

Q1 Q2 2018  
Interim Report



## CEWE AT A GLANCE

24



EUROPEAN COUNTRIES

3,600



EMPLOYEES

9

DISTRIBUTION  
OFFICES

17,000

CEWE PHOTOSTATIONS



12

PLANTS



6

MILLION

CEWE  
PHOTOBOOKS  
IN 2017

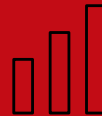


2.2

BILLION PHOTOS  
PRODUCED  
IN 2017

RETAILERS SUPPLIED

20,000



599.4

MILLION  
EUROS OF  
TURNOVER  
IN 2017

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“Together with all of the company’s employees, we have ensured that the established market leader for industrial photofinishing of analogue photos and films is now also the market leader in the market for digital photo products. As the No. 1 product on the market, CEWE PHOTOBOOK is the outstanding symbol of this successful transformation. With CEWE CALENDARS, CEWE CARDS and CEWE WALL ART, we have now brought further brand products onto the market. We intend to build on this position. We have also added online offset printing to our expertise in the field of digital printing and developed our Commercial Online Printing business.”

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Dr Christian Friege, Chairman of the Board of Management of Neumüller CEWE COLOR Stiftung



## CEWE – EUROPE’S ONLINE PRINTING AND PHOTO SERVICE

CEWE supplies consumers with photos and digital print products via over-the-counter trade as well as Internet sales. CEWE is the service partner for the leading brands on the European photography market. In 2017, the company developed and produced 2.2 billion photos – including in over 6 million CEWE PHOTOBOOKS as well as photo gifts. CEWE PHOTOBOOK (Europe’s leading photo book brand) and the company’s other product brands CEWE CALENDARS, CEWE CARDS and CEWE WALL ART, easy-to-use ordering applications (PC, Mac and mobile iOS, Android and Windows), our high level of expertise in digital printing, the benefits of scale offered by our efficient industrial production and logistics system, broad distribution via the Internet, over 20,000 retailers supplied and over 17,000 CEWE PHOTOSTATIONS are the key competitive advantages of CEWE’s Photofinishing business.

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

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



## HIGHLIGHTS Q2 2018

### Photofinishing business unit

- CEWE PHOTOBOOK sales at the same level as in the previous year: 1.121 million copies (Q2 2017: 1.120 million copies)
- Turnover per photo increases by a further 2.5%: 19.85 euro cents per photo (Q2 2017: 19.36 euro cents)
- At 85.9 million euros, Photofinishing turnover exceeds previous year's level by approx. 4.5% (Q2 2017: 82.1 million euros)
- Photofinishing EBIT figure lower than in the previous year, mainly due to the planned negative earnings contribution provided by Cheerz: -1.6 million euros (Q2 2017: 0.2 million euros)

### Commercial Online Printing business unit

- Turnover increases in second quarter by 23.8% to 24.7 million euros (Q2 2017: 19.9 million euros)
- Continuing adverse impact on business in the UK due to Brexit and in Germany on account of price pressure
- Q2 EBIT figure lower than in the previous year, mainly due to LASERLINE's integration: -1.6 million euros (Q2 2017: -0.3 million euros)

### Retail business unit

- CEWE RETAIL's hardware turnover in the second quarter amounts to 12.4 million euros (Q2 2017: 13.2 million euros)
- Q2 EBIT is traditionally negative in the second quarter due to seasonal factors: -0.2 million euros (Q2 2017: -0.1 million euros)

### Consolidated profit and loss account

- Group turnover increases in second quarter by 6.8% to 123.9 million euros (Q2 2017: 116.0 million euros)
- Q2 EBIT reflects envisaged negative earnings contributions provided by recent acquisitions: -4.0 million euros (Q2 2017: -1.0 million euros)

### Asset and financial position

- Solid balance sheet: equity ratio of 54.9%
- Capital employed increases by 3.6 million euros in the quarter under review, mainly due to acquisitions
- Seasonally driven 23.8 million euros increase in net financial liability

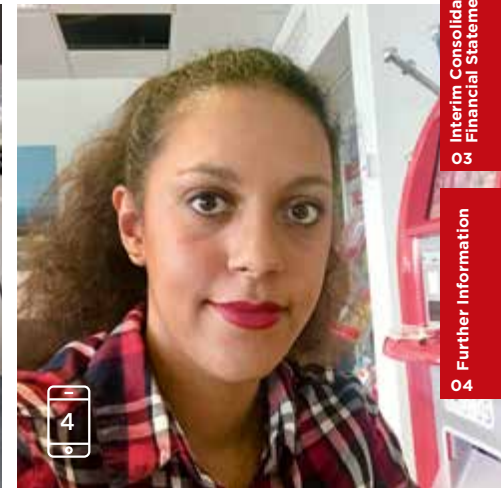
### Cash flow

- Value added tax payments and planned income situation have only marginal impact on cash flow from operating activities
- Increase in net cash used in investing activities due to usual seasonal investments
- Free cash flow in the second quarter declines due to seasonally driven investments in particular

### Return on capital employed

- Average capital employed increased to 279.9 million euros, due to acquisitions
- Increase in capital employed causes ROCE to decline to 16.5% (which is still a strong level), due to acquisitions

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## SELFIES @ CEWE

1. **Jasmin Hetlage and Michaela Thielen**, CEWE Oldenburg, Product Manager and Junior Manager Consumer and Market Research and CEWE shareholders
2. **Hans-Jörg Schmidt**, CEWE Munich, Workshop Manager and CEWE shareholder
3. **Thomas Retzkowski**, CEWE Cologne, Head of Customer Service and CEWE shareholder
4. **Floriane Merger**, CEWE France, Merchandiser and CEWE shareholder



Dr Christian Friege, Chairman of the Board of Management of Neumüller CEWE COLOR Stiftung



Dear Shareholder,

**CEWE is on track for its annual targets**

With the first six months of 2018 behind us, your company, CEWE, is right on track to achieve its targets for 2018. The seasonal migration will once again make itself felt in our main business unit, Photofinishing, in 2018: although the weather in the second and third quarters of the year encourages people to take photos, they are not very likely to place orders. Turnover and earnings therefore decline. The weather is “order-friendly” in the first quarter and in particular the fourth quarter, where Christmas is also the perfect opportunity for our personal photo gifts. Our CEWE customers appreciate this ever more from year to year, and each time we are even better prepared with our products. As a result, our turnover and earnings grow especially well in the fourth quarter. We are hard at work in this regard and expect to see a repeat of this trend in 2018.

**In the first half of the year, CEWE has matched the previous year's result – leaving aside the envisaged negative results for its acquisitions**

Overall in the first six months of the year, we achieved an EBIT figure of – 3.4 million euros. At first glance, this is significantly lower than the figure of – 0.4 million euros for the same period in the previous year. The figure for the year under review includes, for the first time, the envisaged negative contributions provided by our two company acquisitions. Start-up losses continue to dominate at Cheerz, which is still a young mobile app company, while the online printing firm Laserline is currently absorbing its planned consolidation and integration expenses. Leaving aside these factors, the result for the first half of the year is almost exactly in line with the previous year.

### Nice growth for Commercial Online Printing: organic and acquisition-based

As in the first quarter of the year, Commercial Online Printing has maintained a nice growth spurt, particularly thanks to Laserline: +21.3% in the first half of the year, with 49.1 million euros or 23.8% in the second quarter. Unlike in the first quarter, this growth now once again includes organic growth provided by our core business. In the first half of the year, the EBIT figure for Commercial Online Printing has decreased from –0.2 million euros to –2.1 million euros. Besides the decline of business in the UK due mainly to Brexit and price pressure in Germany, the team is continuing to work on operating issues such as the additional costs arising from the general price increases for paper on the market etc. Thanks to the boost in turnover generated by Laserline, we have a decent chance of achieving a solid result for this business segment.

### Retail maintains strategic focus on the photofinishing business

In the Retail segment – which only reports hardware business – turnover (–1.8 million euros to 23.3 million euros) and the EBIT figure (–0.3 million euros to –0.7 million euros) declined in the less important first half of the year. As always, the key fourth quarter is shaped by the result in this segment. This hardware business also serves as a marketing channel for our photofinishing products. For the sake of strategic clarity, turnover and income from photo products are likewise reported in the Photofinishing segment. This means that everything is right on track!

### In Photofinishing – excluding the envisaged negative earnings for Cheerz – earnings are even better than in the first half of the previous year

In this Photofinishing segment, we have registered a favourable turnover growth rate of +7.5% to 180.3 million euros – also, but not only, thanks to our new addition, Cheerz. Our core business has also gathered steam. Our EBIT figure amounts to 0.4 million euros and is thus 1.2 million euros lower than the earnings figure for the same period in the previous year. However, more than 100% of this deviation is attributable to the planned negative earnings of Cheerz. Our Photofinishing core business has thus fared better than in the previous year. CEWE's core business is on the right track.

### Cheerz is performing well – a successful relationship

The relationship with our new colleagues at Cheerz has got off to a good start. French start-up culture from Paris and German grown-up culture from Oldenburg, Freiburg and CEWE's other cities are a good match for one another. The combined team is pulling together. We are delighted with this valuable addition to our group.

### TIPA award for CEWE: “best photo service worldwide”

Your company has picked up prizes in a large number of competitions for many years now. In June, we won the TIPA Photo Award for the best photo service worldwide. We are delighted to have been awarded such a prestigious prize, which underlines CEWE's strong position in the photofinishing market.

### Successful general meeting ...

In the quarter under review, on June 6, 2018 we once again held our general meeting where we welcomed many new members of our Supervisory Board following their election by you, our shareholders. Besides just fulfilling the legal requirements, this was also a nice occasion for the CEWE family to get together again. We will never tire of emphasizing that mutual understanding between shareholders, employees and customers provides our company with stability. We are therefore delighted with the increasing numbers of people in all three of these groups.

### ... Dividend increased for ninth consecutive occasion

At our general meeting, you also resolved to increase our dividend to 1.85 euros per share – our ninth consecutive increase. Many equity analysts see this high continuity of the dividend trend as a special hallmark of a share's quality. Of course we are delighted with this and can assure you that the entire CEWE team is working to maintain this nice trend.



**CEWE will once again have innovations in store at photokina 2018 ...**

Constant innovation is a cornerstone for such dividend continuity. photokina, the leading photography trade fair which is held in Cologne every two years, traditionally showcases the innovative trends in the photo industry. In 2018, as one of the largest exhibitors CEWE once again intends to offer surprises with a large number of innovations and to provide consumers with fresh perspectives through a new world of photography, particularly in the mobile segment. Please visit us from September 26 to 29 at stand no. 20, hall 4.2, aisle A in Cologne.

**... and is of course thus limbering up for Christmas**

Many innovations at photokina are elements of the subsequent Christmas communication campaign which supports turnover and income in the key fourth quarter. Rest assured that virtually our entire company is constantly mindful of the Christmas quarter and has essentially been working towards this ever since February.

Dear shareholders, please lean back and enjoy our Photofinishing and Commercial Online Printing products and services. The entire CEWE team is entering the key second half of 2018 highly concentrated and full of energy, to ensure that at the start of 2019 we will be able to inform you that we have achieved our targets for 2018.

Oldenburg, August 9, 2018



Christian Friege

## CEWE SHARE

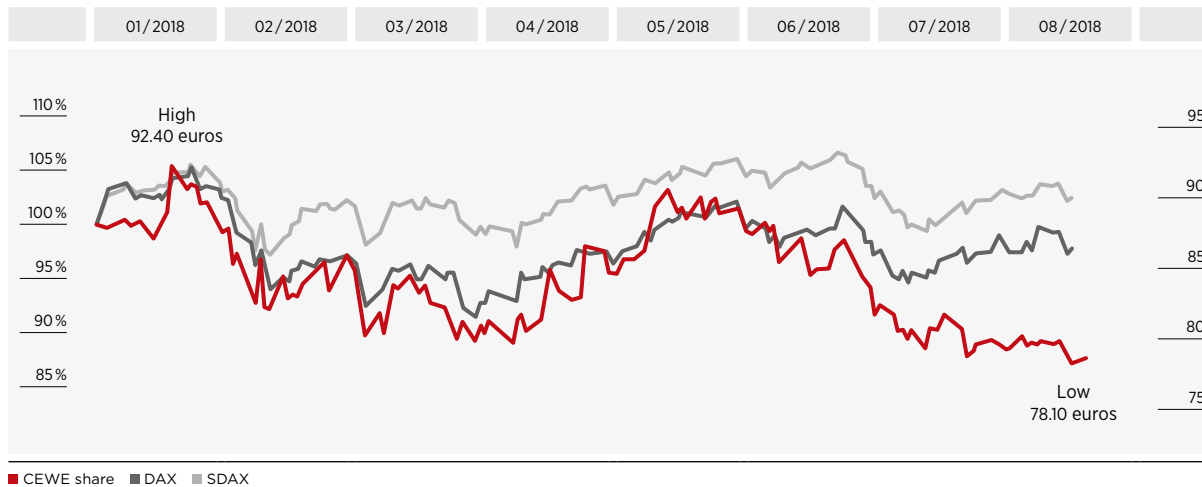
### CEWE share moves sideways at the end of the quarter, pricing at 79.20 euros

By comparison with its closing price as of the end of the first quarter of 2018 (79.90 euros), in the second quarter the CEWE share rose to in excess of 88 euros at times before moving sideways in late June at 79.20 euros (-0.9%). At 0.2%, the SDAX was almost unchanged in this period, while the DAX picked up by a moderate 1.7%.

### General meeting resolves ninth consecutive dividend increase


On June 6, 2018, CEWE's general meeting resolved a dividend increase to 1.85 euros per share conferring a dividend entitlement for the financial year 2017 (dividend in the previous year: 1.80 euros). This increase is the ninth consecutive dividend increase: since 2008, the dividend issued by CEWE has risen continuously, year-on-year, from 1.00 euros per share to the current figure of 1.85 euros.

CEWE share January 1, 2018 to August 6, 2018 in euros



### On average, CEWE shares traded for more than 1.3 million euros every day in the second quarter of 2018

In the second quarter of 2018, on average 16,173 CEWE shares were traded every day on German stock markets. This was lower than the level in the same period in the previous year (Q2 2017: 19,046 shares per day). However, due to the higher price level than in the previous year, the daily euro trading volume now increased to an average level of around 1.3 million euros (Q2 2017: approx. 1.2 million euros per day). The daily volume of CEWE shares traded continues to consistently and significantly exceed the level of 1 million euros per day which influences the investment decisions of many institutional investors. This also makes the CEWE share attractive for other larger institutional investors on a long-term basis.

