofinishing EBIT totals 4.2 million euros, due to increased level of marketing activities in preparation for the Christmas trade*

### Online Printing business segment

- ▶ *Online Printing turnover increases in third quarter by +11.4 % to 16.1 million euros*
- ▶ *EBIT improved by 0.6 million euros in the quarter under review: due to growth investments in marketing, now -0.7 million euros*

### Retail business segment

- ▶ *Continuing decline in turnover in the third quarter, due to relinquishment of very low-margin wholesaling business*
- ▶ *EBIT stable at roughly same level as in the previous year, negative due to seasonal factors*

### Consolidated profit and loss account

- ▶ *Group turnover in the third quarter amounts to 121.8 million euros (previous year: 124.0 million euros)*
- ▶ *EBIT of 3.2 million euros mainly shaped by increased level of marketing activities for Photofinishing (previous year: 6.2 million euros)*

### Balance sheet and financing


- ▶ *Total assets 9.1 million euros lower than in the previous year*
- ▶ *Very solid balance sheet: equity ratio increases to 52.5 %*
- ▶ *Significant reduction in group's debt*

### Cash flow

- ▶ *Cash flow from operating activities increased to 10.6 million euros*
- ▶ *Cash flow characterised by higher volume of investment*
- ▶ *Decline in free cash flow on investment grounds*

### Return on capital employed

- ▶ *Average capital employed stable at 190.7 million euros*
- ▶ *ROCE significantly increased to 15.4 %*

A woman with brown hair tied back, wearing a red hoodie over a white collared shirt, is smiling slightly and looking towards the camera. She is in a server room, with rows of server racks and cables visible in the background. The lighting is soft, and the overall tone is professional and approachable.

*“To be the ‘best in print’ requires complete mastery of the fundamental technology. The key to our company’s success lies in the finely-tuned and proficient infrastructure my colleagues and I strive to provide.”*

Karina Wiczkowski, Central IT Division SAP, CEWE shareholder

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

## *Dear Shareholders,*

### **Your company has a clear focus**

Each business segment in your company has a clear strategy and makes a key contribution within the overall group: Photofinishing will continue to develop its value-added brand products and maintain the successful strategy of the past few years based on a high level of profitability. As CEWE's growth engine, Online Printing is set to reach a turnover volume in excess of 70 million euros, consistently expand its customer base and further reduce its start-up losses in 2014. With a growing number of loyal customers and rising capacity utilisation of its efficient production facilities in Online Printing, CEWE will gradually achieve economies of scale on par with those it enjoys in the Photofinishing segment. This makes the dynamic Online Printing market a highly-attractive strategic growth field for CEWE. The Retail segment will fully concentrate on its core function and enhance its value-added contribution by promoting its Photofinishing activities. Our wholesale segment, which has always realised the lowest margins, will be actively reduced. The key objective of all three business segments is to inspire our customers.

### **Clear progress in every business segment continues into third quarter**

Once again, your company has set itself ambitious goals for 2014: Online Printing is to grow by approx. 17% in 2014 and realise turnover in excess of 70 million euros. At the end of the first three quarters of the year, this segment has already achieved a growth rate of 20.1%. The fourth quarter, which delivers the largest volume of turnover in Online Printing, is yet to come. Having developed the brand and invested in our production facilities, we are more than ready for the coming season.

In 2014, Retail has focused on actively winding down its very low-margin wholesaling business while simultaneously promoting Photofinishing activities. This segment has reduced its capital commitment and has realised an earnings volume just under the previous year's figure, with a 36 % decline in the volume of turnover. This achievement is all the more remarkable since Retail turnover and income generated by the photofinishing business are both reported in the Photofinishing segment.

As in recent years, we prepare for our key Christmas trade, which generates the entire income for the year, in the third quarter, particularly in the Photofinishing segment. Our strong marketing investments demonstrate that we are limbering up for the festive period and are heading in the right direction!

#### Seasonal shift to the fourth quarter persists

Most of you will be familiar with the fact that the fourth quarter is becoming increasingly important with each passing year. This trend, which we already pointed out on November 7, 2013, is continuing: "The second quarter and, above all, the old key quarter, Q3, are declining in significance. These days, consumers view their photos on their cameras or computers and are thus less motivated to place orders immediately. They tend to do this rather in the fourth quarter when the weather is colder, they are spending more time at home and it's time to order photo products as Christmas gifts. As we have already indicated before, 2013 [and now also 2014] will be no different: Earnings for the second and third quarters are declining. The fourth quarter share continues to rise. Online Printing activities will not significantly reduce this effect within our main 'Photofinishing' segment, since the former also tends to enjoy a strong fourth quarter."



### CEWE remains on track in 2014

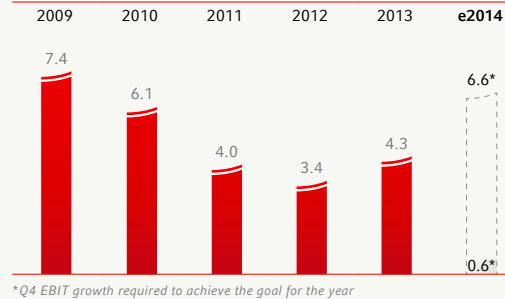
The seasonal shift in the Photofinishing segment is driving the Q4 profit growth trend, which has been in place for some years, in the entire CeWe Group. This can be seen in the following chart:

#### EBIT (overall group)

Distribution of earnings Q1–3 vs. Q4 in million euros



EBIT growth Q4 in million euros



\*Q4 EBIT growth required to achieve the goal for the year

Even if this long-lasting trend continues to some degree only, we will have reached the EBIT goal for the year of 30 to 36 million euros. In the fourth quarter, in terms of EBIT the minimum growth required for this purpose is just 0.6 million euros – in view of the growth realised in the past few years, this appears eminently realistic. As in previous years, this is quite plausible in numerical terms but rather challenging in practical terms. In 2014, each of our sites is once again preparing for a record-breaking performance involving more extensive and higher-quality communication with our customers, more data-intensive customer orders and new peak capacities for our servers, improved production efficiency maintaining our optimum quality levels and prompt product delivery (an aspect that is particularly important at Christmas).

### photokina 2014: Love of photography – a great success!

One of our main aims at photokina is to inspire and encourage passion and love for photography among representatives of the media, business partners, consumers as well as shareholders, analysts and – last but not least – CEWE's employees. The positive feedback we received demonstrates that we have once again achieved this goal in 2014! If you were unable to attend this year, we would be delighted to welcome you to our general meeting in 2015 as well as our product show in Oldenburg, not to mention photokina in 2016.

We were particularly pleased to have been visited by 800 of our top customers. The level of enthusiasm for CEWE PHOTOBOOK as well as CEWE CALENDARS, CEWE WALL ART and CEWE CARDS professed by these experts boosts our motivation and confirms that we are on the right track with these value-added brand products.

### Product and software innovations drive Christmas trade

Once again, we presented a large number of innovations at photokina 2014 which will boost our Christmas trade: A variety of design trends provided ideas for the development of photo products and were presented in the context of consumer lifestyles. New product innovations, such as our high-quality gift box for CEWE PHOTOBOOK, emphasise the value of these products. CEWE also presented significantly enhanced versions of our software, for instance MY CEWE PHOTOBOOK, the main software package for CEWE PHOTOBOOK. On top of this, we also showcased new apps which are particularly user-friendly.

Our main novelty, which once again demonstrates your company's capacity for innovation, is the CEWE MYPHOTOS solution, which will soon be rolled out for testing by interested consumers. CEWE MYPHOTOS provides a home for your photos – no matter which device they were taken on. Your photos will be genuinely "ubiquitous" – accessible anytime, anywhere, on any device. Naturally, easy ordering of CEWE photo products is integrated into the system.

**Give joy – a love of photography!**

Dear shareholders, your company is working hard to ensure that the fourth quarter – and thus the entire 2014 financial year – will turn into another success story for CEWE.

Sit back while we do the work. Why not enjoy this time of the year in your second role as a consumer and give CEWE's photo products a try? Relive the joy of the moment when you took the photos and pass it on to those closest to you at Christmas time.

Oldenburg, November 13, 2014



*"We are very close to achieving our goals for the year. Everyone at CEWE is working hard to turn the Christmas trade into another great success story in 2014!"* Dr. Rolf Hollander, Chief Executive Officer

## CEWE SHARE

**CEWE share realises further strong growth in 2014: +22.3 % and thus significantly better than the DAX and SDAX**

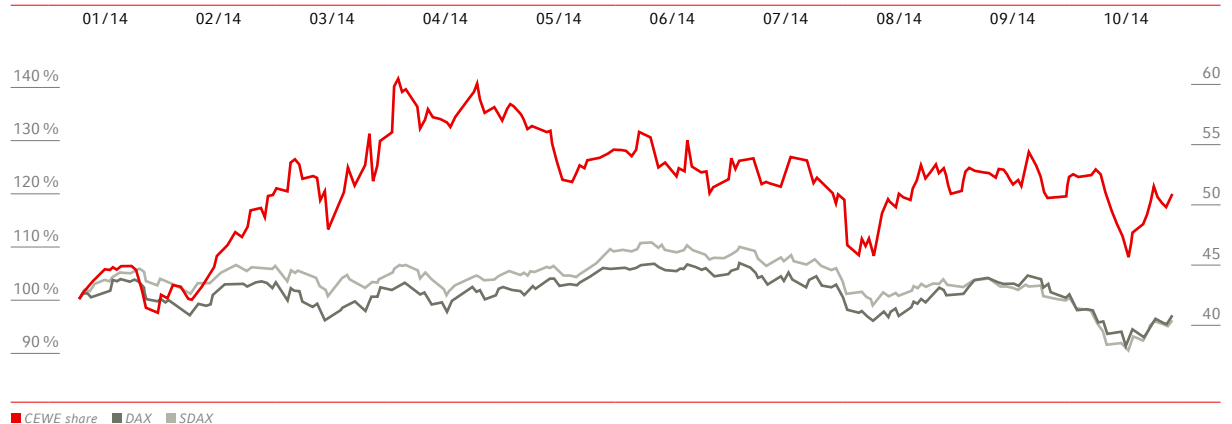
By comparison with its 2013 year-end closing price (42.75 euros), in the period to the end of September 2014 the CEWE share achieved growth of 9.53 euros to 52.28 euros (+22.3 %) and thus significantly outperformed the DAX, which actually declined by -0.8 % in the same period. Including the dividend (1.50 euros per share), the total shareholder return for CEWE shareholders even amounted to 25.8 %. The CEWE share's price growth considerably outstripped the SDAX, which grew by just +0.9 % in the first nine months of 2014. The same picture is true for the third quarter of 2014 in isolation: at +0.4 %, the

CEWE share developed moderately positively, while the DAX fell by -3.6 % and the SDAX even lost -7.2 %.

**On average in the first three quarters of 2014, CEWE shares with a volume of almost 1 million euros traded every day**

In the first nine months of 2014, an average of 17,944 CEWE shares was traded every day on German stock markets. This roughly matched the level in the same period in the previous year (Q1-3 2013: 17,487 shares per day). Due to the positive price trend, the daily euro trading volume has increased to an average figure in excess of 935,000 euros (Q1-3 2013: approx. 593,000 euros per day). The key trading level of

CEWE share January 1, 2014 to October 31, 2014 in euros



1 million euros per day – which influences the investment decisions of many institutional investors – has thus almost been reached.

### Placement of treasury shares increases the free float

To achieve a permanent increase in the volume of trading, in April 2014 CEWE opted to place 500,000 treasury shares on the capital market within the scope of an accelerated placement procedure and thus to increase its free float. Following this placement and the exercise of the Stock Option Plan, CEWE Stiftung & Co. KGaA now holds 186,302 treasury shares (2.5 %

of the capital stock). The free float now amounts to 70.1 %. This sale has not only increased the free float, it has also further boosted the equity ratio and reduced the level of debt. In addition, CEWE has thus widened its strategic leeway for acquisition-based growth in the Online Printing business segment and in Photofinishing as well as related business segments. CEWE is thus poised to act in case of an attractive opportunity.

 <http://ir.cewe.de/cgi-bin/show.ssp?companyName=cewe&language=English&id=0>

<b>Overview of the current analyst ratings</b>	<b>Analysis</b>	<b>Date</b>
GSC Research	Hold	Okt. 01, 14
Berenberg Bank	Buy	Sep. 29, 14
BHF Bank	Overweight	Aug. 14, 14
NordLB	Buy	Aug. 13, 14
Warburg Research	Buy	Aug. 13, 14
CB Seydler Bank	Hold	Aug. 13, 14
Bankhaus Lampe	Hold	Aug. 13, 14
Deutsche Bank	Hold	Aug. 13, 14

### Analysts continue to have a consistently positive view of CEWE

The analysts who follow CEWE concur in their positive analysis. Four analysts are signalling “buy” or “overweight” for the CEWE share, while four further analysts advise “holding” the share. The detailed studies are available for downloading in the Investor Relations section of CEWE’s website.

### CEWE share improves further in the SDAX ranking

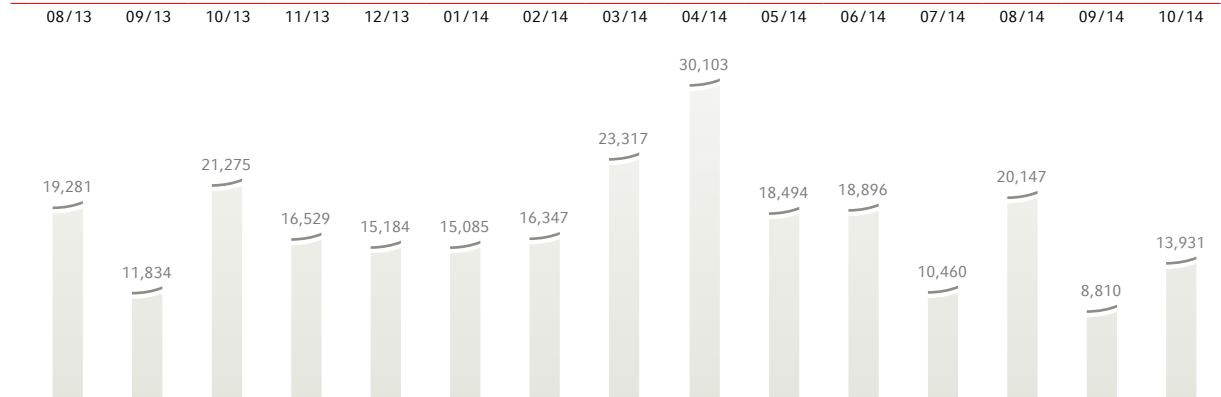
According to the “trading volume” criterion, in September 2014 CEWE was in the 74th position (previous year: 78th position) and in terms of “market capitalisation” it was in the 84th

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.

Average trading volume in shares per day



### 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 publishes all of its annual and interim reports and capital market information online at [www.cewe.de](http://www.cewe.de). All analyst telephone conferences are made available as webcasts and audio casts immediately on the CEWE website. All of the

company’s key presentations at conferences and other events are published online at the same time.

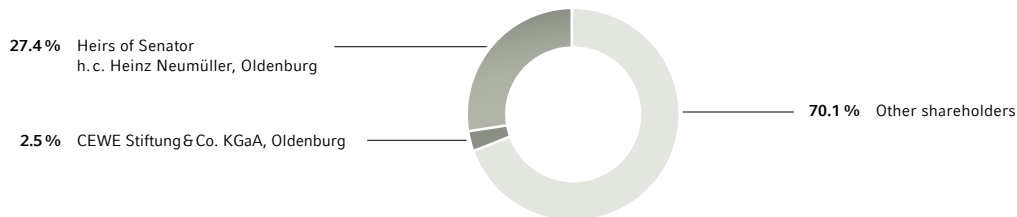
The Board of Management and the Investor Relations team present the company at key capital market conferences and attend road shows in European and US financial centres. For details of the dates currently planned for 2014, please refer to the financial diary on the penultimate page of this report.

 [www.cewe.de](http://www.cewe.de)

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### Shareholder structure (November 2014) in % (100 % = 7.4 million shares)

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*“Our position as European market leader for photofinishing relies on our dedication to constant innovation. Our performance at photokina 2014, where we presented an outstanding range of new products and received the photokina Star Award for our new CEWE MYPHOTOS service, stands as proof of this.”*

**Alf Meyer**, Head of Purchasing & Materials Management, CEWE shareholder





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## BASIC INFORMATION ON THE GROUP

### Business model

CEWE operates in three strategic business segments: Photofinishing, Retail and Online Printing. This segment reporting reflects these strategic business segments.

