

*Annual Report* **2014**

A red pennant is shown in the foreground, slightly out of focus. It features the CEWE logo, which consists of a stylized 'C' made of two overlapping triangles (one blue, one yellow), followed by the word 'cewe' in a lowercase, sans-serif font. Below the logo, the words 'BEST IN PRINT' are printed in a smaller, uppercase, sans-serif font. The pennant is attached to a dark pole.

 **cewe**  
BEST IN PRINT



## ANNUAL REPORT 2014

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*“Together with all of the company’s employees, we have ensured that the established market leader for industrial photofinishing of analogue photos and films is now also the market leader in the market for digital photo products. As the no. 1 product on the market, CEWE PHOTOBOOK is the outstanding symbol of this successful transformation. With CEWE CALENDARS, CEWE CARDS and CEWE WALL ART, we have now brought further brand products onto the market. We intend to build on this position. We have also exploited our newly acquired expertise in the field of digital printing and have established Online Printing as a new business segment for CEWE which offers outstanding prospects.”*

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



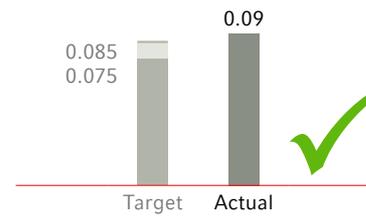
## HIGHLIGHTS 2014

### Earnings targets for 2014 achieved

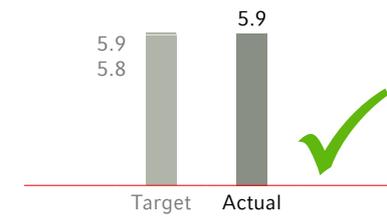
#### Digital prints in billion units



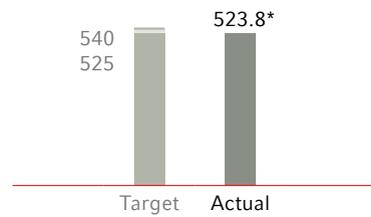
#### Prints from film in billion units



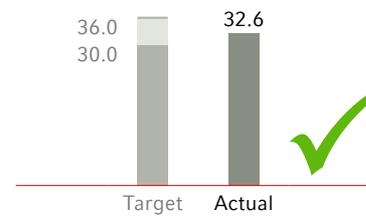
#### CEWE PHOTOBOOKS in million units



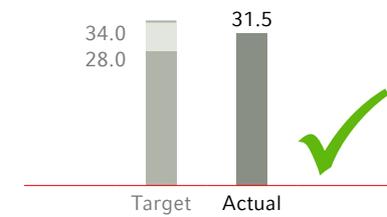
#### Turnover in million euros



#### EBIT in million euros



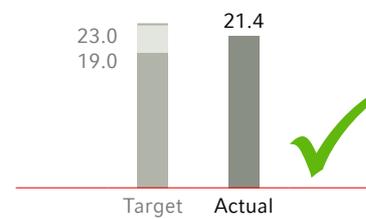
#### EBT in million euros



#### Investments in million euros



#### Earnings after taxes in million euros



#### Earnings per share in euros/share



\* 2014 turnover in the Retail business segment actively reduced by approx. 30 million euros (relinquishment of wholesaling activities)

### Photofinishing sales

- ▶ Total volume of photos at the upper end of expectations, with 2.29 billion photos
- ▶ 5.9 million CEWE PHOTOBOOKS, whose quality level continues to rise
- ▶ CEWE CALENDARS, CEWE CARDS and CEWE WALL ART reinforce the trend of higher-quality products
- ▶ Over 96 % of photos are digital
- ▶ 63 % of all photos are collected from retail stores

### Photofinishing results

- ▶ Stronger share of CEWE brand products reinforces Photofinishing turnover
- ▶ Clear growth in turnover per photo: +6.2 % to 16.84 euro cents per photo
- ▶ Photofinishing turnover of 386.0 million euros exceeds turnover target for 2014
- ▶ Fourth-quarter turnover realises strong growth of 5.1 % to 156.0 million euros
- ▶ For 2014 as a whole, outstanding Christmas business leads to an EBIT figure (before other taxes) of 39.3 million euros in the Photofinishing segment (2013: 36.6 million euros)
- ▶ Photofinishing EBIT for the year as a whole exceeds expectations
- ▶ Figure for fourth quarter increases by 3.2 million euros and delivers 100.1 % of Photofinishing's EBIT for the year as a whole
- ▶ Photofinishing margin once again increases in 2014 as a whole and now amounts to 10.0 % (2013: 9.5 %).

### Results in the Commercial Online Printing business segment

- ▶ Turnover grows by +17.8 % in 2014: 70.5 million euros (previous year: 59.8 million euros)
- ▶ Turnover target reached for 2014
- ▶ Planned start-up marketing investments continue to adversely affect EBIT
- ▶ EBIT improves by 4.1 million euros, operating EBIT by 1.4 million euros

### Retail results

- ▶ Retail turnover falls to 67.3 million euros (2013: 101.0 million euros) due to loss of wholesaling business
- ▶ Retail situation in Poland leads to negative EBIT result for the Retail business segment in overall terms
- ▶ CEWE's Retail earnings also influenced by general market decline

### Consolidated profit and loss account

- ▶ Group turnover reaches 523.8 million euros
- ▶ All earnings targets achieved for 2014: EBIT of 32.6 million euros
- ▶ Fourth quarter once again provides more than 100 % of the annual EBIT figure: 37.3 million euros
- ▶ EBIT margin improves within the Group from 5.4 % (2013) to 6.2 % (2014)
- ▶ Normalised Group tax rate of 32.1 %
- ▶ Earnings per share at 3.07 euros

### Balance sheet

- ▶ Solid balance sheet: Equity ratio increases to 51.1 % (+8.4 percentage points)
- ▶ Operating net working capital falls to 37.1 million euros, mainly due to lower inventories
- ▶ Conversion of net financial liabilities of –16.3 million euros into a net cash position in the amount of 23.5 million euros

### Cash flow

- ▶ Reduction of working capital causes operating cash flow to increase by approx. 50 %
- ▶ Free cash flow more than doubled
- ▶ Higher investment cash flow due to investments in start-up companies

### Return on capital employed

- ▶ Average capital employed stable at 192.9 million euros
- ▶ The earnings trend for the Photofinishing business segment has caused the ROCE to increase from 15.0 % to 16.9 %

## *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 a service partner for the leading brands on the European photography market. In 2014 the company developed and produced 2.3 billion photos, also in 5.9 million CEWE PHOTOBOOKS and photo gifts. "CEWE PHOTOBOOK" (Europe's leading photobook brand) and the company's other product brands CEWE CALENDARS, CEWE CARDS and CEWE WALL ART, easy-to-use ordering applications (PC, Mac and the 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, 30,000 retailers and over 20,000 CEWE INSTANT PHOTO stations are the key competitive advantages of CEWE's Photofinishing business.

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

Through its brands CEWE-PRINT, Saxoprint and viaprinto.de, 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.



## CEWE at a glance

- 11** plants
- 24** European countries
- more than **50** years of success in Europe
- 3,200** employees
- 30,000** retailers supplied
- 5.9** million CEWE PHOTOBOOKS
- 2.3** billion photos produced
- over **20,000** CEWE INSTANT PHOTO stations
- 30,232** tonnes of printed paper

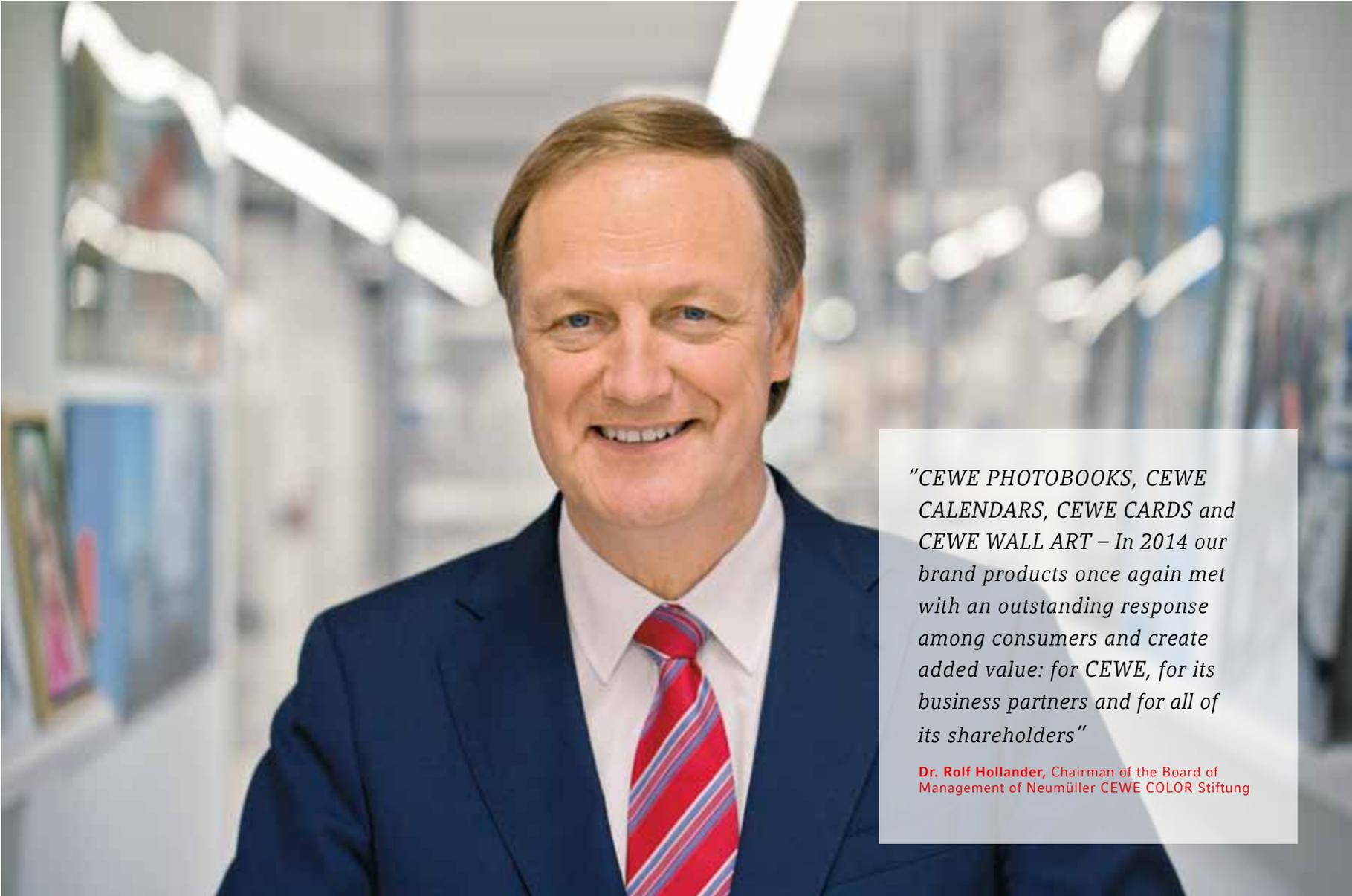


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*“We recognised the trend of higher-end products early on. With great ideas such as CEWE CALENDARS, CEWE CARDS, CEWE WALL ART and of course CEWE PHOTOBOOK, we offer our customers brand articles which give them even greater enjoyment of beautiful photos.”*

**Jana Hutfilter**, Marketing, CEWE shareholder



*“CEWE PHOTOBOOKS, CEWE CALENDARS, CEWE CARDS and CEWE WALL ART – In 2014 our brand products once again met with an outstanding response among consumers and create added value: for CEWE, for its business partners and for all of its shareholders”*

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

*Dear Shareholders,*

**Your company has once again performed strongly in 2014**

Thanks to outstanding Christmas business, the fourth quarter provided a key contribution to the profit for the year (before interest and taxes) of 32.6 million euros. This is a good result. It represents an increase of 3.7 million euros on the previous year. To be sure, the increasingly seasonal nature of our business, with peak earnings during Christmas business in the fourth quarter, takes some getting used to – but this pattern reflects a trend of many years' standing and is highly reliable. Because of this, we had already predicted this outcome in our report for the third quarter of 2014. Our earnings figure falls squarely in the middle of the range which we had forecast for 2014 at the start of the year. Even if we are naturally not satisfied with every detail of our activities, overall 2014 was a good year.