 <https://company.cewe.de/en/home.html> > Investor Relations > CEWE share > Analysts

### Overview of current analysts' assessments

	Analysts' assessment	Date
Deutsche Bank	Hold	May 29, 2018
GSC Research	Hold	May 18, 2018
Oddo Seydler	Buy	May 15, 2018
Baader Bank	Buy	May 14, 2018
Bankhaus Lampe	Buy	May 14, 2018
Warburg Research	Buy	May 14, 2018
Berenberg Bank	Buy	Apr. 19, 2018

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

All of the analysts who follow CEWE continue to concur in their positive analysis. Five analysts are signalling "Buy" for the CEWE share and two "Hold". The price targets of these analysts are between 92 and 104 euros. For an overview of these analysts and their recommendations, please go to the Investor Relations section of CEWE's website ([company.cewe.de](https://company.cewe.de)).

### CEWE still solidly positioned in the SDAX

According to the "Trading volume" criterion, in June 2018 CEWE was in 94th position (March 2018: 96th position) and in terms of "Market capitalisation" it was in 96th position (March 2018: 99th position) in Deutsche Börse's ranking. By comparison with its ranking at the end of March 2018, this represents an improvement of 2 (by trading volume) or 3 (by market capitalisation) places. The CEWE share is thus a permanent fixture on the SDAX index, whose current structure 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 27.3% of its shares.

### CEWE is there for its shareholders

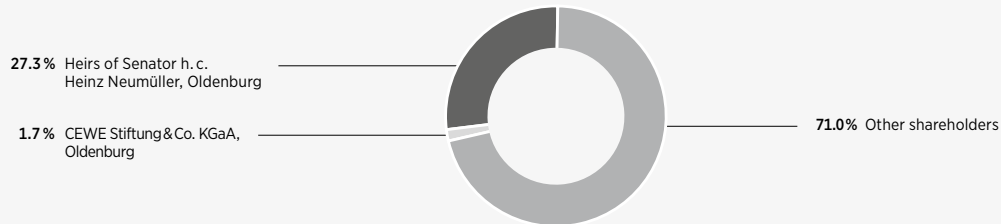
The clear objective of investor relations activities at CEWE is to notify all market participants promptly, comprehensively and equally in line with the principles of "Fair Disclosure", while achieving a high level of overall transparency.

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

The Board of Management and the Investor Relations team present the company at key capital market conferences and attend road shows in European and US financial centres. For details of the dates currently planned for 2018, please refer to the financial diary on the penultimate page of this report.

 <http://ir.cewe.de>

### Shareholder structure as % (100% = 7.4 million shares)



# 02

## INTERIM CONSOLIDATED MANAGEMENT REPORT

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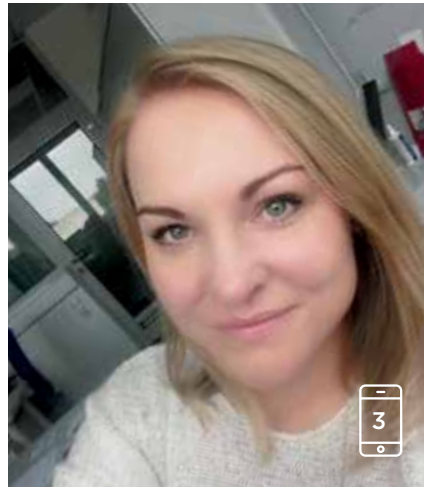
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## SELFIES @ CEWE

1. **Giovanni Ponti**, CEWE Cologne, Customer Adviser and CEWE shareholder
2. **Sven Olaf Huth**, CEWE Munich, Head of Materials Management Department and CEWE shareholder
3. **Beata Tomczyk-Kwoczała**, CEWE KOZLE, Customer Service Manager and CEWE shareholder
4. **Frederik R. B. Soepenber**, CEWE Cologne, Customer Service Netherlands and CEWE shareholder



## BASIC INFORMATION ON THE GROUP

### Business model

CEWE operates in three strategic business units: Photofinishing, Retail and Commercial Online Printing. This segment reporting reflects these strategic business units as well as the additional business unit Other Activities.

#### Photofinishing – CEWE’s traditional core business unit achieves growth

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

#### CEWE RETAIL: proprietary hardware retail business unit handles important functions

CEWE has multichannel retailing operations for photo hardware and photofinishing products in Poland, the Czech Republic, Slovakia, Norway and Sweden. In addition to selling photo hardware, over-the-counter outlets and online shops are a key channel for distributing CEWE photo products directly to end-consumers. Turnover and income from photofinishing products are consistently shown in the Photofinishing business unit.

#### Commercial Online Printing – a further key business area

CEWE is active in its Commercial Online Printing business unit through the production and marketing of printed advertising media via the distribution platforms SAXOPRINT, CEWE-PRINT.de, viaprinto and LASERLINE. In 2012, in this business unit CEWE acquired the SAXOPRINT Group, a specialist in online offset printing. CEWE launched Commercial Online Printing for printed advertising media in Germany and is now rolling out this business model in many other European countries, where local websites are already present and are increasingly generating business. In 2017, the online printing firm LASERLINE was acquired in addition. This has a strong market position in the online printing market in Berlin and the surrounding region. The depth of added value in Commercial Online Printing is very similar to Photofinishing. However, CEWE provides less software here for the creation of printed products (unlike in the case of CEWE PHOTOBOOK, for instance).

For further details of CEWE’s business model, please see pp. 32 ff. of its Annual Report 2017 or its website at [company.cewe.de](http://company.cewe.de) > Investor Relations > News & Publications > Business reports > Annual Report 2017.

## ECONOMIC REPORT

### Photofinishing business unit

- Sales, turnover and profit on track
- CEWE PHOTOBOOK sales at the same level as in the previous year: 1.121 million copies (Q2 2017: 1.120 million copies)
- Turnover per photo increases by a further 2.5 %: 19.85 euro cents per photo (Q2 2017: 19.36 euro cents)
- At 85.9 million euros, Photofinishing turnover exceeds previous year's level by approx. 4.5 % (Q2 2017: 82.1 million euros)
- Photofinishing EBIT figure lower than in the previous year, mainly due to the planned negative earnings contribution provided by Cheerz: –1.6 million euros (Q2 2017: 0.2 million euros)

In principle, sales of CEWE photo products continue to be shaped by two enduring consumer trends: higher-quality products and the shift in demand to the fourth quarter especially. Further information on general developments and on current trends in Photofinishing may be found on pp. 57 ff. of the Annual Report 2017.

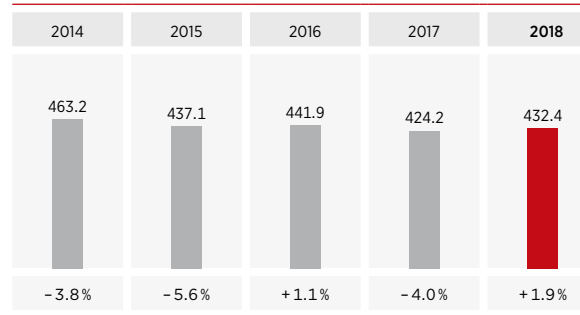
#### Q2 sales slightly better than expected

In previous years, the second quarter was affected by the seasonal migration, with a fairly minor decline in its volume share by comparison with the third quarter. Moreover, two peculiarities should be taken into consideration for an assessment of the sales trend in this second quarter: the extremely warm weather since late April/early May has not had any positive impact on orders of photo products. As observed during previous summers, consumers tend to react to these weather conditions by taking photos

instead of creating e.g. a CEWE PHOTOBOOK at home on their PCs. In addition, football's World Cup took place in June. Many CEWE customers must have followed this and thus spent less of their leisure time ordering photo products. This is an effect which has been apparent in the past during similar events (football's European championship, Olympic Games).

Furthermore, the figure for the previous year was slightly boosted by the fact that the Easter trade fell within the second quarter in 2017. In the current year, the Easter holidays already fell within the month of March and thus the first quarter. CEWE received a noticeable increase in orders.

Total volume of photos Q2 in millions of units



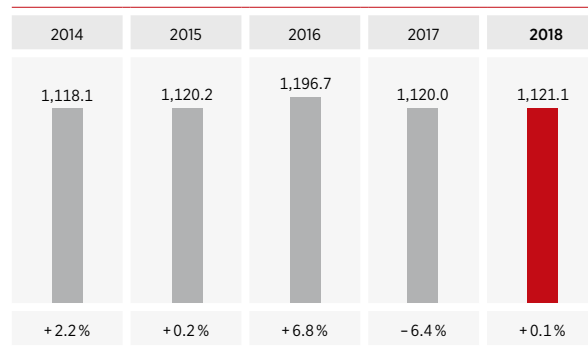
Change on previous year

In its planning for the second quarter of 2018, CEWE had once again assumed a slight decrease on the previous year, with a volume share of around 19.2% (2014: 20.2%, 2015: 19.6%, 2016: 19.8%, 2017: 19.5%). On the basis of the goal for the year as a whole of between 2.12 and 2.14 billion photos for 2018, the predicted volume for the second quarter is thus 0.407 to 0.411 billion photos. In this context, with 0.432 billion photos the second quarter has even slightly exceeded the upper limit of the envisaged range and thus confirms the company's target for the year (Q2 2017: 0.424 billion photos, +1.9%). This target value has been exceeded essentially due to the additional image volumes resulting from the acquisition of Cheerz (with negative earnings contributions still envisaged) and due to a larger quantity of simple photo products (which thus provide weaker turnover and profit contributions) than in the previous year.

### CEWE PHOTOBOOK sales at same level as in previous year, despite less favourable outline conditions

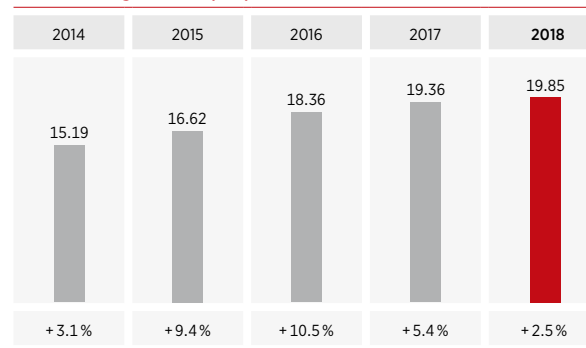
Despite the above-mentioned less favourable factors influencing consumers' ordering behaviour in this year's second quarter, the volume of CEWE PHOTOBOOKS is unchanged on the previous year: with 1.121 million copies in the current quarter under review, with a minimal increase of 0.1% the number of CEWE PHOTOBOOKS sold almost exactly matched the previous year's level (Q2 2017: 1.120 million copies). In the first six months of 2018, CEWE thus already sold 2.369 million books, a growth rate of 3.9% (H1 2017: 2.279 million copies).

Total number of CEWE PHOTOBOOKS Q2 in thousand units



Change on previous year

Photofinishing turnover per photo Q2 in euro cents



Change on previous year

### Photo gift sales on the rise

As well as CEWE PHOTOBOOKS, the Group's other value-added products such as CEWE CALENDARS, CEWE CARDS, CEWE INSTANT PHOTOS and further CEWE brand products in some cases even recorded growth – in the second quarter where the trend generally declines due to seasonal factors – and thus supported the positive overall volume trend in the Photofinishing business unit.

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

At 66 % (278 million photos), the proportion of digital photos ordered via the Internet was slightly higher than in the previous year (Q2 2017: 67 %). 46 % of customers placing orders via the Internet opted to collect their completed orders from the retail outlets supplied by CEWE, while 54 % chose postal delivery. Customers thus collected a total of approx. 66 % of all photos (both analogue and digital, ordered via the Internet and over-the-counter) at retail outlets of CEWE's trading partners. This confirms the strength of CEWE's "bricks and clicks" positioning, i.e. a strategic combination of retail outlet and Internet-based sales.

### Value-added products continue to strengthen Photofinishing turnover: turnover per photo increases by 2.5 % in Q2

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. For all of CEWE's photo products, turnover per photo continued to rise in the quarter under review: by 2.5 % from 19.36 euro cents per photo in the second quarter of 2017 to 19.85 euro cents per photo in the second quarter of 2018.

The overall trend for the first half of 2018 looks similarly positive: for this period, too, turnover per photo increased, by 3.2 % from 19.46 euro cents in the same six-month period in the previous year to 20.07 euro cents.

Photofinishing turnover within the expected range: 85.9 million euros (+4.5% on same quarter in previous year)

At 85.9 million euros, Photofinishing turnover in the second quarter of 2018 is roughly 3.7 million euros higher than the turnover figure for the same quarter in the previous year of 82.1 million euros. The high-growth French market leader for photofinishing apps, “Cheerz”, which was acquired in February 2018 provided slightly more than this overall turnover growth.

In its planning based on seasonal demand, CEWE had assumed Q2 Photofinishing turnover of between 83.1 to 89.3 million euros for the current quarter under review. The realised Photofinishing turnover figure of 85.9 million euros is accordingly within this range and thus confirms the expectations for the second quarter as well as for the goal for the year.

Over the first six months of 2018, the Photofinishing business unit realised turnover of 180.3 million euros – growth of 7.5% by comparison with the previous year’s turnover (H1 2017: 167.7 million euros). The acquired photo app specialist Cheerz provided a good half of this growth.

Photofinishing result lower than in the previous year, mainly due to the planned negative EBIT contribution provided by Cheerz

In the second quarter of 2018, the EBIT figure reported for the Photofinishing business unit amounts to –1.6 million euros (Q2 2017: 0.2 million euros).

In the quarter under review, non-operating depreciation resulting from the purchase price allocation of DeinDesign arose as a one-off factor in the amount of 0.1 million euros. In the same quarter in the previous year, one-off income in the amount of 0.5 million euros was realised due to the sale of the property in Denmark which CEWE’s old laboratory site had occupied. In addition, as in the previous year non-operating depreciation resulting from the purchase price allocation of DeinDesign was recognised as a special item in the amount of 0.1 million euros. Adjusted for these one-off factors, at –1.5 million euros the operating Q2 Photofinishing EBIT figure in the current quarter under review was 1.4 million euros lower than the adjusted figure for the previous year (Q2 2017: –0.1 million euros). In particular, the (planned) negative EBIT contribution provided by the acquisition of “Cheerz” has resulted in this decline in earnings.

