Q1 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

"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."

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 Q1 2018

Photofinishing business unit

- Sales, turnover and profit on track
- CEWE PHOTOBOOK sales increase by a strong 7.7 %: 1.248 million copies (Q1 2017: 1.159 million copies)
- Solid growth also recorded for CEWE CALENDARS, CEWE CARDS, photo gifts and CEWE INSTANT PHOTOS
- Digitalisation continues to approach 100 %: in the first quarter, more than 98 % of all photos are digital
- Turnover per photo increases by a further 3.7 %: 20.28 euro cents per photo (Q1 2017: 19.55 euro cents)
- At 94.5 million euros, Photofinishing turnover exceeds previous year's level by a strong 10.4 % (Q1 2017: 85.6 million euros)
- Photofinishing earnings once again already positive in the first quarter: EBIT increases to 1.9 million euros (Q1 2017: 1.3 million euros)

Commercial Online Printing business unit

- Turnover increases in first quarter by 18.8 % to 24.4 million euros, due to the acquisition of "LASERLINE" in particular (Q1 2017: 20.6 million euros)
- Continuing adverse impact on business in the UK due to Brexit and in Germany on account of price pressure
- Q1 EBIT figure lower than in the previous year, partly due to the costs for LASERLINE's integration: – 0.5 million euros (Q1 2017: 0.1 million euros)

Retail business unit

- CEWE RETAIL's hardware turnover in the first quarter amounts to 10.8 million euros (Q1 2017: 11.8 million euros)
- Q1 EBIT is traditionally negative in the first quarter, due to seasonal factors: – 0.5 million euros (Q1 2017: – 0.3 million euros)

Consolidated profit and loss account

- Group turnover increases in first quarter to 130.6 million euros (Q1 2017: 118.6 million euros)
- Q1 EBIT once again already positive in the first quarter, despite negative contribution from initial consolidations: 0.6 million euros

Asset and financial position

- Total assets increased by 65.5 million euros due to acquisitions as well as the purchase of Saxopark
- Solid balance sheet: equity ratio of 59.3 %
- Capital employed increases by 42.5 million euros in the quarter under review, mainly due to acquisitions

Cash flow

- Value-added tax payments and increased tax payments cause cash flow from operating activities to decrease to – 10.7 million euros
- Net cash used in investing activities increased due to the purchases of LASERLINE and Cheerz
- Corresponding decline in free cash flow, due to the payments made for these acquisitions in particular

Return on capital employed

- Average capital employed increased to 259.8 million euros, due to acquisitions
- Increase in capital employed allows ROCE to decline to 18.9 % despite higher EBIT

Contents

Page reference Reference to table or graphic Internet reference Supplementary information

SELFIES @ CEWE

1. **Finja Bitzer and Janna Hadstein,** CEWE Oldenburg, human resources development employee and human resources development intern and CEWE shareholders
2. **Giuseppina Mirisola,** CEWE Cologne, web and graphic designer and CEWE shareholder
3. **Kai Wehrmann,** CEWE Oldenburg, controlling employee and CEWE shareholder
4. **Ansgar Brunemund,** CEWE Oldenburg, IT strategic purchasing project manager and CEWE shareholder

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

Dear Shareholders,

A positive Q1 result for the third time in the company's history

I am sure that you will recall our simile: "Photofinishing in Q1 is like selling ice cream in the winter." It was impossible to make a profit. That was true of the analogue age and, for a long time, it was likewise true of the digital age – but then the tide turned. In our core Photofinishing business unit, the dark winter weather entices customers to spend time designing and ordering photo products. Since 2016, we have been able to report a positive EBIT figure for the first quarter of the year, in each case in the amount of 0.6 million euros. This represents a solid start to the year. Everyone at your company is delighted with this.

Core Photofinishing business unit improves turnover, margin and earnings

Photofinishing has increased its turnover by 10.4 % to 94.5 million euros and thus produced 72 % of overall turnover. The EBIT margin has climbed by 0.5 percentage points to 2.1 %. The EBIT figure has risen by 0.6 million euros to 1.9 million euros. In percentage terms, this even represents a spectacular growth rate of 43.7 %. That is an excellent result. But we don't intend to get complacent, since in 2018 all of the pre-Easter business season – which plays a significant role for Photofinishing – unfolded during the first quarter, while Easter 2017 fell halfway through April and much of this business season was thus in April. While this perspective should not significantly dampen our joy over the Q1 result – particularly since this solid result was achieved despite two fewer production days than in the previous year, partly due to public holidays – we merely wish to emphasise our conservative mind-set: it's the results at the end of the year which count.

Photo app Cheerz provides positive turnover contribution

Since February, the CEWE family has included the successful photo app Cheerz. It is already providing a positive turnover contribution. As previously announced, negative figures are still being reported in terms of the EBIT ratio. These have already been factored into the above-mentioned 1.9 million euros EBIT for Photofinishing. This underlines the solid nature of the result.

CEWE PHOTOBOOK achieves strong comeback in 2018 following value-added tax increase in 2017

Given the decline in CEWE PHOTOBOOK sales in the first quarter of 2017, which we explained to you here a year ago, we are nonetheless satisfied with developments. (This decline mainly reflected the value-added tax increase in Germany from January 1, 2017 as well as the discontinuation of business with business partners who had provided negative margins for us.) In the first quarter of 2018, CEWE PHOTOBOOK achieved a growth rate of 7.7 %. 1.248 million books were sold. This represents an encouraging comeback, following the strong headwind which our top product faced in 2017.

Brand power of CEWE PHOTOBOOK once again achieves impressive growth

An important component of this success is the further increase in the level of brand awareness for CEWE PHOTOBOOK. This is a very successful trend, which has already been underway for more than ten years now in most of CEWE's markets. In Germany, for instance, the level of unaided brand awareness has increased significantly, from 51 % to the current 57 %, and aided brand awareness from 70 % to 75 %. These are outstanding figures for a product that was created less than ten years ago. For instance, brand awareness has also increased by 6 percentage points in France, by 7 percentage points in Denmark and by as much as 11 percentage points in Romania. It has likewise picked up in many other markets.

Retail activities continue to strengthen Photofinishing business

Hardware retail business will continue to focus on high-margin, high-quality cameras and also support the Photofinishing business unit through sales of photo products. Although the market for higher-quality cameras has declined significantly, CEWE RETAIL was able to limit its turnover decline to 8 % while its exclusively hardware-related result was only 0.2 million euros lower than in the previous year. At the same time, Retail was able to increase its turnover from photofinishing products, which is reported in the strategic Photofinishing business unit, by 4.7 %.

LASERLINE acquisition provides nice growth in Commercial Online Printing business unit

Commercial Online Printing is clearly benefiting from the acquisition of LASERLINE in terms of turnover. Turnover has increased by 18.8 % to 24.4 million euros. Despite price competition which remains intense in Germany and the weaker business trend in the United Kingdom due to Brexit – with continuing setbacks in terms of the level of demand as well as the exchange rate – existing business held its own at the previous year's level. The EBIT figure for the first quarter has fallen to – 0.5 million euros, not least due to the costs of LASERLINE's integration in the amount of approx. 0.2 million euros.

The Commercial Online Printing team is working on improving the results in this business unit

As well as the costs for the integration of LASERLINE, the first quarter also bore additional marketing costs for further products and services in the Commercial Online Printing business unit. Through these initiatives, CEWE's Commercial Online Printing team is seeking to strengthen the company's business organically, in addition to the strengthening impact of these acquisitions.

Dividend to rise for the ninth consecutive occasion

The Board of Management and the Supervisory Board are to propose a dividend increase to 1.85 euros per share to the general meeting which will be held on June 6. If you, the company's shareholders, support this proposal, that would represent a ninth consecutive dividend increase. Your company's entire team is proud of this track record.

The general meeting: where the CEWE family comes together

Besides all of the legal functions which it fulfils, this general meeting will also provide the opportunity for you, our shareholders, to pursue a very close dialogue with employees from every part of CEWE, who will once again be presenting products there this year and will be available to answer your questions following the general meeting. This dialogue is very important to us. The better the various stakeholders in a company (e. g. its shareholders, its workforce and its customers) understand one another, the more they are able to relate to one another's perspective and needs. CEWE will thus remain an economically successful community.

Oldenburg, May 14, 2018

Christian Friege

CEWE SHARE

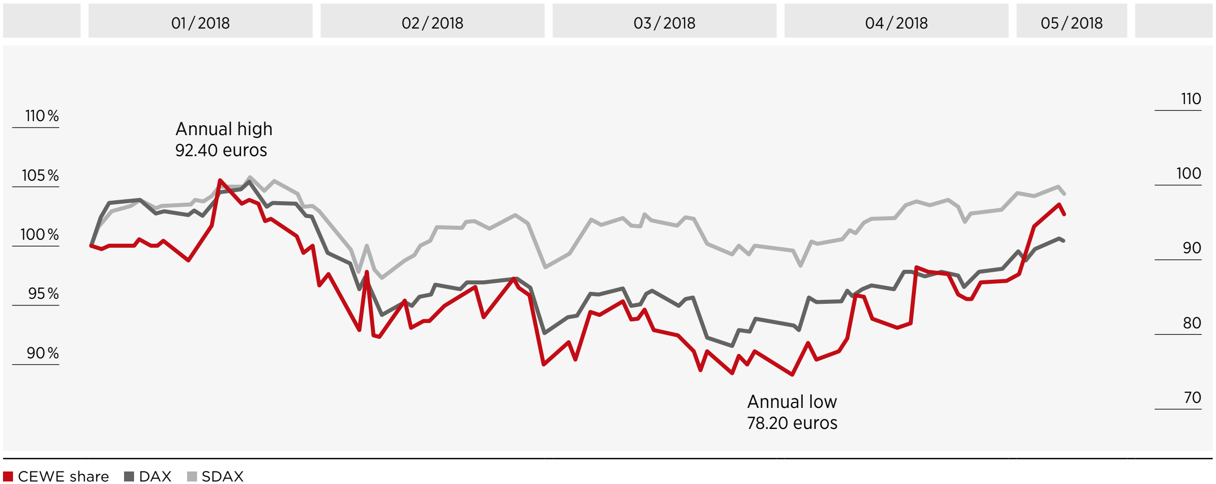
CEWE share ends first quarter at a price of 79.90 euros

By comparison with its 2017 year-end closing price (88.05 euros), the CEWE share fell in the first quarter of 2018 and reached a price of 79.90 euros (– 9.3 %). However, the CEWE share had recovered to a price level around 90 euros by the copy deadline for this report. In the first quarter of 2018, the DAX fell by around 6.4 % while the SDAX remained almost unchanged at 0.3 %.