#### Photofinishing – CEWE's traditional core business

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. CEWE has also rigorously expanded its product range, with other significant turnover generators now including CEWE CALENDARS, CEWE CARDS and CEWE WALL ART.

#### Proprietary Retail segment handles important functions

CEWE has multi-channel 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 segment.

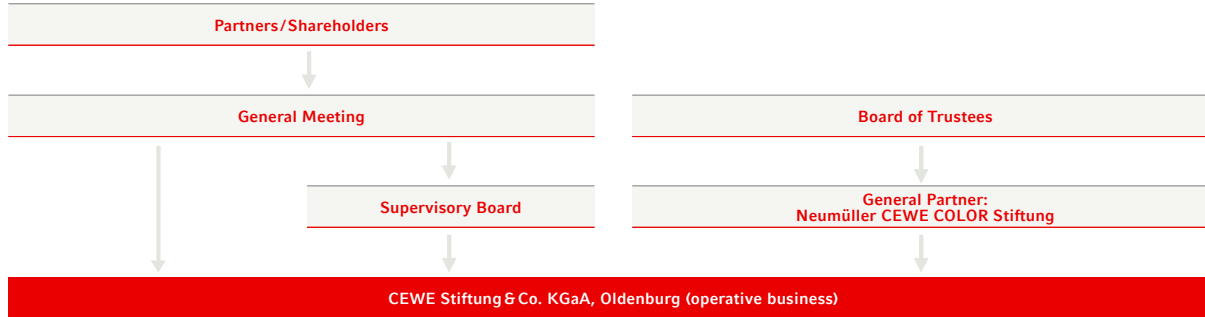
#### Online Printing – the growth area

In its new Online Printing business segment, CEWE is currently enjoying strong growth through the production and marketing of printed advertising media via the distribution platforms CEWE PRINT, Saxoprint and Viaprinto. In 2012, in this business segment CEWE acquired the Saxoprint Group, a specialist in online offset printing. CEWE is currently mainly active in Germany in the field of online printing for printed advertising media, but already has local websites in many other European countries where it is also increasingly generating business.

For further details of CEWE's business model, please see its Annual Report 2013 or website at [www.cewe.de](http://www.cewe.de)>Investor Relations>Business reports>Annual Report 2013.

## ORGANISATION AND MANAGEMENT SYSTEM

### Organisational structure



**Partnership limited by shares (Kommanditgesellschaft auf Aktien)**  
 CEWE handles all of its operating business through CEWE Stiftung & Co. KGaA. Neumüller CEWE COLOR Stiftung serves as the company's general partner and sole managing director. Neumüller CEWE COLOR Stiftung is represented by eight members of the Board of Management. The group's further 3,187 employees are employed by CEWE Stiftung & Co. KGaA and the subordinate group companies.

#### CEWE operates through a total of 31 subsidiaries

CEWE Stiftung & Co. KGaA is the parent company which manages all of CEWE's group activities. In various European countries, Photofinishing and Online Printing business is managed

within a single legal and organisational unit or else through various entities, depending on the situation in the country in question.

#### The CEWE Group is managed by the Board of Management as well as the managing directors

The Board of Management and the managing directors of Neumüller CEWE COLOR Stiftung are responsible for overall planning and fulfilment of the goals of the CEWE Group.

For further details of CEWE's organisation and management system, please see its Annual Report 2013 or website at [www.cewe.de](http://www.cewe.de) > Investor Relations > Business reports > Annual Report 2013.

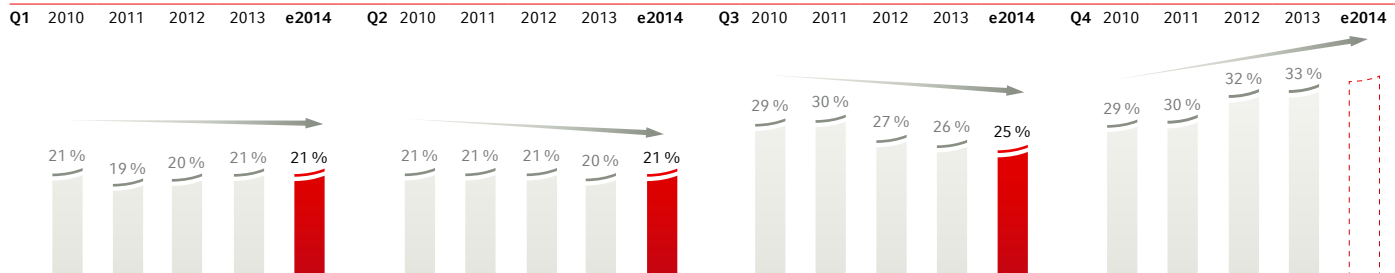
## ECONOMIC REPORT

### Photofinishing business segment

- ▶ *Sales, turnover and profit on track*
  - ▶ *CEWE PHOTOBOOK: 1.413 million books in the third quarter of 2014; +4.8 % on previous year*
  - ▶ *CEWE is innovative: in the third quarter, 95 % of all photos are digital, 70 % of all digital photos are ordered via the Internet*
- ▶ *At 89.4 million euros, third-quarter Photofinishing turnover exceeds expected range*
  - ▶ *Third-quarter Photofinishing EBIT totals 4.2 million euros, due to increased level of marketing activities in preparation for Christmas business*

<b>Q3 sales results</b>	<b>2014</b>	2013	Change
Turnover in million euros	121.8	124.0	-1.8 %
Digital photos in million units	567.2	579.9	-2.2 %
Photos from film in million units	29.7	39.0	-23.8 %
Total number of photos in million units	596.9	618.9	-3.6 %
CEWE PHOTOBOOKS in thousand units	1,413.3	1,348.5	+4.8 %

#### Total photos – seasonal allocation in %



In principle, sales of CEWE photo products continue to be shaped by two enduring consumer trends: higher-quality products and the seasonal shift to the fourth quarter.

### Seasonal shift to the fourth quarter remains intact

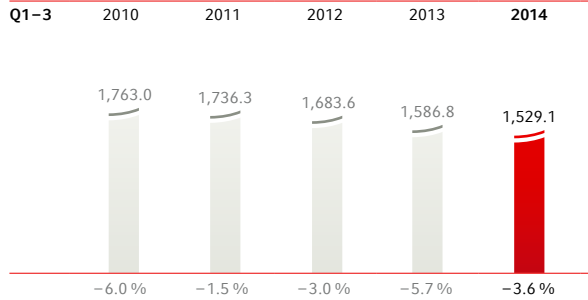
Digital products generate peak sales and particularly strong turnover and, above all, income, in the fourth quarter. Many consumers appreciate CEWE PHOTOBOOKS, CEWE CALENDARS, CEWE CARDS, CEWE WALL ART as well as further photo gifts as Christmas presents. The seasonal profile of CEWE's business has

thus shifted very significantly towards the end of the year. As the graphic on page 25/27 shows, this shift remains intact.

### Growing share of value-added products

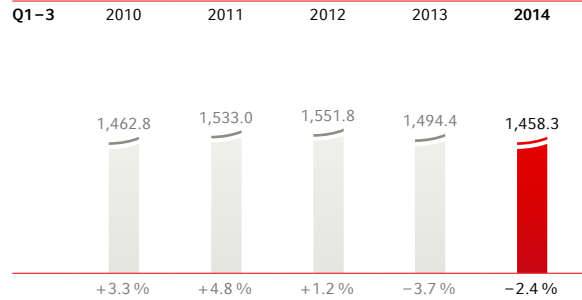
Consumers are becoming more selective and demanding higher-quality photo products. Individual, "simple" photo prints are declining, both analogue photos (of course) and also digital photos. More popular high-quality value-added products are compensating for some of this decrease. CEWE's product mix is thus increasingly shifting towards these value-added

Total prints in million units



Change on previous year

Digital prints (incl. CEWE PHOTOBOOK prints) in million units



Change on previous year

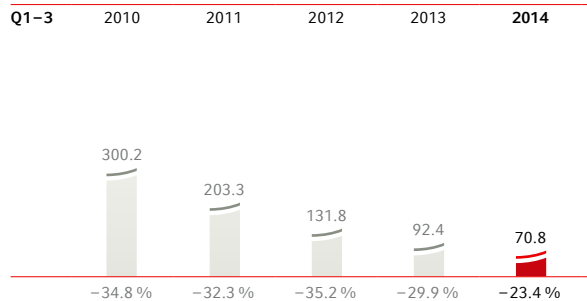
products: the share accounted for by the brand products CEWE PHOTOBOOK, CEWE CALENDARS, CEWE CARDS and CEWE WALL ART is continuously growing. These articles not only account for this seasonal shift as typical gifts, as outlined above. They also reinforce this shift in terms of turnover and earnings, since the proportion of “simple” individual photo prints declines in the first quarter of each year – and in the second and third quarters even more so – while the proportion of pictures integrated in value-added products increases very strongly in the fourth quarter. Since CEWE tends to realise a higher volume of turnover and stronger earnings per photo through value-added products, the seasonal shift is even more

pronounced for turnover and, in particular, for income than in terms of volume, and this may remain the case in future. The move away from “mass” (fewer individual photos) to “class” (more high-quality photo products) continues.

### Q3 sales slightly better than expected

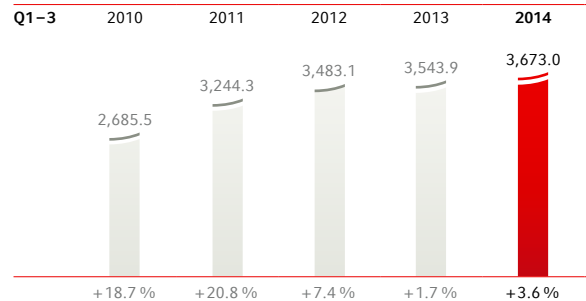
The third quarter continues to be affected by this shift. A volume share of around 24.5 % may be assumed in relation to the year as a whole, a slight decline on the previous year. On the basis of the goal for the year as a whole of 2.23 to 2.29 billion photos for 2014, the predicted volume for the third quarter is thus 0.57 to 0.58 billion photos. In this context, with 0.597 billion

**Prints from film** in million units



Change on previous year

**CEWE PHOTOBOOKS** in thousand units



Change on previous year

photos the third quarter has slightly exceeded the expected range. Since the first and second quarters had already reached their target figures, the third quarter has likewise confirmed the goal for the year 2014.

**CEWE PHOTOBOOK sales once again slightly exceed predicted volume range**

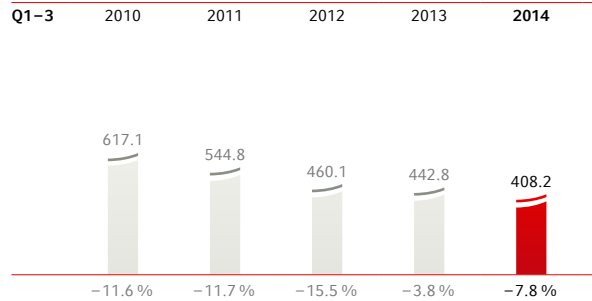
In the third quarter, the volume of CEWE PHOTOBOOKS increased by 4.8 % or approx. 64,000 books to 1.413 million. With this figure, the rate of increase continues to exceed the growth range predicted for 2014 as a whole of between + 1 % and + 2 %. With growth of 3.6 % in the first three

quarters of 2014 CEWE PHOTOBOOK has also cumulatively exceeded this expected range. In terms of the number of individual photos featured in photo books, CEWE PHOTOBOOK is thus the key driver in relation to the overall volume of photos.

**95 % of photos are digital**

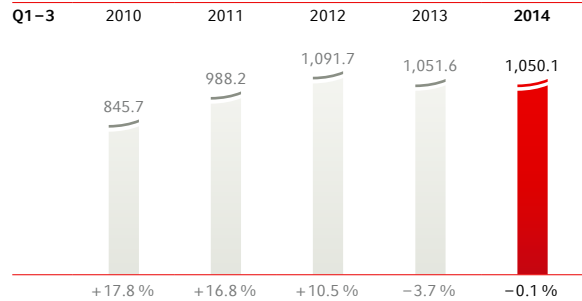
With the success of CEWE PHOTOBOOK and the other CEWE brands, digitalisation is increasingly approaching the 100 % mark. Following 94 % in the third quarter of 2013, in the quarter under review as many as 95 % of all photos were digital in origin.

Digital print orders in stores in million units



Change on previous year

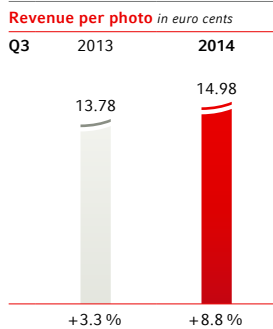
Digital print orders via the Internet in million units



Change on previous year

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

The proportion of digital photos ordered via the Internet increased from 69 % in the same quarter in the previous year to 70 % (395 million photos) in the quarter under review. 49 % of these consumers opted to collect their completed orders from the retail outlets supplied by CEWE. 51 % chose home delivery by post. Customers thus collected a total of approx. 65 % 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.



Change on previous year

### Value-added products continue to strengthen Photofinishing turnover

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 8.8 % from 13.78 euro cents per photo in the third quarter of 2013 to 14.98 euro cents per photo in the third quarter of 2014. The first nine months of 2014 have confirmed this positive trend: for this period, too, turnover per photo increased by 5.2 %, from 14.30 euro cents in the same period in the previous year to 15.04 euro cents.

### Photofinishing turnover exceeds expected range

In the third quarter of 2014, at 87.8 million euros, Photofinishing turnover was higher than in the previous year (Q3 2013: 83.6 million euros), since both the total volume of photos and average turnover per photo have developed better than expected. This turnover figure even slightly exceeds expectations in the context of the seasonal shift: assuming a slight decline in the share of turnover accounted for by the third quarter in relation to the year as a whole (approx. 22.5 %), this gives rise to a predicted target range for the third quarter of 2014 of between 81.1 and 84.4 million euros (calculated on the basis of the total annual turnover expected for Photofinishing in 2014 of between 365 and 375 million euros). The realised Photofinishing turnover figure of 87.8 million euros thus exceeds this range. This assessment is based on the turnover figures prior to adjustment



of the item for advertising costs subsidies, which is commented on in the following paragraph.

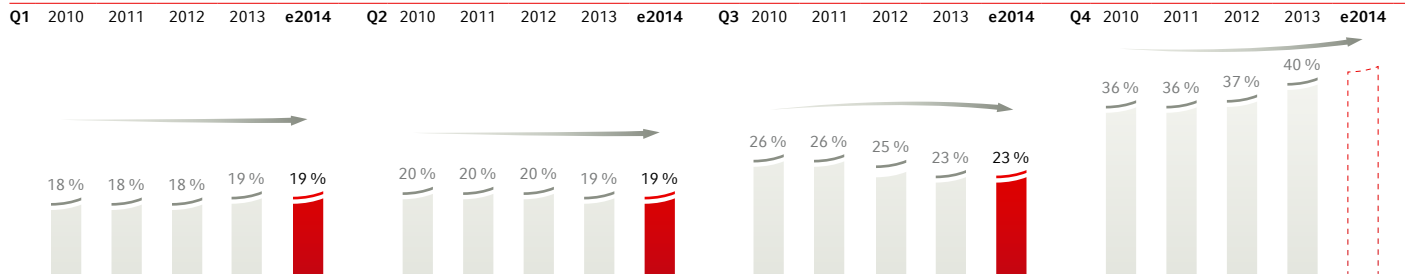
**Adjustment of the item for advertising costs subsidies: with immediate effect, will be reported uniformly as other operating expenses**

In the quarter under review, CEWE has standardised its reporting of advertising costs subsidies granted to customers throughout its corporate group, which in some cases had previously been reported under different items due to a loophole in the relevant accounting standard (IAS 18). With immediate effect, the advertising costs subsidies agreed with customers with binding effect will no longer be reported in a manner which entails lower turnover and will instead be reported as selling expenses within the “Other operating expenses” item. This presentational change has

not had any effect on earnings: turnover will merely be upwardly adjusted for the advertising costs subsidies otherwise deducted in this item, which will now result in a precisely proportionate increase in other operating expenses below the trading result.

Accordingly, in the third quarter of 2014, advertising costs subsidies with a total volume of 1,606 thousand euros required reclassification. By way of adjustment of the figures for the previous year, for the third quarter of 2013, 1,682 thousand euros were reclassified from turnover to other operating expenses. The reported Photofinishing turnover for Q3-2014 thus amounts to 89.4 million euros (previous year Q3-2013: 85.3 million euros). For the period Q1-3 2014, 4,642 thousand euros were reclassified, and for the same period in the previous year (2013) a total of 4,538 thousand euros. Photofinishing turnover in Q1-3 2014

Development of CEWE Photofinishing revenue per season in % of revenue



thus amounted to 230.0 million euros, while turnover in the previous year Q1–3 2013 totalled 227.0 million euros.