**Without Cheerz, Photofinishing EBIT in the first six months of the year better than in the previous year**

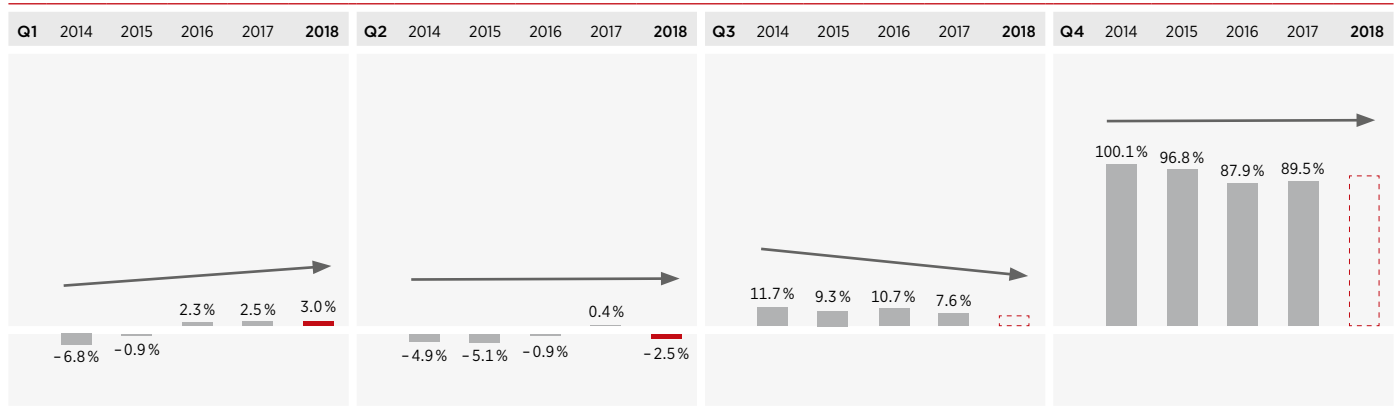
In the first six months of 2018, CEWE’s Photofinishing business unit achieved a positive result with a reported EBIT figure of 0.4 million euros (H1 2017: 1.6 million euros).

In the current year, as well as the above-mentioned one-off effects in the second quarter the depreciation resulting from the purchase-price allocation for DeinDesign amounting to an additional 0.1 million euros – which was already recognised in the first quarter of 2018 – is a further one-off factor. In the previous year, in the first quarter of 2017 non-operating depreciation resulting from the purchase price allocation of DeinDesign was

also recognised as a one-off factor, amounting to an additional 0.1 million euros. Adjusted for these one-off factors in the first half of the year, the operating EBIT figure for the first six months of 2018 amounts to 0.6 million euros, compared to an (adjusted) prior-year EBIT figure of 1.3 million euros. The envisaged initial loss resulting from the acquisition of Cheerz is actually even slightly higher than this decline in earnings: in operating terms, CEWE has registered a further improvement in its core Photofinishing business in the first six months of 2018.

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

**Development of EBIT – seasonal breakdown before restructuring as %**



## Commercial Online Printing business unit



- Turnover increases in second quarter by 23.8% to 24.7 million euros (Q2 2017: 19.9 million euros)
- Continuing adverse impact on business in the UK due to Brexit and in Germany on account of price pressure
- Q2 EBIT figure lower than in the previous year, mainly due to LASERLINE's integration: -1.6 million euros (Q2 2017: -0.3 million euros)

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

Through its brands SAXOPRINT, CEWE-PRINT.de, viaprinto and LASERLINE, in Commercial Online Printing CEWE is now active in ten countries: as well as online shops in Germany, the United Kingdom, France, Spain, Italy, Switzerland and Austria, CEWE currently also markets business stationery in the Netherlands, Belgium and Poland. It also has plans to expand into further European countries.

Further general information on Commercial Online Printing may be found on pp. 71 ff. of the Annual Report 2017.

### Commercial Online Printing turnover increases to 24.7 million euros in the second quarter

In the second quarter of 2018, the turnover of the Commercial Online Printing business unit increased from 19.9 million euros in the same quarter in the previous year to 24.7 million euros – a strong growth rate of 23.8%. This turnover growth has mainly resulted from the acquisition of the online printing provider LASERLINE, which CEWE has

consolidated in its Commercial Online Printing business unit since January 2018. However, from an organic point of view as well Commercial Online Printing achieved stronger growth in the current quarter under review than in the first quarter of 2018.

The online printing firm LASERLINE, which operates a printing centre in Berlin and has over 160 employees, is expected to provide a turnover contribution of approx. 15 million euros in the Commercial Online Printing segment in 2018. While a positive earnings contribution is not yet expected for 2018, from 2019 LASERLINE will further strengthen CEWE's positive earnings in its Commercial Online Printing business unit.

Commercial Online Printing's organic growth remains subdued due to price pressure in Germany as well as the performance of the British market. Since the Brexit decision, above all business in the UK has been characterised by exchange rate losses and declining demand. For instance, if one were to merely assume the same volume of UK business as in the previous year, for the Commercial Online Printing business unit as a whole this would have resulted in additional growth in the first six months of 2018 of approx. 1%.

In the first six months of 2018, the Commercial Online Printing business unit achieved a turnover figure of 49.1 million euros, a turnover growth rate of 21.3% (H1 2017: 40.5 million euros). Here too, growth is mainly being driven by the increase in turnover resulting from the acquisition of LASERLINE.

### Q2 EBIT lower than in the previous year, mainly due to LASERLINE's integration

With an EBIT figure of -1.6 million euros, in the second quarter



of 2018 the Commercial Online Printing business unit registered earnings which were lower than in the same quarter in the previous year (Q2 2017: – 0.3 million euros). As in the first quarter of 2018, in the quarter under review further costs for the integration of the acquired online printing firm LASERLINE in the amount of 0.3 million euros arose as a one-off factor. In addition, in the current year earnings include for the last time non-operating expenses resulting from the purchase price allocation for the SAXOPRINT Group. In particular, these comprise amortisation on identified intangible assets. This amounted to – 0.1 million euros in the second quarter of 2018. For the financial year 2018, overall this will entail expenses of approx. – 0.4 million euros. Adjusted for these two one-off factors, Commercial Online Printing's EBIT in the second quarter of 2018 amounts to – 1.2 million euros (EBIT figure adjusted for this effect in the same quarter in the previous year, Q2 2017: – 0.2 million euros). This difference is also attributable to the slightly higher cost base in the second quarter in Commercial Online Printing: the cost-of-sales ratio has increased slightly due to paper price rises, while temporarily increased logistics costs to ensure compliance with agreed delivery times have had a negative impact on earnings.

Overall in the first six months of the year 2018, Commercial Online Printing has achieved an EBIT figure of – 2.1 million euros, compared to – 0.2 million euros in the same period in the previous year. Adjusted for the one-off factors resulting from the purchase price allocation of Saxoprint (– 0.3 million euros) and the integration of LASERLINE (– 0.5 million euros), earnings amount to – 1.3 million euros (comparable adjusted EBIT in H1 2017: 0.2 million euros).

## Retail business unit

- CEWE RETAIL's hardware turnover in the second quarter amounts to 12.4 million euros (Q2 2017: 13.2 million euros)
- Q2 EBIT is traditionally negative in the second quarter due to seasonal factors: – 0.2 million euros (Q2 2017: – 0.1 million euros)

### CEWE RETAIL has both retail outlets and online shops

CEWE operates multichannel retailing in Poland, the Czech Republic, Slovakia, Norway and Sweden in the form of retail outlets and online shops. CEWE RETAIL offers its customers an attractive selection of cameras, lenses, accessories and services as well as CEWE's entire Photofinishing range, not only in attractive locations in city centres and shopping centres but also over the Internet. The related turnover and earnings contribution provided by CEWE's photofinishing product range is reported in the Photofinishing business unit. Further general information on CEWE RETAIL may be found on pp. 73 ff. of the Annual Report 2017.

### CEWE RETAIL reaches turnover of 12.4 million euros in the second quarter of 2018.

CEWE RETAIL's product range, the high-quality advice provided and its strong customer focus are the key factors which determine its outstanding market position. Moreover, for around two years now CEWE has more strongly focused on sales of Photofinishing products (which are reported in its Photofinishing business unit) through its own Retail operations. In addition, an optimised price strategy has been implemented in order to strengthen margins for photo hardware. This deliberate abandonment of low-margin

turnover had already continually reduced turnover in the Retail business unit in the past few quarters. A further factor in the quarter under review was the extremely warm weather in Scandinavia in particular. This significantly reduced the flow of CEWE RETAIL customers. For all of these reasons, in the second quarter of 2018 at 12.4 million euros Retail turnover was lower than in the previous year (Q2 2017: 13.2 million euros, – 6.1%). At the same time, Retail was once again able to increase its turnover from photofinishing products, which is reported in the strategic Photofinishing business unit, by a pleasing 3.7%.

The same picture applies for the figures for the first six months of the year: following declining turnover in the first quarter of 2018 for similar reasons, H1 2018 has ended with a turnover volume of 23.3 million euros, a decrease of 7.0% (H1 2017: 25.0 million euros).

**Despite the decline in turnover, Q2 EBIT only slightly lower than previous year's level: – 0.2 million euros**

With a rounded figure of – 0.2 million euros, in the quarter under review the Retail business unit thus achieved a result which was 160 thousand euros lower than in the same quarter in the previous year (Q2 2017: – 0.1 million euros). As well as a slight increase in valuation adjustments due to the saleability markdown on inventories, the focus on a higher-margin pricing policy is continuing to pay off: even though turnover fell by 6.1%, Retail ended the second quarter with a moderate decline in earnings. Due to the seasonal nature of business, this is traditionally a loss-making quarter.

In the first six months of 2018, the Retail business unit thus remained on track to achieve its EBIT targets for the year: – 0.7 million euros, compared to – 0.4 million euros in the first six months of 2017. The Retail business unit likewise realises its largest earnings contributions during the key Christmas business season in the fourth quarter.

## Other Activities business unit

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

CEWE reports its structural and company costs as well as the result of its real estate holdings and equity investments in its Other Activities business unit. Structural and company costs mainly comprise the costs associated with the company's committees as well as the costs of its general meetings and the costs of investor relations activities for all of the company's business units. The earnings generated by the Group company futalis are also reported in this business unit, since its business activities cannot be allocated to CEWE's other business units. As a premium brand, online at [www.futalis.de](http://www.futalis.de), futalis produces and markets highly personalised pet food which is tailored to each animal's specific veterinary requirements.

In the second quarter of 2018, CEWE realised turnover in the amount of 1.0 million euros (Q2 2017: 0.7 million euros) in its Other Activities business unit. This turnover is entirely attributable to futalis.

In the quarter under review, the EBIT contribution to consolidated income deriving from the expense items for structural and company costs and the result of real estate holdings and equity investments improved to – 0.6 million euros (Q2 2017: – 0.9 million euros). This improvement has also resulted from the rental income provided by the Saxopark property which CEWE acquired in the second half of the past year at Saxoprint's Dresden site.

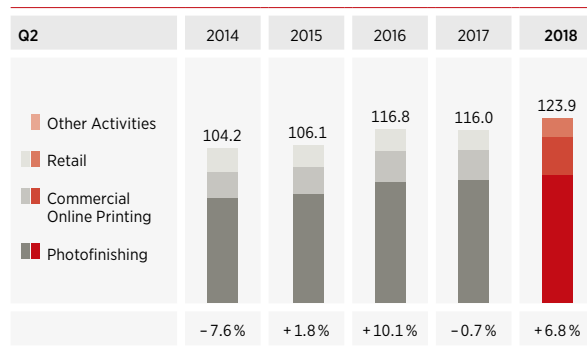
In the same quarter in the previous year, the scheduled amortisation of intangible assets within the scope of the purchase price allocation for futalis resulted in expenses in the amount of – 0.1 million euros. Following the complete write-down of these PPA assets as of the end of 2017, the purchase price allocation for futalis will no longer result in any expenses from 2018 onwards.

In the first six months of 2018, CEWE thus realised revenues in the amount of 1.8 million euros (H1 2017: 1.4 million euros) in its Other Activities business unit, all of which were provided by futalis. The Other Activities business unit improved its earnings contribution to the Group EBIT figure in this period from – 1.4 million euros in the previous year to – 1.0 million euros.

## Consolidated profit and loss account

- Group turnover increases in second quarter by 6.8 % to 123.9 million euros (Q2 2017: 116.0 million euros)
- Q2 EBIT reflects envisaged negative earnings contributions provided by recent acquisitions: – 4.0 million euros (Q2 2017: – 1.0 million euros)

Turnover in millions of euros



Change on previous year

### Group turnover reaches 123.9 million euros in the second quarter

The turnover growth in the Photofinishing and Commercial Online Printing business units more than made up for the decline in turnover in the Retail business unit. In the second quarter of 2018, this resulted in Group turnover **↑** of 123.9 million euros (Q2 2017: 116.0 million euros). As already outlined in the sections concerning the business units, this growth rate of 6.8 % has mainly been generated by the Group's latest acquisitions, "Cheerz" and "LASERLINE". In addition, organic growth in the Commercial Online Printing business unit has once again increased slightly.

In the first six months of 2018, Group turnover amounted to 254.5 million euros, compared to 234.6 million euros in the previous year (+ 8.5%). Here too, the picture is similar to the trend in the second quarter of the year: as well as organic growth for Photofinishing and Commercial Online Printing, it is the turnover contributions from Cheerz and LASERLINE which have provided turnover growth.