Supervisory Board and Board of Management propose ninth consecutive dividend increase

In a joint proposal with the Board of Management, at the general meeting which will be held on June 6, 2018 the Supervisory Board will propose a dividend increase to 1.85 euros per share conferring a dividend entitlement for the financial year 2017 (dividend in 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 May 8, 2018 *in euros*



On average, CEWE shares traded for around 1.1 million euros every day in the first three months of 2018.

In the first quarter of 2018, on average 12,910 CEWE shares were traded every day on German stock markets. This was lower than the level in the same period in the previous year (Q1 2017: 17,957 shares per day). The daily euro trading volume amounted to an average figure of approx. 1.1 million euros (Q1 2017: approx. 1.4 million euros per day). The daily volume of CEWE shares traded continues to consistently 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
Berenberg Bank	Buy	Apr. 19, 2018
Baader Bank	Buy	Apr. 12, 2018
GSC Research	Buy	Apr. 4, 2018
Warburg Research	Buy	Mar. 26, 2018
Oddo Seydler	Buy	Mar. 23, 2018
Bankhaus Lampe	Buy	Mar. 7, 2018
Deutsche Bank	Hold	Nov. 15, 2017

Analysts continue to have a consistently positive view of CEWE

All of the analysts who follow CEWE continue to concur in their positive analysis. Six analysts are signalling “Buy” for the CEWE share and one “Hold”. For an overview of these analysts and their recommendations, please go to the Investor Relations section of CEWE’s website (company.cewe.de).

CEWE still solidly positioned in the SDAX

According to the “trading volume” criterion, in March 2018 CEWE was in 96th position (previous year: 72nd position) on the basis of Deutsche Börse’s ranking system and in terms of “market capitalisation” it was in 99th position (previous year: 87th position). Damit ist die CEWE-Aktie eine feste Größe im Index SDAX, der bisher typischerweise Aktien ab der Position 110 – und besser – berücksichtigt.

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

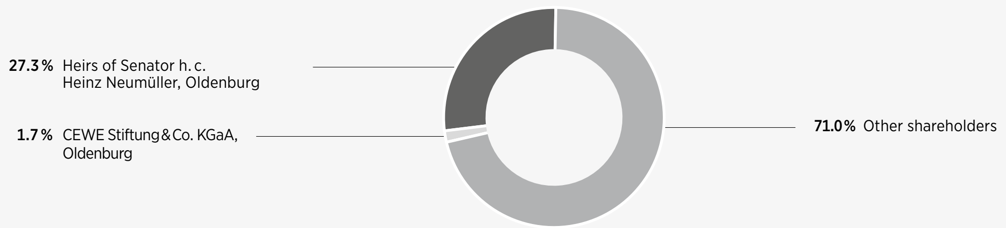
The clear objective of investor relations activities at CEWE is to notify all market participants promptly, comprehensively and equally in line with the principles of "Fair Disclosure", while achieving a high level of overall transparency.

CEWE thus naturally also publishes all of its annual and interim reports and capital market information online at company.cewe.de. 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

Page reference Reference to table or graphic Internet reference Supplementary information

SELFIES @ CEWE

1. **Laurent Carreau,** CEWE France, chef de secteur and CEWE shareholder
2. **Wiebke Buchner,** CEWE Oldenburg, press and public relations employee and CEWE shareholder
3. **Dzifa Buati,** CEWE Oldenburg, finance assistant to the Board of Management and CEWE shareholder
4. **Petra Felgen,** CEWE Oldenburg, head of international marketing and CEWE shareholder

BASIC INFORMATION ON THE GROUP

Business model

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

Photofinishing – CEWE's traditional core business unit achieves growth

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

CEWE RETAIL: proprietary 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 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 and viaprinto. In 2012, in this business unit CEWE acquired the SAXOPRINT Group, a specialist in online offset printing. CEWE launched Commercial Online Printing for printed advertising media in Germany and is now rolling out this business model in many other European countries, where local websites are already present and are increasingly generating business. 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 > Investor Relations > News & Publications > Business reports > Annual Report 2017.

ECONOMIC REPORT

Photofinishing business unit

- **Sales, turnover and profit on track**
- **CEWE PHOTOBOOK sales increase by a strong 7.7 %: 1.248 million copies (Q1 2017: 1.159 million copies)**
- **Solid growth also recorded for CEWE CALENDARS, CEWE CARDS, photo gifts and CEWE INSTANT PHOTOS**
- **Digitalisation continues to approach 100 %: in the first quarter, more than 98 % of all photos are digital**
- **Turnover per photo increases by a further 3.7 %: 20.28 euro cents per photo (Q1 2017: 19.55 euro cents)**
- **At 94.5 million euros, Photofinishing turnover exceeds previous year's level by a strong 10.4 % (Q1 2017: 85.6 million euros)**
- **Photofinishing earnings once again already positive in the first quarter: EBIT increases to 1.9 million euros (Q1 2017: 1.3 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.

Q1 sales slightly in excess of the planned volume

As a rule, the seasonal migration tends to have a marginally positive effect on the first quarter. Moreover, the first quarter of the previous year, 2017, was characterised by two peculiarities: base effects in the year before that, 2016, and the impact of the value-added tax increase on photo books in Germany in particular resulted in a decline in the overall volume of photos in the first quarter of last year by comparison with the year before that. In its planning for the first quarter of 2018, CEWE had assumed a volume share of around 21.5 %, an increase on the previous year (2014: 20.5 %, 2015: 20.8 %, 2016: 21.6 %, 2017: 20.1 %). On the basis of the goal for the year as a whole of 2.12 to 2.14 billion photos for 2018, the predicted volume for the first quarter is thus 0.456 to 0.460 billion photos. In this context, with 0.466 billion photos the first quarter has even slightly exceeded the upper limit of the envisaged range and thus confirms the company's target for the year (Q1 2017: 0.438 billion photos, + 6.4 %).

Total volume of photos *in millions of units*

Change on previous year

Strong CEWE PHOTOBOOK sales growth in the first quarter: + 7.7 %

The volume of CEWE PHOTOBOOKS developed positively in the first quarter: while CEWE PHOTOBOOKS recorded a decline in the volume of sales for 2017 driven by base effects (termination of deliveries to a business partner, sale of CEWE’s Internet presence in the USA) and the increase in value added tax, in the current quarter under review sales figures for CEWE PHOTOBOOKS rose again strongly, by 7.7 %, to 1.248 million copies (Q1 2017: 1.159 million copies).

Photo gift sales also on the rise

In addition to the strong volume development of CEWE PHOTOBOOKS, other value-added products such as CEWE CALENDARS, CEWE CARDS, CEWE INSTANT PHOTOS and further CEWE brand products were able to record growth as well, with growth rates at times in the double digits. This contributed to the overall positive development of volume in the Photofinishing business unit.

Total number of CEWE PHOTOBOOKS *in thousand units*

Change on previous year

Photofinishing turnover per photo *in euro cents*

Change on previous year

Over 98 % of photos are digital

With the success of CEWE PHOTOBOOK and the other CEWE brands, digitalisation is increasingly approaching the 100 % mark. Following 97.9 % in the first quarter of 2017, in the quarter under review as many as 98.3 % of all photos were digital in origin.

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

At 74 % (338 million photos), the proportion of digital photos ordered via the Internet was roughly in line with the previous year's level. 49 % of customers placing orders via the Internet opted to collect their completed orders from the retail outlets supplied by CEWE, while 51 % chose postal delivery. Customers thus collected a total of approx. 62 % 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 3.7 % in Q1

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 (including the Cheerz turnover of February and March 2018) continued to rise in the quarter under review: by 3.7 % from 19.55 euro cents per photo in the first quarter of 2017 to 20.28 euro cents per photo in the first quarter of 2018.

Strong increase in Photofinishing turnover, at the upper end of the expected range: 94.5 million euros (+10.4 % on same quarter in previous year)

At 94.5 million euros, Photofinishing turnover in the first quarter of 2018 is a strong 8.9 million euros higher than the turnover figure for the same quarter in the previous year (85.6 million euros). The acquisition of "Cheerz", which was consolidated from February 2018 onwards, provided additional growth momentum. However, by far the greater part of this turnover growth resulted from the organic growth of CEWE's core business.

In February 2018, CEWE acquired an initial 80 % of the shares in the high-growth French market leader for photofinishing apps, "Cheerz", for 36 million euros. CEWE expects this equity investment to strengthen its business in France and southern Europe through additional growth in its mobile business segment. In addition, this acquisition will develop synergies in the areas of mobile expertise, purchasing, production and logistics.

In its planning based on seasonal demand, CEWE had assumed Q1 Photofinishing turnover of between 87.9 to 94.4 million euros for the current quarter under review. The realised Photofinishing turnover figure of 94.5 million euros is at the upper end of this range and thus confirms the expectations for the first quarter as well as for the goal for the year.