The above-mentioned presentational change only relates to the Photofinishing segment. No adjustments were required for the Retail and Online Printing business segments.

#### Photofinishing generally realises negative results in the first nine months of the year

Due to the continuing seasonal shift to the fourth quarter, since 2012 CEWE has tended to realise by far the largest share of its earnings in the Christmas quarter. As the graphic showing the seasonal distribution of earnings indicates, back in the analogue age, CEWE COLOR realised most of its annual profits in the holiday quarter (Q3), while the seasonal shift has now resulted in an even greater volume of earnings in the Christmas quarter (Q4). In the first two quarters, due to the strong seasonal focuses in the other quarters, the fixed costs are not matched by any corresponding income, which inevitably means negative earnings. Considered in isolation, the third quarter continues to provide positive, albeit declining earnings contributions, which are no longer able to fully make up for the seasonally determined loss in the first two quarters.

#### Photofinishing earnings support increased marketing costs and special expenses for photokina

In the quarter under review, the Photofinishing business segment provided a consolidated EBIT contribution with a volume of 4.2 million euros (previous year Q3–2013: 7.8 million euros). The decrease in earnings by approx. 3.5 million is mainly due to the significantly increased volume of marketing activities. CEWE's presence at this year's photokina resulted in additional costs of approx. 1.2 million euros which had not accrued in the previous year since this Cologne trade fair is only held once every two years. CEWE has also expanded the volume of its marketing activities, with additional expenses of approx. 1.4 million euros in the third quarter, in preparation for the Christmas trade. For instance, CEWE has run perimeter advertising for CEWE PHOTOBOK in the stadiums of several football clubs in Germany's Bundesliga. As well as the above-mentioned positive turnover effect resulting from these activities, these marketing investments have increased the profile of CEWE brand products, with the goal of boosting sales during the impending seasonal peak.

While personnel costs in the Photofinishing business segment have exceeded the previous year's figure by 0.3 million euros in absolute terms, the personnel costs ratio has decreased from 29.6 % to 29.0 %. This build-up in the volume of personnel – mainly in the central areas of research & development and marketing – has taken place throughout the year, in support of key year-end business through marketing activities and on technical

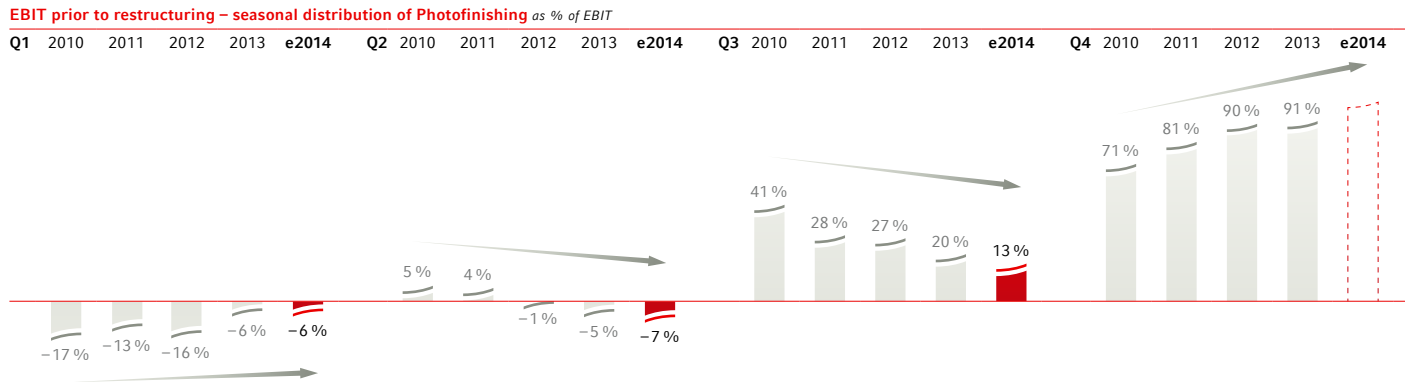
grounds, to ensure customer satisfaction. The share of fixed costs has thus increased, particularly for the first three quarters which provided weaker earnings on seasonal grounds. In addition, in the current quarter under review, several operating expense items have increased by 0.6 million euros on the same quarter in the previous year, on business-related grounds, including costs for mail-order shipping and IT costs.

**Photofinishing EBIT in Q3 matches expectations and confirms annual EBIT goal**

The Q3 EBIT figure in the Photofinishing business segment has also fulfilled expectations in line with the seasonal shift: if one assumes that the share of profits for the year as a whole contributed by the third quarter will continue to fall, as in previous years, and now amounts to approx. 12.5 %, the expected

target corridor for the third quarter of 2014 is between 4.2 and 4.8 million euros (calculated on the basis of the Photofinishing EBIT planned for 2014 as a whole of between 33.5 and 38.0 million euros). The Photofinishing EBIT realised in the current quarter under review, in the amount of 4.2 million euros, is thus at the lower end of this range, due to the increased volume of marketing activities, and thus consistent with the goal for the year as a whole.

In cumulative terms, for the first three quarters of 2014, with an EBIT figure of 0.0 million euros, the Photofinishing business segment is almost at the same level as in the previous year (Q1–3 2013: 0.4 million euros). In the first half of 2013, restructuring costs totalling 3.3 million euros had resulted for the consolidation of sites in Dresden and Poland.



## Online Printing business segment

- ▶ *Online Printing turnover increases in third quarter by +11.4 % to 16.1 million euros*
- ▶ *EBIT improved by 0.6 million euros in the quarter under review: due to growth investments in marketing, now –0.7 million euros*

### CEWE PRINT active in six countries

Together with Saxoprint's six online shops, CEWE currently offers Online Printing products in nine different countries. Besides its strong growth in Germany, CEWE PRINT also serves Austria, the Netherlands, Belgium, Italy and Poland. Through its Saxoprint brand, CEWE also operates in countries such as the UK and France. It also has plans to expand into further European countries. The aim is to exploit CEWE's existing distribution structures in these countries, so as to enter markets quickly and successfully.

### Marketing focus on football

CEWE PRINT has considerably increased its brand profile, in particular through its advertising in Germany's Bundesliga which it launched in 2012: perimeter advertising in the stadiums of the 1st division of the Bundesliga as well as advertising tied in with the ARD TV channel's "Sportschau" programme. In 2014, CEWE is continuing to exploit the broad scope of this strategy in order to sharpen the CEWE PRINT brand profile. Its marketing agenda also includes targeting new customers through Internet advertising and ensuring the loyalty of existing customers by means of newsletters and mailings.

### Online Printing turnover increases to 16.1 million euros in the third quarter

In the third quarter of 2014, the turnover of the Online Printing business segment increased from 14.4 million euros in the same quarter in the previous year to 16.1 million euros – a growth rate of 11.4 %.

In the Online Printing segment, too, the seasonal focus is on the fourth quarter. Accordingly, in the third quarter of the year, as a rule, the volume of marketing activities is reduced by comparison with the fourth quarter since advertising campaigns are less efficient. Marketing is then stepped up in the high-potential fourth quarter for effective promotion of year-end business.

The Online Printing business segment is thus on track to achieve its goal for 2014 of more than 70 million euros: for the period Q1–3 2014, turnover increased by 20.1 %, from 41.6 million euros in the previous year to 50.0 million euros in the current year. This exceeds the planned level of growth. To reach this goal for the year, growth of 17 % will be required by comparison with the previous year.

#### Growth investments in marketing are paying off

The growth investments required for the brand-building strategy outlined above will continue to shape this business segment's profit and loss account in the near future. CEWE is exploiting the earning power of its established Photofinishing business segment in order to expand the high-potential growth field of Online Printing through intensive marketing. CEWE is thus generating a growing clientele which the company will benefit from in future. Despite the increase in personnel and foreign shipping costs on business-related grounds and a higher basis for depreciation – an additional production line went online at Saxoprint in Dresden in late 2013 –, at –0.7 million euros, the EBIT figure for the Online Printing business segment was 0.6 million euros higher than in the same quarter in the previous year (Q3 2013: –1.3 million euros), with a slight reduction in marketing expenses by comparison with the same quarter in the previous year. The EBIT margin improved from –9.0 % in the same quarter in the previous year to –4.2 %

in the third quarter of 2014 in relation to the significantly increased turnover volume.

These items and measures will have the same effect for the first nine months of 2014: with an EBIT figure of –2.6 million euros and roughly unchanged marketing expenses, the Online Printing business segment has realised an EBIT figure which has improved by 0.7 million euros on the same period in the previous year (Q1–3 2013: –3.3 million euros).



## Retail business segment

- ▶ *Continuing decline in turnover in the third quarter, due to relinquishment of low-margin wholesaling business*
- ▶ *EBIT stable at roughly same level as in the previous year, negative due to seasonal factors*

### Proprietary Retail segment handles important functions

CEWE operates multi-channel retailing in Poland, the Czech Republic, Slovakia, Norway and Sweden in the form of over-the-counter outlets and online shops (its brands include Fotojoker, Fotolab, Japan Photo). These retail activities fulfil important functions for CEWE: first of all, they provide an important channel for marketing CEWE laboratory services to end consumers directly. Corresponding turnover and income are reported in the Photofinishing segment. Secondly, CEWE is able to test and develop new marketing strategies for CEWE brand products directly over the Internet and in retail outlets. Thirdly, it is then able to pass on this know-how to its business partners. CEWE's retail experience is a valuable resource for handling this process.

### Third-quarter turnover falls to 16.3 million euros due to relinquishment of wholesaling business

In the third quarter, CEWE Retail's large and attractive product range and its strong customer focus were once again a key competitive factor. The Retail business segment in the Czech Republic and Slovakia realised turnover growth, while slight falls in turnover were registered in Scandinavia. In Poland, CEWE Retail has let go of its wholesaling business. In the past year especially, this generated significant turnover but provided hardly any earnings. The relinquishment of low-margin batch business will mean that overall turnover for 2014 as a whole in the Retail business segment will likewise fall significantly short of annual turnover in 2013. However, this decline in turnover will not have any negative effect on earnings. In this context, in the third quarter, the Retail business segment provided turnover of 16.3 million euros. This corresponds to a decrease of 8.0 million euros on the same quarter in the previous year (Q3 2013: 24.3 million euros).

In cumulative terms, in the first nine months of 2014, turnover in the Retail business segment fell by approx. 27.5 million euros to 49.0 million euros (Q1–3 2013: 76.5 million euros). This was mainly due to the relinquishment of wholesaling activities in Poland. This figure includes negative currency effects in the amount of 2.2 million euros which also reduced Retail turnover in the first three quarters.

### Retail earnings almost match previous year's level despite decline in turnover

Like the Photofinishing business segment, Retail also realises its largest share of profits in the fourth quarter of each year. In the quarter under review, as expected, the EBIT figure for the Retail business segment amounted to –0.4 million euros – despite the decline in turnover outlined above, which did not generally affect earnings – and thus almost matched the previous year's level (Q3 2013: –0.3 million euros). The picture is very similar in terms of the accrued EBIT figures for the first three quarters: following a result of –1.2 million euros in the same period in the previous year, in the first nine months of 2014, the Retail business segment's EBIT was only 243 thousand euros weaker at –1.5 million euros.

Sales development by segments <i>in million euros</i>	Q1–3 2014	Q1–3 2013	Change
Photofinishing	230.0	227.0	+1.3 %
Retail	49.0	76.5	–35.9 %
Online Printing	50.0	41.6	+20.1 %
<b>Group</b>	<b>329.0</b>	<b>345.0</b>	<b>–4.7 %</b>

Sales development by segments <i>in million euros</i>	Q3 2014	Q3 2013	Change
Photofinishing	89.4	85.3	+4.9 %
Retail	16.3	24.3	–33.0 %
Online Printing	16.1	14.4	+11.4 %
<b>Group</b>	<b>121.8</b>	<b>124.0</b>	<b>–1.8 %</b>

## Consolidated profit and loss account

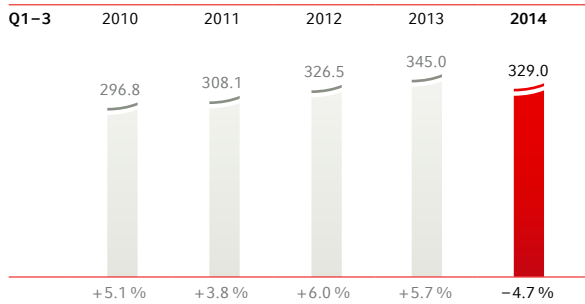
- ▶ *Group turnover in the third quarter amounts to 121.8 million euros (previous year: 124.0 million euros)*
- ▶ *EBIT of 3.2 million euros mainly shaped by increased level of marketing activities for Photofinishing (previous year: 6.2 million euros)*

### Group turnover reaches 121.8 million euros in the third quarter

As outlined in the discussion of the group's strategic business segments, the deliberate relinquishment of the wholesaling business triggered a significant 8.0 million euros decline in third-quarter Retail turnover. This effect has also been reflected

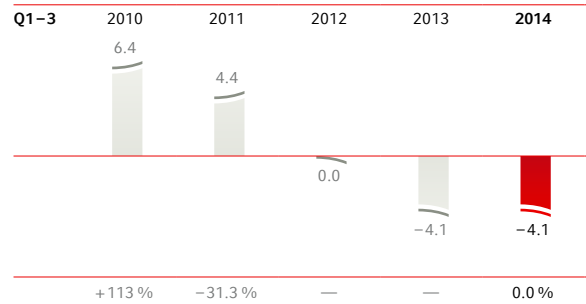
in the trend for CEWE's group turnover and is the main factor in its 1.8 % decrease on the same quarter in the previous year to 121.8 million euros (Q3 2013: 124.0 million euros). Turnover growth in the Photofinishing and Online Printing business segments – with a combined volume of +5.8 million euros – was unable to fully make up for the falling Retail turnover.

Turnover in million euros



Change on previous year

Earnings before interest and taxes (EBIT) in million euro



Change on previous year



### Consolidated EBIT at 3.2 million euros in the third quarter

Due to the seasonal shift of Photofinishing business to the fourth quarter, which has been apparent for some years now, the first three quarters have suffered a loss of earning power. In this period of the year, CEWE is therefore increasingly realising negative earnings while the profit share and absolute income provided by the fourth quarter are steadily increasing. As CEWE's core business segment at present, Photofinishing is thus having a significant impact on the seasonal nature of the overall group's business. Nor will Online Printing do much to alter this trend since it likewise realises its seasonal peak in the fourth quarter.

In this context, together with the increased expenditure outlined for the Photofinishing segment (particularly for marketing), in the third quarter of 2014, CEWE realised a consolidated EBIT figure of 3.2 million euros (Q3–2013: 6.2 million euros).

### Reduced other operating income made up for by operating strength

For the purpose of these earnings comparisons, it should also be noted that, to date in 2014, CEWE has realised a lower volume of irregular other operating income. Other operating income has provided earnings contributions which were 2.7 million euros lower in the third quarter and, overall in the first nine months of 2014, 4.3 million euros lower than in the previous year.

### Development of business segments shapes P & L structure

The contributions which the various business segments have provided to the profit and loss structure has varied in structural terms: in the key Photofinishing segment, the trend towards value-added products generally means a lower volume of material expenditure but an increasing volume of personnel expenses and other operating expenses. On growth-related grounds, Online Printing is accounting for a rising share of the consolidated profit and loss account. Online Printing is characterised by higher material expenses and slightly lower personnel expenses and other operating expenses than in the Photofinishing business segment. On the other hand, Retail entails significantly higher material expenses but lower personnel expenses and other operating expenses than in the other two business segments. In terms of depreciation, investments in the Photofinishing business segment, which have decreased over the past few years, currently still exceed the increasing basis for depreciation in the Online Printing segment, so that depreciation is also declining for the group as a whole. In the following discussion of the structure of the company's profit and loss account, these effects are explained in reference to the key items.

### Relinquishment of wholesaling business affects expense ratios by comparison with turnover

Group turnover declined in the quarter under review. This was mainly due to the group's relinquishment of its low-margin wholesaling business, as described in the "Retail business segment" chapter. This significant decline in turnover must be taken into consideration in an assessment of the expense ratios: the cost of sales ratio has improved due to this effect since wholesaling business only generated a very low gross margin. The other expense ratios have generally increased since the relinquishment of wholesaling has not led to any relevant reduction in expenses for these items.