**Once again, record sales for CEWE PHOTOBOOK**

For all of the necessary restraint which CEWE adheres to as a guiding principle: Photofinishing has once again realised a notable performance in 2014. We have to admit a touch of pride over the strong volume of growth for value-added products and an EBIT margin of 10 per cent. The same is true of our series winner, CEWE PHOTOBOOK. Customers placed orders with our production facilities for the market leader more than 5,900,000 times. This is a new record figure. Incidentally, the 30 millionth CEWE PHOTOBOOK produced since we launched this product is also an outstanding example of the strength of this business segment.

Capturing, remembering, sharing, giving moments of joy

My CEWE PHOTOBOOK – my life

My CEWE CALENDAR – your very own schedule

My CEWE CARDS – sharing joy

My CEWE WALL ART – magical moments

CEWE's photo products are all about joy. In 2014, at our production facilities we once again saw some fantastic products created by our customers – particularly leading up to the Christmas season – which must certainly have provided some joyful moments under the Christmas tree. All of us at CEWE take great pleasure in creating these moments of joy with CEWE products. Growth rates which have in some cases reached double digits also represent genuine added value for you too, and not just at Christmas time.

#### Retail segment actively cut back

As we had already indicated in the quarterly reports for 2014, we have wound up our wholesaling operations in our Retail business segment. This and also market problems (particularly in our Polish market) have necessitated changes to our business model and have resulted in a clear drop in turnover and also (due to the weak market, e. g. for sales of higher-end cameras) in a decline in earnings. To put it bluntly, we are highly dissatisfied with this trend. It is no consolation for us that our outstanding performance in our other business segments has cushioned the impact of our weak Retail performance and made up for it in terms of our overall result. For 2015, we see a clear opportunity for improvement here. And we will exploit this.

#### Commercial Online Printing achieves growth targets

The Commercial Online Printing business segment – your company's growth business area – achieved its goal for 2014: We had envisaged a turnover increase of 17 %, from 59.8 million euros to 70 million euros. We have realised turnover amounting to 70.5 million euros and have thus improved our result by 4.1 million euros. Our growth area has thus lived up to its role and has expanded significantly.

### Outstanding work from the entire CEWE team: satisfied customers

For us, our customers' satisfaction is the key indicator of the success of our products. Here are six examples of the messages of thanks which we received from our customers in 2014:

*"This brings back beautiful memories"*

*"Looking at it, holding it in your hand, and telling stories"*

*"It's great fun to design, and you look forward to the finished book"*

*"A memory to last for all eternity"*

*"Giving joy"*

*"CEWE PHOTOBOOK is the best thing since the invention of the wheel"*

And for our satisfied customers we would like to warmly thank all of our employees!

### CEWE demonstrates its capacity for innovation at photokina

The industry was able to admire our team's great work at photokina, the world's largest photography trade fair. This was once again a highlight for us in 2014 – and not only because we were one of the largest exhibitors here. photokina takes place every two years and is always an important milestone for many of your company's employees, which they prepare for with great dedication. CEWE always seeks to present itself as a solid partner – for the trade audience and for interested consumers alike – which develops the world of photography and inspires a love of photography. Innovation was once again a key theme in 2014: We won another photokina Star Award... for our presentation of our innovative solution, CEWE MYPHOTOS, as a product idea and prototype. photokina was once again a great opportunity for us to obtain feedback from our business partners and consumers on our design. We have capitalised on this in order to make our product even better.

### CEWE MYPHOTOS goes online

Our CEWE MYPHOTOS service enables you to store photos produced on any device (e. g. cameras, mobile telephones, action cams) in a single storage location, edit them and safely share them with friends and family ... and order CEWE photo products. We are thus clearly addressing the needs which many of our customers nowadays have: Although they create photos on a wide variety of devices, they require a central storage location which they can access through various media. And they want to make sure that their valuable memories are kept in a safe place. They want to be able to edit and optimise their most important photos, e. g. for CEWE WALL ART. And they naturally also want to safely share certain photos with people close to them.

We have developed CEWE MYPHOTOS to fulfil all of these needs. The first version of this software is about to go online. Please feel free to try out our new service on our website [www.cewe-myphotos.com](http://www.cewe-myphotos.com). We welcome your feedback!

### An important anniversary in 2015: 10 years of CEWE PHOTOBOOK

In 2014 the 30 millionth CEWE PHOTOBOOK was born. We have another important anniversary ahead of us in 2015: We created our star product in 2005, ten years ago. This is reason enough for us to celebrate this happy event with you and with all of our consumers.

### CEWE family meeting: general meeting on June 3, 2015

We will certainly mention this event at our general meeting. You are warmly invited to attend our general meeting which is to be held on June 3, 2015. You will be aware that we not only diligently comply with the German Companies Act but also seek to offer added value above and beyond the scope of formal requirements: through a product show and the special offerings of our retail firm Woeltje. All of our participating employees look forward to this meeting of the CEWE family.

Christmas has only just ended, and we're already looking ahead to this year's festive season: The seasonal migration continues

2014 was a good year... and 2015 should be even better. The entire CEWE team is working towards this goal. In the important Photofinishing segment, it is clear that the seasonal migration to the fourth quarter will continue in 2015. If you have already been following us for some time, you will be aware that our Commercial Online Printing and Retail segments also enjoy very strong fourth quarters. This means that in 2015 we will certainly once again present lower earnings in the first quarter and also, above all, the second and third quarters, before realising our annual profit in the fourth quarter. Your company's team is already undertaking the necessary preparations to ensure a successful Christmas season in 2015.

Dear shareholders, we hope that you share our pleasure in our results for 2014. We would be delighted if you continue to appreciate our products and services as our customers in 2015, and would love to welcome you to our general meeting which is to be held on June 3.

Oldenburg, March 3, 2015





**Otto Korte**, Chairman of the Supervisory Board of the CEWE Stiftung & Co. KGaA and member of the Board of Trustees Neumüller CEWE COLOR Stiftung

## REPORT OF THE SUPERVISORY BOARD

*Dear Shareholders,*

A full financial year with the company's new legal form now lies behind us. The Supervisory Board would like to thank all of the company's employees who have faced increased workloads on this account for the commitment which they have displayed. It is now clear that our shareholders and business partners, as well as the stock markets in general, all welcome our new legal form. The CEWE Group thus stands shoulder to shoulder with other family-oriented stock exchange-listed companies.

In the past financial year, the Supervisory Board has once again extensively examined the Group's business segments in detail and has undertaken the tasks assigned to it by law, the company's corporate articles and rules of procedure, and the German Corporate Governance Code, freely and meticulously.

### Makeup of the Supervisory Board

The Supervisory Board continued to meet with the same members in the year under review.

In the financial year 2014, the Board of Management of Neumüller CEWE COLOR Stiftung, which has served as the general and managing partner of CEWE Stiftung & Co. KGaA since the change of legal form, undertook its duties with a revised membership. Mr Carsten Heitkamp and Mr Thomas Mehls were appointed as members of the Board of Management with effect as of January 1, 2014. Mr Patrick Berkhouwer has been the managing director of Neumüller CEWE COLOR Stiftung since January 1, 2014.

### Meetings of the Supervisory Board

The Supervisory Board met five times in the year under review, 2014: on February 13, 2014, on March 19, 2014 (balance sheet meeting), on June 4, 2014, on September 11, 2014 and on November 6, 2014.

In case of need, following its joint meetings with the Board of Management, the Supervisory Board held further internal meetings.

### Core issues dealt with by the Supervisory Board

At each of its meetings, the Supervisory Board was notified of the company's current business development, with a breakdown of German and foreign Group companies and the cash situation (liquidity, banks' covenants etc.).

The issues of investor relations, the development of the Retail and Online Printing business segments, the design of apps for mobile devices, the Stock Option Plan and the significance of 3D for the CEWE Group were discussed in detail at individual meetings.

The Supervisory Board has also continuously verified the general partner's maintenance of an effective early risk detection system.

The Supervisory Board's meetings were very well attended. Only at the meeting held on November 6, 2014 were two members unable to attend, for good cause.

### Committees

At its final meeting held in 2013, the Supervisory Board established an audit committee and a nomination committee.

The nomination committee did not meet in the year under review.

The audit committee met on March 18, 2014 and December 11, 2014, under the chairmanship of Ms Linner. One member of the audit committee was absent from the meeting held on December 11, 2014, for good cause.

The meeting held on March 18, 2014 considered the financial statements and management reports of CEWE Stiftung & Co. KGaA and the Group, as well as the report on related parties. The chairman of the Board of Management and the Chief Financial Officer were present at this meeting. The audit committee also requested explanations from the auditor regarding risk management and compliance with corporate governance regulations. The committee finally reported on the tendering process for the company's audit and issued the Supervisory Board with a recommendation for the appointment of BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg, as the new auditor.

At its meeting held on December 11, 2014, the auditor explained the internal control system including procedures for personnel, purchasing, sales, preparation of the annual financial statements and the early risk detection system as well as several accounting issues (impairment test, inventories and subsidiaries). The audit committee noted that the new auditor provided only minor improvement proposals.

### Corporate governance

In the year under review, the members of the Supervisory Board have once again pursued intensive discussions regarding the German Corporate Governance Code, and the changes made to it in particular. For the financial year 2014, the Board of Management and the Supervisory Board have submitted an updated declaration of conformity in accordance with § 161 of the German Companies Act (Aktiengesetz, AktG), which has been permanently available on the company's website since February 1, 2015. In addition, in its corporate governance report on pages 120 ff. of the Annual Report the Board of Management reports (also on behalf of the Supervisory Board) on corporate governance at CEWE.

### Quarterly reports

The Supervisory Board has discussed the figures and the statements made in the quarterly reports with the Board of Management prior to publication, in some cases in telephone conferences.