Photofinishing once again already realises a positive EBIT figure in the first quarter

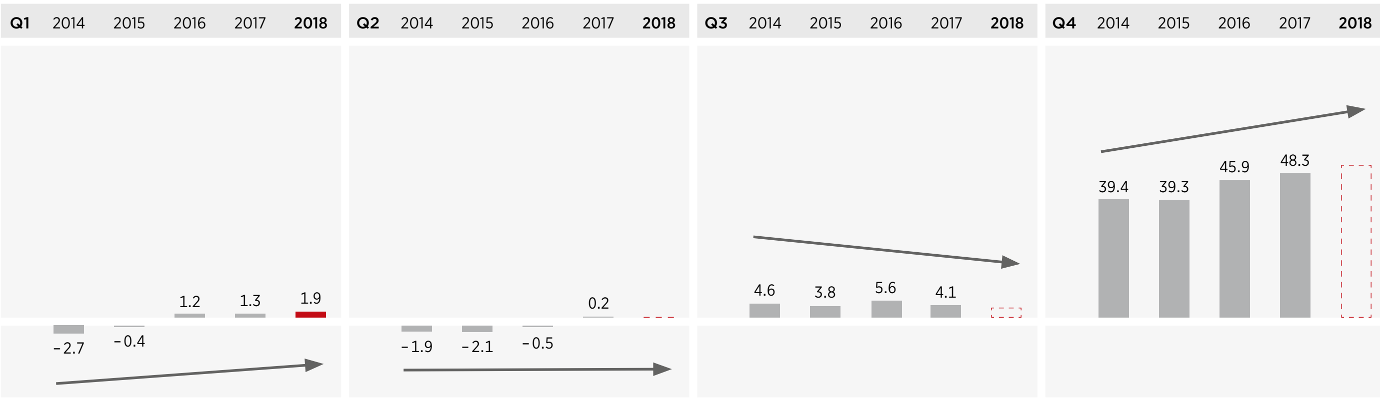
Until three years ago, a negative first-quarter EBIT figure always used to be typical for the start of a Photofinishing year. Due to the seasonal migration of Photofinishing business to the fourth quarter which has been apparent for some years now, the share of profits and the level of absolute income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

Q1 EBIT increases to 1.9 million euros, despite the integration of "Cheerz" (Q1 2017: 1.3 million euros)

In the quarter under review, CEWE improved the EBIT figure for its Photofinishing business unit by 0.6 million euros on the previous year to 1.9 million euros (Q1 2017: 1.3 million euros). Photofinishing EBIT has increased despite an (envisaged) negative EBIT contribution from the acquisition of "Cheerz", while the EBIT margin has risen to 2.1% (Q1 2017: 1.6%). This once again confirms the trend which has been intact for some years now: the changeover in the product mix away from individual photo prints towards value-added products such as CEWE PHOTOBOOK, CEWE CALENDARS, CEWE CARDS or CEWE WALL ART – which has continued in the first quarter of this year – is generating growing profitability for CEWE's core business.

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 *in millions of euros*



Commercial Online Printing business unit

- Turnover increases in first quarter by 18.8 % to 24.4 million euros, due to the acquisition of "LASERLINE" in particular (Q1 2017: 20.6 million euros)
- Continuing adverse impact on business in the UK due to Brexit and in Germany on account of price pressure
- Q1 EBIT figure lower than in the previous year, partly due to the costs for LASERLINE's integration: – 0.5 million euros (Q1 2017: 0.1 million euros)

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

Through its brands SAXOPRINT, CEWE-PRINT.de and viaprinto, 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 24.4 million euros in the first quarter due to the acquisition of "LASERLINE" in particular

In the first quarter of 2018, the turnover of the Commercial Online Printing business unit increased from 20.6 million euros in the same quarter in the previous year to 24.4 million euros – a strong growth rate of 18.8 %. This turnover growth has overwhelmingly resulted from the acquisition of the online printing provider LASERLINE, which CEWE has consolidated in its Commercial Online Printing business unit since January 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. Moreover, this year March – which plays an important seasonal role for Commercial Online Printing – had two fewer billing / work days than in the previous year and thus a corresponding turnover deficit. Despite this tougher environment, the Commercial Online Printing business unit remains on track to achieve its target for the year of profitable growth in 2018.

Q1 EBIT lower than in the previous year, partly due to the costs for the integration of LASERLINE: – 0.5 million euros

With an EBIT figure of – 0.5 million euros, in the first quarter of 2018 the Commercial Online Printing business unit registered earnings which were lower than in the same quarter in the previous year (Q1 2017: 0.1 million euros). Two fewer billing days in March than in the same month in the previous year resulted in reduced EBIT contributions, while the cost-of-sales ratio rose slightly due to higher paper prices. In addition, increased marketing costs for the continuing expansion of new product lines and temporarily increased logistics costs to ensure fulfilment of the agreed delivery times are currently having a negative impact on earnings.

In the quarter under review, costs for the integration of the acquired online printing firm LASERLINE in the amount of 0.2 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 first 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 first quarter of 2018 amounts to – 0.2 million euros (EBIT figure adjusted for this effect in the same quarter in the previous year, Q1 2017: 0.3 million euros).

Retail business unit

- **CEWE RETAIL's hardware turnover in the first quarter amounts to 10.8 million euros (Q1 2017: 11.8 million euros)**
- **Q1 EBIT is traditionally negative in the first quarter, due to seasonal factors: – 0.5 million euros (Q1 2017: – 0.3 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 realises turnover of 10.8 million euros in the first quarter of 2018

CEWE RETAIL's product range, the high-quality advice provided and its strong customer focus are a key competitive factor.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 and has introduced an optimised price strategy in order to improve margins for photo hardware. It was decisively the deliberate abandonment of low-margin turnover which continually reduced turnover in the Retail business unit in the past few quarters. While this trend appeared to have slowly bottomed out in the third and fourth quarters of 2017, with slight rises in turnover volumes, in the first quarter of 2018 the high-quality reflex camera segment in particular remains difficult: CEWE continues to holds its own against this market trend, but at 10.8 million euros turnover in the Retail business unit remained lower than in the previous year (Q1 2017: 11.8 million euros, – 8.0 %). At the same time, Retail was able to increase its turnover from photofinishing products, which is reported in the strategic Photofinishing business unit, by 4.7 %.

Despite the decline in turnover, Q1 EBIT only slightly lower than previous year's level: – 0.5 million euros

With a rounded figure of – 0.5 million euros, in the quarter under review the Retail business unit thus achieved a result which was 151 thousand euros lower than in the same quarter in the previous year (Q1 2017: 0.3 million euros). The focus on a higher-margin pricing policy is paying off: even though turnover fell by 8 %, Retail ended the first quarter with a moderate decline in earnings. Due to the seasonal nature of business, this is traditionally a loss-making 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, futalis produces and markets highly personalised pet food which is tailored to each animal's specific veterinary requirements.

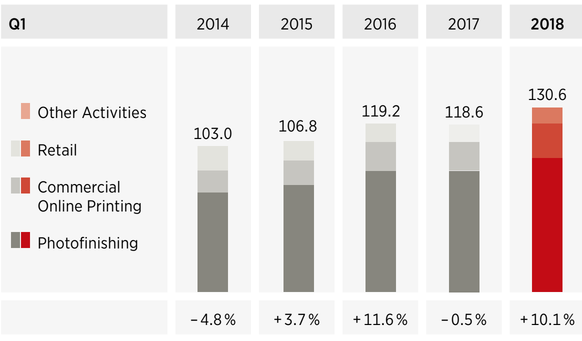
In the first quarter of 2018, CEWE realised turnover in the amount of 0.9 million euros (Q1 2017: 0.7 million euros) in its "Other Activities" business unit. This turnover is entirely attributable to futalis.

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 amounted to – 0.4 million euros (Q1 2017: – 0.5 million euros). 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.

Consolidated profit and loss account

- **Group turnover increases in first quarter to 130.6 million euros (Q1 2017: 118.6 million euros)**
- **Q1 EBIT once again already positive in the first quarter, despite negative contribution from initial consolidations: 0.6 million euros**

Turnover *in millions of euros*



Change on previous year

Group turnover reaches 130.6 million euros in the first 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 first quarter of 2018, this resulted in Group turnover 1 of 130.6 million euros (Q1 2017: 118.6 million euros).

EBIT by business unit

in millions of euros	Q1 2014	Q1 2015	Q1 2016	Q1 2017	Q1 **2018**
Photofinishing	– 2.7	– 0.8	1.2	1.3	1.9
Retail	– 0.7	– 1.1	– 0.4	– 0.3	– 0.5
Commercial Online Printing	– 1.2	– 1.3	0.5	0.1	– 0.5
Other Activities	0.4	– 0.3	– 0.7	– 0.5	– 0.4
Group	**– 4.2**	**– 3.5**	**0.6**	**0.6**	**0.6**

Changes in individual P&L items largely reflect business trend

The change in the item "Change in inventories" 2 reflects a weaker decline in the volume of finished and unfinished goods than in the previous year. In particular, the slight decline in other operating income 3 is attributable to the somewhat lower marketing income from recyclable material residues resulting from Commercial Online Printing's production activities. The absolute cost of materials 4 has increased on business-related grounds, due to organic growth in the Photofinishing business unit as well as the acquisitions of Cheerz and LASERLINE. The cost-of-sales ratio has increased slightly to 28.6 % (Q1 2017: 28.4 %). The absolute increase in personnel expenses 5 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. The initial consolidations in the first quarter have likewise resulted in an absolute increase in other operating expenses 6. Moreover, these acquisitions have slightly increased legal and consultancy expenses within this item. Overall, however, other operating costs have not increased