### Material expense ratio falls to 31.8 % of turnover

The group's material expense ratio has also fallen significantly in the quarter in review, from 37.2 % in the same quarter in the previous year to 31.8 %. This mainly reflects the relinquishment of low-margin wholesaling business in the Retail segment. In the previous year, wholesaling activities in the Retail business segment were reflected in group turnover with a very high cost of sales ratio. In the Photofinishing segment, the cost of sales ratio has also generally declined due to increased demand for printed photo products and fewer photos produced using the silver and halide process. Growth in the Online Printing segment has a slight offsetting effect. Moreover, as usual in the online printing sector, the mail-order expenses for delivery of print products to the customer are reported under material expenses. For this reason too, material expenses here are higher than in the Photofinishing segment and, amid rising turnover, they have had a slightly stronger impact on the average figure for the group.

**Personnel expense ratio amounts to 25.5 % of turnover**

In relation to personnel expenses, two effects have jointly resulted in a generally rising personnel expense ratio by comparison with turnover: on the one hand, personnel expenses in the Online Printing growth segment have increased in absolute terms due to the new hirings in this segment as well as the increased personnel requirements for the central functions of marketing and research & development. On the other hand, the significant reduction in turnover due to the relinquishment of wholesaling business has resulted per se in a higher mathematical share of turnover for all of the group's expense items, with the exception of material expenses. Following personnel expenses of 32.4 million euros in the second quarter of 2014, in the third quarter of 2014 a slightly lower volume of expenditure was registered for this expense item, at 31.1 million euros (Q3 2013: 29.6 million euros).

**Other operating expenses increase to 37.2 % of turnover**

At 45.3 million euros, in absolute terms, other operating expenses were 4.3 million euros higher than in the same period in the previous year (Q3 2013: 40.9 million euros). This was due to the additional expenditure already outlined above which resulted for the development of business in the Photofinishing and Online Printing business segments, particularly for marketing. Partly due to the Retail-induced decline in turnover, the share of turnover accounted for by other operating expenses also increased, from 33.0 % in the same quarter in the previous year to 37.2 % in the quarter under review.

**Depreciation continues to decline in absolute terms**

Depreciation at group level has been decreasing at CEWE for some years now since the investments of the past few years in the core Photofinishing business segment have fallen considerably short of the peak investment years for the analogue/digital transformation (2003 to 2008). In 2012, this trend was briefly interrupted by the acquisition of Saxoprint in the Online Printing business segment and the associated depreciation.

<b>Q3 earnings</b> in million euros	<b>2014</b>	2013	Change
Earnings before interest and taxes (EBIT)	3.2	6.2	-48.7 %
Earnings before taxes	3.0	5.7	-47.1 %
Earnings after taxes	2.7	4.7	-42.5 %

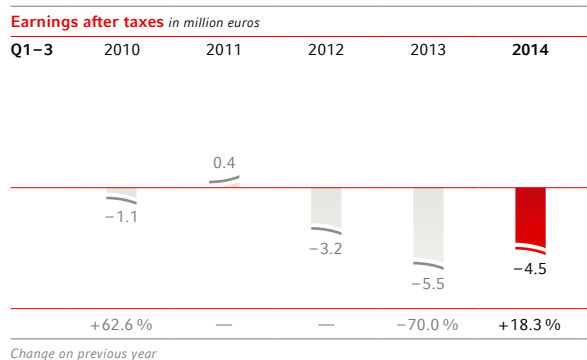
However, in the third quarter of 2014, the absolute volume of depreciation once again declined slightly, from 8.4 million euros in the previous year to 8.3 million euros. This trend is even more striking in cumulative terms: in the first three quarters of 2014 depreciation declined from a total of 26.1 million euros in the same period in the previous year to 24.5 million euros.

### Financing expenditure remains at low level

The expenses associated with the financial result remain low at 0.2 million euros (Q3 2013: 0.5 million euros).

### Tax income in the third quarter

In the period Q1–3 2014, seasonally-determined negative earnings have led to tax income resulting from capitalisation of deferred taxes on accrued losses. The earnings trend accounts for the increase of tax income on the previous year, in the amount of 0.9 million euros. In addition, non-period items in the previous year have not been repeated in the year under review. Please see the Notes for details of the revised method for calculation of the tax result.



## Employees

### Slight increase in volume of employees to 3,195

At the end of September 2014, the number of employees of the CEWE Group was at 3,195 slightly higher than in the previous year (3,114 employees).

The growth in personnel has resulted from increased personnel requirements (99 employees) in the Online Printing business segment. In the 2013 financial year, the new Online Printing business segment realised turnover growth of 39.2 % by comparison with the previous year and thus serves as the group's growth engine. In the first nine months of 2014, this business segment has maintained strong turnover growth of +20.1 % by comparison with the same period in the previous year.

CEWE has also continued to increase its personnel for the central functions of research and development and marketing/product management by comparison with the previous year.

On the other hand, CEWE has reduced its workforce at its production facilities in the Photofinishing and Retail business segments.

Q1–3: Employees by segment	2014	2013	Change
Photofinishing	2,012	2,035	–1.1 %
Retail	631	626	+0.8 %
Online Printing	552	453	+21.9 %
<b>Group</b>	<b>3,195</b>	<b>3,114</b>	<b>+2.6 %</b>

## Balance sheet and financing

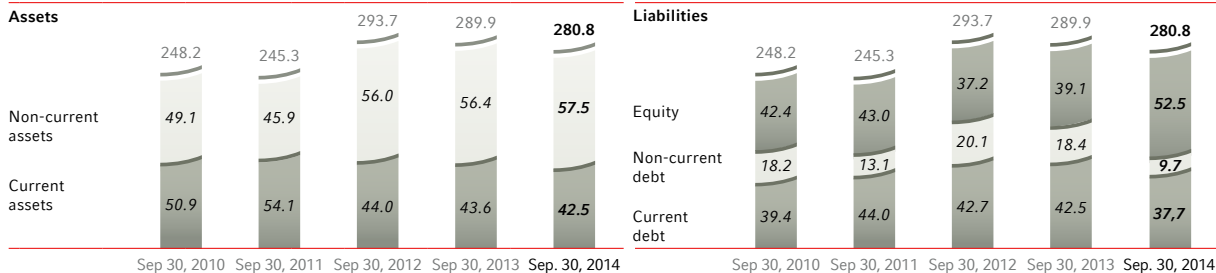
- ▶ Total assets 9.1 million euros lower than in the previous year
- ▶ Solid balance sheet: equity ratio increases to 52.5 %
- ▶ Significant reduction in group's debt

Due to the strong seasonal factors, the following comments on the balance sheet mainly reflect the situation by comparison with September 30, 2013. CEWE's development during the quarter under review is also presented by means of a comparison with its balance sheets as of September 30, 2014 and June 30, 2014. These chiefly comprise the components of the operating working capital and equity capital.

### Total assets 9.1 million euros lower than in the previous year

Total assets have decreased by 9.1 million euros on the previous year, i. e. in the period from September 30, 2013 to September 30, 2014. This change is mainly due to the active reduction in the operating gross working capital by 9.3 million euros. Total assets have increased by 9.6 million euros by comparison with the start of the quarter, i. e. in the period from June 30, 2014 to September 30, 2014. The reasons for this trend are outlined in the following discussion of the management balance sheet.

**Balance sheet** in million euros (total) and as % (structure)



### Capital employed decreases by 1.2 million euros

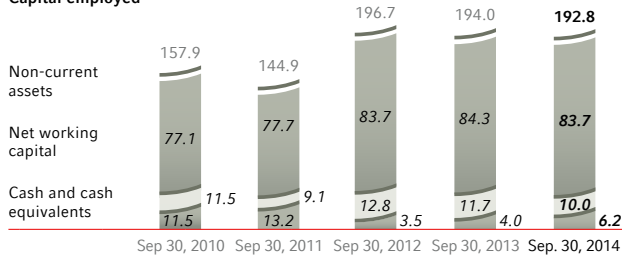
On September 30, 2014, the capital employed totalled 192.8 million euros and was thus 1.2 million lower than in the previous year. As indicated below, the non-current assets included in this figure have decreased by 2.0 million euros to 161.5 million euros, while the operating net working capital has even declined by 3.3 million euros to 19.3 million euros. At –16.2 million euros, other net working capital was 2.5 million euros lower than in the previous year. The cash and cash equivalents item has increased by 4.2 million euros to the normal figure of 12.0 million euros, as outlined in the paragraph detailing the cash flow.

### Reduction in non-current assets

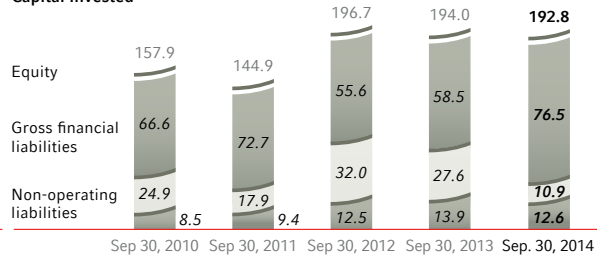
Non-current assets have decreased by 2.0 million euros year-on-year to 161.5 million euros. This effect is mainly attributable to the fixed assets. While investments were, at 33.3 million euros, only 0.1 million euros higher than the scheduled depreciation figure of 33.2 million euros, goodwill was reduced by 3.2 million euros to 25.4 million euros within the scope of the regular impairment tests required by the IFRS. In the quarter under review, non-current assets increased by 3.9 million euros. This was mainly due to seasonal investments in technical equipment and machinery in the amount of 11.3 million euros, with depreciation of 6.5 million euros.

#### Management balance sheet in million euros (total) and as % (structure)

##### Capital employed



##### Capital invested



### Lower receivables result in decline in operating net working capital

CEWE has reduced its inventories year-on-year by 0.4 million euros to 49.3 million euros and, above all, its trade receivables by 8.9 million euros to 43.3 million euros. The decline in inventories is mainly due to the relinquishment of the capital-intensive and low-margin wholesaling business. The decrease in trade receivables has also mainly resulted due to the decrease in receivables in the Retail segment, due to the considerably reduced volume of wholesaling business as well as insurance indemnification due to historical claims resulting from insolvencies and also receivables arising from the sale of fixed assets. This was offset by the decrease in trade payables, by 8.5 million euros to 57.1 million euros, which likewise reflects the considerably reduced volume of purchasing in the Retail segment. In line with the reduction of operating net working capital by 0.8 million euros to 35.5 million euros, the scope of operating net working capital has decreased year-on-year from 27 days to 26 days. This is due to the planned decrease in Retail turnover.

During the quarter under review, the operating net working capital increased by 1.4 million euros to 35.5 million euros. In the same period, at 26 days, the scope of operating net working capital was lower than the level of 30 days reached in the previous quarter. CEWE has kept its inventories stable at 49.3 million euros (–0.1 million euros) and increased its trade receivables by 5.7 million euros to 43.3 million euros. The average accounts receivable period has decreased from 33 days as of June 30, 2014

to 32 days. This is due to the increase in turnover by comparison with the 2nd quarter. On the other hand, trade payables have increased by 4.2 million euros to 57.1 million euros due to the usual seasonal factors.

### Other net working capital continues to contribute to financing

On September 30, 2014, other net working capital amounted to –16.2 million euros (previous year: –13.6 million euros) and thus provided a stronger contribution to the group's financing, as in the 2nd quarter.

While other gross working capital decreased by 2.0 million euros to 14.8 million euros, due to incoming tax claims and a decline in current financial assets, other current liabilities have increased slightly, by 0.6 million euros to 30.9 million euros.

In the quarter under review, other net working capital increased by 2.0 million euros to –16.2 million euros. The main reasons for this decrease are outlined in the "Cash flow" section.



**Capital invested: increase in equity capital reduces group's debt**

On September 30, 2014, the capital invested – identical with the capital employed – totalled 192.8 million euros and was thus only 1.2 million euros higher than in the previous year. The structure of the capital invested has changed: as outlined below, the equity capital included in this figure increased by 34.0 million euros to 147.5 million euros. On the other hand, non-operating liabilities have decreased by 2.7 million euros to 24.3 million euros and gross financial liabilities by 32.5 million euros to 21.0 million euros.

**Solid balance sheet: equity ratio increases to 52.5 %**

Equity has increased from 113.4 million euros to 147.5 million euros by comparison with the previous year. The dividend distribution in the amount of 10.6 million euros was more than made up for by the overall result of 21.7 million euros. This mainly comprises earnings after taxes in the amount of 23.6 million euros and income and expenses not affecting net income in the amount of –1.9 million euros. Besides the dividend payment, the owner-related equity capital changes have been influenced by the sale of treasury shares, with a volume of 26.5 million euros, and the exercise of the 2010 Stock Option Plan in the amount of –3.6 million euros. Overall, owner-related equity capital changes totalled 13.4 million euros. The increased equity capital and the reduction in total assets have resulted in an increase in the equity ratio from 39.1 % as of September 30, 2013 to 52.5 % at the end of the quarter under review.

During the quarter under review, the 2.6 million euros increase in equity capital is attributable, on the one hand, to the positive overall result of 3.4 million euros and, on the other, to the negative effect of the exercise of the 2010 Stock Option Plan in the amount of –0.7 million euros.

**Non-operating liabilities decline by 2.7 million euros to 24.3 million euros**

The group's non-operating liabilities have decreased year-on-year by 2.7 million euros to 24.3 million euros. As well as the 3.8 million euros decline in non-current financial liabilities due to repayments and reclassifications to the current segment, this includes an increase in pension accruals in the amount of 2.2 million euros. During the quarter under review, this item increased by 0.4 million euros.

**Net financial liabilities decrease by 36.7 million euros to 9.0 million euros**

The group's debt has decreased overall year-on-year by 43.2 million euros to 133.3 million euros. This mainly reflects a 32.5 million euros repayment of financial liabilities. Gross financial liabilities now amount to 21.0 million euros (previous year: 53.5 million euros). Since September 30, 2013 CEWE has reduced its net financial liabilities by 36.7 million euros to 9.0 million euros.

## Cash flow

- ▶ *Cash flow from operating activities increased to 10.6 million euros*
- ▶ *Cash flow characterised by higher volume of investment*
- ▶ *Decline in free cash flow on investment grounds*

Due to an EBIT decrease of 3.0 million euros in the quarter under review to 3.2 million euros, non-cash depreciation with a volume of 8.3 million euros (previous year: 8.4 million euros) was eliminated from CEWE's cash flow statement for the third quarter. The EBITDA figure decreased by 3.2 million euros to 11.4 million euros. Other non-cash adjustments which have no effect on the cash flow from operating activities amount to 1.0 million euros (previous year: – 1.9 million euros).

### Relinquishment of wholesaling business leads to an increase in working capital

In the quarter under review, the working capital-induced cash flow decreased by 1.2 million euros to 1.8 million euros.

Due to the change in the volume of Retail business in Poland, in the quarter under review, CEWE increased its operating net working capital by 1.4 million euros. This resulted in a –1.8 million euros cash flow disadvantage by comparison with the same quarter in the previous year. This net working capital effect

was mainly influenced by trade receivables, which increased by 5.7 million euros in the quarter under review on turnover-related grounds and thus resulted in a cash flow disadvantage of –1.5 million euros. The accounts receivable period for the increased Photofinishing turnover is longer than for the relinquished Retail turnover. The inventories have also resulted in a cash flow disadvantage of –1.1 million euros, due to a lower reduction on account of the decreased Retail volume.

In the quarter under review, other working capital has, at 0.4 million euros, absorbed 0.6 million euros less in cash than in the same quarter in the previous year, due to the increase of other current receivables and assets such as turnover-tax receivables as of the reporting date.

At –0.1 million euros, in the quarter under review income tax payments have decreased by 1.7 million euros by comparison with the third quarter of 2013. This has resulted from the use of loss carry-forwards in connection with the change of legal form, which have entailed reduced tax pre-payments.

Overall, the cash flow from operating activities amounted to 10.6 million euros and was thus 0.4 million euros higher than in the same quarter in the previous year.

Since the start of the year, the cash flow from operating activities has increased by 15.7 million euros to 22.8 million euros. This mainly reflected the working capital-induced cash flow (13.2 million euros): as already outlined in previous quarters, the high volume of receivables which resulted due to the seasonal peak in the fourth quarter has been further reduced here. The relinquishment of wholesaling business in the Polish Retail segment has also further reduced operating working capital.