### EBIT by business unit

in millions of euros	Q2 2014	Q2 2015	Q2 2016	Q2 2017	Q2 2018
Photofinishing	-1.9	-2.1	-0.7	0.2	-1.6
Retail	-0.4	-0.2	0.0	-0.1	-0.2
Commercial Online Printing	-0.7	-0.9	0.3	-0.3	-1.6
Other Activities	-0.6	-0.4	-0.7	-0.9	-0.6
<b>Group</b>	<b>-3.6</b>	<b>-3.6</b>	<b>-1.1</b>	<b>-1.0</b>	<b>-4.0</b>

### Changes in individual P&L items largely reflect business trend

The change in the item “Change in inventories” <sup>2</sup> reflects a stronger decline in the volume of finished and unfinished goods than in the previous year. The increase in other operating income <sup>3</sup> is attributable to a value added tax refund for past assessment periods following the most recent tax audit in Germany as well as the rental income arising since the current year due to the leasing of the Saxopark site in Dresden. The absolute cost of materials <sup>4</sup> has increased, mainly due to the acquisitions of Cheerz and LASERLINE. The cost-of-sales

ratio has increased only slightly to 32.1% (Q2 2017: 31.9%). The absolute increase in personnel expenses <sup>5</sup> is likewise mainly attributable to these two acquisitions and, to a lesser extent, to new hirings in the central segments of the Photofinishing business unit in particular. Moreover, the material costs for these two new Group companies have played a particularly significant role in the absolute increase in other operating expenses <sup>6</sup>. Without the two acquisitions, this item has even declined in absolute terms and the cost ratio has fallen to a level which is slightly lower than the previous year’s figure of 34.7% of turnover. In regard to the depreciation figure <sup>7</sup>, at 7.7% of

### Consolidated profit and loss account

<i>in millions of euros</i>	Q2 2017	% of turnover	Q2 2018	% of turnover	Change as %	Change in millions of euros
<b>Revenues</b>	<b>116.0</b>	<b>100%</b>	<b>123.9</b>	<b>100%</b>	<b>+6.8%</b>	<b>+7.9</b> <sup>1</sup>
Increase/ decrease in finished and unfinished goods	-0.1	-0.1%	-0.3	-0.3%	+345%	-0.3
Other own work capitalised	0.2	0.2%	0.2	0.2%	-6.7%	-0.0
Other operating income	5.8	5.0%	7.9	6.4%	+36.5%	+2.1
Cost of materials	-37.0	-31.9%	-39.8	-32.1%	-7.4%	-2.7
<b>Gross profit</b>	<b>84.9</b>	<b>73.2%</b>	<b>91.9</b>	<b>74.2%</b>	<b>+8.2%</b>	<b>+7.0</b>
Personnel expenses	-37.1	-32.0%	-41.6	-33.6%	-12.1%	-4.5
Other operating expenses	-40.2	-34.7%	-44.7	-36.1%	-11.3%	-4.5
<b>EBITDA</b>	<b>7.6</b>	<b>6.5%</b>	<b>5.5</b>	<b>4.5%</b>	<b>-26.8%</b>	<b>-2.0</b>
Depreciation	-8.6	-7.4%	-9.5	-7.7%	-10.9%	-0.9
<b>EBIT</b>	<b>-1.0</b>	<b>-0.9%</b>	<b>-4.0</b>	<b>-3.2%</b>	<b>-287%</b>	<b>-3.0</b>
Financial income	0.0	0.0%	0.5	0.4%	>+1,000%	+0.5
Financial expenses	-0.1	-0.1%	-0.2	-0.1%	-157%	-0.1
<b>EBT</b>	<b>-1.1</b>	<b>-0.9%</b>	<b>-3.6</b>	<b>-2.9%</b>	<b>-239%</b>	<b>-2.6</b>
Income taxes	0.3	0.2%	0.9	0.7%	+261%	+0.7
<b>Earnings after taxes</b>	<b>-0.8</b>	<b>-0.7%</b>	<b>-2.7</b>	<b>-2.2%</b>	<b>-232%</b>	<b>-1.9</b>

turnover the depreciation ratio is very slightly higher than the previous year's level, in line with expectations (Q2 2017: 7.4%).

**Q2 Group EBIT lower than in previous year, mainly due to acquisitions**

At - 4.0 million euros, the Group EBIT figure reported for the quarter under review is lower than in the previous year (Q2 2017: - 1.0 million euros). This is mainly due to the envisaged negative earnings contributions provided by Cheerz and LASERLINE. Moreover, in the same quarter in the previous year one-off income in the amount of 0.5 million euros had resulted due to the sale of the Group's old photo laboratory site in Denmark.

In the first half of 2018, the reported consolidated EBIT figure now amounts to - 3.4 million euros, compared to - 0.4 million euros in the same period in the previous year. The still envisaged negative earnings contributions provided by the Group's latest acquisitions, Cheerz and LASERLINE, have affected the Group EBIT figure to the same extent as this change in earnings.

**Normalised Group tax rate of 30.7%**

Due to the negative EBT in the first half of the year, tax income amounts to approx. 0.9 million euros. The notional tax rate is thus 25.5%. Adjusted for non-period effects of approx. 0.2 million euros, a normalised tax rate of 30.7% applies (normalised tax rate for H1 2017: 32.4%).

## Employees

### Increase in number of employees to 3,762

At the end of June 2018, the number of employees of the CEWE Group was at 3,762 higher than in the previous year (3,411 employees).

Much of the increase in personnel by comparison with the previous year has resulted due to the Group's recent acquisitions: in its Photofinishing business unit, CEWE acquired the French photo app specialist "Cheerz" in February 2018, while in its Commercial Online Printing business unit the Berlin online printing firm "LASERLINE" joined the CEWE Group in January 2018.

As well as this acquisition-related increase in the volume of personnel, new hirings for the young Group company DeinDesign and for central functions in the field of Research & Development in particular have resulted in an increase in the Group's number of employees.

### Employees by business unit *(as of reporting date)*

	H2 2017	H2 2018	Change
Photofinishing	2,214	2,416	+9.1%
Commercial Online Printing	596	734	+23.2%
Retail	547	545	-0.4%
Other Activities	54	67	+24.1%
<b>Group</b>	<b>3,411</b>	<b>3,762</b>	<b>+10.3%</b>

## Asset and financial position

- Solid balance sheet: equity ratio of 54.9 %
- Capital employed increases by 3.6 million euros in the quarter under review, mainly due to acquisitions
- Seasonally driven 23.8 million euros increase in net financial liability

The following comments on the balance sheet mainly refer to the development of the management balance sheet during the quarter under review. They are preceded by a section detailing general balance sheet trends by comparison with June 30, 2017.

**Balance sheet** in millions of euros

Assets					
	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Non-current assets	273.6	286.7	300.2	308.8	391.6
Current assets	159.9	172.9	185.2	185.8	270.0
	113.7	113.8	115.0	123.0	121.6

Equity and liabilities					
	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Equity	273.6	286.7	300.2	308.8	391.6
Non-current liabilities	147.2	158.0	170.5	192.7	215.0
Current liabilities	27.0	27.7	32.7	29.7	32.3
	99.5	101.0	97.0	86.4	144.4

△ 54.9 %  
equity ratio



### Total assets increased by 82.9 million euros due to acquisitions as well as the purchase of Saxopark

By comparison with the same point in the previous year, the balance sheet as of June 30, 2018 has mainly been shaped by the two acquisitions in the first quarter of 2018 (Cheerz Group and LASERLINE) as well as the purchase of Saxopark in Dresden which was already outlined in the Annual Report 2017. Non-current assets have thus increased by 84.2 million euros to 270.0 million euros. Of this amount, 39.4 million euros was attributable to the acquisition-related increase in goodwill as well as the total increase of 44.1 million euros in property, plant and equipment and investment properties due to the purchase of the above-mentioned site as well as the other investments. At the same time, current assets have decreased by 1.4 million euros to 121.6 million euros, chiefly due to the 10.6 million euros reduction in Group liquidity.

### Solid balance sheet: equity ratio of 54.9%

Equity has increased by a total of 22.3 million euros by comparison with June 30, 2017 and amounts to 215.0 million euros. This mainly reflects positive comprehensive income for the past four quarters, in the amount of 29.9 million euros, less owner-related equity changes in the amount of –10.2 million euros (in particular, the dividend distribution with a value of 13.3 million euros). Despite the acquisition-related extension of the balance sheet by 82.9 million euros, the equity ratio amounts to a strong 54.9%. The Group's debt has increased by 60.6 million euros to 176.7 million euros, by comparison with June 30, 2017. This mainly reflects the 56.4 million euros increase in interest-bearing financial liabilities required to finance acquisitions as well as the 5.6 million euros increase in current trade payables which is likewise due to acquisitions. On the other hand, the Group's current income tax liabilities have decreased by 4.3 million euros due to assessed tax payments. Due to this trend, non-current liabilities have increased by 2.6 million euros to 32.3 million euros while current liabilities have risen by 58.0 million euros to 144.4 million euros.

**Management balance-sheet figures** in millions of euros

Capital employed					
	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Non-current assets	188.5	203.1	210.5	224.0	304.2
Net working capital	159.9	172.9	185.2	185.8	270.0
Cash and cash equivalents	15.5 13.1	17.9 12.3	10.1 15.3	16.0 22.3	22.5 11.7

**Capital employed increases by 80.2 million euros year-on-year, mainly due to acquisitions**

On June 30, 2018, the volume of capital employed totalled 304.2 million euros and was thus 80.2 million euros higher than in the previous year. The non-current assets included in this figure increased by 84.2 million euros to 270.0 million euros, due to the acquisitions as well as the purchase of Saxopark in Dresden. Net working capital totalled 22.5 million euros and was thus 6.6 million euros higher than in the previous year. The cash and cash equivalents item was reduced by 10.6 million euros to 11.7 million euros due to the acquisitions and the purchase of real estate.

**Capital employed**

	Mar. 31, 2018	% of CE	June 30, 2018	% of CE	Change as %	Change in millions of euros
<i>in millions of euros</i>						
Non-current assets	268.6 *	89.4%	270.0	88.7%	+0.5%	+1.3 <sup>2</sup>
+ Net working capital	16.6 *	5.5%	22.5	7.4%	+35.1%	+5.8 <sup>3</sup>
+ Cash and cash equivalents	15.4	5.1%	11.7	3.9%	-23.6%	-3.6 <sup>4</sup>
<b>Capital employed</b>	<b>300.7</b>	<b>100%</b>	<b>304.2</b>	<b>100%</b>	<b>+1.2%</b>	<b>+3.6 <sup>1</sup></b>

\* The reference figures have been restated, as outlined on pp. 60ff.

**Capital employed increases by 3.6 million euros in the quarter under review, mainly due to acquisitions**

Since the start of the quarter, the volume of capital employed <sup>1</sup> has risen by 3.6 million euros. Non-current assets <sup>2</sup> have increased

by 1.3 million euros and net working capital <sup>3</sup> by 5.8 million euros. On the other hand, cash and cash equivalents <sup>4</sup> have decreased by 3.6 million euros to 11.7 million euros.

## Non-current assets

	Mar. 31, 2018	% of CE	June 30, 2018	% of CE	Change as %	Change in millions of euros
<i>in millions of euros</i>						
Property, plant and equipment	150.7	50.1%	153.7	50.5%	+2.0%	+3.1 <sup>2</sup>
Investment properties	17.9	5.9%	17.8	5.9%	-0.1%	-0.0
Goodwill	65.2*	21.7%	65.2	21.4%	—	+0.0
Intangible assets	15.3	5.1%	15.4	5.1%	+0.5%	+0.1 <sup>3</sup>
Financial assets	10.8	3.6%	7.6	2.5%	-30.2%	-3.3 <sup>4</sup>
Non-current financial assets	0.8	0.3%	0.9	0.3%	+5.9%	+0.0
Non-current other receivables and assets	0.1	0.0%	0.4	0.1%	+261%	+0.3
Deferred tax assets	7.8	2.6%	9.0	3.0%	+14.9%	+1.2
<b>Non-current assets</b>	<b>268.6</b>	<b>89.4%</b>	<b>270.0</b>	<b>88.7%</b>	<b>+0.5%</b>	<b>+1.3 <sup>1</sup></b>

\* The reference figures have been restated, as outlined on pp. 60ff.

The increase in non-current assets <sup>1</sup> by 1.3 million euros is mainly attributable to the investment-related rise in property, plant and equipment <sup>2</sup> by 3.1 million euros. Overall, CEWE has invested 4.4 million euros in digital printing and finishing, 4.2 million euros in offset printing and finishing, 1.5 million euros in point-of-sale

presences, 0.9 million euros in IT infrastructure and 0.7 million euros in various items of property, plant and equipment. At 1.7 million euros, investments in intangible assets <sup>3</sup> mainly related to software. Financial assets <sup>4</sup> have declined by 3.3 million euros. This is mainly due to the sale of an investment in a start-up company.

## Net working capital

	Mar. 31, 2018	% of CE	June 30, 2018	% of CE	Change as %	Change in millions of euros
<i>in millions of euros</i>						
Operating net working capital	34.3*	11.4%	30.5	10.0%	-11.0%	-3.8 <sup>6</sup>
- Other net working capital	-17.7*	-5.9%	-8.1	-2.6%	+54.4%	+9.6 <sup>7</sup>
<b>Net working capital</b>	<b>16.6</b>	<b>5.5%</b>	<b>22.5</b>	<b>7.4%</b>	<b>+35.1%</b>	<b>+5.8 <sup>5</sup></b>

\* The reference figures have been restated, as outlined on pp. 60ff.

The increase in net working capital <sup>5</sup> has resulted from the seasonal decrease in operating net working capital <sup>6</sup> as well as the

increase in other net working capital <sup>7</sup> which likewise reflects seasonal factors as well as the acquisitions.

### Operating net working capital

<i>in millions of euros</i>	Mar. 31, 2018	% of CE	June 30, 2018	% of CE	Change as %	Change in millions of euros
Inventories	47.5	15.8%	47.0	15.5%	-1.0%	-0.5
+ Current trade receivables	39.6	13.2%	39.2	12.9%	-1.2%	-0.5
<b>Operating gross working capital</b>	<b>87.2</b>	<b>29.0%</b>	<b>86.2</b>	<b>28.3%</b>	<b>-1.1%</b>	<b>-0.9</b>
- Current trade payables	52.8*	17.5%	55.7	18.3%	+5.3%	+2.8
<b>Operating net working capital</b>	<b>34.3</b>	<b>11.4%</b>	<b>30.5</b>	<b>10.0%</b>	<b>-11.0%</b>	<b>-3.8</b>

\* The reference figures have been restated, as outlined on pp. 60ff.

### Operating net working capital falls by 11.0 % in the second quarter

In the quarter under review, operating net working capital **1** decreased by 3.8 million euros to 30.5 million euros; by comparison with June 30, 2017, this represents a decline of 3.2 million euros.

### Scope of working capital in days in relation to the previous quarter's turnover

<i>in days</i>	Mar. 31, 2018	June 30, 2018
Inventories	33	34
Current trade receivables	27	28
Current trade payables	36	40
<b>Operating net working capital</b>	<b>24</b>	<b>22</b>

The scope of operating net working capital **2** was at 22 days lower than the level of 24 days as of March 31, 2018. CEWE thus reduced inventories **3** by 0.5 million euros in the quarter under review to 47.0 million euros. The scope of inventories **4** has increased slightly from 33 days to 34 days – mainly due to the lower volume of turnover by comparison with the first quarter, as usual. Due to seasonal factors, trade receivables **5** have decreased by 0.5 million euros to 39.2 million euros. The average payment period for trade receivables has increased by one day, to 28 days **6**, due to the lower volume of turnover by comparison with the first quarter, as usual. Trade payables **7** increased by 2.8 million euros to 55.7 million euros in the second quarter – in line with normal seasonal trends – and the accounts payable **8** collection period **8** thus amounted to 40 days (previous year: 36 days).