### Conflicts of interest

There were no conflicts of interest on the part of members of the Board of Management or the Supervisory Board which must be immediately disclosed to the Supervisory Board and notified to the general meeting.

### Efficiency review

The efficiency review was initiated in December 2014 and formed part of the internal section of the Supervisory Board's first meeting in 2015.

### Annual financial statements and consolidated financial statements

The annual financial statements of CEWE Stiftung & Co. KGaA and its management report have been prepared in accordance with the rules of the German Commercial Code (Handelsgesetzbuch, HGB), while the consolidated financial statements and the consolidated management report under § 315a HGB have been prepared in compliance with the “International Financial Reporting Standards” (IFRS).

The Supervisory Board has commissioned the auditor newly appointed by the general meeting, BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg, to audit the annual financial statements and the consolidated financial statements for the financial year 2014. The auditor has audited the annual financial statements of CEWE Stiftung & Co. KGaA prepared in accordance with the German Commercial Code and also the IFRS consolidated financial statements and the management reports of CEWE Stiftung & Co. KGaA and the Group and has issued an unqualified auditor’s opinion for each of them. The auditor has also confirmed that the consolidated financial statements and the consolidated management report comply with the IFRS, as applicable in the EU.

At its meeting held on March 18, 2015, the audit committee initially verified on the basis of the audit reports and the Board of Management’s report that these two sets of financial statements and the accompanying management reports provide a true and fair view of the company’s net assets, financial position and results of operations in compliance with applicable accounting regulations. The auditor participated in the discussions regarding the annual financial statements and the management reports and reported on the key findings of its audit, in particular the nature of the company’s internal control and risk management system in relation to the accounting process. The chair of the audit committee reported to the Supervisory Board on these discussions.

For its part, the Supervisory Board also audited the annual financial statements, the management report and the proposal for appropriation of unappropriated profits and the consolidated financial statements and the consolidated management report for the financial year 2014. All of these documents were provided in good time. Representatives of the auditor were also present at the balance sheet meeting of the Supervisory Board held on March 19, 2015 and were available to provide further information. Additional questions from the members of the Supervisory Board prompted an in-depth discussion of the results.

The Supervisory Board was able to verify the appropriateness of the general partner’s proposal for appropriation of unappropriated profits in relation to the company’s net assets, financial position and results of operations and agreed to this proposal, following a discussion in the presence of the auditor.

Following a preliminary audit by the audit committee, the Supervisory Board audited and endorsed the annual financial statements and the consolidated financial statements of CEWE Stiftung & Co. KGaA as well as the accompanying management reports, and found that there were no grounds for objections. The general meeting of CEWE Stiftung & Co. KGaA is responsible for the approval of the annual financial statements. At its balance sheet meeting held on March 19, 2014, the Supervisory Board agreed to the general partner’s proposal for approval of the annual financial statements of CEWE Stiftung & Co. KGaA and issued its consent for the general partner’s proposal for the appropriation of profits, with the distribution of a dividend of 1.55 euros.

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### Report on related parties

The Supervisory Board's independent audit also covered the report prepared by the general partner pursuant to § 312 AktG on relationships with affiliates (report on related parties) for the year under review. The report on related parties has also been audited by the auditor, which has issued the following audit opinion for this report:

"Upon due completion of our audit and assessment, we hereby confirm that

1. the factual statements provided in the report are accurate,
2. the company has not made any disproportionately large payment for any of the legal transactions listed in the report."

The auditor's audit report on the report on related parties has also been presented to all of the members of the Supervisory Board. These documents were available to the audit committee at its meeting held on March 18, 2015 and to the Supervisory Board at its balance sheet meeting held on March 19, 2015. Even after consultation with the auditor and the Board of Management following the final outcome of its audit, the Supervisory Board has not declared any objections in relation to the general partner's declaration at the end of its report on related parties. The Supervisory Board has approvingly noted the outcome of the auditor's audit of the report on related parties.

### Thanks

On behalf of the Supervisory Board, I would like to thank the members of the Board of Management, the company's employees and the employees' representative bodies for their vigorous support and for the company's continued success in the past financial year.

Oldenburg, March 19, 2015

The Supervisory Board of CEWE Stiftung & Co. KGaA



Otto Korte, Chairman

## INTERVIEW WITH DR. ROLF HOLLANDER

Chairman of the Neumüller CEWE COLOR Stiftung

### *Are you satisfied with 2014?*

Overall, 2014 was a good year. But are we “satisfied”? Yes and no. We’re never entirely satisfied at CEWE. That would mean us slowing down. The publication of annual financial statements is really only a brief moment of rest, it’s a milestone on a longer journey. We take a deep breath, fill up on oxygen and energy and set off again with renewed vigour. Christmas has only just ended, and we’re already looking ahead to this year’s festive season. You may find it hard to believe, but just as crocuses and snowdrops come into bloom we already start preparing for our 2015 Christmas business.

Looking back on our 2014 “milestone”, it must be said that overall CEWE had a good run in 2014. However, in the previous year we were carrying an extra rucksack full of restructuring costs and goodwill amortisation. The key point is that Photofinishing has once again increased its margin through its value-added products. The key point is that Photofinishing has once again increased its margin. Commercial Online Printing has realised further strong growth. It has reached its target level of 70 million euros and has improved its result. However, before allowing for the above-mentioned special items our Retail segment has swallowed up this progress. We’re not happy about that: The operating loss of –2.9 million euros in the Retail segment has hurt us – even though overall our result is better than in the previous year. In our Retail segment, we need to get back on track as quickly as possible





–2.9?!? And turnover is down by one third? What happened there?

We deliberately let go of our weak-margin wholesaling activities. That accounts for the largest share of the decline in our turnover, and it has not had any significant impact on our result. That much was OK. But what really hit us hard was the decrease in sales of digital reflex cameras, especially in Poland. We have thus also missed out on supplier bonuses, and we have had to write down inventories. We will react to this trend. We have already made initial adjustments to our business model and our pricing policy.

*What will you do?*

Through targeted advertising, we will stabilise our valuable turnover and develop related new and growing product ranges. We will focus more strongly on online sales and we will cut costs by closing unprofitable branches. We will look closely at all of our other costs. And we will continue to lower our costs until we return to the profit zone. However, for all of the justified criticism we shouldn't forget that the strategic Retail business segment exclusively comprises hardware turnover, since our highly profitable photofinishing services which are generated through Retail are reported within our Photofinishing business segment.

**2.3 billion** photos produced  
**30,232 tonnes** of printed paper  
**5.9 million** CEWE PHOTOBOOKS

*Another question on the financial statements: You haven't made it all that easy for readers this year: In the profit and loss account, you have rearranged some of your selling expenses and other taxes. You have done that for 2014 and also for the previous year, 2013. What is the reason for that?*

Here, we have complied with the requirements of our IFRS accounting standard and have naturally also adjusted the figures for the previous year accordingly. These standards are intended to establish comparability between different companies. In terms of the specific concrete changes which we have made: On the one hand, we have transferred certain types of advertising costs subsidies as a component of selling expenses from turnover to other operating expenses, thus increasing our turnover. We had previously netted advertising costs subsidies against turnover. Ultimately, this doesn't actually change anything since our reported expenses have now been increased by exactly the same value as this reclassified amount. On the other hand, we have

also reclassified other taxes as part of other operating expenses, which means that we have reported a slightly lower EBIT figure than we had indicated in the calculation in previous years, since we had previously initially deducted other taxes and income taxes from our EBT. We have naturally adjusted the figures for previous years accordingly. It was important to us that we communicate these presentational changes transparently.

*You mentioned your turnover growth to 70 million euros in the Commercial Online Printing segment. Will you actually achieve your target of 100 million euros in 2016? That might be difficult through organic growth alone...*

Since 2012 we have at any rate achieved growth here from 43 to more than 70 million euros. Our growth rate is thus highly respectable. Can we promise that we will organically reach a turnover level of 100 million euros as early as 2016, on the basis of our current growth level? Probably not. But we nonetheless still have this target in our sights. Organic growth is only ever one possible solution. With inorganic growth, 100 million euros in 2016 is still possible. Above all, we continue to stand by our goal of achieving a result in this segment which is at least balanced in 2016. In 2007, we set ourselves a medium-term goal of a turnover volume of 500 million euros. In 2012 we actually achieved this – not least thanks to our acquisition of Saxoprint. To be sure, turnover goals are not an end in themselves. That is illustrated not least by our decision to actively switch off our weak-margin wholesaling source of turnover in our Retail segment. If we don't make it to 100 million euros, then that wouldn't be a disaster. We're certainly not going to buy turnover, come what may. The key issue is the long-term value that we provide in creating additional euros of turnover.

*On the subject of possible acquisitions: Isn't your financing structure much too comfortable?*

Not at all. To be sure, 2014 is an important landmark for us: CEWE is now completely debt-free and has a net asset position in excess of 20 million euros. However, this should be viewed in the broader context: At a good 51 per cent, our equity ratio has reached a level which we feel comfortable with, and we have delivered continuously rising dividends for 6 years now. As a debt-free company with a growth outlook and an attractive dividend value, we offer a combination of the qualities which value investors appreciate. To sum up: Firstly, we now have a significant year-end net asset position for the first time since our acquisition of Saxoprint. Secondly, this is an assessment as of this specific reporting date, which reflects our strongly cash-generating Christmas business. We will once again realise a net debt position over the course of the year. Thirdly, only a small part of the cash position which we can now see has been generated from within our company. It has largely resulted from our placement of 500,000 treasury shares in April 2014 which – besides our goal of increasing our free float – we also implemented as a basis for acquisitions. We are thus also positioned for potential inorganic growth. Fourthly, we live in very fast-moving times. Solid financial resources allow us to focus 100 % on our goal: operational value creation!