#### CEWE invests in growth

At 12.4 million euros, outflows from investments in fixed assets were 0.8 million euros higher than in the same quarter in the previous year. The company has invested 3.7 million euros in digital printing and finishing, 2.5 million euros in offset printing and finishing, 2.3 million euros in point-of-sale presences, 0.9 million euros in intangible assets, 0.9 million euros in IT infrastructure and 1.9 million euros in various items of property, plant and equipment. CEWE has also invested 0.1 million euros in the acquisition of investments. In the quarter under review, a downstream purchase price component in the amount of 1.1 million euros was paid for the acquisition of the Saxoprint Group.

#### Decline in free cash flow on investment grounds

In the quarter under review, on investment grounds, fresh cash flow declined by 2.2 million euros by comparison with the same level in the previous year and reached –3.4 million euros. Since the start of the year, free cash flow has increased by 13.2 million euros on the same period in the previous year, from –17.3 million euros to –4.1 million euros. This is attributable to the above-mentioned increase in the operating cash flow, which has increased by 15.7 million euros to 22.8 million euros in this period.



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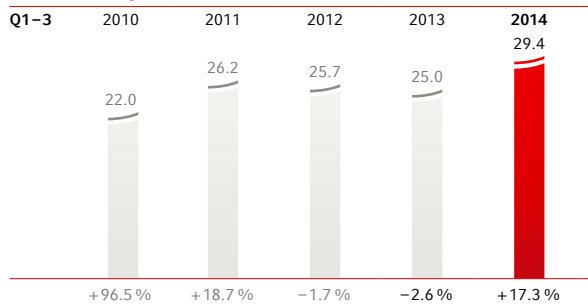
## Return on capital employed

- ▶ Average capital employed stable at 190.7 million euros
- ▶ ROCE significantly increased to 15.4 %

### Average capital employed stable at 190.7 million euros

As indicated in the balance sheet chapter, as of September 30, 2014, the capital employed figure was 192.8 million euros and thus 6.3 million euros higher than as of June 30. This reflects the seasonal nature of business. On September 30, 2014, at 190.7 million euros, the average capital employed – calculated on the basis of the four quarterly reporting dates within a given 12-month period – was slightly higher than in the previous year, with an increase of +0.6 million euros.

12-month rolling EBIT in million euros

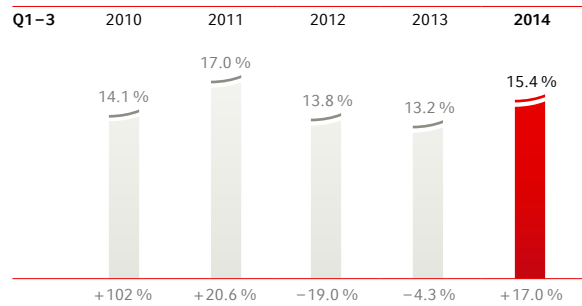


Change on previous year

### ROCE significantly increased to 15.4 %

Since September 30, 2013, the return on capital employed (ROCE) – a ratio indicating the capital yield – has risen from 13.2 % (after restructuring)/14.9 % (before restructuring) to 15.4 %. The value of 15.4 % reflects a 12-month EBIT figure of 29.4 million euros and average capital employed of 190.7 million euros. In particular, this improvement has been shaped by the strong earnings trend for the Photofinishing business segment.

ROCE in %



Change on previous year

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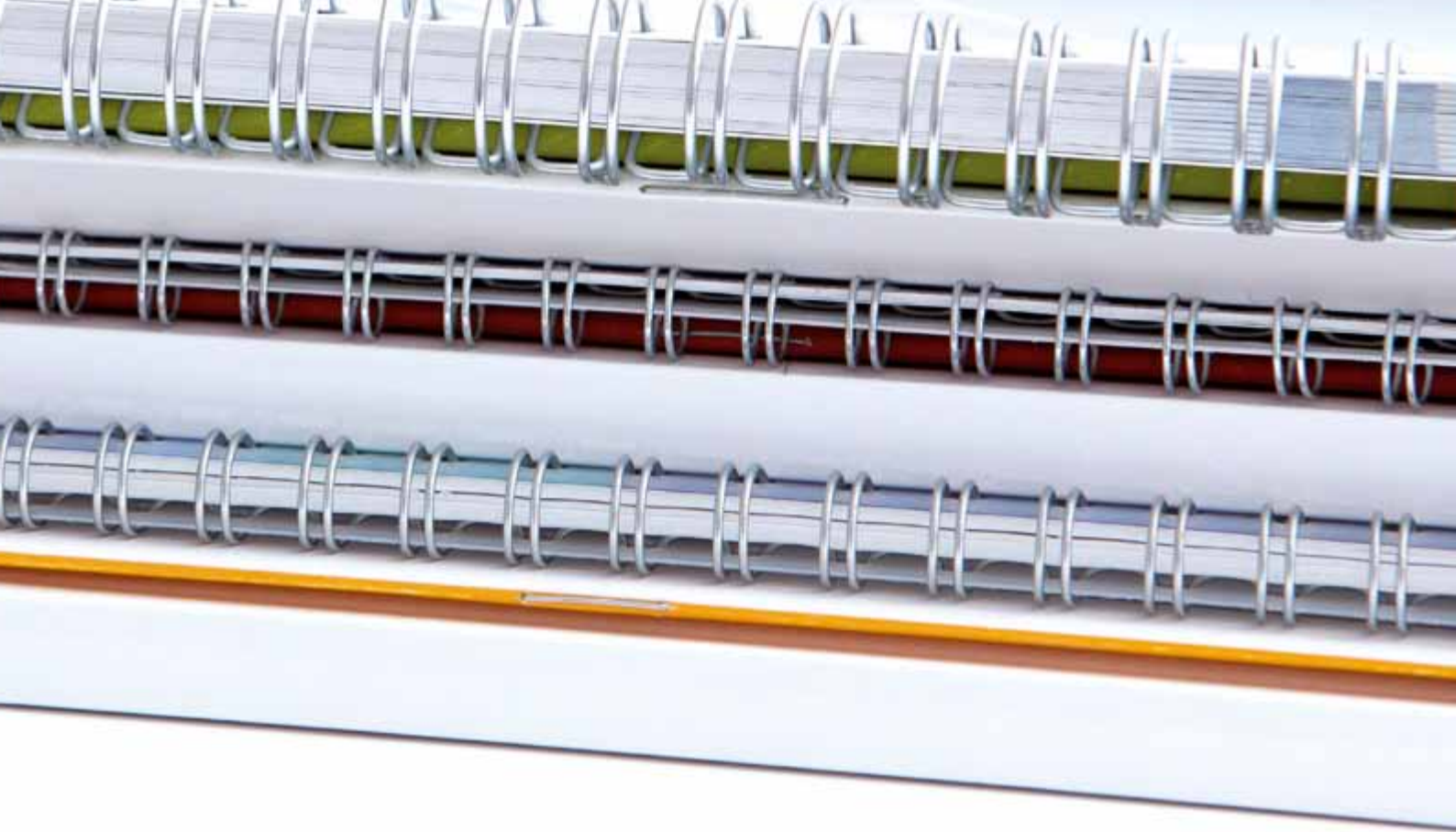
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## FORECAST, OPPORTUNITIES AND RISK REPORT

### Risks and opportunities

The consolidated management report for the financial year 2013 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.

### Online Printing growth – Photofinishing brand-building

In February 2012, CEWE acquired Saxoprint GmbH, Dresden, with the aim of establishing the foundations for further growth in the Online Printing segment. Besides digital printing, CEWE now also has offset-printing capacities which are available online for the efficient industrial production of large print runs.

In the Photofinishing segment, CEWE will continue to pursue its strategy of developing the brand product CEWE PHOTOBOOK which is positioned and marketed within the premium segment. Since 2013, other product brands – CEWE CALENDARS, CEWE CARDS and CEWE WALL ART – have been marketed with the same positioning in addition to the well-established CEWE PHOTOBOOK. The positive consumer response to CEWE PHOTOBOOK is to influence the forenamed products. The

advantages relating to product differentiation that are associated with the performance and quality standards maintained by the CEWE brand will be progressively exploited with respect to a growing product portfolio. This will also raise advertising efficiency and allow CEWE products to be “pre-sold” to consumers – a system that also benefits CEWE's business partners.

### Continuing focus on Europe

Almost 100 % of CEWE's business is located in Europe. At the present time, the company is not planning any changes in its regional presence. The current goal is to establish and strengthen the new Online Printing business in CEWE's home market and to develop the group's photofinishing brands, requiring virtually all of the CEWE Group's management capacities.

### Ongoing work on technological foundations

As in the past, CEWE will continue to work on improving the potential effectiveness and efficiency of its production and data transfer technology over the next few years. This development is being encouraged both within the company – through best practice transfers between the individual firms – and externally, e. g. through regular benchmarks and specific assignments of external consultants.



### Ongoing innovation includes products and services

CEWE's portfolio of products and services is undergoing continuous development. Over the past few years, innovations have predominantly been driven by the analogue/digital transformation. The company endeavours to keep up its innovation momentum in order to preserve and consolidate its leading market position. CEWE presented its current innovations in the photofinishing field at the photokina trade fair in September 2014. The innovations included comprehensive software updates, new apps, various product enhancements and the CEWE MYPHOTOS photo management solution. Innovations in Online Printing are continuously incorporated in CEWE's product range.

### Economic environment: Global economy continues to recover

In the second half of the year, the global economy is expected to embark on a course of recovery. Economic momentum will be supported by expansionary monetary policy, more favourable financial market conditions and an improvement in global sentiment. However, it should be borne in mind that the Eurozone's recovery is stagnating. International growth declined slightly in the first half of the year. In October, the International Monetary Fund thus reduced its real gross domestic product (GDP) growth forecast for the current year by 0.1 percentage points to 3.3 %. The growth rate in 2013 was also 3.3 %.

The industrialised nations should benefit particularly from expansionary monetary policy and less stringent budget consolidation measures. In the emerging markets, economic momentum is likely to be curbed by structural obstacles as well as geopolitical uncertainty. The economic trend in the Eurozone will weaken slightly before picking up again in the final quarter. The European Central Bank (ECB) thus predicts moderate growth in the second half of the year. Despite a decline in the third quarter, the purchasing manager index (overall PMI) relating to output, as well as further indicators, are pointing towards moderate growth for 2014 as a whole. The IMF predicts GDP growth of 0.8 % for the Eurozone, following a 0.4 % decline in economic output in the previous year.

### Outlook: improving global economic growth – moderate recovery in the Eurozone

For 2015, the International Monetary Fund (IMF) predicts a global economic growth rate of 3.8 % – a marginally weaker trend than it had envisaged back in the summer (4.0 %). With the economic trend in the first six months of the current year slightly weaker than expected, the IMF reduced its forecast in October and is warning of the risks associated with rising energy prices and overheated financial markets.

According to the IMF's forecast, at 1.3 %, the 2015 gross domestic product (GDP) in the Eurozone will rise considerably faster than in 2014 (0.8 %). The European Central Bank (ECB) considers a moderate recovery in the Eurozone to be possible while pointing out that the relevant key factors require close attention. In the view of the ECB, the key trends supporting the economy are consistent expansionary monetary policy, a continuing improvement in financing conditions, progress made in budget consolidation and structural reforms, low energy prices and rising export demand due to the global economic recovery. Adverse factors consist of high level of unemployment, idle capacities, declining lending activities on the part of the banks

and the necessary balance-sheet adjustments in the public and private sectors. With higher economic momentum, inflation is expected to pick up again over the course of 2015.

Irrespective of these trends, in view of its solid financing structure, CEWE does not envisage any significant financing risks. Due to the company's strong equity capital and liquidity position, CEWE will remain capable of financing both organic and inorganic growth internally, even during phases dominated by more restrictive lending policies. The risk of debt haircuts in some of the Eurozone's members has continued to decline but still applies in principle. However, this does not entail any material risks for CEWE. The management does not expect the company's outstanding receivables to result in significant burdens since receivables from business partners are largely hedged through loan insurance policies.

### CEWE's sales stable even in difficult economic environment

The experience of the past few years has shown that the correlation between the general economic trend, as well as customers' overall consumption propensity, and demand for CEWE's Photofinishing products is minimal. In theory, the impact of the economic trend might go up if the share of business customers in CEWE's turnover increases. However, the management currently tends to see additional opportunities in the Online Printing field, even during weak economic phases, since CEWE's Online Printing products offer a favourable cost/benefit ratio to business customers compared to printing companies' over-the-counter print services – a fact that should raise the importance of this competitive differentiator in such an environment. According to CEWE's management, aside from the specific turnover reduction measures detailed in this report, Retail is the only division that is likely to emulate the overall economic trend.

### Photofinishing will remain stable in future

CEWE is working to raise the market share of its value-added brand products in order to offset the decline in photos produced by means of the traditional chemical silver and halide process. Aside from the well-advanced decline in analogue

photos printed from film, this also encompasses the decrease in individual photos from digital files. Thanks to CEWE PHOTOBOOK, the European market leader, as well as its other value-added products and its strong Internet expertise, CEWE is in an excellent position to actively promote this change and conceivably even benefit from it.

As a result, the value-added products trend is expected to continue boosting Photofinishing activities in 2014 and offers the prospect of a stable margin as well as the possibility of a further slight increase.

### Seasonal shift to the fourth quarter is likely to remain intact

The second and third quarters – previously the core season – are continuing to decline in significance in relation to the annual trend. The growing significance of the fourth quarter for annual business compensates for this fact. Sales of higher-margin value-added products are increasingly focusing on the fourth quarter. This trend in CEWE's core Photofinishing business has persisted for a number of years. It appears to be continuing in 2014 and is shaping global strategy for the group as a whole. Online Printing growth will not have a significant effect

on this trend as the Online Printing business is also increasingly focused on the fourth quarter, albeit to a lesser degree. This is attributable to the fact that CEWE's printing customers predominantly order the advertising materials for their Christmas trade at the start of the fourth quarter.

#### Retail focus on earnings

In principle, the management expects the 2014 photo retail trend to be roughly in line with general consumer sentiment. However, sales of digital cameras are likely to register another significant decline. The company is working on alternative products and segments. Due to the relinquishment of the company's unprofitable export wholesaling business in Poland, which provided considerable turnover but hardly any earnings contributions in 2013, total annual turnover will be significantly lower in 2014 than in 2013. However, this fall in turnover from wholesaling activities will have hardly any negative effect on earnings.

In overall terms, in 2014, this will result in a significant decline in Retail turnover for CEWE. Retail's EBIT result may remain weak. The company is focusing on improving this figure. As explained in the description of CEWE's business model, these statements only cover sales of photo hardware and do not include photo products sold through websites or CEWE's retail outlets, which form part of the strategic Photofinishing business segment and will be more effectively promoted within the scope of the realignment of the Retail business segment.

#### Online Printing growth independent of the economic situation

At CEWE, Online Printing offers customers a series of advantages: increased quality due to highly professional printing products made by state-of-the-art large-scale plants whose consistent quality is generally superior to stationary printing firms, as well as time savings thanks to user-friendly Internet ordering, fast production and rapid delivery. Customers can also save on costs. Consumers are keen to realise these advantages regardless of the overall economic situation, perhaps even more so in difficult economic times. In 2014, the management therefore expects the Online Printing segment to deliver a further pronounced positive trend in turnover which will be largely independent of the economic situation.

### Further marketing investments in Online Printing

In 2014, the marketing expenses associated with the development of Online Printing are likely to affect the profit and loss account in the Online Printing business field and lead to a negative, albeit significantly improved, operating result compared to the 2013 EBIT figure (adjusted for goodwill amortisation). The Online Printing business field is likely to realise another positive EBIT result before marketing expenses in 2014. The substantial earnings power of the established Photofinishing business field will be exploited for rapid and purposeful expansion of the high-potential Online Printing business field.

### 2014 earnings target range: +3 million euros

Following 528.6 million euros in the previous year, the turnover goal communicated at the start of 2014 is between 525 million euros and 540 million euros. The company aims to overcompensate the decline in Retail turnover through envisaged turnover growth in the Online Printing segment, while Photofinishing turnover will remain more or less stable. However, the key issue consists of the company's income targets. Following Online Printing turnover of 59.8 million euros in 2013 and growth of 20.1 % in the first nine months of the year, the management believes annual turnover in excess of 70 million euros to be possible in the Online Printing segment. It continues to pursue its goal of reaching the 100 million euros mark for Online Printing turnover by 2016. Due to the active cutback of Retail's low-margin wholesaling turnover segments, it is currently

unclear whether this may lead to a stronger reduction in overall turnover in 2014 than originally assumed. The change in the advertising cost subsidies reporting (see "Photofinishing business segment" section) will also affect Group turnover in a manner not foreseeable at the time the original goal was defined. Due to the factors taking effect in the course of 2014, which have a very strong impact on turnover but are of marginal relevance to earnings (to a lesser degree in the case of the decline in wholesaling), total turnover reported for 2014 may be even lower than the range assumed at the start of the year – albeit without jeopardising the earnings target. Hence, the management is standing by its original earnings target.