## Other net working capital

<i>in millions of euros</i>	Mar. 31, 2018	% of CE	June 30, 2018	% of CE	Change as %	Change in millions of euros
Non-current assets held for sale	1.4	0.5%	1.4	0.5%	-0.4%	-0.0
+ Current receivables from income tax refunds	6.3	2.1%	10.7	3.5%	+69.7%	+4.4 <sup>2</sup>
+ Current financial assets	2.5	0.8%	2.6	0.8%	+0.8%	+0.0
+ Other current receivables and assets	8.9	2.9%	9.0	3.0%	+1.7%	+0.1
<b>Other gross working capital</b>	<b>19.1</b>	<b>6.4%</b>	<b>23.7</b>	<b>7.8%</b>	<b>+23.8%</b>	<b>+4.6</b>
- Current tax liabilities	3.5	1.2%	2.7	0.9%	-21.9%	-0.8 <sup>4</sup>
- Current other accruals	3.3*	1.1%	3.2	1.1%	-3.3%	-0.1
- Current financial liabilities	3.7	1.2%	3.0	1.0%	-18.5%	-0.7
- Current other liabilities	26.3*	8.7%	22.8	7.5%	-13.3%	-3.5 <sup>5</sup>
<b>Other current liabilities</b>	<b>36.8</b>	<b>12.2%</b>	<b>31.7</b>	<b>10.4%</b>	<b>-13.7%</b>	<b>-5.1</b> <sup>3</sup>
<b>Other net working capital</b>	<b>-17.7</b>	<b>-5.9%</b>	<b>-8.1</b>	<b>-2.6%</b>	<b>+54.4%</b>	<b>+9.6</b> <sup>1</sup>

\* The reference figures have been restated, as outlined on pp. 60ff.

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

Since March 31, 2018, other net working capital <sup>1</sup> has increased by 9.6 million euros and has provided a -8.1 million euros contribution to the company's financing. This growth is attributable to various key factors: as of the reporting dates for interim financial statements, income tax prepayments are capitalised in the balance sheet as current receivables from income tax refunds <sup>2</sup> and eliminated from tax expenses shown in the profit and loss

account, so that only deferred tax expenses are reported in the profit and loss account in the interim consolidated financial statements. These deferred tax expenses are calculated on the basis of the earnings of the Group companies since the start of the year. At the same time, other current liabilities <sup>3</sup> have been reduced due to the settlement of the value added tax payment burden <sup>4</sup> and the settlement of wage and salary liabilities resulting from outstanding vacation <sup>5</sup>.

**Management balance-sheet figures** in millions of euros

Capital invested					
	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Equity					304.2
Gross financial liabilities	188.5	203.1	210.5	224.0	215.0
Non-operating liabilities	17.8	19.4	8.7	2.4	58.8
	23.5	25.7	31.4	28.9	30.5

**Capital invested: increase in equity – increase in Group's debt due to acquisitions**

On June 30, 2018, the capital invested – identical with the capital employed – totalled 304.2 million euros and was thus 80.2 million euros higher than in the previous year. This increase was primarily attributable to the 56.4 million euros rise in gross financial liabilities to 58.8 million euros as well as the 22.3 million euros increase in equity to 215.0 million euros. Non-operating liabilities have increased by 1.6 million euros to 30.5 million euros.

**Capital invested**

<i>in millions of euros</i>	Mar. 31, 2018	% of CE	June 30, 2018	% of CE	Change as %	Change in millions of euros
<b>Equity</b>	<b>231.8*</b>	<b>77.1%</b>	<b>215.0</b>	<b>70.7%</b>	<b>- 7.3%</b>	<b>-16.9</b> <sup>3</sup>
Non-current accruals for pensions	27.7	9.2%	28.1	9.2%	+ 1.6%	+ 0.4
+ Non-current deferred tax liabilities	1.6	0.5%	1.5	0.5%	- 3.4%	- 0.1
+ Non-current financial liabilities	0.1	0.0%	0.1	0.0%	—	+ 0.0
+ Non-current other liabilities	0.8	0.3%	0.7	0.2%	- 13.3%	- 0.1
<b>Non-operating liabilities</b>	<b>30.2</b>	<b>10.0%</b>	<b>30.5</b>	<b>10.0%</b>	<b>+ 0.9%</b>	<b>+ 0.3</b> <sup>4</sup>
Non-current interest-bearing financial liabilities	1.3	0.4%	1.8	0.6%	+ 36.7%	+ 0.5
+ Current interest-bearing financial liabilities	37.3	12.4%	57.0	18.7%	+ 52.7%	+ 19.7
<b>Gross financial liabilities</b>	<b>38.6</b>	<b>12.8%</b>	<b>58.8</b>	<b>19.3%</b>	<b>+ 52.2%</b>	<b>+ 20.2</b> <sup>2</sup>
<b>Capital invested</b>	<b>300.7</b>	<b>100%</b>	<b>304.2</b>	<b>100%</b>	<b>1.2%</b>	<b>+ 3.6</b> <sup>1</sup>

\* The reference figures have been restated, as outlined on pp. 60ff.

In the quarter under review, the volume of capital invested **1** only increased by 3.6 million euros. The following components contributed to this: the increase in gross financial liabilities **2** resulted due to borrowing for seasonal financing of business activities.

Equity **3** has declined by 16.9 million euros, mainly due to the dividend paid in the amount of 13.3 million euros. Non-operating liabilities **4** mainly increased by 0.4 million euros to 30.5 million euros due to the allocations to the pension accruals **5**.

### Net cash position

	Mar. 31, 2018	% of CE	June 30, 2018	% of CE	Change as %	Change in millions of euros
<i>in millions of euros</i>						
<b>Gross financial liabilities</b>	<b>38.6</b>	<b>12.8%</b>	<b>58.8</b>	<b>19.3%</b>	<b>+52.2%</b>	<b>+20.2</b>
<b>- Cash and cash equivalents</b>	<b>15.4</b>	<b>5.1%</b>	<b>11.7</b>	<b>3.9%</b>	<b>-23.6%</b>	<b>-3.6</b> <b>2</b>
<b>Net financial liabilities</b>	<b>23.3</b>	<b>—</b>	<b>47.0</b>	<b>—</b>	<b>+102%</b>	<b>+23.8</b> <b>1</b>

### Seasonally driven 23.8 million euros increase in net financial liability

Net financial liability **1** increases by 23.8 million euros from 47.0 million euros. This is consistent with the normal liquidity trend: the cash and cash equivalents position is maximised as of December 31 of each year and subsequently run down over the course of the year due to operational expenditure, investments and dividends. The dividend was distributed to the shareholders in the second quarter. This also reflected the 3.6 million euros decrease in cash and cash equivalents **2** to 11.7 million euros.

## Cash flow

- Value added tax payments and planned income situation have only marginal impact on cash flow from operating activities
- Increase in net cash used in investing activities due to usual seasonal investments
- Free cash flow in the second quarter declines due to seasonally driven investments in particular

### Cash flow from operating activities

<i>in millions of euros</i>	Q2 2017	Q2 2018	Change as %	Change in millions of euros
EBITDA	7.6	5.5	-26.8%	-2.0 <sup>2</sup>
+ / - Non-cash factors	-0.5	0.3	—	+0.8
+ Decrease in operating net working capital	2.4	3.3	38.3%	+0.9 <sup>5</sup>
- Increase in other net working capital	-2.2	-3.5	-56.2%	-1.3 <sup>3</sup>
- Taxes paid	-6.2	-5.3	14.8%	+0.9 <sup>4</sup>
+ Interest received	0.0	0.2	>+1,000%	+0.2
= Cash flow from operating activities	1.0	0.5	-45.8%	-0.4 <sup>1</sup>

### Value added tax payments and planned income situation have only marginal impact on cash flow from operating activities

In the second quarter of 2018, at 0.5 million euros cash flow from operating activities <sup>1</sup> was only 0.4 million euros lower than in the same period in the previous year (1.0 million euros). The cash flow from operating activities has mainly been impacted by the reduced income situation <sup>2</sup> (-2.0 million euros by comparison

with the same quarter in the previous year) and other net working capital <sup>3</sup> e.g. by value added tax payments (-1.3 million euros by comparison with the same quarter in the previous year). A lower volume of tax has been paid <sup>4</sup>, since supplementary payments due to increased tax prepayments declined in the quarter under review. The cash flow from operating activities contribution provided by operating net working capital <sup>5</sup> increased by 0.9 million euros, mainly due to the decrease in inventories and receivables.



## Cash flow from investing activities

<i>in millions of euros</i>	Q2 2017	Q2 2018	Change as %	Change in millions of euros
- Outflows from investments in fixed assets	-9.6	-13.0	-35.4%	-3.4 <sup>2</sup>
- Outflows from purchases of consolidated interests/acquisitions	0.0	-1.0	—	-1.0 <sup>3</sup>
- Outflows from investments in financial assets	-0.1	2.9	—	2.9 <sup>4</sup>
+/- Inflows (+)/outflows (-) from investments in non-current financial instruments	0.0	0.0	>-1,000%	0.0
+ Inflows from the sale of property, plant and equipment and intangible assets	0.4	0.3	-27.5%	-0.1
<b>= Cash flow from investing activities</b>	<b>-9.3</b>	<b>-10.9</b>	<b>-17.1%</b>	<b>-1.6</b> <sup>1</sup>

### Increase in net cash used in investing activities due to usual seasonal investments

In the second quarter, net cash used in investing activities <sup>1</sup> increased by -1.6 million euros to -10.9 million euros. This mainly reflects the effect of the outflows from investments in fixed assets <sup>2</sup> (-3.4 million euros by comparison with the same quarter in the previous year), which chiefly increased due to usual seasonal investments. In the second quarter, subsequent purchase prices <sup>3</sup> in the amount of 1.0 million euros were paid as a result of the company acquisitions. Inflows resulting from the sale of an investment in a start-up company <sup>4</sup> have had a positive impact.

### Free cash flow in the second quarter declines due to seasonally driven investments in particular

Due to the decrease in cash flow from operating activities to 0.5 million euros and the increase in cash outflows from investments to -10.9 million euros, free cash flow declined by -2.0 million euros to -10.3 million euros.

### Free cash flow in the first half of the year declines due to the payments made for acquisitions in particular

Free cash flow in the first half of 2018 declined by 54.5 million euros to 69.9 million euros. Unlike in the second quarter of 2018, this mainly reflects the payments made for acquisitions in the amount of 38.3 million euros which have increased the net cash used in investing activities by 44.9 million euros to

59.6 million euros in the first half of the year. In addition, the Group purchased properties which it had previously leased and invested in offset printing and finishing. As outlined in the Annual Report 2017 (see p. 87), cash flow from operating activities has declined from -0.6 million euros to -10.2 million euros due to the payment of value added tax for Christmas business and the envisaged lower result.

Cash flow from operating activities Q2 in millions of euros

2014	2015	2016	2017	2018
3.2	5.2	7.7	1.0	0.5
>1,000%	61.9%	48.1%	-87.6%	-45.8%

Net cash used in investing activities Q2 in millions of euros

2014	2015	2016	2017	2018
-9.1	-11.9	-13.3	-9.3	-10.9
-1.9%	-29.7%	-12.3%	+30.3%	-17.1%

Free cash flow Q2 in millions of euros

2014	2015	2016	2017	2018
-5.9	-6.7	-5.6	-8.3	-10.3
+32.1%	-12.4%	+15.5%	-47.3%	-24.3%

## Return on capital employed

- Average capital employed increased to 279.9 million euros, due to acquisitions
- Increase in capital employed causes ROCE to decline to 16.5% (which is still a strong level), due to acquisitions

### Average capital employed increased to 279.9 million euros, due to acquisitions

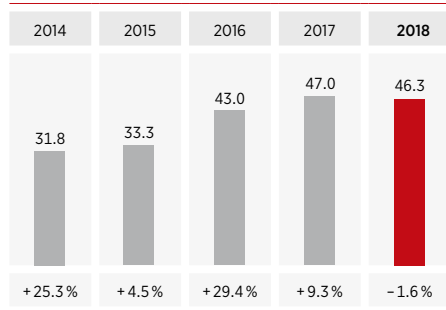
As of June 30, 2018, the capital employed figure was 304.2 million euros and thus 3.6 million euros higher than as of March 31, 2018. On June 30, 2018, at 279.9 million euros the average volume of capital employed – calculated on the basis of the four quarterly reporting dates within a given 12-month period – was

50.6 million euros higher than in the previous year. As well as the acquisitions made in the first quarter of 2018, this figure is dominated by the purchase of Saxopark in Dresden which was reported in the previous year.

### Increase in capital employed causes ROCE to decline to 16.5% (which is still a strong level), due to acquisitions

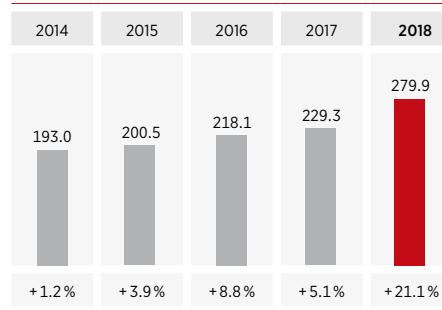
The return on capital employed (ROCE) – a ratio indicating the return on capital – has decreased from 20.5% to 16.5% since June 30, 2017. The value of 16.5% reflects a twelve-month EBIT figure of 46.3 million euros and an average volume of capital employed of 279.9 million euros.

**12-month EBIT H1**  
in millions of euros



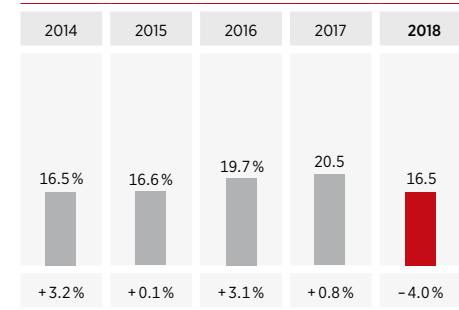
Change on previous year

**Average capital employed over the past 4 quarters H1** in millions of euros



Change on previous year

**ROCE H1**  
as %



Change on previous year

## FORECAST, OPPORTUNITIES AND RISK REPORT

### Risks and opportunities

The consolidated management report for the financial year 2017 outlines the key risks and opportunities associated with the envisaged development of the CEWE Group. Ongoing systematic risk monitoring and control measures implemented by the Group's risk management have not identified any risks which, individually or collectively, are liable to jeopardise the Group's status as a going concern. You will find further information on pp. 94 ff. of the Annual Report 2017.

### Forecast for 2018

As of the preparation of this interim report, there have not been any changes in relation to the key statements provided in the company's Annual Report 2017 concerning its long-term business development, market focus, innovation, its assessment of the overall economic conditions and the company's far-reaching independence from economic trends (cf. pp. 101 ff. of the Annual Report 2017). Our assessments of the development of our three business units Photofinishing, Retail and Commercial Online Printing likewise continue to apply as before (cf. pp. 103 ff. of the Annual Report 2017).

### EBIT earnings target range in 2018: +3 million euros

Group turnover will increase in 2018, from 599.4 million euros in the previous year, 2017, to between 630 million euros and 665 million euros. The turnover trend in Photofinishing will be roughly stable or pick up slightly in organic terms, supplemented with

turnover resulting from the company's equity investment in the Cheerz Group. Turnover in the Retail business unit will be more or less constant or else decrease slightly, while Commercial Online Printing will achieve further organic turnover growth in most markets, once again with the possible exception of the British market. Commercial Online Printing will achieve additional turnover growth through its acquisition of the online printing provider LASERLINE.