*What does “operational value creation” mean for you?*

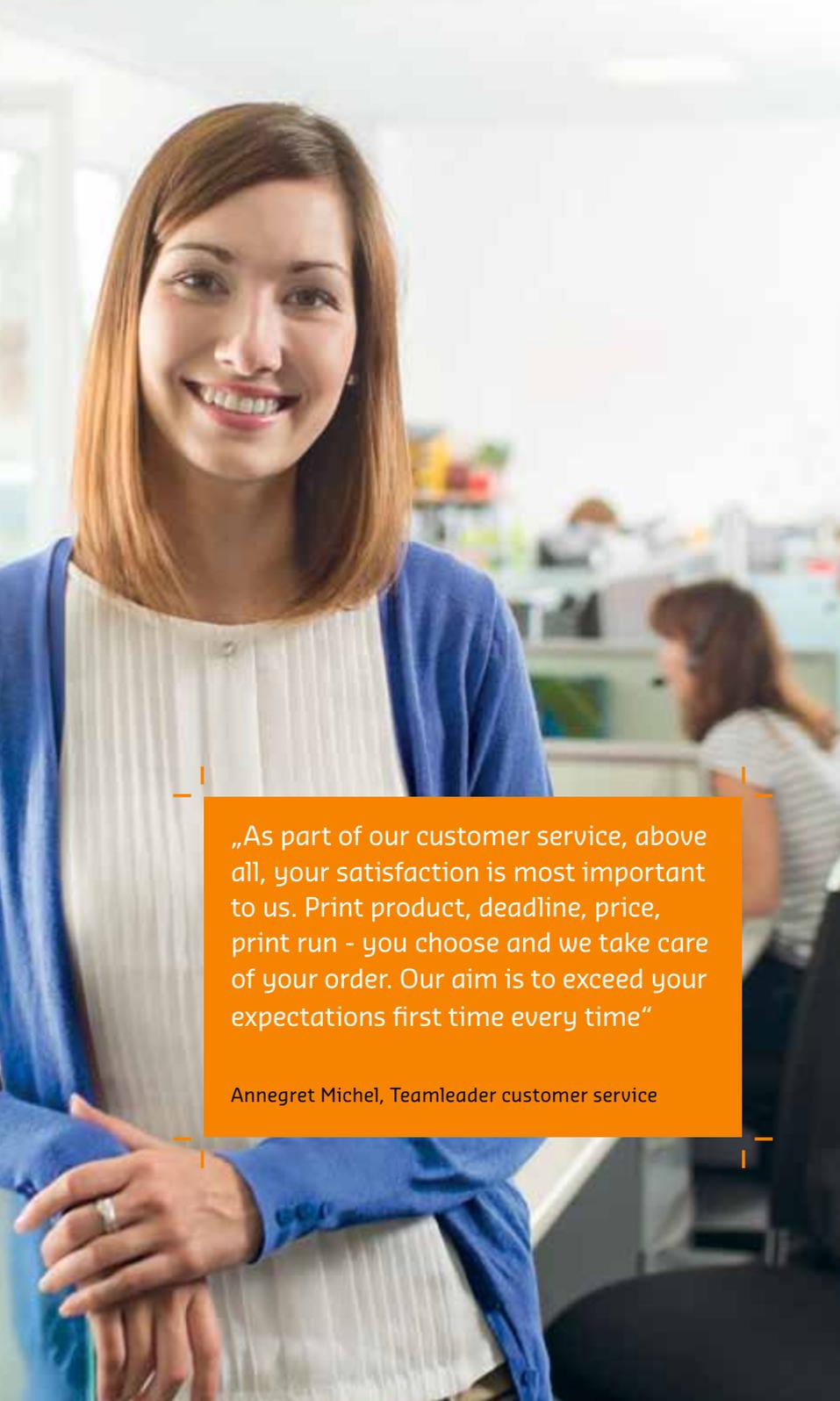
It's like in a restaurant: The key is to buy good ingredients at a low price. Reasonably priced in the best sense of the word. If you buy cheap ingredients, you will disappoint quality-oriented customers. We certainly won't do that. Satisfied customers are our capital. To keep with the culinary theme: We intend to serve a creative menu and produce an experience which our guests enjoy and which they're willing to pay a reasonable price for. We want to excite consumers throughout the world of photography, and we intend to offer our customers in our Commercial Online Printing segment a rapid, easy-to-use, high-quality and appropriately priced service. A company which focuses on these issues has already made a key step in the direction of achieving positive figures. And everyone likes those – our customers, our employees and our shareholders.

*What are your plans for 2015?*

If we're not getting better every day, we're not doing our job. That's the CEWE principle. That is why we have improvements planned for all of our segments, and we are hard at work on delivering them.

*Many thanks to Dr. Hollander for the interview*





# SAXOPRINT

## Today, you can print online.

SAXOPRINT is one of the major online printing houses operating in the UK and Europe. SAXOPRINT's portfolio comprises of flyers, folded leaflets, brochures, posters, business stationery and much more.

SAXOPRINT have more than 500 committed employees in production, customer service, development, marketing and administration, all working to achieve a key element of SAXOPRINT's values, personal service for their clients.

„As part of our customer service, above all, your satisfaction is most important to us. Print product, deadline, price, print run - you choose and we take care of your order. Our aim is to exceed your expectations first time every time“

Annegret Michel, Teamleader customer service

-  Personal contact partner
-  Payment on account
-  Environmentally conscious printing

HUMAN TOUCH TO ONLINE PRINTING

[www.saxoprint.co.uk](http://www.saxoprint.co.uk)

## CEWE SHARE

### Stock markets characterised by strong levels of fluctuation in 2014

In the past stock exchange year, stock indexes were highly volatile due to a large number of external factors. The DAX twice reached a new record high above 10,000 points, but fell to around 8,500 points after reaching its first high. With the Ukraine conflict, the advance of Islamic State, the collapse in the price of oil, the resurgent European debt crisis and the expiry of the bond-purchasing programmes of the US central bank (the Fed), many events repeatedly had a negative impact on the stock markets. On the other hand, cheap money from the European Central Bank and the Bank of Japan, the low commodities prices and the boom in technology shares buoyed the global stock exchanges.

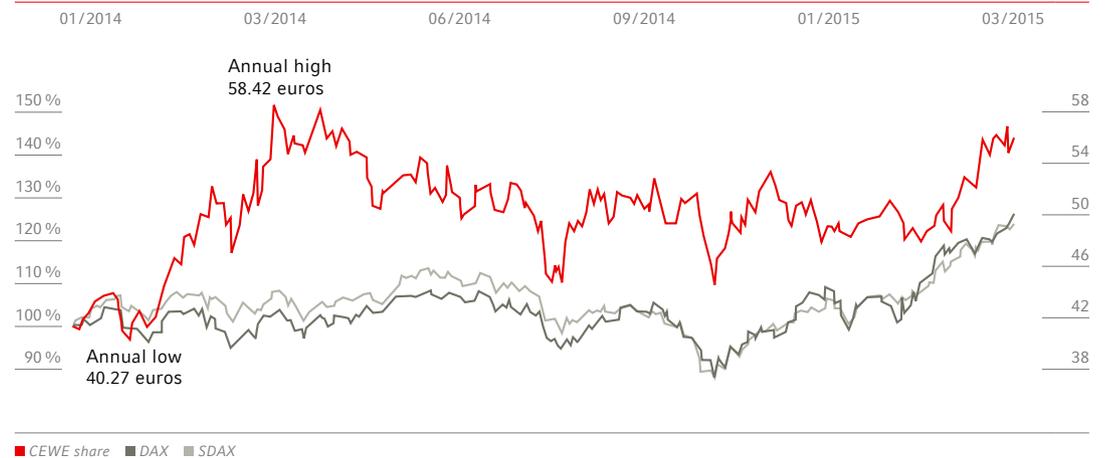
### CEWE share realises further strong growth in 2014: +20.5 % and thus once again better than the DAX and the SDAX

On the basis of its 2013 year-end price (42.75 euros), in the period to the end of December 2014 the CEWE share achieved growth of 8.76 euros to 51.51 euros (+20.5 %) and thus significantly outperformed the DAX, which only managed growth of +2.7 % in the same period. The CEWE share also realised stronger growth than the SDAX, which likewise only climbed by +5.8 % in 2014. Even after the end of the period under review for the annual financial statements, in the first two months of 2015 the CEWE share continued to gain ground beyond its 2014 year-end closing price.

### Key share information

Type of security	No-parNeumüller CEWE COLOR value share
Market segment	Regulated market PRIME STANDARD
Index	SDAX (from March 23, 2009)
ISIN	DE 0005403901
Symbol	CWC
Reuters	CWCG.DE
Bloomberg	CWC GR
Date of initial quotation	March 24, 1993
Number of shares	7,400,020 units
Daily volume (2014 average)	16,684 units
Annual peak in 2014	60.10 euros
Annual low in 2014	41.42 euros
Year-end price 2014	51.51 euros

### CEWE share price in the period from Jan. 1, 2014 to Feb. 28, 2015 in euros



 [www.cewe.de/investor-relations/cewe-aktie/analysten](http://www.cewe.de/investor-relations/cewe-aktie/analysten)

### Significant increase in euro trading volume: CEWE equities traded every day in 2014, with a volume of more than 850,000 euros

Driven by the positive performance of the CEWE share, in the past year CEWE shares changed hands every day for an average of 871,018 euros – in 2013, CEWE shares had been traded for an average of 623,383 euros per day. The key trading volume of 1 million euros per day – which influences the investment decisions of many institutional investors – has thus almost been reached. Despite the price rise, the volume of shares traded was almost at the same level as in the previous year, with 16,793 shares traded every day (2013: 17,490 CEWE shares per day). Overall in 2014, more than 4.2 million CEWE shares were thus traded on German stock exchanges.

### Placement of treasury shares increases the free float

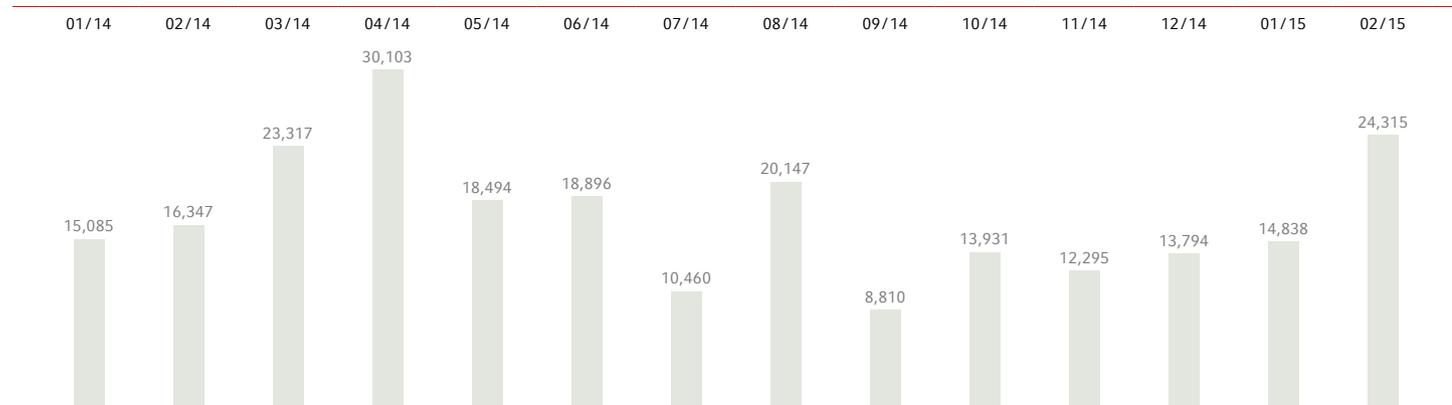
To achieve a permanent rise in the volume of trading, in April 2014 CEWE opted to place 500,000 treasury shares on the capital market within the scope of an accelerated placement procedure and thus to

increase its free float. Following this placement and the exercise of the Stock Option Plan, CEWE Stiftung & Co. KGaA now holds 186,302 treasury shares (2.5 % of the share capital). The free float now amounts to 70.1 %. This sale has not only increased the free float, it has also further boosted the equity ratio and reduced the level of debt. In addition, CEWE has thus widened its strategic leeway for acquisition-based growth in the Commercial Online Printing business segment and in Photofinishing as well as related business segments. CEWE is thus poised to act in case of an attractive opportunity.