In 2014, EBIT will fall within a range of 30 million euros to 36 million euros, EBT will total between 28 million euros and 34 million euros and earnings after tax will amount to between 19 million euros and 23 million euros. This corresponds to an increase in each earnings channel of approximately 3 million euros by comparison with the 2013 target. On the basis of its strong position at the end of the first three quarters, CEWE confirms its earnings goal for 2014. The management is confident that the fourth quarter 2014 will once again deliver earnings growth due to the seasonal shift in the Photofinishing segment.

**Seasonal shift will once again move earnings to Q4**

The seasonal shift, which has been apparent for many years, is likely to continue in 2014. The fourth quarter will thus continue to gain in importance, particularly in terms of turnover and earnings. The effect on the company's various business fields

is outlined in detail in the "Economic report" chapter. The second and third quarters, on the other hand, have continuously declined in importance for some years now. The fourth quarter may be expected to compensate for this trend.

Targets for 2014		Change on previous year
Digital prints	2.15–2.20 billion units	–4 % to –2 %
Prints from film	0.075–0.085 billion units	–34 % to –25 %
<b>Total prints</b>	<b>2.23–2.29 billion units</b>	<b>–6 % to –3 %</b>
CEWE PHOTOBOOKS	5.8–5.9 million units	+1 % to +2 %
Investments	36 million euros	+3 %
Revenues	525–540 million euros	–1 % to +2 %
EBIT	30–36 million euros	+2 % to +23 %
Earnings before taxes (EBT)	28–34 million euros	+1 % to +22 %
Earnings after tax	19–23 million euros	–12 % to +6 %
Earnings per share	2.84–3.45 euros/share	–14 % to +5 %

### 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 benefit from increased income. This policy clearly focuses on the absolute dividend value, with the distribution ratio as a secondary element.

Oldenburg, November 13, 2014  
CEWE Stiftung & Co. KGaA

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*“CEWE is always on the cutting edge. With peak demand having shifted to the fourth quarter, we are now working to ensure that our customers receive all of their CEWE PHOTOBOOKS, CEWE CALENDARS, CEWE CARDS and CEWE WALL ART in time for Christmas.”*

**Stephan Reinicke**, Technical Production Development,  
CEWE shareholder

## CONSOLIDATED FINANCIAL STATEMENTS

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## Consolidated profit and loss account

for Q1–3 2013 and 2014 of CEWE Stiftung & Co. KGaA, Oldenburg

<i>Figures in thousand euros</i>	Q1–4 2013	<b>Q3 2014</b>	Q3 2013*	Change	<b>Q1–3 2014</b>	Q1–3 2013	Change
Revenues	534,849*	<b>121,783</b>	123,977*	–1.8 %	<b>328,980</b>	345,037*	–4.7 %
Increase/decrease in the inventory of finished and unfinished products	326	<b>208</b>	45	362 %	<b>163</b>	110	48.2 %
Other work performed and capitalised	1,034	<b>181</b>	225	–19.6 %	<b>586</b>	651	–10.0 %
Other operating income	24,589	<b>4,290</b>	6,983	–38.6 %	<b>12,497</b>	16,831	–25.8 %
Cost of materials	–190,017	<b>–38,685</b>	–46,061	16.0 %	<b>–110,208</b>	–134,031	17.8 %
<b>Gross profit/loss</b>	<b>370,781</b>	<b>87,777</b>	<b>85,169</b>	<b>3.1 %</b>	<b>232,018</b>	<b>228,598</b>	<b>1.5 %</b>
Employee expenses	–129,882	<b>–31,053</b>	–29,611	–4.9 %	<b>–95,607</b>	–93,259	–2.5 %
Other operating expenses	–173,632*	<b>–45,275</b>	–40,943*	–10.6 %	<b>–116,007</b>	–113,361*	–2.3 %
<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b>	<b>67,267</b>	<b>11,449</b>	<b>14,615</b>	<b>–21.7 %</b>	<b>20,404</b>	<b>21,978</b>	<b>–7.2 %</b>
Depreciation of property, plant and equipment and amortisation of intangible assets	–37,902	<b>–8,266</b>	–8,412	1.7 %	<b>–24,492</b>	–26,067	6.0 %
<b>Earnings before interest and taxes (EBIT)</b>	<b>29,365</b>	<b>3,183</b>	<b>6,203</b>	<b>–48.7 %</b>	<b>–4,088</b>	<b>–4,089</b>	<b>—</b>
Financial result	–1,547	<b>–181</b>	–526	65.6 %	<b>–1,015</b>	–1,125	9.8 %
<b>Earnings before taxes (EBT)</b>	<b>27,818</b>	<b>3,002</b>	<b>5,677</b>	<b>–47.1 %</b>	<b>–5,103</b>	<b>–5,214</b>	<b>2.1 %</b>
Income taxes	–5,462	<b>–122</b>	–777*	84.3 %	<b>1,205</b>	318*	279 %
Other taxes	–737	<b>–178</b>	–197	9.6 %	<b>–560</b>	–560	—
<b>Earnings after taxes</b>	<b>21,619</b>	<b>2,702</b>	<b>4,703*</b>	<b>–42.5 %</b>	<b>–4,458</b>	<b>–5,456*</b>	<b>18.3 %</b>
<b>Earnings per share (in euros)</b>							
basic	–3.29	<b>0.38</b>	0.72*	–46.9 %	<b>–0.65</b>	–0.83	22.5 %
diluted	–3.26	<b>0.38</b>	0.71*	–46.5 %	<b>–0.64</b>	–0.83	21.9 %

\* The reference figures have been adjusted, as outlined on p. 70f.

## Consolidated statement of comprehensive income

for Q1–3 2013 and 2014 of CEWE Stiftung & Co. KGaA, Oldenburg

<i>Figures in thousand euros</i>	Q1–4 2013	Q3 2014	Q3 2013	Change	Q1–3 2014	Q1–3 2013	Change
<b>Earnings after tax</b>	21,619	<b>2,702</b>	4,703*	-42.5 %	<b>-4,458</b>	-5,456*	18.3 %
Currency translation differences	-3,954	675	39	>1,000 %	498	-2,816	—
<b>Amounts that may be restructured into the profit and loss statement in future periods</b>	-3,954	<b>675</b>	39	>1,000 %	<b>498</b>	-2,816	—
Actuarial gains	98	0	0	—	-1,392	0	—
<b>Amounts not restructured into the profit and loss statement</b>	98	<b>0</b>	0	—	<b>-1,392</b>	0	—
<b>Profit-neutral expenses and income after taxes</b>	-3,856	<b>675</b>	39	>1,000 %	<b>-894</b>	-2,816	68.3 %
<b>Overall result</b>	17,763	<b>3,377</b>	4,742*	-28.8 %	<b>-5,352</b>	-8,272*	35.3 %

\* The reference figures have been adjusted, as outlined on p. 70f.

**Consolidated balance sheet**

as of September 30, 2014 of CEWE Stiftung &amp; Co. KGaA, Oldenburg

<b>ASSETS</b>	<i>Figures in thousand euros</i>	Dec. 31, 2013	<b>Sep. 30, 2014</b>	June 30, 2014	Change	Sep. 30, 2013	Change
Property, plant and equipment		98,562	<b>99,513</b>	94,681	5.1 %	97,891	1.7 %
Real estate held as financial investment		4,277	<b>4,920</b>	4,887	0.7 %	4,149	18.6 %
Goodwill		25,360	<b>25,360</b>	25,360	—	28,529	-11.1 %
Intangible assets		19,969	<b>16,590</b>	17,422	-4.8 %	19,918	-16.7 %
Financial assets		1,153	<b>1,685</b>	2,054	-18.0 %	1,021	65.0 %
Non-current receivables from income tax refund		1,557	<b>996</b>	1,557	-36.0 %	2,092	-52.4 %
Non-current financial assets		1,543	<b>2,610</b>	1,677	55.6 %	1,256	107.8 %
Other non-current receivables and assets		179	<b>188</b>	136	38.2 %	204	-7.8 %
Deferred tax assets		7,056	<b>9,594</b>	9,776	-1.9 %	8,437*	13.7 %
<b>Non-current assets</b>		<b>159,656</b>	<b>161,456</b>	<b>157,550</b>	<b>2.5 %</b>	<b>163,497</b>	<b>-1.2 %</b>
Non-current assets held for sale		1,010	<b>1,005</b>	1,009	-0.4 %	1,007	-0.2 %
Inventories		59,131	<b>49,317</b>	49,433	-0.2 %	49,700	-0.8 %
Current trade receivables		88,768	<b>43,252</b>	37,511	15.3 %	52,163	-17.1 %
Current receivables from income tax refund		2,127	<b>3,891</b>	3,570	9.0 %	5,258	-26.0 %
Current financial assets		2,960	<b>2,695</b>	2,686	0.3 %	3,809	-29.2 %
Other current receivables and assets		3,793	<b>7,176</b>	6,399	12.1 %	6,672	7.6 %
Cash and cash equivalents		14,031	<b>12,025</b>	13,079	-8.1 %	7,838	53.4 %
<b>Current assets</b>		<b>171,820</b>	<b>119,361</b>	<b>113,687</b>	<b>5.0 %</b>	<b>126,447</b>	<b>-5.6 %</b>
<b>Assets</b>		<b>331,476</b>	<b>280,817</b>	<b>271,237</b>	<b>3.5 %</b>	<b>289,944*</b>	<b>-3.1 %</b>

\* The reference figures have been adjusted, as outlined on p. 70f.

<b>LIABILITIES</b>	<i>Figures in thousand euros</i>	Dec. 31, 2013	<b>Sep. 30, 2014</b>	June 30, 2014	Change	Sep. 30, 2013	Change
Subscribed capital		19,240	19,240	19,240	—	19,188	0.3 %
Capital reserves		56,643	69,332	69,332	—	56,228	23.3 %
Special item for treasury shares		-23,391	-8,950	-8,998	-0.5 %	-23,391	61.7 %
Retained earnings and unappropriated profits		87,945	67,865	65,269	4.0 %	61,420*	10.5 %
<b>Equity</b>		<b>140,437</b>	<b>147,487</b>	<b>144,843</b>	<b>1.8 %</b>	<b>113,445</b>	<b>30.0 %</b>
Non-current special items for investment grants		178	143	157	-8.9 %	172	-16.9 %
Non-current provisions for pensions		17,917	20,188	19,762	2.2 %	18,026	12.0 %
Non-current deferred tax liabilities		3,280	3,280	3,280	—	3,988*	-17.8 %
Other non-current provisions		350	262	281	-6.8 %	426	-38.5 %
Non-current interest-bearing financial liabilities		4,212	3,057	3,459	-11.6 %	26,317	-88.4 %
Non-current financial liabilities		3,000	0	0	—	3,767	—
Other non-current liabilities		660	424	384	10.4 %	611	-30.6 %
<b>Non-current liabilities</b>		<b>29,597</b>	<b>27,354</b>	<b>27,323</b>	<b>0.1 %</b>	<b>53,307</b>	<b>-48.7 %</b>
Current special items for investment grants		25	25	25	—	45	-44.4 %
Current provisions for taxes		4,180	3,639	3,895	-6.6 %	3,044	19.5 %
Other current provisions		5,627	3,161	3,323	-4.9 %	7,947*	-60.2 %
Current financial liabilities		26,111	17,947	14,324	25.3 %	27,191	-34.0 %
Current trade payables		101,077	57,065	52,863	7.9 %	65,583	-13.0 %
Current financial liabilities		2,432	3,317	4,425	-25.0 %	1,141	191 %
Other current liabilities		21,990	20,822	20,216	3.0 %	18,241*	14.1 %
<b>Current liabilities</b>		<b>161,442</b>	<b>105,976</b>	<b>99,071</b>	<b>7.0 %</b>	<b>123,192</b>	<b>-14.0 %</b>
<b>Liabilities</b>		<b>331,476</b>	<b>280,817</b>	<b>271,237</b>	<b>3.5 %</b>	<b>289,944*</b>	<b>-3.1 %</b>

\* The reference figures have been adjusted, as outlined on p. 70f.

## Consolidated statement of changes in equity

for Q1–3 2013 and 2014 of CEWE Stiftung & Co. KGaA, Oldenburg

<i>Figures in thousand euros</i>	<b>Subscribed capital</b>	<b>Capital reserves</b>	Consolidated equity generated	Special item for Stock Option Plans
<b>Balance on Jan. 1, 2014</b>	<b>19,240</b>	<b>56,643</b>	92,227	1,266
Earnings after tax	—	—	-4,458	—
Expenses and income not affecting profit or loss	—	—	—	—
<b>Overall result</b>	<b>—</b>	<b>—</b>	<b>-4,458</b>	<b>—</b>
Dividend paid out	—	—	-10,646	—
Sale of treasury shares	—	12,689	—	—
Addition to 2010 Stock Option Plan	—	—	—	106
Exercise of 2010 Stock Option Plan	—	—	-3,025	-1,163
<b>Owner-related change in equity capital</b>	<b>—</b>	<b>12,689</b>	<b>-13,671</b>	<b>-1,057</b>
<b>Balance on September 30, 2014</b>	<b>19,240</b>	<b>69,332</b>	74,098	209
<b>Balance on Jan. 1, 2013</b>	<b>19,188</b>	<b>56,228</b>	80,148	947
Earnings after tax	—	—	-5,456*	—
Expenses and income not affecting profit or loss	—	—	—	—
<b>Overall result</b>	<b>—</b>	<b>—</b>	<b>-5,456*</b>	<b>—</b>
Dividend paid out	—	—	-9,540	—
Sale of treasury shares	—	—	—	—
Addition to 2010 Stock Option Plan	—	—	—	239
<b>Owner-related change in equity capital</b>	<b>—</b>	<b>—</b>	<b>-9,540</b>	<b>239</b>
<b>Balance on September 30, 2013</b>	<b>19,188</b>	<b>56,228</b>	65,152*	1,186

\* The reference figures have been adjusted, as outlined on p. 70f.