Despite the negative EBIT contribution which is still expected – above all, due to the Group's equity investment in Cheerz – Group EBIT in 2018 will fall within a range of between 48 million euros and 54 million euros, while the EBT figure will amount to between 47.5 million euros and 53.5 million euros and earnings after tax to between 33 million euros and 37 million euros. This corresponds to an increase of approx. 3 million euros in the scope of the operating EBIT results by comparison with the goals for 2017.

CEWE's Board of Management expects the ROCE figure to decline slightly in 2018. In particular, this reflects the fact that the average capital employed figure used for the ROCE calculation will increase on account of the company's acquisitions.

The operational investments planned for 2018 (i. e. excluding investments for acquisitions and other unplanned effects resulting from specific opportunities) will amount to approx. 55 million euros.

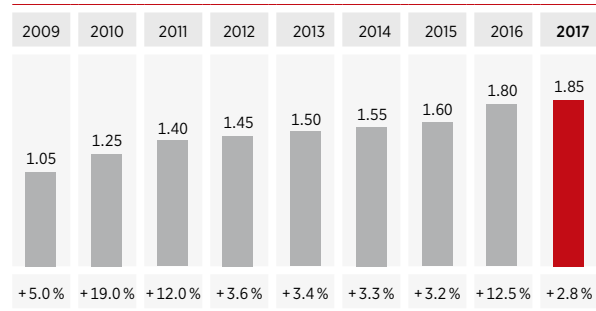
## Goal for 2018 CEWE Group

			Change on previous year
Photos	2.12 to 2.14	billions of units	-3% to -2%
CEWE PHOTOBOOK	6.08 to 6.14	millions of units	+1% to +2%
Investments*	55	millions of euros	—
Turnover	630 to 665	millions of euros	+5% to +11%
EBIT	48 to 54	millions of euros	-2% to +10%
Earnings before taxes (EBT)	47.5 to 53.5	millions of euros	-3% to +9%
Earnings after tax	33 to 37	millions of euros	-2% to +10%
Earnings per share	4.55 to 5.13	euros / share	-3% to +9%

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

## Minimum goal of dividend continuity

In general, CEWE pursues the goal of dividend continuity. Where this appears appropriate in view of the company's economic situation and the available investment opportunities, this entails at least constant dividends and ideally absolute dividend growth. This policy clearly focuses on the absolute dividend value, with the payout ratio as a secondary element. This year's increase is the ninth consecutive dividend increase and ideally documents CEWE's dividend policy: since 2008, the dividend issued by CEWE has risen continuously, year-on-year, from 1.00 euros per share to the current figure of 1.85 euros.

Dividend  
in euros

## GLOSSARY



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

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

### Borrowed capital

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

### Capital employed (CE)

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

### Capital invested (CI)

Equity plus non-operating liabilities and gross financial liabilities

### Days working capital

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

### EBIT

Earnings before interest and taxes

### EBITDA

Earnings before interest, taxes, depreciation and amortisation

### EBT

Earnings before taxes

### Equity

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

### Equity ratio

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

### Fixed assets

Property, plant and equipment plus investment properties, goodwill, intangible assets and financial assets

### Free cash flow

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

### Free float

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

### Gross cash flow

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

### Gross financial liabilities

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

### Gross working capital

Current assets without cash and cash equivalents

### Interest-bearing financial liabilities

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

### Liquidity ratio

Ratio of cash and cash equivalents versus the balance sheet total

### Net cash flow

Gross cash flow less investments

**Net cash position/  
net financial liabilities**

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

**Net working capital**

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

**Non-operating liabilities**

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

**NOPAT**

EBIT less income taxes and other taxes

**Operating net working capital**

Inventories plus current trade receivables less current trade payables

**Other current liabilities**

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

**Other gross working capital**

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

**Other net working capital**

Other gross working capital less other current liabilities

**Other operating cash flows**

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

**P & L**

Profit and loss account

**POS**

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

**Return on capital employed (ROCE)**

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

**Return on capital employed (ROCE) before restructuring**

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

**Working capital-induced cash flow**

Changes resulting from net working capital

# 03

## INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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## SELFIES @ CEWE

1. **Aurélien de Meaux and Antoine Le Conte**, CEWE France, Founders of Cheerz and CEWE shareholders
2. **Laurence Courtinat-Vernon**, Managing Director France, Spain and Portugal and CEWE shareholder
3. **Ané Gylholm**, Managing Director CEWE Scandinavia and CEWE shareholder
4. **Baudouin Verschueren**, Managing Director Benelux and CEWE shareholder



## CONSOLIDATED PROFIT AND LOSS ACCOUNT

for H1 2017 and 2018 of CEWE Stiftung & Co. KGaA

<i>Figures in thousands of euros</i>	Q2 2017	Q2 2018	Change	H1 2017	H1 2018	Change
Revenues	116,005	123,889	6.8%	234,603	254,509	8.5%
Decrease in finished and unfinished goods	-76	-338	345%	-268	-407	-51.9%
Other own work capitalised	208	194	-6.7%	469	384	-18.1%
Other operating income	5,808	7,930	36.5%	10,191	11,863	16.4%
Cost of materials	-37,043	-39,782	-7.4%	-70,736	-77,155	-9.1%
<b>Gross profit</b>	<b>84,902</b>	<b>91,893</b>	<b>8.2%</b>	<b>174,259</b>	<b>189,194</b>	<b>8.6%</b>
Personnel expenses	-37,128	-41,621	-12.1%	-75,075	-83,569	-11.3%
Other operating expenses	-40,221	-44,746	-11.3%	-82,506	-89,916	-9.0%
<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b>	<b>7,553</b>	<b>5,526</b>	<b>-26.8%</b>	<b>16,678</b>	<b>15,709</b>	<b>-5.8%</b>
Amortisation of intangible assets, depreciation of property, plant and equipment	-8,585	-9,523	-10.9%	-17,121	-19,087	-11.5%
<b>Earnings before interest and taxes (EBIT)</b>	<b>-1,032</b>	<b>-3,997</b>	<b>-287%</b>	<b>-443</b>	<b>-3,378</b>	<b>-663%</b>
Financial income	25	529	>1,000%	173	630	264%
Financial expenses	-65	-167	-157%	-138	-666	-383%
<b>Financial result</b>	<b>-40</b>	<b>362</b>	<b>—</b>	<b>35</b>	<b>-36</b>	<b>—</b>
<b>Earnings before taxes (EBT)</b>	<b>-1,072</b>	<b>-3,635</b>	<b>-239%</b>	<b>-408</b>	<b>-3,414</b>	<b>-737%</b>
Income taxes	256	923	261%	68	871	>1,000%
<b>Earnings after taxes</b>	<b>-816</b>	<b>-2,712</b>	<b>-232%</b>	<b>-340</b>	<b>-2,543</b>	<b>-648%</b>
<b>Earnings per share (in euros)</b>						
undiluted	-0.11	-0.38	-231%	-0.05	-0.35	-646%
diluted	-0.11	-0.37	-230%	-0.05	-0.35	-643%

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

for Q2 2017 and 2018 of CEWE Stiftung &amp; Co. KGaA

<i>Figures in thousands of euros</i>	Q2 2017	Q2 2018	Change	H1 2017	H1 2018	Change
<b>Earnings after taxes</b>	<b>- 816</b>	<b>- 2,712</b>	<b>- 232%</b>	<b>- 340</b>	<b>- 2,543</b>	<b>- 648%</b>
Difference resulting from currency translation	- 414	- 501	- 21.0%	- 184	- 504	- 174%
<b>Amounts which may be reclassified to the profit and loss account in future periods</b>	<b>- 414</b>	<b>- 501</b>	<b>- 21.0%</b>	<b>- 184</b>	<b>- 504</b>	<b>- 174%</b>
Actuarial profits/losses	774	- 441	—	774	- 441	—
Income taxes on income and expenses not affecting net income	—	136	—	—	136	—
Other comprehensive income from equity instruments measured at fair value	—	- 421	—	—	688	—
<b>Other comprehensive income not subsequently reclassified to the profit and loss account</b>	<b>774</b>	<b>- 726</b>	<b>—</b>	<b>774</b>	<b>383</b>	<b>- 50.5%</b>
<b>Other comprehensive income</b>	<b>360</b>	<b>- 1,227</b>	<b>—</b>	<b>590</b>	<b>- 121</b>	<b>—</b>
<b>Comprehensive income</b>	<b>- 456</b>	<b>- 3,939</b>	<b>- 764%</b>	<b>250</b>	<b>- 2,664</b>	<b>—</b>

## CONSOLIDATED BALANCE SHEET

as of June 30, 2018 of CEWE Stiftung & Co. KGaA

### ASSETS

<i>Figures in thousands of euros</i>	June 30, 2017	Mar. 31, 2018	June 30, 2018	Change by comparison with Mar. 31, 2018	Change by comparison with Jun. 30, 2017
Property, plant and equipment	122,746	150,666	153,738	2.0%	25.2%
Investment properties	4,751	17,854	17,834	-0.1%	275%
Goodwill	25,839	65,204*	65,204	—	152%
Intangible assets	17,739	15,324	15,400	0.5%	-13.2%
Financial assets	6,501	10,829	7,556	-30.2%	16.2%
Non-current financial assets	432	835	884	5.9%	105%
Non-current other receivables and assets	860	103	372	261%	-56.7%
Deferred tax assets	6,909	7,834	9,002	14.9%	30.3%
<b>Non-current assets</b>	<b>185,777</b>	<b>268,649</b>	<b>269,990</b>	<b>0.5%</b>	<b>45.3%</b>
Inventories	47,734	47,512	47,028	-1.0%	-1.5%
Current trade receivables	36,033	39,640	39,175	-1.2%	8.7%
Current receivables from income tax refunds	6,219	6,296	10,687	69.7%	71.8%
Current financial assets	2,971	2,547	2,567	0.8%	-13.6%
Other current receivables and assets	7,521	8,864	9,012	1.7%	19.8%
Cash and cash equivalents	22,314	15,377	11,749	-23.6%	-47.3%
	<b>122,792</b>	<b>120,236</b>	<b>120,218</b>	<b>0.0%</b>	<b>-2.1%</b>
Non-current assets held for sale	184	1,409	1,404	-0.4%	663%
<b>Current assets</b>	<b>122,976</b>	<b>121,645</b>	<b>121,622</b>	<b>0.0%</b>	<b>-1.1%</b>
<b>Assets</b>	<b>308,753</b>	<b>390,294</b>	<b>391,612</b>	<b>0.3%</b>	<b>26.8%</b>

\* The reference figures have been restated, as outlined on pp. 60ff.

## EQUITY AND LIABILITIES

<i>Figures in thousands of euros</i>	June 30, 2017	Mar. 31, 2018	June 30, 2018	Change by comparison with Mar. 31, 2018	Change by comparison with Jun. 30, 2017
Subscribed capital	19,240	19,240	19,240	—	—
Capital reserve	71,647	73,686	74,031	0.5%	3.3%
Treasury shares at acquisition cost	-8,482	-7,757	-7,757	—	8.5%
Retained earnings and unappropriated profits	110,305	146,676 *	129,448	-11.7%	17.4%
<b>Total equity attributable to the shareholders of CEWE KGaA</b>	<b>192,710</b>	<b>231,845</b>	<b>214,962</b>	<b>-7.3%</b>	<b>11.5%</b>
Non-current accruals for pensions	25,259	27,680	28,110	1.6%	11.3%
Non-current deferred tax liabilities	2,917	1,594	1,540	-3.4%	-47.2%
Non-current interest-bearing financial liabilities	775	1,310	1,791	36.7%	131%
Non-current financial liabilities	230	137	137	—	-40.4%
Non-current other liabilities	497	784	680	-13.3%	36.8%
<b>Non-current liabilities</b>	<b>29,678</b>	<b>31,505</b>	<b>32,258</b>	<b>2.4%</b>	<b>8.7%</b>
Current tax liabilities	6,985	3,482	2,719	-21.9%	-61.1%
Current other accruals	2,375	3,332 *	3,221	-3.3%	35.6%
Current interest-bearing financial liabilities	1,655	37,317	56,998	52.7%	>1,000%
Current trade payables	50,078	52,841 *	55,665	5.3%	11.2%
Current financial liabilities	1,008	3,690	3,008	-18.5%	198%
Current other liabilities	24,264	26,282 *	22,781	-13.3%	-6.1%
<b>Current liabilities</b>	<b>86,365</b>	<b>126,944</b>	<b>144,392</b>	<b>13.7%</b>	<b>67.2%</b>
<b>Equity and liabilities</b>	<b>308,753</b>	<b>390,294</b>	<b>391,612</b>	<b>0.3%</b>	<b>26.8%</b>

\* The reference figures have been restated, as outlined on pp. 60ff.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

for H1 2017 and 2018 of CEWE Stiftung &amp; Co. KGaA

<i>Figures in thousands of euros</i>	Subscribed capital	Capital reserve	Generated Group equity
<b>As of Jan. 1, 2017</b>	<b>19,240</b>	<b>71,188</b>	<b>133,502</b>
<b>Comprehensive income</b>	<b>0</b>	<b>0</b>	<b>- 340</b>
Dividend paid out	0	0	- 12,890
Stock option plans	0	459	0
<b>Owner-related equity changes</b>	<b>0</b>	<b>459</b>	<b>- 12,890</b>
<b>As of June 30, 2017</b>	<b>19,240</b>	<b>71,647</b>	<b>120,272</b>
<b>As of Jan. 1, 2018 prior to restatement</b>	<b>19,240</b>	<b>73,071</b>	<b>154,177</b>
Change in accounting due to IFRS 9	0	0	2,559
<b>As of Jan. 1, 2018 after restatement</b>	<b>19,240</b>	<b>73,071</b>	<b>156,736</b>
<b>Comprehensive income</b>	<b>0</b>	<b>0</b>	<b>- 1,855</b>
Dividend paid out	0	0	- 13,289
Sale of treasury shares	0	270	0
Stock option plans	0	690	0
<b>Owner-related equity changes</b>	<b>0</b>	<b>960</b>	<b>- 13,289</b>
<b>As of June 30, 2018</b>	<b>19,240</b>	<b>74,031</b>	<b>141,592</b>

Special item for stock option plans	Compen- sating item from currency translation	Income taxes not affecting net income	Retained earnings and unappropriated profits	Total	Treasury shares at acquisition cost	Equity attributable to shareholders of CEWE KGaA
-9,822	-4,164	3,429	122,945	213,373	-8,482	204,891
774	-184	0	250	250	0	250
0	0	0	-12,890	-12,890	0	-12,890
0	0	0	0	459	0	459
0	0	0	-12,890	-12,431	0	-12,431
-9,048	-4,348	3,429	110,305	201,192	-8,482	192,710
-10,332	-4,575	3,572	142,842	235,153	-7,940	227,213
0	0	0	2,559	2,559	0	2,559
-10,332	-4,575	3,572	145,401	237,712	-7,940	229,772
-441	-504	136	-2,664	-2,664	0	-2,664
0	0	0	-13,289	-13,289	0	-13,289
0	0	0	0	270	183	453
0	0	0	0	690	0	690
0	0	0	-13,289	-12,329	183	-12,146
-10,773	-5,079	3,708	129,448	222,719	-7,757	214,962