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

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

Average daily volume of shares traded in shares per day



### CEWE share is a permanent fixture on the SDAX

According to the “trading volume” criterion, in December 2014 CEWE was in 74th position (previous year: 77th position), and in terms of “market capitalisation” it was in 84th position (previous year: 88th position). The CEWE share is thus a permanent fixture on the SDAX index, which normally features shares with a ranking of 110 or higher.

### Stable shareholder structure strengthens management’s strategy

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

### CEWE is there for its shareholders

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

CEWE thus naturally publishes all of its annual and interim reports and capital market information online at [www.cewe.de](http://www.cewe.de). All analyst telephone conferences are 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.

In 2014 the Board of Management and the Investor Relations team once again presented the company at a total of 5 capital market conferences and attended 12 roadshow days in European and US financial centres. For details of the dates currently planned for 2014, please refer to the financial diary on the penultimate page of this report.

 <http://ir.cewe.de>

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Overview of current analysts’ assessments	Analysis	Date
Deutsche Bank	Buy	Feb. 25,15
Berenberg Bank	Buy	Feb. 25,15
BHF Bank	Overweight	Feb. 25,15
GSC Research	Hold	Nov. 18,14
Warburg Research	Buy	Feb. 26,15
Bankhaus Lampe	Hold	Feb. 25,15
CB Seydler Bank	Hold	Feb. 26,15
NordLB	Hold	Nov.13,14

### Shareholder structure (February 2014) as % (100 % = 7.4 million shares)



## 02

## CONSOLIDATED MANAGEMENT REPORT

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*“At CEWE, we always adjust our products and our expertise in line with our customers’ requirements. Through CEWE-PRINT.de we thus offer our commercial customers a comprehensive selection of printing services which are notable for their reliability, their broad product range and their level of quality.”*

**Nicolas Ebisch, CEWE PRINT, CEWE shareholder**

## BASIC INFORMATION ON THE GROUP

### Business model

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

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

Photofinishing is the name we give to our photo products business. CEWE is the European market leader in photofinishing, previously based on analogue film and now replaced by digital data. CEWE creates very strong added value in this field. As raw materials, CEWE generally purchases paper and other products on which photos and other contents are printed. The company’s traditional main products are individual photos, which are generally produced in CEWE laboratories using the silver and halide process or by means of dry printing at the sales outlets of its business partners. Individual photos may be of analogue or digital origin and may derive from a digital camera or a mobile telephone. More than 95 % of photos are now of digital origin and are printed on a large number of different products. Over the past ten years, CEWE PHOTOBOOK has established itself as the company’s main product. CEWE has also rigorously expanded its product range, with other significant turnover generators now including CEWE CALENDARS, CEWE CARDS and CEWE WALL ART.

Through its product management strategy, CEWE is not only developing new products but also strengthening demand and sales through its product and brand communication activities. Consumers can purchase CEWE’s Photofinishing products from business partners and in some cases can also do so from CEWE directly. For almost all of the Photofinishing products ordered from CEWE, CEWE handles acceptance of orders and customer communication.

Europe accounts for almost 100 % of CEWE’s Photofinishing business.

#### Proprietary Retail segment handles important functions

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

### Online Printing – the growth area

With the inclusion of CEWE PHOTOBOOK in its product range, CEWE evolved into a digital printing firm. The books thus printed are sought after not only by consumers but also by businesses, which evidently appreciate the combination of product quality, ordering convenience, price, delivery times and the possibility of small print runs. Accordingly, in 2009 CEWE began to offer its Online Printing service in the form of a website [www.viaprinto.de](http://www.viaprinto.de). This is usable not only with the company's CEWE PHOTOBOOK software but also with other common software formats. In 2012, CEWE acquired the Saxoprint Group, an online offset printing specialist. Through Saxoprint's offset printing, CEWE has established an attractive product for customers ordering large print runs of products ([www.cewe-print.de](http://www.cewe-print.de)). CEWE is currently mainly active in Germany in the field of Online Printing, but already has local websites in many other European countries where it is also increasingly generating business.

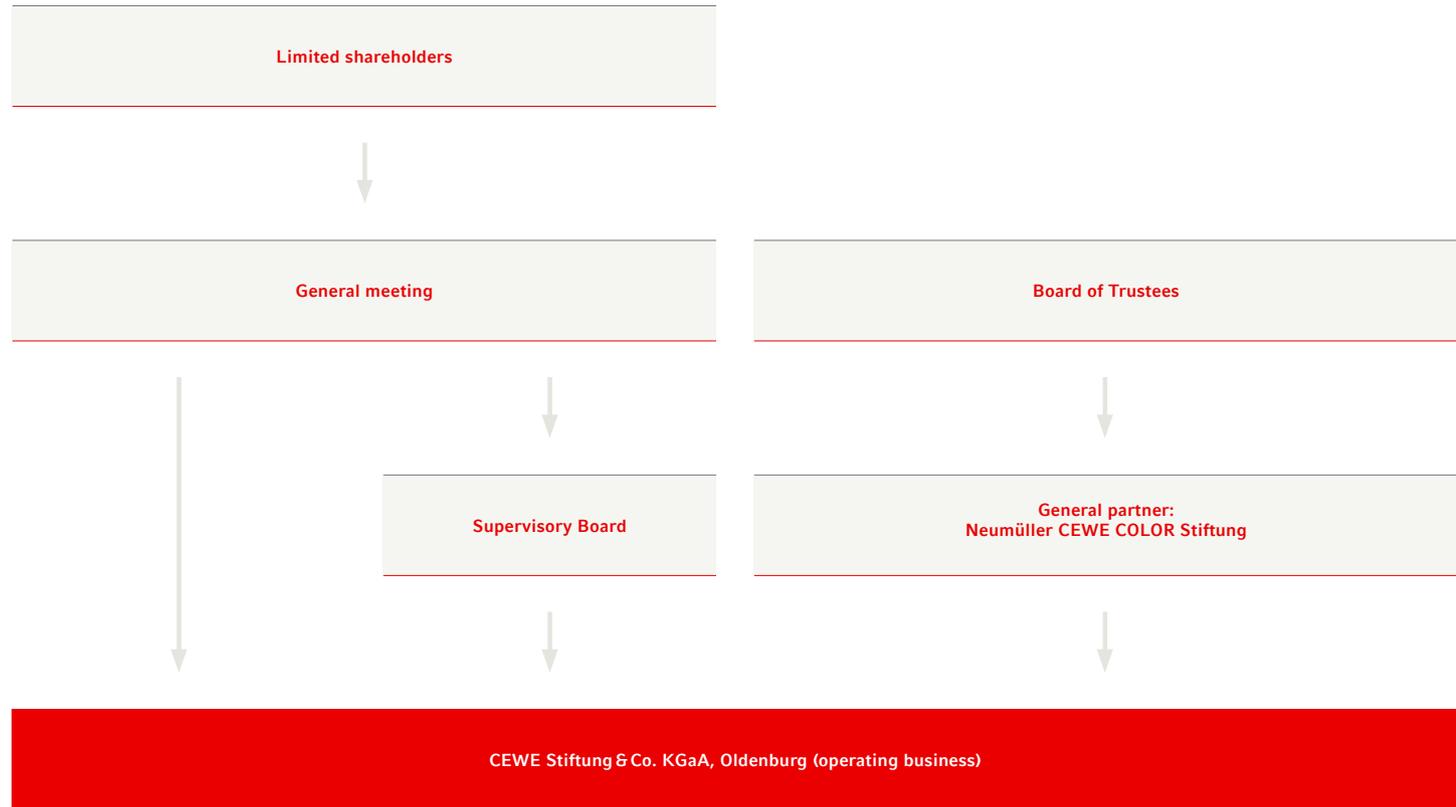
The depth of added value in Online Printing is very similar to Photofinishing. However, here CEWE does not provide software for the creation of printed products (unlike in the case of CEWE PHOTOBOOK, for instance). Customers order these Online Printing services directly from the companies of the CEWE Group.

## Organisation and management system

### Organisational structure

The CEWE corporate group is structured as follows:

Page 154  
Executive Board and Directors



### 2013: Change of legal form to a partnership limited by shares (Kommanditgesellschaft auf Aktien, KGaA)

The company's shareholders supported CEWE COLOR Holding AG's change of form to become CEWE Stiftung & Co. KGaA with a large majority at the general meeting held on June 5, 2013. CEWE COLOR Holding AG was the financial holding company within the CEWE Group and one of the two shareholders of CEWE COLOR AG & Co. OHG. On October 1, 2013, CEWE COLOR Holding AG underwent a change of legal form to become CEWE Stiftung & Co. KGaA. This was entered in the commercial register held by Oldenburg Local Court.

Since Neumüller CEWE COLOR Stiftung is no longer a shareholder of CEWE COLOR AG & Co. OHG as a result of this change of legal form, its operating business has now been transferred to CEWE Stiftung & Co. KGaA. Neumüller CEWE COLOR Stiftung now serves as the company's general partner and sole managing director.

Neumüller CEWE COLOR Stiftung is represented by eight members of the Board of Management and a managing director.

The Group's remaining 3,211 staff are employed by CEWE Stiftung & Co. KGaA and the subordinate Group companies.

The previous legal form and the current legal form of a partnership limited by shares were selected in order to exploit the typical strengths of capital market-oriented companies and family firms respectively for the CEWE Group.

### Legal structure combines the advantages of the capital market and a family approach

The company's founder, Senator h. c. Heinz Neumüller, intended to ensure that his entrepreneurial principles would remain permanently established within the company and to ensure the company's long-term future. This is safeguarded by Neumüller CEWE COLOR Stiftung and the major interest held by ACN Vermögensverwaltungsgesellschaft mbH & Co. KG (the heirs of Senator h. c. Heinz Neumüller, the largest shareholder with 27.4 %). The first of these entities ensures that the business group continues to be managed true to the legacy of Senator h. c. Heinz Neumüller and thus upholds the character of the family firm. It stands for a long-term orientation in terms of the company's business policy. For this reason, it is also responsible for its management.

The company's founder always demanded that the CEWE business group should operate innovatively, while optimising income. The capital market effectively promotes these entrepreneurial objectives. The decision-making of the company's executive bodies – i. e. its Board of Management and Supervisory Board – reflects its shareholders' interest in an attractive investment. Here too, the focus is on the company's solid long-term development and sustainable capital growth – and thus on each shareholder's investment.

The combination of these two advantages enables an innovative company which is managed on the basis of an income-oriented and sustainable economic model which also lives to its social responsibility as an employer and as an economic engine.

 Page 27 | Shareholder structure

 Page 154  
Executive Board and  
General Management

 Page 65 | Results

#### CEWE operates through a total of 32 subsidiaries

CEWE Stiftung & Co. KGaA is the parent company which manages all of the CEWE's Group activities. In various European countries, Photofinishing and Online Printing business is managed within a single legal and organisational unit or else through various entities, depending on the situation in the country in question. Retail is directly combined with Photofinishing in countries where a production plant is present. Otherwise, it operates independently. From an operational point of view, photo products are also sold through the Group's retail companies. However, in terms of strategic management they form part of the strategic business segment of Photofinishing, since they follow an entirely different growth path and their strategic significance differs from that of photo hardware, which is reported in the Retail segment.