Actuarial gains and losses	Adjustment item for currency translation	Income taxes not affecting net income	Miscellaneous adjustments	Retained earnings and unappropriated profits	Group equity before deduction of treasury shares	Special items for treasury shares	Group equity
-5,934	-2,285	2,261	410	87,945	163,828	-23,391	140,437
—	—	—	—	-4,458	-4,458	—	-4,458
-1,392	498	—	—	-894	-894	—	-894
-1,392	498	—	—	-5,352	-5,352	—	-5,352
—	—	—	—	-10,646	-10,646	—	-10,646
—	—	—	—	—	12,689	13,850	26,539
—	—	—	—	106	106	—	106
—	—	—	—	-4,188	-4,188	591	-3,597
—	—	—	—	-14,728	-2,039	14,441	12,402
-7,326	-1,787	2,261	410	67,865	156,437	-8,950	147,487
-6,032	1,669	2,261	—	78,993	154,409	-23,939	130,470
—	—	—	—	-5,456*	-5,456*	—	-5,456*
—	-2,816	—	—	-2,816	-2,816	—	-2,816
—	-2,816	—	—	-8,272*	-8,272*	—	-8,272*
—	—	—	—	-9,540	-9,540	—	-9,540
—	—	—	—	—	—	548	548
—	—	—	—	239	239	—	239
—	—	—	—	-9,301	-9,301	548	-8,753
-6,032	-1,147	2,261	—	61,420*	136,836*	-23,391	113,445*

## Consolidated cash flow statement

for Q1–3 2013 and 2014 of CEWE Stiftung & Co. KGaA, Oldenburg

<i>Figures in thousand euros</i>	<b>Q3 2014</b>		Q3 2013		Change	
<b>EBIT</b>		<b>3,183</b>		<b>6,203</b>		<b>-48.7 %</b>
+ Depreciation	8,266		8,412		-1.7 %	
<b>= EBITDA</b>		<b>11,449</b>		<b>14,615</b>		<b>-21.7 %</b>
<b>+/- Non-cash factors</b>		<b>1,054</b>		<b>-1,943</b>		<b>—</b>
+/- Decrease (+)/increase (-) operating net working capital		-1,423		411		—
+/- Decrease (+)/increase (-) in other net working capital (excluding income tax items)		-352		-991		64.5 %
<b>= Working capital and tax-induced cash flow</b>		<b>-1,775</b>		<b>-580</b>		<b>-206 %</b>
- Taxes paid		-134		-1,873		92.8 %
+ Interest received		31		24		29.2 %
<b>= Other operating cash flows</b>		<b>-103</b>		<b>-1,849</b>		<b>94.4 %</b>
<b>= Cash flow from operating activities</b>		<b>10,625</b>		<b>10,243</b>		<b>3.7 %</b>
- Outflows from investments in fixed assets		-12,387		-11,604		-6.7 %
- Outflows from purchases of consolidated shares/acquisitions		-1,108		-333		-233 %
- Outflows from investments in financial assets		-76		0		—
+/- Inflows (+)/outflows (-) from investments in non-current financial instruments		-489		-994		50.8 %
+ Inflows from the disposal of property, plant and equipment and intangible assets		38		1,499		-97.5 %
<b>= Cash flow from investment activities</b>		<b>-14,022</b>		<b>-11,432</b>		<b>-22.7 %</b>
<b>= Free cash flow</b>		<b>-3,397</b>		<b>-1,189</b>		<b>-186 %</b>
- Dividends paid out	0		4			—
+ Sale of treasury shares	0		0			—
- Stock Option Plan 2010	-733		0			—
<b>+/- Outflows to shareholders</b>		<b>-733</b>		<b>4</b>		<b>—</b>
+/- Cash flow to (+)/cash flow from (-) change in financial liabilities		3,221		-1,448		—
- Interest paid		-240		-572		58.0 %
+/- Miscellaneous non-cash financing transactions		7		-1		—
<b>= Cash flow from financing activities</b>		<b>2,255</b>		<b>-2,017</b>		<b>—</b>
<b>Cash and cash equivalents at start of period</b>		<b>13,079</b>		<b>11,002</b>		<b>18.9 %</b>
+/- Effect of exchange rate changes on cash and cash equivalents		88		42		110 %
- Cash flow from operating activities		10,625		10,243		-3.7 %
- Cash flow from investment activities		-14,022		-11,432		-22.7 %
+ Cash flow from financing activities		2,255		-2,017		-212 %
<b>= Cash and cash equivalents at end of period</b>		<b>12,025</b>		<b>7,838</b>		<b>53.4 %</b>

Q1-3 2014		Q1-3 2013		Change	
	<b>-4,088</b>		<b>-4,089</b>		<b>0.0%</b>
24,492		26,067		-6.0%	
	20,404		21,978		-7.2%
	285		-1,777		—
	11,318		-1,630		—
	-5,614		-5,859		4.2%
	<b>5,704</b>		<b>-7,489</b>		—
	-3,637		-5,658		35.7%
	69		89		-22.5%
	<b>-3,568</b>		<b>-5,569</b>		<b>35.9%</b>
	<b>22,825</b>		<b>7,143</b>		<b>220%</b>
	-22,194		-24,123		<b>8.0%</b>
	-3,283		-333		-886%
	-537		-482		-11.4%
	-1,067		-979		-9.0%
	190		1,483		—
	<b>-26,891</b>		<b>-24,434</b>		<b>-10.1%</b>
	<b>-4,066</b>		<b>-17,291</b>		<b>76.5%</b>
-10,646		-9,540		-11.6%	
26,539		548		>1,000%	
-3,597		0		—	
	<b>12,296</b>		<b>-8,992</b>		—
	<b>-9,319</b>		<b>22,031</b>		—
	<b>-1,153</b>		<b>-1,279</b>		<b>9.9%</b>
	<b>7</b>		<b>79</b>		<b>-91.1%</b>
	<b>1,831</b>		<b>11,839</b>		<b>-84.5%</b>
	<b>14,031</b>		<b>13,370</b>		<b>4.9%</b>
	229		-80		—
	22,825		7,143		-220%
	-26,891		-24,434		-10.1%
	1,831		11,839		-84.5%
	<b>12,025</b>		<b>7,838</b>		<b>53.4%</b>

## Segment reporting by business field\*

for Q1–3 2013 and 2014 of CEWE Stiftung & Co. KGaA, Oldenburg

<b>Q1–3 2014</b>	<i>Figures in thousand euros</i>	<b>Photofinishing</b>	<b>Retail</b>	<b>Online Printing</b>	<b>Scope of consolidation</b>	<b>CEWE GROUP</b>
External revenues		229,988	49,017	49,975	—	328,980
Currency effects		789	2,210	–230	—	2,769
External revenues, currency-adjusted		230,777	51,227	49,745	—	331,749
Internal revenues		17,745	48	—	–17,793	—
<b>Overall turnover</b>		<b>247,733</b>	<b>49,065</b>	<b>49,975</b>	<b>–17,793</b>	<b>328,980</b>
EBIT		–24	–1,470	–2,594	—	–4,088
Restructuring		—	—	—	—	—
EBIT before restructuring		–24	–1,470	–2,594	—	–4,088
<hr/>						
<b>Q1–3 2013</b>	<i>Figures in thousand euros</i>	<b>Photofinishing</b>	<b>Retail</b>	<b>Online Printing</b>	<b>Scope of consolidation</b>	<b>CEWE GROUP</b>
External revenues		226,955	76,485	41,597	—	345,037
Internal revenues		8,777	283	—	–9,060	—
<b>Overall turnover</b>		<b>235,732</b>	<b>76,768</b>	<b>41,597</b>	<b>–9,060</b>	<b>345,037</b>
EBIT		385	–1,227	–3,247	—	–4,089
Restructuring		3,273	—	—	—	3,273
EBIT before restructuring		3,658	–1,227	–3,247	—	–816

\* Segment reporting is an integral part of the notes to the consolidated financial statements, and is included here for improved clarity.

## Segment reporting by business field\*

for Q3 2013 and 2014 of CEWE Stiftung & Co. KGaA, Oldenburg

<b>Q3 2014</b>	<i>Figures in thousand euros</i>	<b>Photofinishing</b>	<b>Retail</b>	<b>Online Printing</b>	<b>Scope of consolidation</b>	<b>CEWE GROUP</b>
External revenues		89,432	16,288	16,063	—	121,783
Currency effects		-257	-434	-76	—	-767
External revenues, currency-adjusted		89,175	15,854	15,987	—	121,016
Internal revenues		6,889	-20	—	-6,869	—
<b>Overall turnover</b>		<b>96,321</b>	<b>16,268</b>	<b>16,063</b>	<b>-6,869</b>	<b>121,783</b>
EBIT		4,245	-391	-671	—	3,183

<b>Q3 2013</b>	<i>Figures in thousand euros</i>	<b>Photofinishing</b>	<b>Retail</b>	<b>Online Printing</b>	<b>Scope of consolidation</b>	<b>CEWE GROUP</b>
External revenues		85,258	24,299	14,420	—	123,977
Internal revenues		3,151	72	—	-3,223	—
<b>Overall turnover</b>		<b>88,409</b>	<b>24,371</b>	<b>14,420</b>	<b>-3,223</b>	<b>123,977</b>
EBIT		7,784	-290	-1,291	—	6,203

\* Segment reporting is an integral part of the notes to the consolidated financial statements, and is included here for improved clarity.

## 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. It is the parent company of the CEWE Group (hereinafter: CEWE). CEWE is an internationally active group which focuses on photofinishing, online printing and photo retail business as a technology and market leader.

### Principles for the preparation of the consolidated interim report as of September 30, 2014

The consolidated interim report of CEWE KGaA as of September 30, 2014 has 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. This interim report contains all data and information required according to IAS 34 for an abridged interim report.

In preparing the abridged interim report, 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.

These accounting, valuation and recognition policies and consolidation methods were applied to the quarterly financial report as of September 30, 2014 without any significant changes in relation to December 31, 2013 (except for the issues outlined below). These policies and methods are detailed in the consolidated financial statements as of December 31, 2013. Since the interim report as of June 30, 2014, income taxes have been reported on the basis of the estimated income tax rate which is expected for the year as a whole. This tax rate is applied for the earnings before taxes which are reported in the interim report.

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

<b>Amounts</b>	<i>Figures in thousand euros</i>	Sep. 30, 2013
<b>Balance Sheet</b>		
Deferred tax assets		1,282
Retained earnings and unappropriated profits		994
Non-current deferred tax liabilities		288
<b>Total assets</b>		<b>1,282</b>

<b>Consolidated Profit and Loss Account</b>	<i>Figures in thousand euros</i>	
	Q1–3 2013	Q3 2013
Income taxes	994	-519
Earnings after taxes	994	-519
<b>Consolidated Statement of Comprehensive Income</b>		
Overall result	994	-519
Earnings per share (in euros)		
basic	0.33	-0.08
diluted	0.34	-0.08

+ Adjusted reference figures increased by comparison with the original reference figures  
 – Adjusted reference figures reduced by comparison with the original reference figures

In the quarter under review, as a result of an error corrected in line with IAS 8, CEWE has standardised its presentation of advertising costs subsidies granted to customers throughout its corporate group since in some cases these had previously been reported net as part of turnover or gross as other operating

expenses. Due to a lack of clear IFRS guidance, in line with IAS 8 the rules laid down by the American standard setter FASB apply. Under these rules, the rebuttable presumption applies that payments made to a customer are to be recognised as reducing revenues. On the other hand, payments made in return for a formally agreed, identifiable counterperformance which may also be provided by third parties will no longer be recognised as reducing turnover and will instead be reported as selling expenses within the “Other operating expenses” position. Turnover will thus increase in the amount of the advertising costs subsidies which have previously been recognised as reducing revenues and will now result in a proportionate increase in other operating expenses, below the trading result.

The fundamental principles and methods of estimation for the quarterly financial report have not changed in comparison to previous quarters.

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

<b>Consolidated Profit and Loss Account</b>	<i>Figures in thousand euros</i>			
	Q1–3 2014	Q3 2014	Q1–3 2013	Q3 2013
Turnover	4,642	1,606	4,538	1,682
Other operating expenses	-4,642	-1,606	-4,538	-1,682

+ Adjusted reference figures increased by comparison with the original reference figures  
 – Adjusted reference figures reduced by comparison with the original reference figures

### Scope of consolidated companies

Apart from CEWE KGaA, the consolidated interim report as of September 30, 2014 includes domestic and foreign companies over which CEWE KGaA has a direct or indirect controlling interest.

As of September 30, 2014, apart from CEWE KGaA as the parent company, the scope of consolidation includes ten 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 from 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 assets represent only 0.01 % of the consolidated balance sheet total and its revenues from sales 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 report as of September 30, 2014.

### Key business transactions

In the third quarter of the current year, a downstream purchase price of 1.2 million euros was paid for the acquisition of the Saxoprint Group.

No further 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 September 30 of the current financial year.

### Events following the reporting date

No events which are significant on account of their nature, size or frequency have occurred since September 30, 2014.

### Notes on the profit and loss account, the balance sheet and the 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 segments 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 capital is shown separately in the statement of changes in equity following the profit and loss statement, the consolidated statement of comprehensive income, the balance sheet, the cash flow statement and the segment reporting.



### Equity

On December 31, 2013, CEWE Stiftung & Co. KGaA, Oldenburg, held 705,667 no-par shares as treasury shares. In addition, CEWE COLOR Versorgungskasse e. V., Wiesbaden, held 112,752 no-par 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, 2013 a total of 818,419 no-par shares were reportable as treasury shares in the consolidated financial statements of CEWE KGaA.

On September 30, 2014, CEWE KGaA's treasury shares portfolio pursuant to § 71 of the German Stock Corporation Act (AktG) amounted to 184,602 no-par shares (total amount: 5,178 thousand euros, average purchase price: 28.05 euros/share; previous year: 705,667 no-par shares, 19,630 thousand euros, 27.82 euros/share) and for the group a total of 297,354 no-par shares (total amount: 8,950 thousand euros, average purchase price: 30.10 euros/share, previous year: 818,419 no-par shares, 23,951 thousand euros, 28.68 euros/share). 1,700 treasury shares were required to exercise the Stock Option Plan. The necessary shares were transferred from the portfolio of CEWE Stiftung & Co. KGaA. On November 13, 2014, the company's treasury shares portfolio therefore amounted to 297,354 no-par shares, for an average purchase price of 30.10 euros.

As of September 30, 2014, the capital stock of CEWE was unchanged on December 31, 2013 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. For the financial year 2013, in the 2nd quarter of 2014 a dividend in the amount of 10,646 thousand euros was paid.

### 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.

### Notes on the segment reporting

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

Page 20 ff.  
Business segment

Page 60 ff.  
Consolidated profit  
and loss account

Page 38  
Balance sheet and  
financing

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Cash flow

### Contingent liabilities

Contingent liabilities resulted from the grant of suretyships and guarantees for third parties, from possible litigation risks and from other issues and amounted to 1,781 thousand euros (end of the same quarter in the previous year: 843 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 three quarters of 2014. 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, 2013.

<b>Earnings per share</b>	<i>Figures in thousand euros</i>	<b>Q3 2014</b>	Q3 2013	<b>Q1–3 2014</b>	Q1–3 2013
Consolidated earnings after third-party interests		2,702	4,703	-4,458	-5,456
Weighted average basic number of shares ( <i>in units</i> )		7,102,162	6,561,601	6,911,004	6,555,512
<b>Basic earnings per share (<i>in euros</i>)</b>		<b>0.38</b>	0.72	<b>-0.65</b>	-0.83
Consolidated earnings net of outside interests		2,702	4,703	-4,458	-5,456
+ Share of earnings attributable to minority interests holding subscription rights		—	—	—	—
+ Interest expense from shareholder loans of OHG		—	2	—	6
- Current and deferred taxes		—	—	—	—
Adjusted consolidated earnings		2,702	4,705	-4,458	-5,450
Weighted average diluted number of shares ( <i>in units</i> )		7,102,162	6,581,601	6,911,004	6,575,512
Diluting effect from issued stock options		13,973	50,403	13,922	41,614
<b>Diluted earnings per share (<i>in euros</i>)</b>		<b>0.38</b>	0.71	<b>-0.64</b>	-0.82

## Statement from the company's legal representatives

To the best of our knowledge, we hereby confirm that the consolidated interim report provides 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 consolidated interim management report presents a true and

fair picture of the group's business performance, including its trading result and position, while describing the key risks and opportunities associated with the group's envisaged development in the remainder of the financial year.

Oldenburg, November 13, 2014  
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)



Dr. Reiner Fageth



Carsten Heitkamp



Andreas F. L. Heydemann



Dr. Olaf Holzkämper



Thomas Mehls



Harald H. Pirwitz



Frank Zweigle

*“Whether CEWE PHOTOBOOKS, CEWE CALENDARS, CEWE CARDS or CEWE WALL ART, quality is always top priority at CEWE. We utilize state-of-the-art production methods and machinery, ensuring that the highest quality standards are met at all times.”*

**Sonja Eden**, CEWE PHOTOBOOK Production, CEWE shareholder



## FURTHER INFORMATION

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## Multi-year overview

### Consolidated profit and loss account

<i>Figures in million euros</i>	Q3 2008	Q3 2009	Q3 2010
Revenues	117.7	112.2	116.4
Increase/decrease in the inventory of finished and unfinished products	0.0	0.0	0.0
Other work performed and capitalised	0.5	0.2	0.4
Other operating income	6.0	7.3	5.8
Cost of materials	-43.8	-41.8	-42.9
<b>Gross profit/loss</b>	<b>80.4</b>	<b>77.9</b>	<b>79.7</b>
Employes expenses	-24.1	-23.6	-24.6
Other operating expenses	-31.4	-29.3	-34.2
<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b>	<b>24.9</b>	<b>25.0</b>	<b>20.9</b>
Depreciation of property, plant and equipment and amortisation of intangible assets	-9.2	-9.2	-8.6
<b>Earnings before interest and taxes (EBIT)</b>	<b>15.6</b>	<b>15.8</b>	<b>12.3</b>
Financial result	-0.6	-0.7	-0.6
<b>Earnings before taxes (EBT)</b>	<b>15.0</b>	<b>15.1</b>	<b>11.7</b>
Income taxes	-2.9	-2.7	-2.0
Other taxes	-0.3	-0.2	-0.3
<b>Earnings after taxes</b>	<b>11.9</b>	<b>12.2</b>	<b>9.4</b>

\* The reference figures have been adjusted, as outlined on p.70.