Consolidated profit and loss account

in millions of euros	Q1 2017	% of turnover	**Q1 2018**	**% of turnover**	Change as %	Change in millions of euros	
Revenues	**118.6**	**100 %**	**130.6**	**100 %**	**+10.1 %**	**+12.0**	1
Increase / decrease in finished and unfinished goods	-0.2	-0.2 %	-0.1	-0.1 %	+64.1 %	+0.1	2
Other own work capitalised	0.3	0.2 %	0.2	0.1 %	-27.2 %	-0.1	
Other operating income	4.4	3.7 %	3.9	3.0 %	-10.3 %	-0.5	3
Cost of materials	-33.7	-28.4 %	-37.4	-28.6 %	-10.9 %	-3.7	4
Gross profit	**89.4**	**75.3 %**	**97.3**	**74.5 %**	**+8.9 %**	**+7.9**	
Personnel expenses	-37.9	-32.0 %	-41.9	-32.1 %	-10.5 %	-4.0	5
Other operating expenses	-42.3	-35.7 %	-45.2	-34.6 %	-6.9 %	-2.9	6
EBITDA	**9.1**	**7.7 %**	**10.1**	**7.8 %**	**+11.1 %**	**+1.0**	
Depreciation	-8.5	-7.2 %	-9.6	-7.3 %	-12.0 %	-1.0	7
EBIT	**0.6**	**0.5 %**	**0.6**	**0.4 %**	**-2.5 %**	**-0.0**	
Financial income	0.1	0.1 %	0.1	0.1 %	-31.8 %	-0.0	
Financial expenses	-0.1	-0.1 %	-0.5	-0.4 %	-584 %	-0.4	
EBT	**0.7**	**0.6 %**	**0.2**	**0.1 %**	**-73.5 %**	**-0.5**	
Income taxes	-0.2	-0.2 %	-0.1	0.0 %	+72.3 %	+0.1	8
Earnings after taxes	**0.5**	**0.4 %**	**0.1**	**0.1 %**	**-73.9 %**	**-0.4**	

at the same rate as turnover, and the cost ratio has declined to 34.6 % (Q1 2017: 35.7 %). In regard to the depreciation figure 7, at 7.3 % of turnover the depreciation ratio is almost at the previous year's level, in line with expectations (Q1 2017: 7.2 %).

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

At 0.6 million euros, the Group EBIT figure reported for the quarter under review is stable by comparison with the same quarter in the previous year. Following its results in 2016 and 2017, CEWE has thus been able to already complete the first quarter of the year with a positive EBIT figure for the third time in the company's history. Due to strong residual fixed costs, on seasonal grounds it was entirely normal in the photo industry – and for CEWE, too, up to 2015 – to report negative earnings in the first quarter.

Group tax rate of 29.8 %

Due to the positive EBT figure in the first quarter, tax expenses 8 amount to 52 thousand euros. The company's tax rate is 29.8 %. Adjusted for non-period effects, a tax rate of 30.7 % applies.

Employees

Increase in number of employees to 3,759

At the end of March 2018, the number of employees of the CEWE Group was at 3,759 higher than in the previous year (3,433 employees).

Much of the increase in personnel by comparison with the previous year has resulted due to the recent acquisitions: in its Photofinishing business unit, CEWE acquired the French photo app specialist "Cheerz" with almost 90 employees in February 2018, while in its Commercial Online Printing business unit the Berlin online printing firm "LASERLINE" with over 170 employees joined the CEWE Group in January 2018.

As well as this acquisition-related increase in the volume of personnel, new hirings for the central Research & Development functions in particular have resulted in a slight increase in the Group's number of employees.

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

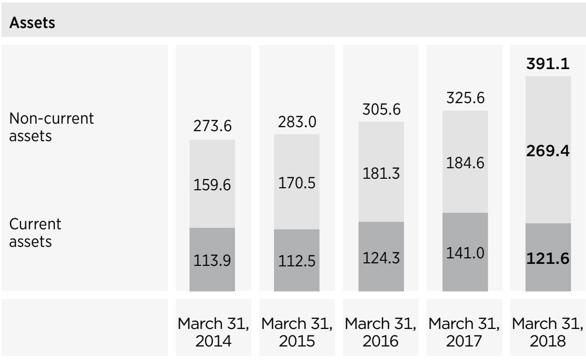
	Q1 2017	**Q1 2018**	Change
Photofinishing	2,238	2,408	+ 7.6 %
Commercial Online Printing	607	742	+ 22.2 %
Retail	539	547	+ 1.5 %
Other Activities	49	62	+ 26.5 %
Group	**3,433**	**3,759**	**+ 9.5 %**

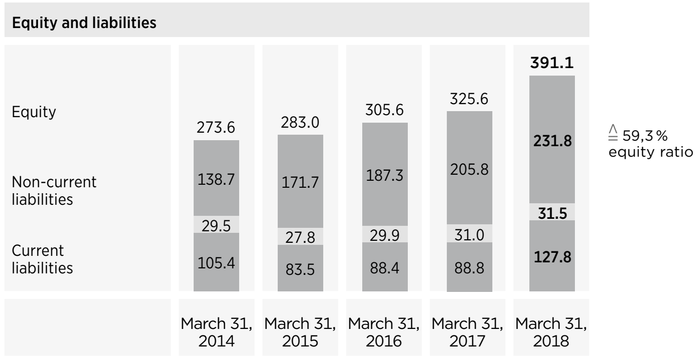
Asset and financial position

- Total assets increased by 65.5 million euros due to acquisitions as well as the purchase of Saxopark
- Solid balance sheet: equity ratio of 59.3 %
- Capital employed increases by 42.5 million euros in the quarter under review, mainly due to acquisitions

The following comments on the balance sheet mainly refer to the development of the management balance sheet during the quarter under review. They are preceded by a section detailing general balance sheet trends by comparison with March 31, 2017.

Balance sheet *in millions of euros*





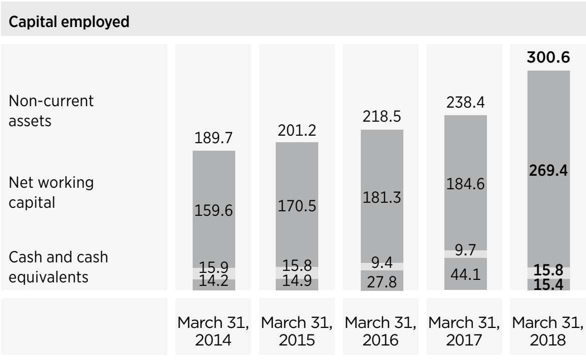
Total assets increased by 65.5 million euros due to acquisitions as well as the purchase of Saxopark

The balance sheet as of March 31, 2018 was mainly shaped by the two acquisitions (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 84.8 million euros to 269.4 million euros. Of this amount, 40.2 million euros was attributable to the acquisition-related increase in goodwill as well as the total increase of 42.6 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 19.4 million euros to 121.6 million euros, chiefly due to the 28.7 million euros reduction in Group liquidity.

Solid balance sheet: equity ratio of 59.3 %

Equity has increased by a total of 26.0 million euros by comparison with March 31, 2017 and amounts to 231.8 million euros. This mainly reflects positive comprehensive income for the past four quarters in the amount of 35.9 million euros. Despite the acquisition-related extension of the balance sheet by 65.5 million euros, the equity ratio amounts to a strong 59.3 %. The Group's debt has increased by 39.5 million euros by comparison with March 31, 2017 and amounts to 159.3 million euros. This mainly reflects the 35.8 million euros increase in interest-bearing financial liabilities required to finance acquisitions as well as the 6.7 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 7.5 million euros on the basis of a tax assessment. Non-current liabilities have thus increased by 0.6 million euros to 31.5 million euros. On the other hand, current liabilities rose by 39.0 million euros to 127.8 million euros.

Management balance-sheet figures *in millions of euros*



Capital employed increases by 62.2 million euros year-on-year, mainly due to acquisitions

On March 31, 2018, the volume of capital employed totalled 300.6 million euros and was thus 62.2 million euros higher than in the previous year. The non-current assets included in this figure increased by 84.8 million euros to 269.4 million euros, due to the acquisitions as well as the purchase of Saxopark in Dresden. Net working capital totalled 15.8 million euros and was thus 6.1 million euros higher than in the previous year. The cash and cash equivalents item was reduced by 28.7 million euros to 15.4 million euros.

Capital employed

in millions of euros	Dec. 31, 2017	% of CE	**Mar. 31, 2018**	**% of CE**	Change as %	Change in millions of euros	
Non-current assets	221.5	85.8 %	269.4	89.6 %	+ 21.6 %	+ 47.9	2
+ Net working capital	– 2.1	– 0.8 %	15.8	5.3 %	—	+ 17.9	3
+ Cash and cash equivalents	38.8	15.0 %	15.4	5.1 %	– 60.3 %	– 23.4	4
Capital employed	**258.2**	**100 %**	**300.6**	**100 %**	**+ 16.5 %**	**+ 42.5**	1

Capital employed increases by 42.5 million euros in the quarter under review, mainly due to acquisitions

Since the start of the quarter, the volume of capital employed 1 has risen by 42.5 million euros. Non-current assets 2 have increased by 47.9 million euros and net working capital 3 by 17.9 million euros. On the other hand, cash and cash equivalents 4 decreased by 23.4 million euros to 15.4 million euros.