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

The Board of Management and the management of Neumüller CEWE COLOR Stiftung are responsible for overall planning and fulfilment of the goals of the CEWE Group. Allocation of responsibilities is set out in the chapter "Board of Management and management".

#### Regular strategic planning: Economic forecast reflects identifiable trends

The Board of Management and the management of Neumüller CEWE Color Stiftung determine the long-term strategy of the CEWE Group. This reflects trends in CEWE's competitive, market and technological environment. Since the analogue/digital transformation, this environment has been characterised by considerable momentum. The Board of Management thus reviews the company's strategic orientation several times a year and discusses the resulting tactical and operational measures. External experts take part in these meetings, where necessary.

#### Inclusion of profit centre managers in planning

On the basis of the strategic outlook and expected market trends, once a year CEWE determines the planning parameters which are submitted to the managers of the production plants and distribution companies. On this basis these managers produce their own planning, focusing on the following year but also encompassing a broader perspective which may include multiple iterations. The cornerstones of the finalised business plan for the following year will then be presented to the general public. On the basis of this planning and the actual figures, over the course of the year target/actual comparisons and extrapolations are produced for the year-end results. However, due to the seasonal migration outlined in the "Turnover" and "Costs and earnings" sections of the "Results" chapter the fourth quarter – and the final two months of each year in particular – is becoming ever more significant. This represents a particular challenge for extrapolations.

#### Investments on the basis of profitability calculations

The investments which consistently include profitability calculations also form part of this planning.

#### Close monitoring through monthly target/actual comparisons

Every month, a profit and loss account target/actual comparison is implemented for the strategic business segments and for each of the profit centres and for the CEWE Group as a whole. The balance sheet and the cash flow statement are produced quarterly. These target/actual comparisons enable close monitoring of goal achievement and timely intervention by the Board of Management and the management. At the same time, these and other operating figures of the production plants and the distribution companies are passed on to all of the managers of these profit centres, for internal benchmarking and discussion. The key financial figures used at CEWE are outlined in the "Goals and strategies" section.

### Diverse and detailed management information systems

As well as this core element of accounting-oriented comparison, profit centre managers, the Board of Management, the management and all relevant executives are able to draw upon comprehensive systems of operating figures, some of which are even updated daily. For instance, this includes market data supplied by various market research institutes, sales information including quantities, prices and turnover, comprehensive production figures comprising production and delivery times, costs and quality, further controlling information for each corporate function (e.g. personnel, logistics, customer service, investor relations, finance etc.) and product and business partner margin costings etc. The key non-financial indicators used at CEWE are also described in the “Goals and strategies” section.

### Clear meeting structure

As well as ad hoc meetings, management activities at Group level are handled through regular meetings. These discussions focus on the following key issues: The Board of Management and the managing directors meet once a week. The core measures implemented for management of innovations are also discussed once a week. As well as the responsible Board of Management members and managing directors, the managers and employees dealing with these various issues – particularly from the fields of marketing, product management, research & development and production – also attend these meetings. Several times a year, the Board of Management members and the managing directors meet with the profit centre managers to discuss the company’s current situation and the latest competitive, market and technological developments and to agree new steps for the company’s development, where necessary.

## Goals and strategies

Findings derived from market research and strategic activities are factored into CEWE's long-term forecast model and provide CEWE's management with a perspective on possible future profit and loss accounts, balance sheets, cash flows and the company's enterprise value.

### Continuous business transformation: CEWE defines initiatives and consistently follows through on them

On the basis of this forecast, CEWE defines initiatives so as to shape its future development in the interest of the company and its various stakeholders. The effect of these initiatives is also factored into CEWE's forecast model. Within the scope of the structures outlined above, the company's management thus continuously works on the implementation of these initiatives. In this way, CEWE is permanently working towards its transformation.

### A focus on long-term profit and enterprise value

Through these measures, CEWE clearly focuses on optimising its long-term business situation. Earnings for a single quarter or even for an entire year are viewed within the perspective of the company's long-term strength. CEWE thinks in terms of decades.

### The goal: Profitable and capital-efficient growth will boost its enterprise value

The supreme long-term goal of the CEWE Group is continuously profitable and capital-efficient growth. For this purpose, CEWE uses both financial and non-financial indicators, for which annual target figures are also published. No target figures are published for the additional, balance sheet-related indicators. The capital market is notified of these figures at the close of every quarter.

### Non-financial indicators: in particular, the number of photos

CEWE uses the total number of photos as a non-financial indicator in the Photofinishing segment. This consists of photos from film (i. e. analogue photos) and digital photos. Digital photos include all of the photos which are incorporated in value-added products (e. g. CEWE PHOTOBOOK, CEWE CARDS, CEWE CALENDARS and CEWE WALL ART). Due to its key significance, this figure is shown as a separate indicator for CEWE PHOTOBOOK. CEWE's management analyses all of these figures at least weekly, and in some cases daily. CEWE also reports on its development in its Annual Report, by means of a target/actual comparison ("Highlights") and discusses this in the "Results" chapter. A target figure for the following year is indicated in the forecast. To date, non-financial indicators do not play such a significant role in Online Printing and are not therefore discussed in external communications. All of the non-financial indicators therefore refer to the Photofinishing business segment.

		Internal reporting	External reporting	Forecast for the year
Non-financial indicators	Photos from film	Week	Quarter	yes
	Digital photos			yes
	CEWE PHOTOBOOKS			yes
Financial indicators	Turnover	Day	Quarter	yes
	EBIT	Month		yes
	EBT			yes
	Investments	Month/ Quarter	Quarter	yes
	Earnings after tax	Quarter	Quarter	yes
	Earnings per share			yes
	ROCE	Quarter	Quarter	—
Additional indicators	Free cash flow			—
	Operating WC			—
	Equity ratio			—
	Dividend	Year	Year	—

#### Turnover and EBIT/EBT are very closely monitored for operational purposes

CEWE monitors its turnover every day in all of its units (but not for the consolidated Group) and conducts a monthly review of its earnings (including EBT) as key variables. The financial statements prepared by all of the Group companies are likewise consolidated and analysed in a target/actual/previous-year comparison. Deviations from target figures and previous-year figures are assessed in terms of their effect on financial goals. The responsible individuals already account for any such discrepancies through comments during preparation of the company's reports. The Board of Management discusses every month both the detailed figures for the individual profit centres and earnings in the strategic business segments and for the Group as a whole. Turnover, EBIT and EBT are presented in the "Highlights" section of the Annual Report in terms of a target/actual comparison and in the results; a forecast figure is notified for the following year.

#### Other important indicators: investments and earnings after tax

Investments are an important indicator, since they have a significant impact on the volume of capital employed (which is practically irreversible over the useful life of the capital item) and (besides the earnings figure) have the largest – irreversible – impact on free cash flow. The situation differs for the additional indicator "operating working capital", as outlined below. Accordingly, investments are monitored very closely at CEWE and, beyond the volume already authorised for CEWE's larger organisational units, are not possible without further authorisation from the responsible investment managers. Consolidated investment reporting is provided at least quarterly in the first half of the year. During the phase of larger investments – i. e. in preparation for year-end business – the management reviews this indicator every month.

Earnings after tax (and earnings per share) may fluctuate strongly, particularly due to deferred tax items. For this reason, they are precisely calculated in the quarterly financial statements and are closely analysed in the annual financial statements especially. Partly in view of its commitment to a sustainable role within the regional and national structures in which its plants are located, CEWE does not seek to increase its earnings after tax through extreme tax optimisation measures. Instead, it aims to achieve the normal envisaged tax rate.

Investments and earnings after tax are also presented in the "Highlights" section of the Annual Report in terms of a target/actual comparison and in the results; a forecast figure is notified for the following year.

#### Additional indicators: ROCE, free cash flow and operating working capital

In every Annual Report, CEWE analyses its ROCE figure to determine the rate of return on its capital employed. For many years now, CEWE has achieved figures above the 10 % mark. Since CEWE's pre-tax capital cost rate has been clearly below 10 % for some years now, according to analysts' calculations in their research reports, CEWE is certainly delivering increasing value. In 2014, its ROCE was 16.9 % and thus higher than in the previous year (15.0 %). The long-term goal is an ROCE figure which clearly exceeds the capital costs.

Free cash flow is a key variable determining the company's enterprise value and is therefore considered in the Annual Report.

As well as investments – which are closely monitored, as already mentioned – and EBIT, the development of operating working capital is a key factor affecting capital employed and the free cash flow. This figure is therefore analysed together with the ROCE and the free cash flow. As already outlined above, more frequent assessment of this figure is not necessary, since undesirable effects on working capital can generally be compensated for. For instance, a business partner's year-end payment which is delayed by just a few days can easily reduce the company's free cash flow by several million euros. While any such development will naturally be followed up, in operational terms it is virtually meaningless, particularly since other operational monitoring systems highlight such delays much more directly than the cash flow statement does. Moreover, from the point of view of its outflow of liquidity CEWE's liquidity is so strong that the company is able to exploit an earnings opportunity, even on a short-term basis, to the detriment of its liquidity. A typical example of this are "trade-fair special offers", where machine manufacturers offer special discounts which are generally worthwhile even taking interest-rate factors into consideration.

#### Stable balance sheet: equity ratio as a further indicator

CEWE aims to ensure the company's continuous and sustainable development. Particularly during the phase of the analogue/digital transformation, the company once again learned to appreciate the benefit of a strong balance sheet. For instance, the indicators of a strong balance sheet include sufficient cash reserves, available lines of credit and a strong equity ratio. At the present time, CEWE considers its level of capitalisation to be stable, with an equity ratio of around 51 % or more. In CEWE's opinion, sufficient liquidity or sufficient lines of credit and an extremely solid equity capital position (also by comparison with the competition) not only boost the company's stability and resilience in the event of a crisis, they also enable it to purposefully exploit any strategic options which become available, such as attractive acquisition opportunities.

The company's ROCE, free cash flow, working capital and equity ratio are analysed in further detail in the quarterly financial statements. Due to possible short-term setbacks which may arise for the company's cash flow or working capital, as outlined above, no precise planning variables are indicated for these additional indicators. However, due to their significance these indicators are discussed in the "Results" chapter.

#### Goal: constant dividend or dividend growth

CEWE has the declared goal of offering its shareholders a dividend which is at least constant or even slight dividend growth, if the company's economic situation permits this. The distribution ratio is explicitly not a control variable, and is rather the outcome of this dividend policy.

## Corporate functions

### Research and development

The brand identity of CEWE products is highly dependent on CEWE's proprietary developments. Thanks to these proprietary developments, CEWE has already successfully managed the transfer from analogous film technology to digital printing technology and has achieved faster growth on the market than the competition, through its own innovative products. A large number of test victories and awards in many countries bear out this capacity for innovation. CEWE recently re-



ceived the “Innovative through research” award issued by Germany’s “Stifterverband” business community initiative. Even back in the film age, a large number of patents for machinery and equipment helped CEWE to transform its technological and innovation leadership into competitive advantages. Even now, CEWE develops its own equipment in order to increase its level of productivity and quality for print finishing. Key achievements have also been patented.