Q3 2011	Q3 2012	Q3 2013*	<b>Q3 2014</b>	Q1-3 2008	Q1-3 2009	Q1-3 2010	Q1-3 2011	Q1-3 2012	Q1-3 2013*	<b>Q1-3 2014</b>
121.8	126.0	124.0*	<b>121.8</b>	299.3	282.4	296.8	308.1	329.9	345.0*	<b>329.0</b>
0.0	0.1	0.0	<b>0.2</b>	0.0	0.0	0.0	0.0	0.1	0.1	<b>0.2</b>
0.3	0.2	0.2	<b>0.2</b>	1.6	1.1	1.2	1.0	0.6	0.7	<b>0.6</b>
3.5	7.8	7.0	<b>4.3</b>	18.3	20.1	16.3	13.9	19.4	16.8	<b>12.5</b>
-46.3	-47.9	-46.1	<b>-38.7</b>	-117.0	-110.0	-116.3	-119.2	-126.1	-134.0	<b>-110.2</b>
<b>79.1</b>	<b>86.1</b>	<b>85.2</b>	<b>87.8</b>	<b>202.1</b>	<b>193.6</b>	<b>197.9</b>	<b>203.7</b>	<b>223.9</b>	<b>228.6</b>	<b>232.0</b>
-26.5	-29.9	-29.6	<b>-31.1</b>	-80.3	-78.5	-74.2	-78.3	-88.2	-93.3	<b>-95.6</b>
-35.8	-39.7	-40.9*	<b>-45.3</b>	-87.4	-84.6	-88.7	-96.1	-108.2	-113.4*	<b>-116.0</b>
<b>16.9</b>	<b>16.5</b>	<b>14.6</b>	<b>11.4</b>	<b>34.4</b>	<b>30.5</b>	<b>34.9</b>	<b>29.4</b>	<b>27.6</b>	<b>22.0</b>	<b>20.4</b>
-8.0	-9.2	-8.4	<b>-8.3</b>	-30.3	-27.5	-28.6	-25.0	-27.6	-26.1	<b>-24.5</b>
<b>8.9</b>	<b>7.3</b>	<b>6.2</b>	<b>3.2</b>	<b>4.1</b>	<b>3.0</b>	<b>6.4</b>	<b>4.4</b>	<b>0.0</b>	<b>-4.1</b>	<b>-4.1</b>
-0.2	-0.8	-0.5	<b>-0.2</b>	-1.2	-1.4	-1.5	-0.8	-1.8	-1.1	<b>-1.0</b>
<b>8.7</b>	<b>6.6</b>	<b>5.7</b>	<b>3.0</b>	<b>2.9</b>	<b>1.6</b>	<b>4.9</b>	<b>3.6</b>	<b>-1.8</b>	<b>-5.2</b>	<b>-5.1</b>
-2.1	-1.8	-0.8*	<b>-0.1</b>	-1.5	-4.0	-5.3	-2.6	-0.8	0.3*	<b>1.2</b>
-0.2	-0.2	-0.2	<b>-0.2</b>	-0.9	-0.6	-0.7	-0.5	-0.6	-0.6	<b>-0.6</b>
6.4	4.5	4.7*	<b>2.7</b>	0.5	-3.0	-1.1	0.4	-3.2	-5.5*	<b>-4.5</b>

## Multi-year overview

### Consolidated balance sheet

<b>ASSETS</b>	<i>Figures in million euros</i>	Sep. 30, 2008	Sep. 30, 2009	Sep. 30, 2010	Sep. 30, 2011	Sep. 30, 2012	Sep. 30, 2013	<b>Sep. 30, 2014</b>
Property, plant and equipment		99.1	90.6	80.5	76.1	98.0	97.9	99.5
Real estate held as financial investment		0.0	3.5	4.9	4.9	4.5	4.1	4.9
Goodwill		6.3	10.3	10.3	9.1	28.5	28.5	25.4
Intangible assets		22.3	20.1	16.8	14.0	22.1	19.9	16.6
Financial assets		0.3	0.3	0.2	0.2	0.6	1.0	1.7
Non-current receivables from income tax refund		3.5	3.0	3.2	2.4	2.0	2.1	1.0
Non-current financial assets		0.0	0.0	0.0	0.0	0.4	1.3	2.6
Other non-current receivables and assets		0.6	0.3	0.3	0.5	0.2	0.2	0.2
Deferred tax assets		6.3	5.7	5.4	5.4	8.2	8.4*	9.6
<b>Non-current assets</b>		<b>138.3</b>	<b>133.7</b>	<b>121.7</b>	<b>112.6</b>	<b>164.6</b>	<b>163.5</b>	<b>161.5</b>
Non-current assets held for sale		5.5	4.7	0.8	0.2	0.2	1.0	1.0
Inventories		32.1	44.4	41.0	42.3	50.5	49.7	49.3
Current trade receivables		62.3	55.9	52.8	57.0	56.0	52.2	43.3
Current receivables from income tax refund		3.7	4.2	2.5	5.1	5.8	5.3	3.9
Current financial assets		0.0	0.0	0.0	0.0	3.0	3.8	2.7
Other current receivables and assets		7.5	9.1	11.2	8.9	6.7	6.7	7.2
Cash and cash equivalents		6.0	8.8	18.1	19.2	6.9	7.8	12.0
<b>Current assets</b>		<b>117.2</b>	<b>127.0</b>	<b>126.4</b>	<b>132.7</b>	<b>129.1</b>	<b>126.4</b>	<b>119.4</b>
		255.6	260.7	248.2	245.3	293.7	289.9*	280.8

\* The reference figures have been adjusted, as outlined on p. 70.



<b>LIABILITIES</b>	<i>Figures in million euros</i>	Sep. 30, 2008	Sep. 30, 2009	Sep. 30, 2010	Sep. 30, 2011	Sep. 30, 2012	Sep. 30, 2013	<b>Sep. 30, 2014</b>
Subscribed capital		19.2	19.2	19.2	19.2	19.2	19.2	19.2
Capital reserve		56.2	56.2	56.2	56.2	56.2	56.2	69.3
Special item for treasury shares		-15.2	-17.0	-17.3	-22.7	-23.9	-23.4	-9.0
Retained earnings and unappropriated profits		53.3	43.7	47.0	52.7	57.8	61.4*	67.9
<b>Equity capital attributable to shareholders</b>		<b>113.6</b>	<b>102.2</b>	<b>105.1</b>	<b>105.3</b>	<b>109.3</b>	<b>113.4</b>	<b>147.5</b>
Third-party shares		0.1	0.0	0.0	0.0	0.0	0.0	0.0
<b>Equity</b>		<b>113.6</b>	<b>102.2</b>	<b>105.1</b>	<b>105.3</b>	<b>109.3</b>	<b>113.4</b>	<b>147.5</b>
Non-current special items for investment grants		0.7	0.6	0.4	0.3	0.3	0.2	0.1
Non-current provisions for pensions		9.9	9.9	10.1	10.6	15.8	18.0	20.2
Non-current deferred tax liabilities		2.5	1.4	1.7	1.6	4.3	4.0*	3.3
Other non-current provisions		1.6	1.2	1.0	0.7	0.8	0.4	0.3
Non-current interest-bearing financial liabilities		2.7	34.2	31.9	18.5	34.7	26.3	3.1
Non-current financial liabilities		0.0	0.0	0.0	0.0	3.2	3.8	0.0
Other non-current liabilities		0.5	0.1	0.1	0.3	0.1	0.6	0.4
<b>Non-current liabilities</b>		<b>17.9</b>	<b>47.3</b>	<b>45.2</b>	<b>32.1</b>	<b>59.1</b>	<b>53.3</b>	<b>27.4</b>
Current special items for investment grants		0.1	0.1	0.1	0.1	0.1	0.0	0.0
Current provisions for taxes		3.5	3.0	3.7	3.8	4.5	3.0	3.6
Other current provisions		10.9	13.3	7.7	8.3	8.5	7.9*	3.2
Current financial liabilities		33.7	19.1	7.5	7.4	28.2	27.2	17.9
Current trade payables		49.0	52.1	50.2	59.6	62.5	65.6	57.1
Current financial liabilities		0.0	0.0	0.0	0.0	1.1	1.1	3.3
Other current liabilities		26.9	23.7	28.6	28.6	20.5	18.2*	20.8
<b>Current liabilities</b>		<b>124.0</b>	<b>111.2</b>	<b>97.8</b>	<b>107.8</b>	<b>125.3</b>	<b>123.2</b>	<b>106.0</b>
		<b>255.6</b>	<b>260.7</b>	<b>248.2</b>	<b>245.3</b>	<b>293.7</b>	<b>289.9*</b>	<b>280.8</b>

\* The reference figures have been adjusted, as outlined on p. 70.

## Multi-year overview

### Key figures

<b>Volume and Employees</b>		Q3 2008	Q3 2009	Q3 2010
Digital prints	<i>in million units</i>	558.9	601.6	609.6
Prints from film	<i>in million units</i>	269.4	187.0	119.2
Total prints	<i>in million units</i>	828	789	729
CEWE PHOTOBOOKS	<i>in thousand units</i>	747.0	942.9	1,076.5
Employees	<i>on a full-time basis</i>	2,821	2,666	2,607

<b>Income</b>		Q3 2008	Q3 2009	Q3 2010
Revenues	<i>in million euros</i>	117.7	112.2	116.4
EBITDA	<i>in million euros</i>	24.9	25.0	20.9
EBITDA margin	<i>in % of revenue</i>	21.1	22.3	18.0
EBIT	<i>in million euros</i>	15.6	15.8	12.3
EBIT margin	<i>in % of revenue</i>	13.3	14.1	10.6
Restructuring costs	<i>in million euros</i>	0.0	0.2	0.0
EBIT before restructuring	<i>in million euros</i>	15.6	16.0	12.3
EBT	<i>in million euros</i>	15.0	15.1	11.7
Profit after taxes	<i>in million euros</i>	11.9	12.2	9.4

<b>Capital</b>		Sep. 30, 2008	Sep. 30, 2009	Sep. 30, 2010
Total assets	<i>in million euros</i>	—	—	—
Capital employed (CE)	<i>in million euros</i>	—	—	—
Equity	<i>in million euros</i>	—	—	—
Equity ratio	<i>in % of assets</i>	—	—	—
Net financial liabilities	<i>in million euros</i>	—	—	—
ROCE (previous 12 months*)	<i>in % of average* capital employed</i>	2.6	7.0	14.1

\* Until December 31, 2011, ROCE was calculated based on capital employed at the cut-off date.

Q3 2011	Q3 2012	Q3 2013	Q3 2014	Q1-3 2008	Q1-3 2009	Q1-3 2010	Q1-3 2011	Q1-3 2012	Q1-3 2013	Q1-3 2014
660.3	609.1	579.9	567.2	1,267.1	1,415.9	1,462.8	1,533.0	1,551.8	1,494.4	1,458.3
82.9	52.9	39.0	29.7	682.8	460.2	300.2	203.3	131.8	92.4	70.8
743	662	619	597	1,950	1,876	1,763	1,736	1,684	1,587	1,529
1,354.1	1,361.4	1,348.5	1,413.3	1,609.0	2,263.1	2,685.5	3,244.3	3,483.1	3,543.9	3,673.0
2,765	3,179	3,083	3,230	2,837	2,730	2,602	2,686	3,124	3,114	3,195

Q3 2011	Q3 2012	Q3 2013	Q3 2014	Q1-3 2008	Q1-3 2009	Q1-3 2010	Q1-3 2011	Q1-3 2012	Q1-3 2013	Q1-3 2014
121.8	126.0	124.0	121.8	299.3	282.4	296.8	308.1	329.9	345.0	329.0
16.9	16.5	14.6	11.4	34.4	30.5	34.9	29.4	27.6	22.0	20.4
13.9	13.1	11.8	9.4	11.5	10.8	11.8	9.5	8.4	6.4	6.2
8.9	7.3	6.2	3.2	4.1	3.0	6.4	4.4	0.0	-4.1	-4.1
7.3	5.8	5.0	2.6	1.4	1.1	2.1	1.4	0.0	-1.2	-1.2
0.0	0.0	0.0	0.0	10.9	9.5	2.2	0.0	0.0	3.3	0.0
8.9	7.3	6.2	3.2	15.0	12.5	8.6	4.4	0.0	-0.8	-4.1
8.7	6.6	5.7	3.0	2.9	1.6	4.9	3.6	-1.8	-5.2	-5.1
6.4	4.5	4.7	2.7	0.5	-3.0	-1.1	0.4	-3.2	-5.5	-4.5

Sep. 30, 2011	Sep. 30, 2012	Sep. 30, 2013	Sep. 30, 2014	Q1-3 2008	Q1-3 2009	Q1-3 2010	Q1-3 2011	Q1-3 2012	Q1-3 2013	Q1-3 2014
—	—	—	—	255.6	260.7	248.2	245.3	293.7	289.9	280.8
—	—	—	—	165.3	168.7	157.9	144.9	196.7	194.0	192.8
—	—	—	—	113.6	102.2	105.1	105.3	109.3	113.4	147.5
—	—	—	—	44.5	39.2	42.4	43.0	37.2	39.1	52.5
—	—	—	—	30.3	44.5	21.3	6.8	56.0	45.7	9.0
17.0	13.8	13.2	15.4	—	—	—	—	—	—	—

## Multi-year overview

### Key figures

<b>Cash Flow</b>		Q3 2008	Q3 2009	Q3 2010
Cash flow from operating activities	<i>in million euros</i>	20.6	15.3	19.9
Cash flow from investment activities	<i>in million euros</i>	-9.2	-9.9	-7.9
Free cash flow	<i>in million euros</i>	11.4	5.5	12.0
Cash flow from financing activities	<i>in million euros</i>	0.0	-6.0	-4.7
Change in cash and cash equivalents	<i>in million euros</i>	0.0	-0.5	7.3
<b>Share</b>				
Number of shares (nominal value: 2.60 euros)		Q3 2008	Q3 2009	Q3 2010
	<i>in units</i>	7,380,020	7,380,020	7,380,020
Earnings per share				
basic	<i>in euros</i>	1.71	1.80	1.38
diluted	<i>in euros</i>	1.71	1.79	1.39

Q3 2011	Q3 2012	Q3 2013	<b>Q3 2014</b>	Q1-3 2008	Q1-3 2009	Q1-3 2010	Q1-3 2011	Q1-3 2012	Q1-3 2013	<b>Q1-3 2014</b>
21.3	11.2	10.2	<b>10.6</b>	12.2	12.3	30.8	33.9	2.4	7.1	<b>22.8</b>
-8.3	-10.9	-11.4	<b>-14.0</b>	-20.4	-22.6	-19.3	-19.0	-35.0	-24.4	<b>-26.9</b>
13.0	0.3	-1.2	<b>-3.4</b>	-8.2	-10.3	11.6	14.9	-32.6	-17.3	<b>-4.1</b>
-7.0	-0.9	-2.0	<b>2.3</b>	0.0	9.0	-2.0	-18.9	8.5	11.8	<b>1.8</b>
5.9	-0.6	-3.2	<b>-1.1</b>	0.0	1.3	9.6	-4.1	-24.1	-5.5	<b>-2.2</b>

Q3 2011	Q3 2012	Q3 2013	<b>Q3 2014</b>	Q1-3 2008	Q1-3 2009	Q1-3 2010	Q1-3 2011	Q1-3 2012	Q1-3 2013	<b>Q1-3 2014</b>
7,380,020	7,380,020	7,380,020	<b>7,400,020</b>	7,380,020	7,380,020	7,380,020	7,380,020	7,380,020	7,380,020	<b>7,400,020</b>
0.95	0.69	0.72	<b>0.38</b>	0.07	-0.44	-0.17	0.07	-0.49	-0.83	<b>-0.65</b>
0.95	0.69	0.71	<b>0.38</b>	0.81	-0.44	-0.16	0.07	-0.49	-0.82	<b>-0.64</b>

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## GLOSSARY

### 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 capital plus non-operating liabilities and gross financial liabilities

### Capital yield

See return on capital employed

### Days working capital

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

### EBT

Earnings before taxes

### EBIT

Earnings before interest and taxes

### EBITDA

Earnings before interest, taxes, depreciation and amortisation

### Equity

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

### Equity ratio

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

### Financial liabilities

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

### 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 financial liabilities and current financial liabilities; cf. financial liabilities

### Gross working capital

Current assets without cash and cash equivalents

### Liquidity ratio

Ratio of cash and cash equivalents versus total assets

### Net cash flow

Gross cash flow less investments

### Net financial liabilities

Non-current financial liabilities plus current financial liabilities less cash and cash equivalents

### Net working capital

Current assets excl. cash and cash equivalents less current liabilities excl. current special items for investment grants and excl. current 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

### 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

### Operating net working capital

Inventories plus current trade receivables less current trade payables

### P&L

Profit and loss account

### Return on capital employed (ROCE)

The ratio of earnings before interest and taxes (EBIT) versus the capital employed; in general, the 12-month perspective is chosen for the calculation of a rolling annual return on investment

### Working capital-induced cash flow

Changes resulting from net working capital





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