Non-current assets

in millions of euros	Dec. 31, 2017	% of CE	**Mar. 31, 2018**	**% of CE**	Change as %	Change in millions of euros	
Property, plant and equipment	148.1	57.4 %	150.7	50.1 %	+ 1.7 %	+ 2.6	8
Investment properties	17.9	6.9 %	17.9	5.9 %	– 0.0 %	– 0.0	
Goodwill	25.8	10.0 %	66.0	22.0 %	+ 155 %	+ 40.2	6
Intangible assets	14.1	5.5 %	15.3	5.1 %	+ 8.8 %	+ 1.2	9
Financial assets	6.8	2.6 %	10.8	3.6 %	+ 58.6 %	+ 4.0	7
Non-current financial assets	0.4	0.2 %	0.8	0.3 %	+ 112 %	+ 0.4	
Non-current other receivables and assets	0.6	0.2 %	0.1	0.0 %	– 81.6 %	– 0.5	
Deferred tax assets	7.8	3.0 %	7.8	2.6 %	– 0.1 %	– 0.0	
Non-current assets	**221.5**	**85.8 %**	**269.4**	**89.6 %**	**+ 21.6 %**	**+ 47.9**	5

In the quarter under review, non-current assets 5 increased by 47.9 million euros, particularly due to the 40.2 million euros increase in goodwill 6 due to the acquisitions of LASERLINE and Cheerz. Financial assets 7 have increased by 4.0 million euros, mainly due to the fair value measurement which is obligatory now that IFRS 9 has come into effect. In addition, CEWE has invested 1.3 million euros in digital printing and finishing, 0.5 million euros in offset printing and finishing, 0.4 million euros in point-of-sale presences, 0.4 million euros in IT infrastructure and 5.6 million euros in various items of property, plant and equipment 8. At 0.9 million euros, investments in intangible assets 9 mainly related to software.

Net working capital

in millions of euros	Dec. 31, 2017	% of CE	**Mar. 31, 2018**	**% of CE**	Change as %	Change in millions of euros	
Operating net working capital	**39.0**	**15.1 %**	**34.4**	**11.4 %**	**– 11.8 %**	**– 4.6**	11
– Other net working capital	– 41.2	– 15.9 %	– 18.6	– 6.2 %	+ 54.8 %	+ 22.6	12
Net working capital	**– 2.1**	**– 0.8 %**	**15.8**	**5.3 %**	**—**	**+ 17.9**	10

The increase in net working capital 10 has resulted from the seasonal decrease in operating net working capital 11 as well as the increase in other net working capital 12 which likewise reflects seasonal factors as well as the acquisitions.

Operating net working capital

in millions of euros	Dec. 31, 2017	% of CE	**Mar. 31, 2018**	**% of CE**	Change as %	Change in millions of euros	
Inventories	50.3	19.5 %	47.5	15.8 %	– 5.6 %	– 2.8	[15]
+ Current trade receivables	84.5	32.8 %	39.6	13.2 %	– 53.1 %	– 44.9	[16]
Operating gross working capital	**134.9**	**52.2 %**	**87.2**	**29.0 %**	**– 35.4 %**	**– 47.7**	
– Current trade payables	95.9	37.1 %	52.8	17.5 %	– 45.0 %	– 43.1	[14]
Operating net working capital	**39.0**	**15.1 %**	**34.4**	**11.4 %**	**– 11.8 %**	**– 4.6**	[13]

11.4 % seasonal decrease in operating net working capital in the first quarter

In the quarter under review, operating net working capital [13] decreased by 4.6 million euros to 34.4 million euros; by comparison with March 31, 2017, this represents a decline of 1.5 million euros.

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

in days	Mar. 31, 20187	**Mar. 31, 2018**	
Inventories	35	33	[15]
Current trade receivables	27	27	[16]
Current trade payables	35	36	[14]
Operating net working capital	27	24	[13]

The scope of operating net working capital [13] was at 24 days lower than the level of 27 days on the same date in the first quarter of 2017. CEWE thus reduced inventories [15] by 2.8 million euros in the quarter under review to 47.5 million euros; however, by comparison with March 31, 2017 inventories have increased by 1.2 million euros. The latter is attributable to the acquisition of Cheerz and LASERLINE. The scope of inventories was nonetheless reduced from 35 days as of March 31, 2017 to 33 days as of March 31, 2018 – mainly due to the proportionately higher increase in turnover. On seasonal grounds, trade receivables [16] decreased by 44.9 million euros to 39.6 million euros; however, they rose by 4.0 million euros by comparison with March 31, 2017. This increase is attributable to the acquisitions. The average payment period for trade receivables was unchanged by comparison with March 31, 2017, at 27 days. Trade payables [14] decreased by 43.1 million euros to 52.8 million euros in the first quarter – in line with normal seasonal trends – but were nonetheless 6.7 million euros higher than in the previous year, due to the acquisitions. The accounts payable collection period thus amounted to 36 days (previous year: 35 days).

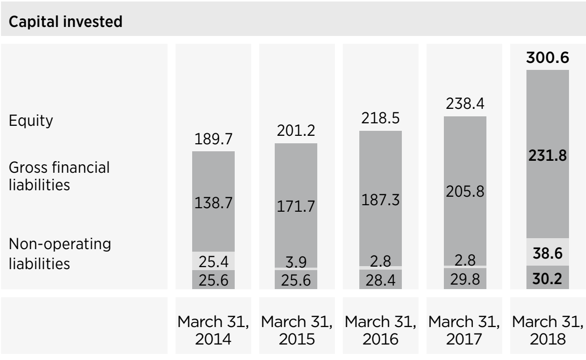
Other net working capital

in millions of euros	Dec. 31, 2017	% of CE	**Mar. 31, 2018**	**% of CE**	Change as %	Change in millions of euros	
Non-current assets held for sale	1.4	0.5 %	1.4	0.5 %	–	+ 0.0	
+ Current receivables from income tax refunds	1.5	0.6 %	6.3	2.1 %	+ 324 %	+ 4.8	18
+ Current financial assets	2.4	0.9 %	2.5	0.8 %	+ 6.5 %	+ 0.2	
+ Other current receivables and assets	5.6	2.2 %	8.9	2.9 %	+ 57.4 %	+ 3.2	
Other gross working capital	**10.9**	**4.2 %**	**19.1**	**6.4 %**	**+ 75.1 %**	**+ 8.2**	
– Current tax liabilities	3.9	1.5 %	3.5	1.2 %	– 10.0 %	– 0.4	19
– Current other accruals	3.5	1.4 %	3.9	1.3 %	+ 10.1 %	+ 0.4	
– Current financial liabilities	1.3	0.5 %	3.7	1.2 %	+ 17.4 %	+ 2.3	21
– Current other liabilities	43.3	16.8 %	26.7	8.9 %	– 38.5 %	– 16.7	
Other current liabilities	**52.1**	**20.2 %**	**37.7**	**12.5 %**	**– 27.6 %**	**– 14.4**	20
Other net working capital	**– 41.2**	**– 15.9 %**	**– 18.6**	**– 6.2 %**	**+ 54.8 %**	**+ 22.6**	17

Other net working capital continues to contribute to financing

Since December 31, 2017, other net working capital 17 has increased by 22.6 million euros and has provided a contribution of – 18.6 million euros to the company's financing. This growth is attributable to various factors: as of the quarterly reporting date, income tax prepayments are capitalised in the balance sheet as current receivables from income tax refunds 18 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. Prepaid expenses have been shown for prepayments recognised as expenses in other quarters, and value-added tax claims have resulted on fixed assets purchases as of the reporting date 19. At the same time, current other liabilities 20 have been reduced due to settlement of the high value-added tax payment burden as of the end of the year and through settlement of wage and salary liabilities resulting from outstanding vacation and bonus payments. Current financial liabilities 21 increased due to the purchase price liabilities resulting from the acquisitions reported there.

Management balance-sheet figures *in millions of euros*



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

On March 31, 2018, the capital invested 22 – identical with the capital employed – totalled 300.6 million euros and was thus 62.2 million euros higher than in the previous year. This increase was primarily attributable to the 35.8 million euros rise in gross financial liabilities 23 to 38.6 million euros as well as the 26.0 million euros increase in the equity 24 included in this amount to 231.8 million euros. Non-operating liabilities have increased by 0.4 million euros to 30.2 million euros.

Capital Invested

in millions of euros	Dec. 31, 2017	% of CE	**Mar. 31, 2018**	**% of CE**	Change as %	Change in millions of euros	
Equity	**227.2**	**88.0 %**	**231.8**	**77.1 %**	**+ 2.0 %**	**+ 4.6**	24
Non-current accruals for pensions	27.2	10.5 %	27.7	9.2 %	+ 1.9 %	+ 0.5	25
+ Non-current deferred tax liabilities	1.5	0.6 %	1.6	0.5 %	+ 3.5 %	+ 0.1	
+ Non-current financial liabilities	0.1	0.1 %	0.1	0.0 %	–	+ 0.0	
+ Non-current other liabilities	0.5	0.2 %	0.8	0.3 %	+ 51.6 %	+ 0.3	
Non-operating liabilities	**29.4**	**11.4 %**	**30.2**	**10.0 %**	**+ 2.9 %**	**+ 0.8**	20
Non-current interest-bearing financial liabilities	0.0	0.0 %	1.3	0.4 %	–	+ 1.3	
+ Current interest-bearing financial liabilities	1.6	0.6 %	37.3	12.4 %	+>1,000 %	+ 35.7	
Gross financial liabilities	**1.6**	**0.6 %**	**38.6**	**12.8 %**	**+>1,000 %**	**+ 37.0**	23
Capital invested	**258.2**	**100 %**	**300.6**	**100 %**	**+ 16.5 %**	**+ 42.5**	22

In the quarter under review, the volume of capital invested 22 increased by 42.5 million euros. The following components contributed to this: the increase in gross financial liabilities resulted due to borrowing to finance the acquisitions. Equity 24 increased by 4.6 million euros, mainly due to positive comprehensive income in the amount of 3.8 million euros. Non-operating liabilities mainly increased by 0.8 million euros to 30.2 million euros due to the allocations to the pension accruals 25.