CEWE currently has more than 130 employees working on the development of ordering software for home computers, mobile devices such as smartphones and tablets and also smart TVs, for CEWE photo stations at the outlets of its business partners, ordering functions and web design for our business partners’ sites and also handling the development of production software and operating the company’s data acceptance platform. In its software development, CEWE makes use of agile software development and automated tests, for faster market launches of better-tested products and software features. In a proprietary mechanical and electrical device development process, prototypes are planned and built which external partners then subsequently duplicate for CEWE’s plants.



### The mega-trend of mobility is increasingly important for photography

Growing use of smartphones and their increasingly high-quality cameras is also having a positive impact on CEWE. In December, more than 14 % (+75 %) of all of the image data processed by our plants derived from mobile devices. This increase is compensating for the decline at CEWE of images produced by compact cameras. Photos created by smartphones or mobile telephones are now a natural part of photo orders. Together with images created using digital reflex cameras, they have become an integral component of storytelling with CEWE: Even now, every fourth CEWE PHOTOBOOK includes at least one image produced using a mobile device. This trend is continuing, with high growth rates. Users' enjoyment of their pictures is enhanced through the functionalities which smartphones offer. Of the photos printed out on site at CEWE photo stations, almost every second image has been created using a smartphone.

CEWE recognised the potential of this market very early on and has developed suitable products. In 2005, in cooperation with Nokia CEWE already introduced the first-ever photo service for Nokia N series devices and firmly integrated this in the Symbian operating system. At photokina 2010, CEWE presented its first app for Apple's iOS operating system and its cewe phonealbum product. Since photokina 2012, iOS and Android users have been able to order photos, postcards and CEWE PHOTOBOOKS. These apps also enable users to transfer their pictures to CEWE's photo stations and to print them out on site. Together with Nokia and Microsoft, CEWE has also launched on the market an app for ordering images and posters using Windows Phone. Further apps were presented at photokina 2014. CEWE postcard met with the strongest response. This app enables users to send postcards directly from their smartphone/tablet, featuring their pictures on each side of the postcard and as a stamp, and also their own signature.

### My CEWE PHOTOWORLD mobile

This software has undergone continuous development since its launch at photokina 2012. The improvements implemented include the availability of products within this app and also, above all, its user-friendliness. CEWE has analysed feedback from consumers and the results of several usability tests and reacted to these findings. At photokina 2014, all of CEWE's ordering applications were harmonised, both visually and in terms of their user guidance systems. These new product and ordering options prompted curved.de magazine (January 14, 2015, "Ordering photos using your smartphone: three apps tested") to conclude: "You don't become the market leader without good reason".

### My CEWE PHOTOWORLD

Our consumers generally use our software "My CEWE PHOTOWORLD" to produce CEWE PHOTOBOOKS. This software is available for Windows, Mac and Linux. CEWE also offers a design service, where photos are selected by professionals and given a suitable layout. Users can then implement any desired changes through an Internet-based dialogue. Through this service, in cooperation with Aida and TUI outstanding cruise holidays can be captured in a CEWE PHOTOBOOK. Customers can also produce a CEWE PHOTOBOOK by means of an online software package which was newly developed in 2014.

The many fans of this ordering software talk to each other on CEWE's platforms. The CEWE PHOTOBOOK FORUM and feedback from the customer service department provide valuable tips for the company's ongoing development. Crowdsourcing, i. e. obtaining feedback, requests and suggestions from users – is an increasingly important part of the development process.

The current versions (6.0) of many new products were already launched during the Christmas season in Germany and will be gradually rolled out in other countries.

Integration of other customers' images from the online platform is another step towards improved user friendliness. While users use desktop software to produce CEWE PHOTOBOOKS, they can gain inspiration from other customers' examples or seek out suitable design ideas. An increased range of video tips has also been integrated, for improved support for users creating their current project. This includes the possibility of integrating a video by means of a QR code. Using the CEWE PHOTOBOOK assistant, videos with a QR code can now be fully automatically integrated in a suggested layout. This feature is increasingly popular, so CEWE is now offering 5 and 15-year storage options as well as the three-year option.

#### **COPS, the CEWE ONLINE PRINTING SYSTEM**

As in the previous year, the changeover of product sites and, above all, order editing software to a responsive design – i. e. optimised presentation depending on the browser used and the device's resolution – was one of the key tasks in this area. CEWE's websites also offer a large number of new products and services for ordering, such as premium cases for tablets and smartphones, a choice of motifs from over a million professional images for CEWE WALL ART (MOTIF GALLERY) – now with freely selectable printing formats – and a large number of designs for CEWE CARDS and CEWE CALENDARS.

Every fourth visit to our websites is made through a mobile device. Our product sites have also been once again upgraded, to provide further space for the emotionality of these products and for the new brand elements developed by our marketing department for CEWE WALL ART, CEWE CARDS and CEWE CALENDARS as well as our redesigned theme worlds.

A separate platform has been created for CEWE PHOTOBOOK competitions which is highly popular, both in terms of participation and also the number of comments made on the books submitted. CEWE has thus established a further means of ensuring that its customers have fun with their photos and can communicate with one another.

#### **Further optimisation of high-performance back-end system**

This year, the peak volume of orders at Christmas was once again higher than in the previous year. All of the above-mentioned applications deliver orders submitted to CEWE's back-end system. This back-end system is distributed across two independent and redundant data centres. From here, orders accepted are allocated to CEWE's plants. During the peak hour for Christmas business, this platform accepted almost 550 orders per minute – another new record. To ensure rapid transmission of these volumes of data to our plants, the necessary servers were further optimised (virtualised) or re-installed in good time ahead of the season.

### CEWE MYPHOTOS

In 2014 CEWE was once again awarded a photokina Star. It received this award for its product CEWE MYPHOTOS. The beta version of a new service was presented which enables users to store, organise, edit and order digital photos at any time and anywhere, using any device. CEWE thus supplies an open ECO system allowing the exchange of images across all computer- and mobile-based operating systems. As an independent service provider, CEWE thus offers its customers a benefit which is not available from any closed-system hardware or software manufacturer.

- CEWE MYPHOTOS is a service for storing and organising photos.
- CEWE MYPHOTOS is the specialist tool for arranging, editing and ordering photos and photo products.
- The photos stored on CEWE MYPHOTOS are available at any time and anywhere, on any device. (PCs & laptops, smartphones, tablets, smart TVs, CEWE photo stations)
- CEWE MYPHOTOS supports multiple-platform devices, for all common operating systems (Windows, Mac OS, Linux/Android, iOS, Windows Phone). CEWE MYPHOTOS can also be used by means of desktop software, a browser and an app
- CEWE MYPHOTOS is the common feature of all CEWE ordering channels

This new service is currently being developed, in response to consumer feedback and to include further functionalities. It will be made available to customers at the start of the second quarter of 2015.

## Marketing and distribution

The marketing and distribution divisions plan and manage all customer-oriented marketing activities. CEWE uses holistic multi-channel concepts for distribution of its products.

In general, marketing has become increasingly important at CEWE over the past few years. The introduction of the CEWE PHOTOBOOK brand in 2005 in Germany and other international markets and further Photofinishing brands in 2013 have enabled CEWE to clearly distinguish itself from the competition. Strong business partners in Germany and many other countries stock CEWE's brands, thus benefiting from them while also contributing to their success. CEWE has brilliantly risen to the challenge of evolving from being a white-label supplier to a branded supplier.

### Holistic marketing approach

CEWE pursues a holistic approach for its marketing, which encompasses the traditional four Ps (product, price, promotion and place). Product marketing defines the breadth and depth of the company's product range, in coordination with each of its divisions, and handles all of its brand management activities. All marketing measures in fields such as CRM, online marketing, trade and product marketing, PR and sponsoring are pursued at CEWE through 360-degree communication activities. The company's integrated communication strategy is intended to strengthen sales. For this purpose, marketing campaigns are planned and realised via multiple channels, through media with a broad reach and target group-specific channels. For optimal handling of all of the various contact points of a customer – through various media, partners, and cooperative ventures with the goal of a customer journey assessment – a key focus for CEWE is the consistency of these campaigns, across all of these channels.

CEWE uses holistic multi-channel concepts to sell its products. CEWE utilises various distribution channels and cooperates with business partners in the over-the-counter segment (food retail trade, chemist's, electronics and specialist photography stores) and with online retailers. CEWE customers can have their orders sent to them by post or collect them from the nearest branch of their chosen CEWE business partner. In cooperation with marketing, distribution comprehensively manages relationships with CEWE's business partners, equips and maintains sales points for brand promotion purposes and coordinates campaigns.

CEWE focuses on the following key strategic marketing and distribution areas:

- **High level of product and service quality:** CEWE PHOTOBOOK has established itself as Europe's most popular photobook since its launch on the market. Millions of customers trust in the quality of this bestselling product, which has gained multiple awards. The same is now true of the other brand products of CEWE, which in 2014 once again came out on top in a large number of tests managed by independent organisations. CEWE also strongly emphasises the area of customer service – express delivery, its 100 % satisfaction guarantee, availability of its customer service seven days a week (during the Christmas period, even up to midnight) have long been standard at CEWE.

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

 [www.cewe-fotobuch.de/  
kundenbeispiele/](http://www.cewe-fotobuch.de/kundenbeispiele/)

- **Innovations at product and marketing levels:** Leading the way in terms of innovations is part of CEWE's DNA. This is true of marketing as much as it is of production and research & development. Identifying product innovations every year, preparing them for the market and subsequently marketing them to consumers is an important goal of CEWE's marketing. Marketing must also reflect consumers' changing habits and user behaviour. In particular, the Internet and mobile channels are increasingly important, while also undergoing a process of substantial change. Here too, through innovative marketing approaches CEWE consistently pursues a strategy of reflecting the wishes and habits of consumers particularly closely.
- **Customer focus:** The customer is the key priority at CEWE. The success of this focus is confirmed through the high level of customer satisfaction among purchasers of CEWE products. Both product innovations and marketing campaigns are closely aligned with the needs of CEWE's customers. Cooperation with our business partners also emphasises this point. Overall, CEWE maintains an intensive customer dialogue through a wide range of points of contact, so as to be able to adequately respond to consumers' wishes at any time.
- **Ongoing development of the company's premium brand strategy:** CEWE's success over the last few years firmly reflects its creation of strong and valuable brands. The profile of CEWE brands is on the rise, and CEWE customers have a very positive view of them. Marketing and distribution at CEWE are committed to the development of these two aspects. "Photo culture marketing" is an important area of focus at CEWE. CEWE attaches special importance to photography (created using whatever type of camera) and thus provides various forms of support for exhibitions, institutions and artists in the field of photography.
- **Consistent international execution of its brand and marketing strategy which has proved successful in Germany:** CEWE has been Europe's clear market leader in the field of photofinishing for many years, not only in Germany but also in many other markets. It aims to consolidate and to extend this position. The same strategic objectives are pursued as in the company's key German market, but with fine-tuning for the market in question.