**CONSOLIDATED CASH FLOW STATEMENT**

for Q2 2017 and 2018 of CEWE Stiftung &amp; Co. KGaA

<i>Figures in thousands of euros</i>	Q2 2017		Q2 2018		Change as %
<b>EBITDA</b>		<b>7,553</b>		<b>5,526</b>	<b>-26.8%</b>
<b>+ / - Non-cash factors</b>		<b>-493</b>		<b>327</b>	<b>-</b>
+ Decrease (+) in operating net working capital		2,364		3,270	38.3%
- Increase (-) in other net working capital (excl. income tax items)		-2,249		-3,512	-56.2%
- Taxes paid		-6,237		-5,317	14.8%
+ Interest received		13		221	>1,000%
<b>= Cash flow from operating activities</b>		<b>951</b>		<b>515</b>	<b>-45.8%</b>
- Outflows from investments in fixed assets		-9,593		-12,990	-35.4%
- Outflows from purchases of consolidated interests/acquisitions		0		-960	-
- Outflows from investments in financial assets		-75		2,852	-
+/- Inflows (+)/outflows (-) from investments in non-current financial instruments		-4		-49	>-1,000%
+ Inflows from the sale of property, plant and equipment and intangible assets		403		292	-27.5%
<b>= Cash flow from investing activities</b>		<b>-9,269</b>		<b>-10,855</b>	<b>-17.1%</b>
<b>= Free cash flow</b>		<b>-8,318</b>		<b>-10,340</b>	<b>-24.3%</b>
- Dividends paid	-12,890		-13,289		-3.1%
<b>= Outflows to shareholders</b>		<b>-12,890</b>		<b>-13,289</b>	<b>-3.1%</b>
+/- Inflows from change in financial liabilities		-388		20,163	-
- Interest paid		-65		-167	-157%
+ Other financial transactions		4		53	>+1,000%
<b>= Cash flow from financing activities</b>		<b>-13,339</b>		<b>6,760</b>	<b>-</b>
<b>Cash and cash equivalents at the start of the reporting period</b>		<b>44,081</b>		<b>15,377</b>	<b>-65.1%</b>
+/- Exchange-rate-related changes in cash and cash equivalents		-110		-48	56.4%
+ Cash flow from operating activities		951		515	-45.8%
- Cash flow from investing activities		-9,269		-10,855	-17.1%
+/- Cash flow from financing activities		-13,339		6,760	-
<b>= Cash and cash equivalents at the end of the reporting period</b>		<b>22,314</b>		<b>11,749</b>	<b>-47.3%</b>



H1 2017		H1 2018		Change as %
	<b>16,678</b>		15,709	- 5.8 %
	<b>128</b>		<b>1,882</b>	>1,000 %
	5,266		9,811	86.3 %
	-13,466		-27,440	-104 %
	-9,239		-10,511	-13.8 %
	26		317	>1,000 %
	<b>-607</b>		<b>-10,232</b>	>-1,000 %
	-15,032		-24,005	-59.7 %
	0		-38,327	-
	-327		2,522	871 %
	125		-490	-
	474		654	38.0 %
	<b>-14,760</b>		<b>-59,646</b>	-304 %
	<b>-15,367</b>		<b>-69,878</b>	-355 %
-12,890		-13,289		-3.1 %
	-12,890		-13,289	-3.1 %
	2,220		56,674	>1,000 %
	-138		-666	-383 %
	130		53	-59.2 %
	<b>-10,678</b>		<b>42,772</b>	-
	<b>48,557</b>		<b>38,772</b>	-20.2 %
	-198		83	-
	-607		-10,232	>-1,000 %
	-14,760		-59,646	-304 %
	-10,678		42,772	-
	<b>22,314</b>		<b>11,749</b>	<b>-47.3 %</b>

**SEGMENT REPORTING BY BUSINESS UNIT\***

for Q2 2017 and 2018 of CEWE Stiftung &amp; Co. KGaA

<i>Figures in thousands of euros</i>		Photofinishing	Retail	Commercial Online Printing	Other Activities	<b>CEWE Group</b>
<b>External revenues</b>	<b>2018</b>	<b>85,850</b>	<b>12,429</b>	<b>24,654</b>	<b>956</b>	<b>123,889</b>
	2017	82,129	13,238	19,915	723	116,005
External revenues, adjusted for currency effects	<b>2018</b>	<b>86,057</b>	<b>12,474</b>	<b>24,760</b>	<b>956</b>	<b>124,247</b>
	2017	82,129	13,238	19,915	723	116,005
<b>EBIT</b>	<b>2018</b>	<b>-1,560</b>	<b>-212</b>	<b>-1,624</b>	<b>-601</b>	<b>-3,997</b>
	2017	216	-52	-301	-895	-1,032

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

Comments on the business units

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

## SEGMENT REPORTING BY BUSINESS UNIT\*

for H1 2017 and 2018 of CEWE Stiftung & Co. KGaA

<i>Figures in thousands of euros</i>		Photofinishing	Retail	Commercial Online Printing	Other Activities	CEWE Group
<b>External revenues</b>	<b>2018</b>	<b>180,318</b>	<b>23,267</b>	<b>49,085</b>	<b>1,839</b>	<b>254,509</b>
	2017	167,694	25,021	40,481	1,407	234,603
External revenues, adjusted for currency effects	<b>2018</b>	<b>180,906</b>	<b>23,491</b>	<b>49,308</b>	<b>1,839</b>	<b>255,544</b>
	2017	167,694	25,021	40,481	1,407	234,603
<b>EBIT</b>	<b>2018</b>	<b>379</b>	<b>-686</b>	<b>-2,079</b>	<b>-992</b>	<b>-3,378</b>
	2017	1,565	-375	-192	-1,441	-443

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

Comments on the business units

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

## SELECTED NOTES

### Corporate information

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

### Principles for the preparation of the interim consolidated financial statements as of June 30, 2018

The interim consolidated financial statements of CEWE KGaA as of June 30, 2018 have been prepared in accordance with the International Financial Reporting Standards (IFRS) applicable on the reporting date and the interpretations of the International Accounting Standards Board (IASB) to be applied in the European Union. These interim financial statements contain all data and information required according to IAS 34 for abridged interim financial statements.

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

The following standards, revisions and interpretations were applicable for the first time in the year under review:

#### Amendment / standard

	Date of publication	Date of endorsement within the scope of EU law	Date of adoption (EU)
Amendments to IFRS 2: Classification and Measurement of Share Based Payment Transactions	June 20, 2016	February 26, 2018	January 1, 2018
IFRS 15 Revenue from Contracts with Customers (including Amendments to IFRS 15: Date on which IFRS 15 Enters into Force)	September 11, 2015	September 22, 2016	January 1, 2018
Clarification of IFRS 15 Revenue from Contracts with Customers	December 4, 2016	October 31, 2017	January 1, 2018
IFRS 9 Financial Instruments	June 24, 2014	November 22, 2016	January 1, 2018
Amendments to IAS 40: Transfers of Investment Property	December 8, 2016	March 14, 2018	January 1, 2018
Annual Improvements to the IFRS (AIP) 2014 – 2016 Cycle	December 8, 2016	February 7, 2018	January 1, 2018 / January 1, 2017
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration	December 8, 2016	March 28, 2018	January 1, 2018
Amendments to IFRS 4: Adoption of IFRS 9 Financial Instruments together with IFRS 4 Insurance Contracts	September 12, 2016	November 3, 2017	January 1, 2018

CEWE will apply IFRS 9 for the first time for the financial year beginning on January 1, 2018. In accordance with the transitional provisions, it will not restate the figures for the previous year. The transition effects will be cumulatively recognised as of January 1,

2018. CEWE measures equity instruments according to IFRS 9 optionally directly in equity at fair value. First-time application has resulted in a corresponding increase of 2,559 thousand euros in financial assets as well as retained earnings as of January 1, 2018.

CEWE will apply IFRS 15 for the first time for the financial year beginning on January 1, 2018. The first-time adoption of IFRS 15 will not have any significant effects.

The following IFRS endorsed in EU law had been issued up to June 30, 2018 but are only mandatorily applicable in subsequent reporting periods:

#### Amendment / standard

	Date of publication	Date of endorsement within the scope of EU law	Date of adoption (EU)
IFRS 16 Leases	January 13, 2016	October 31, 2017	January 1, 2019
Amendments to IFRS 9: Prepayment Features with Negative Compensation	October 12, 2017	March 22, 2018	January 1, 2019

Through the publication of the new standard IFRS 16 “Leasing”, the previous classification for lessees of lease agreements as operating and finance lease arrangements has been abandoned. Under IFRS 16, for lease agreements with a term of more than twelve months lessees are obliged to report assets for the respective right of use and also leasing liabilities. This means that leases which were not previously reported in the balance sheet will be recognised in the balance sheet in future. The effects of accounting for rights of use and leasing liabilities are expected to fall within the high eight-digit range and to extend the balance sheet.

The other new standards and amendments of existing standards will not have any significant impact on the Group’s net assets, financial position and results of operations.

The following standards and interpretations and amendments of existing standards which have also been issued by the IASB are not yet mandatorily applicable in the interim consolidated financial statements as of June 30, 2018. They will become applicable following their adoption within the scope of the EU’s endorsement of the IFRS.

## Amendment/standard

	Date of publication	Expected endorsement within the scope of EU law	Date of adoption (EU)
IFRS 14 Regulatory Deferral Accounts	January 30, 2014	The European Commission has decided not to launch the endorsement process for this interim standard and to wait for the final standard.	
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	September 11, 2014	Postponed	Postponed indefinitely
IFRS 17 Insurance Contracts	May 18, 2017	Q4 2018	January 1, 2021
IFRIC Interpretation 23 Uncertainty over Income Tax Treatments	June 7, 2017	Q3 2018	January 1, 2019
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures	October 12, 2017	2018	January 1, 2019
Annual improvements to the IFRS cycle 2015 – 2017	December 12, 2017	2018	January 1, 2019
Amendments to IAS 19: Remeasurement on a Plan Amendment, Curtailment or Settlement/ Availability of a Refund of a Surplus from a Defined Benefit Plan	February 7, 2018	2018	January 1, 2019
Amendments to the IFRS framework	March 29, 2018	2018	January 1, 2020

Insofar as any further new standards which are not yet valid for 2018 may be adopted voluntarily, the Group has not made use of this option. The future effects on the Group's net assets, financial position and results of operations resulting from implementation of the standards issued as of the quarterly reporting date but not yet mandatorily applicable are still being reviewed. Several standards may necessitate additional notes. The new standards will be adopted in the EU upon completion of the endorsement procedure. On the effects on the net assets, financial position and results of operations, please refer to the comments on the consolidated financial statements 2017 (page 159).

These accounting, valuation and recognition policies and consolidation methods were applied to the semi-annual financial report as of June 30, 2018, without any significant changes in relation to December 31, 2017. These policies and methods are detailed in the consolidated financial statements as of December 31, 2017. Nor have the fundamental principles and methods of estimation for the semi-annual financial report changed in comparison to previous periods.

### Scope of consolidation

Apart from CEWE KGaA, the interim consolidated financial statements as of June 30, 2018 include domestic and foreign companies over which CEWE KGaA has a direct or indirect controlling interest.

As of June 30, 2018, apart from CEWE KGaA as the parent company, the scope of consolidation includes 11 German and 22 foreign companies. The pension commitments transferred to CEWE COLOR Versorgungskasse e. V., Wiesbaden, also continue to be included in the consolidated financial statements. Insofar as this pension fund is unable to meet its obligations on the basis of its own resources, resources are provided by CEWE KGaA. Bilderplanet.de GmbH, Cologne, has not been included in the scope of consolidation due to its economic insignificance, since its balance sheet total represents only 0.00 % of the consolidated balance sheet total and its revenue 0.00 % of total Group revenue.

In the first quarter of 2018, CEWE acquired a majority stake in the online printing firm LASERLINE (LASERLINE Druckzentrum Berlin GmbH & Co. KG, LASERLINE Media GmbH and Supersteady GmbH). LASERLINE specialises in business stationery and printing advertising media in small, medium and large-scale print runs, with offset and digital printing systems as well as digital large-format printing operations. While a positive earnings contribution is not yet expected for 2018, from 2019 LASERLINE will further strengthen CEWE's positive earnings in its Commercial

Online Printing business unit thanks to improved purchasing conditions and more efficient production. A purchase price of 9.2 million euros was agreed, of which to date 7.6 million euros has been paid in cash and cash equivalents. To date, the purchase price allocation has been implemented on a provisional basis. It has been restated in the light of new information and may be subject to further changes before being finalised. A temporary figure of 4.3 million euros has been recognised as goodwill, which has been assigned to the Commercial Online Printing business unit. CEWE also acquired a majority stake in the Cheerz Group (Stardust Media And Communication, SAS, Paris, France) in the first quarter of 2018, for a purchase price of 36.2 million euros. Of this amount, to date 34.3 million euros has been paid in cash and 0.5 million euros through treasury shares. With its premium brand "Cheerz" which mainly targets smartphone users, the Cheerz Group is enjoying dynamic growth in France, Spain and Italy. This is expected to have a positive long-term impact on CEWE's enterprise value due to additional growth in its mobile business segment, strengthening of its business in France and southern Europe as well as synergies in the areas of mobile expertise, purchasing, production and logistics. To date, the purchase price allocation has been implemented on a provisional basis. It has been restated in the light of new information and may be subject to further changes before being finalised. A temporary figure of 35.1 million euros has been recognised as goodwill, which has been assigned to the Photofinishing business unit.



**Acquired assets and liabilities**

<i>Figures in thousands of euros</i>	LASERLINE	Cheerz	Total
Goodwill	4,280	35,092	39,372
Non-current assets	4,097	812	4,909
Current assets	3,136	6,669	9,805
Non-current liabilities	0	-1,429	-1,429
Current liabilities	-2,295	-4,947	-7,242
<b>Net assets</b>	<b>9,218</b>	<b>36,197</b>	<b>45,415</b>
<b>Purchase price</b>	<b>9,218</b>	<b>36,197</b>	<b>45,415</b>
Assumed cash and cash equivalents	1,112	3,594	4,706
Purchase price liabilities	450	1,480	1,930
Purchase price paid by means of treasury shares	0	452	452
<b>Net outflow for acquisitions</b>	<b>7,656</b>	<b>30,671</b>	<b>38,327</b>

Since their initial consolidation, the assumed activities have contributed 14.5 million euros to the Group's turnover and - 3.0 million euros to earnings after taxes. If the acquisitions had already been included in the scope of consolidation as of January 1, 2018, the Group's turnover would have increased by a further 1.3 million euros and earnings after taxes would have decreased by - 0.3 million euros.