Net cash position

in millions of euros	Dec. 31, 2017	% of CE	**Mar. 31, 2018**	**% of CE**	Change as %	Change in millions of euros	
Gross financial liabilities	1.6	0.6 %	38.6	12.8 %	+>1,000 %	+ 37.0	23
– Cash and cash equivalents	38.8	15.0 %	15.4	5.1 %	– 60.3 %	– 23.4	27
Net cash position (–) / net financial liabilities	– 37.2	—	23.3	—	—	+ 60.4	26

Financing of the acquisitions causes 60.4 million euros change in net cash position, resulting in a net financial liability of 23.3 million euros.

The company's net cash position 26 has decreased by 60.4 million euros and has now turned into a net financial liability 26 of 23.3 million euros. Here, gross financial liabilities 23 increased by 37.0 million euros to 38.6 million euros, in order to finance the acquisitions. This also reflected the 23.4 million euros decrease in cash and cash equivalents 27 to 15.4 million euros.

Cash flow

- Value-added tax payments and increased tax payments cause cash flow from operating activities to decrease to – 10.7 million euros
- Net cash used in investing activities increased due to the purchases of LASERLINE and Cheerz
- Corresponding decline in free cash flow, due to the payments made for these acquisitions in particular

Cash flow from operating activities

in millions of euros		Q1 2017	**Q1 2018**	Change as %	Change in millions of euros	
EBITDA		9.1	10.1	+ 11.1 %	+ 1.0	
+ / –	Non-cash factors	0.6	1.6	+ 150 %	+ 0.9	
+	Decrease in operating net working capital	2.9	6.5	+ 125 %	+ 3.6	2
–	Increase in other net working capital	– 11.2	– 23.9	– 113 %	– 12.7	4
–	Taxes paid	– 3.0	– 5.2	– 73.0 %	– 2.2	3
+	Interest received	0.0	0.1	+ 638 %	+ 0.1	
=	**Cash flow from operating activities**	**– 1.6**	**– 10.7**	**– 590 %**	**– 9.2**	1

Value-added tax payments and increased tax payments cause cash flow from operating activities to decrease to – 10.7 million euros

In the first quarter of 2018, at – 10.7 million euros cash flow from operating activities 1 was 9.2 million euros lower than in the same period in the previous year (– 1.6 million euros). This decrease is almost entirely attributable to other net working capital 4. As outlined in the Annual Report 2017 (see page 87), due to Christmas business and the change in the rate of tax on CEWE PHOTOBOOKS the payments which CEWE received from customers covered sales as well as the value added tax which CEWE was required to pass on to the tax authorities in the first quarter of 2018. In addition, the volume of taxes paid rose 3, since the fiscal authorities increased tax prepayments due to the positive income situation. On the other hand, the operating cash flow contribution provided by operating net working capital 2 increased by 3.6 million euros to 6.5 million euros, mainly due to a decrease in payments to suppliers.

Cash flow from investing activities

	in millions of euros	Q1 2017	**Q1 2018**	Change as %	Change in millions of euros	
–	Outflows from investments in fixed assets	– 5.4	– 11.0	– 103 %	– 5.6	7
–	Outflows from purchases of consolidated interests / acquisitions	0.0	– 37.4	—	– 37.4	6
–	Outflows from investments in financial assets	– 0.3	– 0.3	– 31.0 %	– 0.1	
+ / –	Inflows (+) / outflows (–) from investments in non-current financial instruments	0.1	– 0.4	—	– 0.6	
+	Inflows from the sale of property, plant and equipment and intangible assets	0.1	0.4	– 410 %	+ 0.3	
=	**Cash flow from investing activities**	**– 5.5**	**– 48.8**	**– 789 %**	**– 43.3**	5

Net cash used in investing activities increased due to the purchases of LASERLINE and Cheerz

In the first quarter, net cash used in investing activities 5 increased by 43.3 million euros to 48.8 million euros. This mainly reflects the effect of the outflows due to acquisitions 6. In the first quarter, a total amount of 37.4 million euros was paid for the acquisition of LASERLINE and Cheerz. At 11.0 million euros, the outflows due to investments in fixed assets 7 were 5.6 million euros higher than in the same quarter in the previous year, mainly due to the purchase of properties used by the Group which it had previously leased.

Free cash flow declines due to the payments made for these acquisitions in particular

Due to the decrease in cash flow from operating activities to – 10.7 million euros and the increase in cash outflows from investments to – 48.8 million euros, free cash flow declined by – 52.5 million euros to – 59.5 million euros.

Cash flow from operating activities Q1 *in millions of euros*

Net cash used in investing activities Q1 *in millions of euros*

Free cash flow Q1 *in millions of euros*

Return on capital employed

- **Average capital employed increased to 259.8 million euros, due to acquisitions**
- **Increase in capital employed allows ROCE to decline to 18.9 % despite higher EBIT**

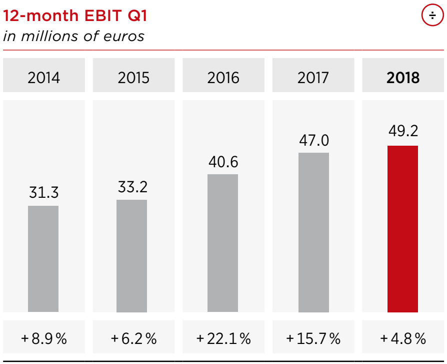
Average capital employed increased to 259.8 million euros, due to acquisitions

As of March 31, 2018, the capital employed figure was 300.6 million euros and thus 42.5 million euros higher than as of December 31, 2017. This is mainly due to the acquisitions of Cheerz and LASERLINE. On March 31, 2017, at 259.8 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 33.9 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 allows ROCE to decline to 18.9 % despite higher EBIT

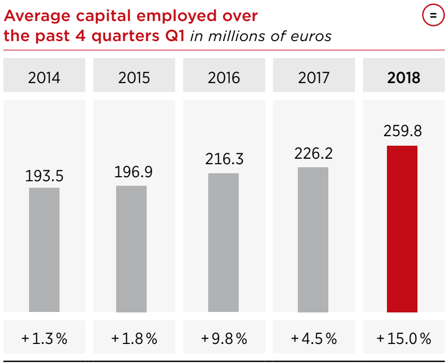
The return on capital employed (ROCE) has decreased from 20.8 % to 18.9 % since March 31, 2017. The value of 18.9 % reflects a twelve-month EBIT figure of 49.2 million euros and an average volume of capital employed of 244.3 million euros. Although EBIT is on the rise, the yield is declining due to an increase in the volume of capital employed.

12-month EBIT Q1
in millions of euros



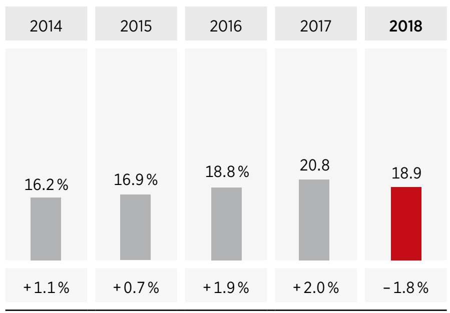
Change on previous year

Average capital employed over the past 4 quarters Q1 *in millions of euros*



Change on previous year

ROCE Q1
in %



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	billion units	– 3 % to – 2 %
CEWE PHOTOBOOK	6.08 to 6.14	million units	+ 1 % to + 2 %
Investment *	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.

In a joint proposal with the Board of Management, at the general meeting which will be held on June 6, 2018 the Supervisory Board will propose a dividend increase to 1.85 euros per share conferring a dividend entitlement for the financial year 2017. 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.

Dividend
in euros

* Dividend proposal presented by the Board of Management and the Supervisory Board to the general meeting on June 6, 2018

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

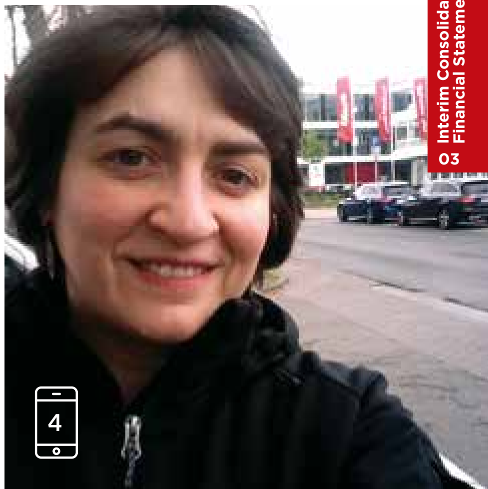
03

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Page reference Reference to table or graphic Internet reference Supplementary information

SELFIES @ CEWE

1. **Viviana Strelecka, Lucia Bednarikova and Monika Michalikova,** CEWE Bratislava, online marketing manager, marketing manager and content manager and CEWE shareholders
2. **Kevin Janßen,** CEWE Oldenburg, Group Tax employee and CEWE shareholder
3. **Edelgard Abrahams,** CEWE Oldenburg, accounts receivable accounting employee and CEWE shareholder
4. **Alona Hönicke,** CEWE Oldenburg, financial accounting employee and CEWE shareholder



CONSOLIDATED PROFIT AND LOSS ACCOUNT

for Q1 2017 and 2018 of CEWE Stiftung & Co. KGaA

Figures in thousands of euros	Q1 2017	**Q1 2018**	Change
Revenues	118,598	130,620	10.1 %
Decrease in finished and unfinished goods	– 192	– 69	64.1 %
Other own work capitalised	261	190	– 27.2 %
Other operating income	4,383	3,933	– 10.3 %
Cost of materials	– 33,693	– 37,373	– 10.9 %
Gross profit	**89,357**	**97,301**	**8.9 %**
Personnel expenses	– 37,947	– 41,948	– 10.5 %
Other operating expenses	– 42,285	– 45,215	– 6.9 %
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**9,125**	**10,138**	**11.1 %**
Amortisation of intangible assets, depreciation of property, plant and equipment	– 8,536	– 9,564	– 12.0 %
Earnings before interest and taxes (EBIT)	**589**	**574**	**– 2.5 %**
Financial income	148	101	– 31.8 %
Financial expenses	– 73	– 499	– 584 %
Financial result	**75**	**– 398**	**631 %**
Earnings before taxes (EBT)	**664**	**176**	**– 73.5 %**
Income taxes	– 188	– 52	72.3 %
Earnings after taxes	**476**	**124**	**– 73.9 %**
Earnings per share (in euros)			
undiluted	0.07	0.02	– 74.0 %
diluted	0.07	0.02	– 74.1 %

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for Q1 2017 and 2018 of CEWE Stiftung & Co. KGaA

Figures in thousands of euros	Q1 2017		**Q1 2018**		Change
Earnings after taxes		**476**		**124**	**– 73.9 %**
Difference resulting from currency translation	230		– 3		–
Amounts which may be reclassified to the profit and loss account in future periods		**230**		**– 3**	–
Other comprehensive income from equity instruments measured at fair value	0		1,109		–
Other comprehensive income not subsequently reclassified to the profit and loss account		**0**		**1,109**	**–**
Other comprehensive income		**230**		**1,106**	381 %
Comprehensive income		**706**		**1,230**	74.2 %

CONSOLIDATED BALANCE SHEET

as of March 31, 2018 of CEWE Stiftung & Co. KGaA

AKTIVA

Figures in thousands of euros	Mar. 31, 2017	**Mar. 31, 2018**	Change
Property, plant and equipment	121,137	150,666	24.4 %
Investment properties	4,824	17,854	270 %
Goodwill	25,839	66,000	155 %
Intangible assets	18,573	15,324	– 17.5 %
Financial assets	6,427	10,829	68.5 %
Non-current financial assets	461	835	81.1 %
Non-current other receivables and assets	575	103	– 82.1 %
Deferred tax assets	6,779	7,834	15.6 %
Non-current assets	**184,615**	**269,445**	**45.9 %**
Inventories	46,276	47,512	2.7 %
Current trade receivables	35,619	39,640	11.3 %
Current receivables from income tax refunds	4,058	6,296	55.2 %
Current financial assets	2,497	2,547	2.0 %
Other current receivables and assets	7,941	8,864	11.6 %
Cash and cash equivalents	44,081	15,377	– 65.1 %
	140,472	**120,236**	**– 14.4 %**
Non-current assets held for sale	525	1,409	168 %
Current assets	**140,997**	**121,645**	**– 13.7 %**
Assets	**325,612**	**391,090**	**20.1 %**

PASSIVA

Angaben in TEuro	Mar. 31, 2017	**Mar. 31, 2018**	Change
Subscribed capital	19,240	19,240	–
Capital reserve	71,417	73,686	3.2 %
Treasury shares at acquisition cost	– 8,482	– 7,757	8.5 %
Retained earnings and unappropriated profits	123,651	146,631	18.6 %
Total equity attributable to the shareholders of CEWE KGaA	**205,826**	**231,800**	**12.6 %**
Non-current accruals for pensions	25,933	27,680	6.7 %
Non-current deferred tax liabilities	3,133	1,594	– 49.1 %
Non-current interest-bearing financial liabilities	1,163	1,310	12.6 %
Non-current financial liabilities	230	137	– 40.4 %
Non-current other liabilities	494	784	58.7 %
Non-current liabilities	**30,953**	**31,505**	**1.8 %**
Current tax liabilities	10,971	3,482	– 68.3 %
Current other accruals	3,468	3,886	12.1 %
Current interest-bearing financial liabilities	1,655	37,317	>1,000 %
Current trade payables	46,024	52,753	14.6 %
Current financial liabilities	1,008	3,690	266 %
Current other liabilities	25,707	26,657	3.7 %
Current liabilities	**88,833**	**127,785**	**43.8 %**
Equity and liabilities	**325,612**	**391,090**	**20.1 %**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for Q1 2017 and 2018 of CEWE Stiftung & Co. KGaA

Figures in thousands of euros	Subscribed capital	Capital reserve	Generated Group equity
As of Jan. 1, 2017	**19,240**	**71,188**	**133,502**
Comprehensive income	**0**	**0**	**476**
Stock Option Plans	0	229	0
Owner-related equity changes	0	229	**0**
As of Mar. 31, 2017	**19,240**	**71,417**	**133,978**
As of Jan. 1, 2018 prior to restatement	**19,240**	**73,071**	**154,177**
Change in accounting due to IFRS 9	0	0	2,559
As of Jan. 1, 2018 after restatement	**19,240**	**73,071**	**156,736**
Comprehensive income	**0**	**0**	**1,233**
Sale of treasury shares	0	270	0
Stock option plans	0	345	0
Owner-related equity changes	**0**	**615**	0
As of Mar. 31, 2018	**19,240**	**73,686**	**157,969**

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	Group equity
- 9,822	**- 4,164**	**3,429**	**122,945**	**213,373**	**- 8,482**	**204,891**
0	**230**	**0**	**706**	**706**	**0**	**706**
0	0	0	0	229	0	229
0	**0**	**0**	**0**	**229**	**0**	**229**
- 9,822	**- 3,934**	**3,429**	**123,651**	**214,308**	**- 8,482**	**205,826**
- 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**
0	**- 3**	**0**	**1,230**	**1,230**	**0**	**1,230**
0	0	0	0	270	183	453
0	0	0	0	345	0	345
0	**0**	**0**	0	**615**	**183**	**798**
- 10,332	**- 4,578**	**3,572**	**146,631**	239,557	**- 7,757**	231,800

CONSOLIDATED CASH FLOW STATEMENT

for Q1 2017 and 2018 of CEWE Stiftung & Co. KGaA

Figures in thousands of euros	Q1 2017	**Q1 2018**	Change absolute	Change as %
EBITDA	9,125	10,138	1,013	11.1 %
+/– Non-cash factors	621	1,555	934	150 %
+ Decrease (+) in operating net working capital	2,902	6,541	3,639	125 %
– Increase (–) in other net working capital (excl. income tax items)	– 11,217	– 23,883	– 12,666	– 113 %
– Taxes paid	– 3,002	– 5,194	– 2,192	– 73.0 %
+ Interest received	13	96	83	– 638 %
= Cash flow from operating activities	**– 1,558**	**– 10,747**	**– 9,189**	**– 590 %**
– Outflows from investments in fixed assets	– 5,439	– 11,015	– 5,576	– 103 %
– Outflows from purchases of consolidated interests / acquisitions	0	– 37,367	– 37,367	—
– Outflows from investments in financial assets	– 252	– 330	– 78	– 31.0 %
+/– Inflows (+) / outflows (–) from investments in non-current financial instruments	129	– 441	– 570	—
+ Inflows from the sale of property, plant and equipment and intangible assets	71	362	291	410 %
= Cash flow from investing activities	**– 5,491**	**– 48,791**	**– 43,300**	**– 789 %**
= Free cash flow	**– 7,049**	**– 59,538**	**– 52,489**	**– 745 %**
+/– Inflows from change in financial liabilities	2,608	36,511	33,903	>1,000 %
– Interest paid	– 73	– 499	– 426	– 584 %
+ Other financial transactions	126	0	– 126	—
= Cash flow from financing activities	**2,661**	**36,012**	**33,351**	**>1,000 %**
Cash and cash equivalents at the start of the reporting period	**48,557**	**38,772**	**– 9,785**	**– 20.2 %**
+/– Exchange-rate-related changes in cash and cash equivalents	– 88	131	219	—
+ Cash flow from operating activities	– 1,558	– 10,747	– 9,189	– 590 %
– Cash flow from investing activities	– 5,491	– 48,791	– 43,300	– 789 %
+/– Cash flow from financing activities	2,661	36,012	33,351	>1,000 %
= Cash and cash equivalents at the end of the reporting period	**44,081**	15,377	**– 28,704**	**– 65.1 %**

SEGMENT REPORTING BY BUSINESS UNIT *

for Q1 2017 and 2018 of CEWE Stiftung & Co. KGaA

Figures in thousands of euros		Photofinishing	Retail	Commercial Online Printing	Other Activities	**CEWE Group**
Außenumsatzerlöse	2018	94,468	10,838	24,431	883	130,620
	2017	85,566	11,783	20,566	683	118,598
Außenumsatzerlöse währungsbereinigt	2018	94,849	11,017	24,548	883	131,297
	2017	85,566	11,783	20,566	683	118,598
EBIT	2018	1,939	– 474	– 500	– 391	574
	2017	1,349	– 323	109	– 546	589

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

SELECTED NOTES

Corporate information

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

Principles for the preparation of the interim consolidated financial statements as of March 31, 2018

The interim consolidated financial statements of CEWE KGaA as of March 31, 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) Cycle 2014 – 2016	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 March 31, 2018 but are only mandatorily applicable in subsequent reporting periods:

Amendment / standard

	Date of publication	Expected 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

The following standards and interpretations and amendments of existing standards which have also been issued by the IASB are not yet mandatorily applicable in the interim consolidated financial statements as of March 31, 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
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 07, 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 IFRS Standards 2015 – 2017 Cycle	December 12, 2017	2018	January 1, 2019
Amendments to IAS 19: Plan Amendment, Curtailment or Settlement	February 7, 2018	2018	January 1, 2019
Amendments to References to the Conceptual Framework in IFRS	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 quarterly financial report as of March 31, 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 quarterly financial report changed in comparison to previous periods.

Scope of consolidation

Apart from CEWE KGaA, the interim consolidated financial statements as of March 31, 2018 include domestic and foreign companies over which CEWE KGaA has a direct or indirect controlling interest.