**Seasonal effects on business activities**

Please see the notes in the interim management report regarding seasonal and economic effects on the interim financial statements as of June 30, 2018.

**Key business transactions**

In the second quarter of the year, the Group disposed of a portion of its interest in a start-up company. 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 up to June 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 June 30, 2018.

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

Detailed notes concerning the profit and loss account are set down in the interim management report in the chapters for the individual business units as well as the “Consolidated profit and loss account”; the notes on the balance sheet and the cash flow statement are provided in the chapters “Asset and financial position” and “Cash flow”. The development of equity is shown separately in the statement of changes in equity.

### Equity

On December 31, 2017, CEWE Stiftung & Co. KGaA, Oldenburg, held 127,288 no-par value shares as treasury shares. In addition, CEWE COLOR Versorgungskasse e. V., Wiesbaden, held 112,752 no-par value shares of the company on the same date. The latter were required to be included in the consolidated financial statements by way of adjustment, so that as of the reporting date December 31, 2017 a total of 240,040 no-par value shares were reportable as treasury shares in the consolidated financial statements of CEWE KGaA.

On June 30, 2018, CEWE KGaA's treasury shares portfolio pursuant to § 71 of the German Stock Corporation Act (AktG) amounted to 121,702 no-par shares (total amount: 3,985 thousand euros, average purchase price: 32.74 euros / share; previous year: 143,836 no-par shares, 4,709 thousand euros, 32.74 euros / share) and for the Group a total of 234,454 no-par shares (total amount: 7,757 thousand euros, average purchase price: 33.09 euros / share, previous year: 256,588 no-par shares, 8,482 thousand euros, 33.06 euros / share).

As of June 30, 2018, the share capital of CEWE KGaA was unchanged on December 31, 2017 at 19,240 thousand euros, divided up into 7,400,020 shares. Changes in equity are described in the consolidated statement of changes in equity and relevant explanations are provided in the “Balance sheet and financing” chapter of the interim management report.

### Financial instruments

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

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

### Notes on the segment reporting

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

### Contingent liabilities

Contingent liabilities resulted from the grant of suretyships and guarantees for third parties, possible litigation risks and other issues and amounted to 1,155 thousand euros (end of the same quarter in the previous year: 1,450 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 second quarter of 2018. 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, 2017.

Pages 17 ff.  
Business units

Page 48  
Consolidated profit and loss account

Pages 50 f. Asset and financial position

Pages 54 f.  
Consolidated cash flow statement

### Earnings per share

<i>Figures in thousands of euros</i>	Q2 2017	Q2 2018	H1 2017	H1 2018
Earnings after taxes	- 816	- 2,712	- 340	- 2,543
Weighted average number of shares, undiluted ( <i>in units</i> )	7,143,432	7,165,566	7,143,432	7,164,393
<b>Undiluted earnings per share (<i>in euros</i>)</b>	<b>-0.11</b>	<b>-0.38</b>	<b>-0.05</b>	<b>-0.35</b>
Consolidated profits after minority interests	- 816	- 2,712	- 340	- 2,543
Weighted average number of shares, diluted ( <i>in units</i> )	7,143,432	7,165,566	7,143,432	7,164,393
Diluting effect of stock options issued	82,389	107,370	79,329	106,502
<b>Diluted earnings per share (<i>in euros</i>)</b>	<b>-0.11</b>	<b>-0.37</b>	<b>-0.05</b>	<b>-0.35</b>

## STATEMENT FROM THE COMPANY'S LEGAL REPRESENTATIVES

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

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

Oldenburg, August 9, 2018  
CEWE Stiftung & Co. KGaA

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



Dr Christian Friege  
(Chairman of the Board of Management)



Patrick Berkhouwer



Dr Reiner Fageth



Carsten Heitkamp



Dr Olaf Holzkämper



Thomas Mehls



Frank Zweigle

## AUDITOR'S REPORT

### CEWE Stiftung & Co. KGaA

We have reviewed the condensed interim consolidated financial statements of CEWE Stiftung & Co. KGaA, Oldenburg, comprising the balance sheet, the profit and loss account, the statement of comprehensive income, the cash flow statement, the statement of changes in equity and selected explanatory notes, together with the interim consolidated management report of CEWE Stiftung & Co. KGaA, Oldenburg, for the period from January 1, 2018 to June 30, 2018, that are part of the semi-annual financial report pursuant to § 37w of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG). The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim consolidated management report in accordance with the requirements of the WpHG applicable to interim consolidated management reports, is the responsibility of the company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim consolidated management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and of the interim consolidated management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer – IDW). Those standards require that we plan and perform the review such that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim con-

solidated financial statements have not been prepared, in material respects, in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and that the interim consolidated management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim consolidated management reports. A review is limited primarily to questioning of company employees and analytical assessments and therefore does not provide the level of assurance attainable in an audit of financial statements. Since, in accordance with our engagement, we have not performed an audit of financial statements, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, or that the interim consolidated management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim consolidated management reports.

Hamburg, August 9, 2018

BDO AG  
Wirtschaftsprüfungsgesellschaft

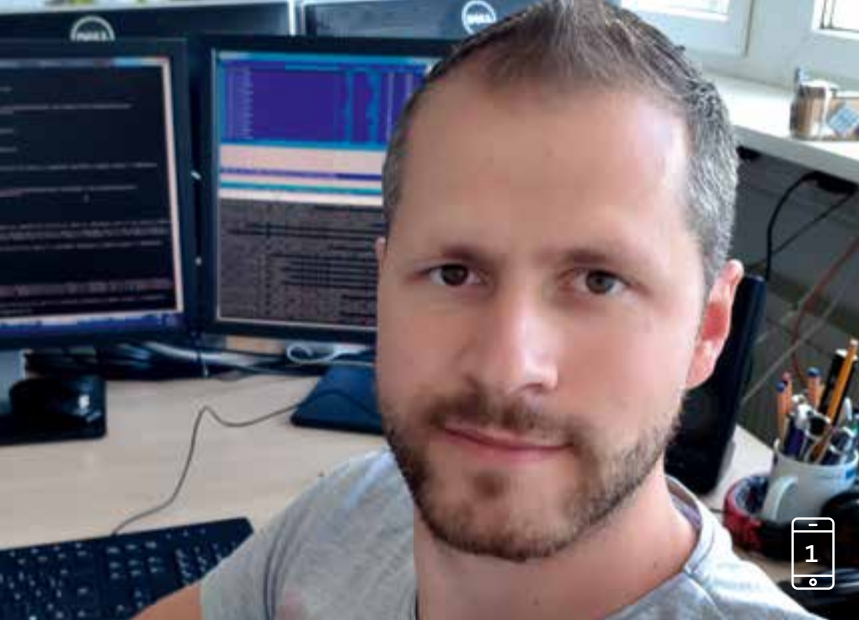
Glaser Härle  
Auditor Auditor

# 04

## FURTHER INFORMATION

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## SELFIES @ CEWE

1. **Maik Straub**, CEWE Oldenburg, System Administrator Online Operations and CEWE shareholder
2. **Benedikt Markota**, CEWE Munich, Head of Digital Printing and Print Finishing and CEWE shareholder
3. **Petra Özkoyuncu**, CEWE Munich, Deputy Head of Digital Printing and Print Finishing and CEWE shareholder
4. **Kerstin Schröder-Niemöller**, CEWE Oldenburg, Distribution Employee and CEWE shareholder



## MULTI-YEAR OVERVIEW

### Key indicators

#### Volumes and employees

		Q2 2012	Q2 2013	Q2 2014
Digital photos	in millions of units	480.9	451.6	440.1
Photos from film	in millions of units	44.5	30.0	23.1
Total volume of photos	in millions of units	525	482	463
CEWE PHOTOBOOKS	in thousands of units	1,095.0	1,093.8	1,118.1
Employees (average)	converted to full-time equivalent	3,109	3,077	3,173
Employees (as of the reporting date)	converted to full-time equivalent	3,259	3,089	3,177

#### Income

		Q2 2012	Q2 2013	Q2 2014
Turnover	in millions of euros	107.7	112.9	104.2
EBITDA	in millions of euros	8.7	4.5	4.5
EBITDA margin	as % of turnover	8.0	4.0	4.3
EBIT	in millions of euros	-0.7	-4.1	-3.6
EBIT margin	as % of turnover	-0.7	-3.6	-3.4
Restructuring expenses	in millions of euros	0.0	1.0	0.0
EBIT prior to restructuring	in millions of euros	-0.7	-3.1	-3.6
EBT	in millions of euros	-1.2	-4.3	-4.0
Earnings after taxes	in millions of euros	-0.6	-4.1	-2.9

#### Capital

		Q2 2012	Q2 2013	Q2 2014
Total assets	in millions of euros	278.1	282.5	273.6
Capital employed (CE)	in millions of euros	191.4	190.5	188.5
Equity	in millions of euros	103.5	108.6	147.2
Equity ratio	as % of the balance sheet total	37.2	38.4	53.8
Net financial liabilities (+) / net cash position (-)	in millions of euros	55.7	44.0	4.7
ROCE (previous 12 months)	as % of capital employed	15.3	13.3	16.5



Q2 2015	Q2 2016	Q2 2017	Q2 2018	H1 2012	H1 2013	H1 2014	H1 2015	H1 2016	H1 2017	H1 2018
418.4	427.2	412.2	421.9	942.7	914.4	891.1	868.9	898.8	840.6	879.8
18.7	14.7	12.0	10.5	78.9	53.4	41.1	32.8	25.5	21.2	18.5
437	442	424	432	1,022	968	932	902	924	862	898
1,120.2	1,196.7	1,120.0	1,121.1	2,121.6	2,195.4	2,259.7	2,279.9	2,474.4	2,279.1	2,369.1
3,213	3,305	3,421	3,745	3,130	3,105	3,160	3,251	3,319	3,446	3,757
3,199	3,301	3,411	3,762	3,259	3,089	177	3,199	3,301	3,411	3,762

Q2 2015	Q2 2016	Q2 2017	Q2 2018	H1 2012	H1 2013	H1 2014	H1 2015	H1 2016	H1 2017	H1 2018
106.1	116.8	116.0	123.9	203.9	221.1	207.2	212.9	236.0	234.6	254.5
5.0	8.4	7.6	5.5	10.7	7.0	8.4	9.8	18.0	16.7	15.7
4.7	7.2	6.5	4.5	5.2	3.2	4.1	4.6	7.6	7.1	6.2
-3.6	-1.1	-1.0	-4.0	-7.7	-10.7	-7.8	-7.1	-0.5	-0.4	-3.4
-3.4	-0.9	-0.9	-3.2	-3.8	-4.8	-3.8	-3.3	-0.2	-0.2	-1.3
0.0	0.2	0.0	0.0	0.0	3.3	0.0	1.0	0.2	0.0	0.0
-3.6	-0.9	-1.0	-4.0	-7.7	-7.4	-7.8	-6.1	-0.3	-0.4	-3.4
-3.7	-1.2	-1.1	-3.6	-8.7	-11.3	-8.5	-7.4	-0.6	-0.4	-3.4
-2.4	-0.8	-0.8	-2.7	-7.7	-10.2	-7.2	-6.1	-0.4	-0.3	-2.5

Q2 2015	Q2 2016	Q2 2017	Q2 2018	H1 2012	H1 2013	H1 2014	H1 2015	H1 2016	H1 2017	H1 2018
286.7	300.2	308.8	391.6	—	—	—	—	—	—	—
203.1	210.5	224.0	304.2	—	—	—	—	—	—	—
158.0	170.5	192.7	215.0	—	—	—	—	—	—	—
55.1	56.8	62.4	54.9	—	—	—	—	—	—	—
7.1	-6.6	-19.9	47.0	—	—	—	—	—	—	—
16.6	19.7	20.5	16.5	—	—	—	—	—	—	—

## MULTI-YEAR OVERVIEW

### Key indicators

#### Cash flow

		Q2 2012	Q2 2013	Q2 2014
Cash flow from operating activities	in millions of euros	-5.9	0.2	3.2
Cash flow from investing activities	in millions of euros	3.5	-9.0	-9.1
Free cash flow	in millions of euros	-2.4	-8.8	-5.9
Cash flow from financing activities	in millions of euros	-8.9	8.2	4.8
Change in cash and cash equivalents	in millions of euros	-11.3	-0.5	-1.1

#### Share

		Q2 2012	Q2 2013	Q2 2014
Number of shares (nominal value: 2.60 euros)	in units	7,380,020	7,380,020	7,400,020
Earnings per share				
undiluted	in euros	-0.10	-0.62	-0.41
diluted	in euros	-0.10	-0.62	-0.41

Q2 2015	Q2 2016	Q2 2017	Q2 2018	H1 2012	H1 2013	H1 2014	H1 2015	H1 2016	H1 2017	H1 2018
5.2	7.7	1.0	0.5	-8.8	-3.1	12.2	4.2	23.8	-0.6	-10.2
-11.9	-13.3	-9.3	-10.9	-24.1	-13.0	-12.9	-23.4	-19.5	-14.8	-59.6
-6.7	-5.6	-8.3	-10.3	-32.9	-16.1	-0.7	-19.1	4.3	-15.4	-69.9
4.2	-6.9	-13.3	6.8	9.4	13.9	-0.4	3.8	-10.9	-10.7	42.8
-2.4	-12.6	-21.7	-3.6	-23.5	-2.2	-1.1	-15.4	-6.6	-26.0	-27.1

Q2 2015	Q2 2016	Q2 2017	Q2 2018	H1 2012	H1 2013	H1 2014	H1 2015	H1 2016	H1 2017	H1 2018
7,400,020	7,400,020	7,400,020	7,400,020	7,380,020	7,380,020	7,400,020	7,400,020	7,400,020	7,400,020	7,400,020
-0.34	-0.11	-0.11	-0.38	-1.18	-1.55	-1.05	-0.85	-0.05	-0.05	-0.35
-0.34	-0.11	-0.11	-0.37	-1.18	-1.54	-1.05	-0.85	-0.05	-0.05	-0.35

## FINANCIAL DIARY

(dates currently scheduled)

- Sep. 24, 2018** Berenberg & Goldman Sachs  
German Corporate Conference  
2018, Munich
- Sep. 25, 2018** Baader Investment  
Conference 2018, Munich
- Nov. 13, 2018** Publication of the  
Interim Report Q3 2018
- Nov. 13, 2018** Press release on the  
Interim Report Q3 2018
- Nov. 26, 2018** German Equity Forum 2018,  
Frankfurt

## IMPRINT

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

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