As of March 31, 2018, apart from CEWE KGaA as the parent company, the scope of consolidation includes 14 German and 23 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 (100 %) 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 8.7 million euros was agreed, of which to date 6.7 million euros has been paid in cash and cash equivalents. To date, the purchase price allocation has been implemented on a provisional basis. A temporary figure of 4.8 million euros has been recognised as goodwill, which has been assigned to the Commercial Online Printing business unit. CEWE also acquired a majority stake (79.9 %) 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. A temporary figure of 35.4 million euros has been recognised as goodwill, which has been assigned to the Photofinishing business unit, even subject to a contingent purchase price payment.

Measurement of the assets and liabilities acquired within the scope of the two company mergers has not yet been completed on grounds of time. The final purchase price allocation will be stated at a later date.

Acquired assets and liabilities

Figures in thousands of euros	LASERLINE	Cheerz	**Total**
Goodwill	4,783	35,379	40,162
Assets	7,225	7,481	14,706
Liabilities	3,336	6,663	9,999
Net assets	**8,672**	**36,197**	**44,869**
Purchase price	**8,672**	**36,197**	**44,869**
Assumed cash and cash equivalents	1,112	3,594	4,706
Purchase price liabilities	864	1,480	2,344
Purchase price paid by means of treasury shares	0	452	452
Net outflow for acquisitions	**6,696**	**30,671**	**37,367**

Since their initial consolidation, the assumed activities have contributed 6.3 million euros to the Group's turnover and – 1.2 million euros to earnings after taxes. This is mainly attributable to Cheerz. 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 the seasonal and economic effects on the interim financial statements as of March 31, 2018.

Key business transactions

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

Events following the reporting date

No events which are significant on account of their nature, size or frequency have occurred since March 31, 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 “Balance sheet and financing” and “Cash flow”. The development of equity is shown separately in the statement of changes in equity following the profit and loss account, the statement of comprehensive income, the balance sheet, the cash flow statement and the segment reporting.

Equity

On December 31, 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 March 31, 2018, CEWE KGaA’s treasury shares portfolio pursuant to § 71 of the German Stock Corporation Act (AktG) amounted to 121,702 no-par value shares (total amount: 3,985 thousand euros, average purchase price: 32.74 euros / share; previous year: 143,836 no-par value shares, 4,709 thousand euros, 32.74 euros / share) and for the Group a total of 234,454 no-par value shares (total amount: 7,757 thousand euros, average purchase price: 33.09 euros / share, previous year: 256,588 no-par value shares, 8,482 thousand euros, 33.06 euros / share).

As of March 31, 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.

Pages 17 ff.
Business units

Page 48
Consolidated profit and loss account

Pages 50 f. Asset and financial position

Pages 54 f.
Cash flow

Notes on the segment reporting

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

Contingent liabilities

Contingent liabilities resulted from the grant of suretyships and guarantees for third parties, possible litigation risks and other issues and amounted to 1,429 thousand euros (end of the same quarter in the previous year: 1,458 thousand euros).

Transactions with related parties

The members of the Board of Management and the Supervisory Board and the heirs of Senator h. c. Heinz Neumüller, Oldenburg, and the affiliates of the heirs are defined as related parties of the CEWE Group. Transactions with other related parties occurred in the first quarter of 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.

Earnings per share

Figures in thousands of euros	Q1 2017	**Q1 2018**
Earnings after taxes	476	124
Weighted average number of shares, undiluted *(in units)*	7,143,432	7,163,207
Undiluted earnings per share *(in euros)*	**0.07**	**0.02**
Consolidated profits after minority interests	476	124
Weighted average number of shares, diluted *(in units)*	7,143,432	7,163,207
Diluting effect of stock options issued	76,386	105,640
Diluted earnings per share *(in euros)*	**0.07**	**0.02**

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, May 14, 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

04

FURTHER INFORMATION

Page reference Reference to table or graphic Internet reference Supplementary information

SELFIES @ CEWE

1. **Laura Exner and Paulina Gundlach,** CEWE Oldenburg, controlling employee and trainee industrial manager and CEWE shareholders
2. **Andreas Kluge,** CEWE Oldenburg, managing director of the Oldenburg plant and CEWE shareholder
3. **Bastian Freese and Jonas Carius,** CEWE Oldenburg, photo culture and trade marketing employees and CEWE shareholders
4. **Wolfgang Mohrmann,** CEWE Oldenburg, materials management service employee and CEWE shareholder

MULTI-YEAR OVERVIEW

Key indicators

Volumes and employees

		Q1 2012	Q1 2013	Q1 2014	Q1 2015	Q1 2016	Q1 2017	**Q1 2018**
Digital photos	in millions of units	461.8	462.9	451.0	450.5	471.6	428.4	457.9
Photos from film	in millions of units	34.4	23.4	18.0	14.1	10.8	9.2	7.9
Total volume of photos	in millions of units	496	486	469	465	482	438	466
CEWE PHOTOBOOKS	in millions of units	1,027	1,102	1,142	1,160	1,278	1,159	1,248
Employees (average)	converted to full-time equivalent	3,130	3,145	3,115	3,261	3,338	3,470	3,799
Employees (as of the reporting date)	converted to full-time equivalent	2,697	3,114	3,156	3,229	3,293	3,433	3,759

Income

		Q1 2012	Q1 2013	Q1 2014	Q1 2015	Q1 2016	Q1 2017	**Q1 2018**
Turnover	in millions of euros	96.3	108.2	103.0	106.8	119.2	118.6	130.6
EBITDA	in millions of euros	2.0	2.5	3.9	4.8	9.6	9.1	10.1
EBITDA margin	as % of turnover	2.1	2.3	3.8	4.5	8.1	7.7	7.8
EBIT	in millions of euros	-7.0	-6.5	-4.2	-3.5	0.6	0.6	0.6
EBIT margin	as % of turnover	-7.3	-6.1	-4.1	-3.3	0.5	0.5	0.4
Restructuring expenses	in millions of euros	0.0	2.3	0.0	-1.0	0.0	0.0	0.0
EBIT prior to restructuring	in millions of euros	-7.0	-4.3	-4.2	-2.5	0.6	0.6	0.6
EBT	in millions of euros	-7.5	-7.0	-4.5	-3.7	0.6	0.7	0.2
Earnings after taxes	in millions of euros	-7.1	-6.1	-4.2	-3.6	0.4	0.5	0.1

Capital

		Q1 2012	Q1 2013	Q1 2014	Q1 2015	Q1 2016	Q1 2017	**Q1 2018**
Total assets	in millions of euros	295.8	275.2	273.6	283.0	305.6	325.6	391.1
Capital employed (CE)	in millions of euros	200.4	187.3	189.7	201.2	218.5	238.4	300.6
Equity	in millions of euros	115.0	123.3	138.7	171.7	187.3	205.8	231.8
Equity ratio	as % of the balance sheet total	38.9	44.8	50.7	60.7	61.3	63.2	59.3
Net financial liabilities (+) / net cash position (–)	in millions of euros	43.3	26.0	11.2	-11.0	-25.0	-41.3	23.3
ROCE (previous 12 months)	as % of capital employed	17.0	15.0	16.2	16.9	18.8	20.8	18.9

Cash flow

		Q1 2012	Q1 2013	Q1 2014	Q1 2015	Q1 2016	Q1 2017	**Q1 2018**
Cash flow from operating activities	in millions of euros	-2.9	-3.3	9.0	-0.9	16.2	-1.6	-10.7
Cash flow from investing activities	in millions of euros	-27.6	-4.0	-3.7	-11.5	-6.2	-5.5	-48.8
Free cash flow	in millions of euros	-30.5	-7.3	5.3	-12.5	9.9	-7.0	-59.5
Cash flow from financing activities	in millions of euros	18.3	5.6	-5.3	-0.5	-3.9	2.7	36.0
Change in cash and cash equivalents	in millions of euros	-12.2	-1.7	0.0	-12.9	6.0	-4.4	-23.5

Share

		Q1 2012	Q1 2013	Q1 2014	Q1 2015	Q1 2016	Q1 2017	**Q1 2018**
Number of shares (nominal value: 2.60 euros)	in units	7,380,020	7,380,020	7,400,020	7,400,020	7,400,020	7,400,020	7,400,020
Earnings per share								
undiluted	in euros	-1.08	-0.93	-0.64	-0.51	0.06	0.07	0.02
diluted	in euros	-1.08	-0.92	-0.64	-0.51	0.06	0.07	0.02

FINANCIAL DIARY

(dates currently scheduled)

Jun. 6, 2018	General Meeting 2018, Weser-Ems-Halle, Oldenburg
Aug. 9, 2018	Publication of the Interim Report Q2 2018
Aug. 9, 2018	Press release on the Interim Report Q2 2018
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

viaprinto
Impressive pages bound for success.

This report has been produced by viaprinto, CEWE's online printing service.

IMPRINT

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

Tel.: + 49 (0) 4 41 / 404 – 22 88
Fax: + 49 (0) 4 41 / 404 – 421
IR@cewe.de

CEWE Stiftung & Co. KGaA is a member of Deutscher Investor Relations Kreis e. V.

Publisher
CEWE Stiftung & Co. KGaA
Meerweg 30 – 32
D – 26133 Oldenburg
Germany
Tel.: + 49 (0) 4 41 / 404 – 0
Fax: + 49 (0) 4 41 / 404 – 421
www.cewe.de
info@cewe.de

Concept and design
FIRST RABBIT GmbH, Cologne

Photos
CEWE Stiftung & Co. KGaA, Oldenburg

Printing
CEWE Stiftung & Co. KGaA, Oldenburg

Auditor of the consolidated financial statements
BDO AG
Wirtschaftsprüfungsgesellschaft
Fuhlentwiete 12
D – 20355 Hamburg
Germany


SAMPLE COMPANY
SAMPLE COMPANY
John Doe
CEO
NEW
OPENING

Europe's
No.1
photo book

my
cewe photobook

www.cewe-photoworld.com