CEWE has transferred its successful brand focus in the area of Photofinishing to the field of Online Printing. With three strong Online Printing brands, CEWE has a successful presence in the still very young online printing market and is pursuing international expansion plans here too.

## IT

Corporate IT supplies IT systems to support CEWE's management and commercial departments in fulfilment of their tasks.

### Further optimisation of IT

CEWE continued to develop its central IT systems in the financial year 2014. The core focus of its central IT system is its SAP system comprising the modules Financials (FI), Controlling (CO), Sales and Distribution (SD) and Consolidation (EC-CS) for Finance and Accounting, Materials Management (MM) for the field of Purchasing/Materials Management, Customer Service (CS), to provide support for repairs and maintenance of our CEWE photo stations and Customer Relationship Management (CRM), through which we continuously optimise our target group-specific marketing and the service friendliness of our customer service.

The company continued to operate Photofinishing-specific processes through CEWE's proprietary IT system "ICOS" ("Integrated CEWE Organisation System"). ICOS concentrates, in particular, on the areas of pricing/delivery note creation at production plants and also master data management.

A combination of standard software which has been adjusted and optimised in-house as well as individual software which has been specially developed for CEWE enables particularly rapid and flexible fulfilment of customer requirements and thus offers CEWE a genuine competitive advantage.

In 2012, it already established and commissioned a new data centre in Oldenburg which replaced several server rooms. The environmental label "Blauer Engel Rechenzentrum" which this data centre was awarded in 2013 for its particularly high level of energy efficiency and its low CO<sub>2</sub> emissions was once again granted in 2014.

In 2014, a version for smartphones was added to the IBM Websphere Commerce server-based central platform for the web shops of CEWE's Retail companies.

To simplify the process of collecting and organising information for creation of a sustainability report, an IT system has been procured from CRedit 360 which is to be launched in 2015.

# PRODUCT INNOVATIONS IN 2014

## CEWE PHOTOBOOK



CEWE PHOTOBOOK is Europe's most popular photobook. To satisfy our customers' expectations, our product range is continuously expanded and thus always reflects the latest trends in the industry.



### Unforgettable moments with a beautiful gift box

CEWE PHOTOBOOK makes a wonderful present, either for yourself or for your nearest and dearest. It takes on an even more exclusive touch in our beautiful new gift box. Beautiful and practical: With its high-quality black leather cover, its velvety interior and its magnetic fastener, this gift box is the ideal place to store your bound photo memories. It is available for the CEWE PHOTOBOOK formats Large, Large Panorama, XL, XXL and XXL Panorama.

### Successful launch of Premium Matt

A real highlight for our CEWE PHOTOBOOK product was the introduction of its Premium Matt version. The high-class matt finish for the inside and on the binding is now also available for large formats.

CEWE PHOTOBOOK Premium Matt in XXL and XXL Panorama is printed using a special HD ink, thus satisfying even the most demanding tastes.



# CEWE WALL ART



CEWE WALL ART captures special moments and lends a personal touch to your living space. A variety of materials, formats and designs are available – naturally always with CEWE's proven quality commitment.



## CEWE WALL ART as premium posters

Our new high-quality premium posters on photographic paper are a new highlight in the CEWE WALL ART product range. They are available in various formats and for various types of professional photographic paper. Whether on gloss, matt, or mother-of-pearl photo paper, these modern posters offer permanent light resistance, maximum colour brilliance and excellent photographic printing quality.



## Always the right frame

Special pictures deserve a special frame. You can now add an extra touch to your CEWE WALL ART with 18 different designs and 4 mounts, available in the styles Country House, Modern and Classic. High-quality mineral glass completes the frame. If you're looking to make the most of striking motifs, these new gallery frames will help you achieve the desired result.

# PRODUCT INNOVATIONS IN 2014

## CEWE CALENDAR



The nicest motifs from the past year can be captured in wall calendars or in attractive calendars which serve as a decorative adornment for tables. These calendars make an ideal gift for friends and family.

### CEWE CALENDAR as a Square desk calendar

The new CEWE CALENDAR Square desk calendar is practical and attractive. The pages for each month can be designed using a large selection of background colours, clip art, and layouts on high-quality digital printing paper. You choose the month in which the calendar begins. You can add your personal favourite motifs on twelve calendar pages as well as the cover.



## CEWE CARDS



CEWE CARDS – sharing joy: CEWE CARDS offer a suitable frame for modern and creative invitations, thank-you notes or birthday cards. A broad selection, a high level of quality and a simple design process round off this product.

### Envelopes are now full of colour

CEWE now offers coloured envelopes for folding CEWE CARDS in the formats Classic and XL. This means that you can now choose a full set of matching stationery for a special occasion. Five attractive colour schemes are available for your personal message:

Cream, Pink, Red, Light Blue and Dark Blue. DS



## PHOTOS and PHOTO GIFTS

For photos and photo gifts, the trend is now retro meets mobile. Exciting new additions to CEWE's product range offer further possibilities for implementation of your personal photo ideas and are consistent with the European market leader's strong quality commitment.

### Original and unmistakable smartphone premium cases

CEWE's robust premium cases make a high-quality companion for your smartphone. A stable plastic sleeve featuring your favourite photo provides a distinctive touch for your mobile device, whether Android or iOS. Full-surface printing which spills over the edges makes the most of any motif. With a high gloss or matt finish and their brilliant colours, our premium cases make practical and stylish accessories for all smartphone users.

You can now even design these high-quality covers on your smartphone or tablet, using the CEWE PHOTOWORLD app.



### Retro design with Polaroid-style prints from CEWE

Our Polaroid-style prints are small works of art and make a real eye-catcher in your living room, for example. These pictures acquire a retro and vintage look through various colour filters, frames and effects. You can provide these prints with even more of an individual character by inserting captions or text. CEWE prints these motifs in sets of 16, 24 and 32 – these prints serve as particularly striking decorations when several copies are placed alongside one another.

CEWE's trendy Polaroid-style prints – which are delivered with high-quality decorative packaging – also make creative gifts..

## Production

With ten industrial photofinishing plants and an online offset printing firm, CEWE supplies its customers with photo and printing products every day in 24 European countries.

### Improved production efficiency in the Photofinishing segment

In 2014, efficient use of installed equipment, avoidance of waste and lower turnaround times were the core priorities. Overall, the company continuously modernised the machinery at all of its plants and optimised processes. For instance the automatic packaging line which was already installed in 2013 for CEWE WALL ART was used even more efficiently, through variable packaging of large wall art formats at this facility for the Group as a whole. Likewise, small and medium-size formats were more strongly automated at another production plant.

CEWE also expanded its production capacities for its new product CEWE PHOTOBOOK matt, which it is now producing at two plants in Germany and elsewhere. In addition, a large number of photo products have been integrated within the company's production facilities, and it has continued to specialise its production of several products such as CEWE PHOTOBOOK XXL Panorama.

All ten of CEWE's production plants for photo-based products are fully equipped with a uniform digital production structure and use the same IT infrastructure, whose capacity was further expanded in 2014. This enables CEWE to supply consumers and trade customers with digital photo services with a consistently high level of quality, with the shortest possible delivery times. Nearly 70 high-quality 4-colour digital printing machines of the three leading manufacturers ensure that CEWE PHOTOBOOKS, CEWE CALENDARS, CEWE WALL ART and CEWE CARDS can be produced in top quality at the company's plants, with ever-shorter turnaround times. With this high volume of machinery – which is unique in Europe – CEWE has sufficient capacities in order to cope flexibly with peak volumes during the Christmas season, which are becoming ever steeper and higher. Combined with even more effective training for seasonal staff at all of our plants and the use of an order separation system for shipping of mixed orders without any consolidation, CEWE's plants have achieved an outstanding level of delivery service quality for our customers and business partners. The introduction of new production methods such as lean management and 5S and the use of new shipping processes have contributed to this goal.

Despite the higher production volumes than in 2013, Christmas business was highly successful in 2014. No bottlenecks occurred at any point in the production and shipping chain, so that production turnaround times were once again reduced and customers' orders were delivered in good time, right up to shortly before Christmas.

### Commercial Printing growth

In 2014, CEWE expended its capacities at its Dresden plant, which is mainly devoted to offset printing production, with a new hall of approx. 7,000 m<sup>2</sup>. It reorganised this plant's internal logistics system. CEWE was thus able to cope with the continuous growth in the offset printing sector and continued to supply its customers punctually and with a high level of quality. The production flow was further optimised along the value chain. A new eight-colour large-format printing machine with a perfecting system was commissioned and another was installed towards the end of the year. At its Dresden plant, CEWE thus now has four large-format printing machines which can be used for particularly efficient gang-run printing. As well as this expansion of printing facilities, a further key change related to the automation of the company's finishing and shipping processes. Through its purchase of an automated shipping system, CEWE has restructured its shipping division to enable packaging of its increasing volume of packages and their shipping within Germany and to other countries without any further increase in its workforce.

It has also expanded its range of services in the Commercial Printing segment. An "overnight" service has been introduced for all of the company's Online Printing portals, such as Saxoprint, [cewe.print.de](http://cewe.print.de) and [viaprinto.de](http://viaprinto.de). For orders placed by 4 p. m., next-day delivery by 10.30 a. m. is guaranteed. The company has added to its portfolio advertising products such as roll-ups and signage and also new types of finishing such as special colours and gold and silver foil. Through its use of FSC®-certified paper and the option of climate-neutral printing, CEWE also promotes sustainability in its offset printing segment.

Through these measures and others which will follow in 2015, offset printing at Saxoprint in Dresden is ideally prepared for the next financial year and for the planned volume of growth.

## Personnel

The personnel management division contributes to the company's growth and value-added activities by recruiting and training highly-qualified, motivated and performance-oriented employees and executives for CEWE, allowing them to actively participate in the company's development and ensuring their loyalty. The primary task of the personnel division is to ensure long-term employability and to develop a workforce and organisation so as to achieve and safeguard the goals of an innovative company like CEWE. Personnel management acts as a service provider within the company. Intensive cooperation and a regular dialogue with employees and executives help identify current and future requirements, so as to enable life cycle-oriented employment. A trusting working relationship with the employees' representative bodies is a matter of course.

### Workforce

On average in 2014, the CEWE Group had 3,219 employees, of which 125 apprentices (previous year: 3,228).

Of the total workforce, 2,145 employees or approx. 67 % (previous year: 2,071 or 64 %) worked at the Group's domestic plants and 1,074 employees or around 33 % (previous year: 1,157 or 36 %) at the Group's foreign plants.

### Changes to collective wage agreement

The currently valid collective wage agreement is due to expire on May 31, 2015, so that new negotiations will take place in 2015. The collective demographic agreement agreed as part of the last round of negotiations is now in force. A collective bargaining agreement on the use of a demography-based contribution was also concluded for 2014. It was agreed that this contribution would be paid in to the company's pension scheme.

### Occupational health and safety

Occupational health and safety is an important and integral aspect of employees' everyday work in the CEWE Group. As in previous years, CEWE registered a low level of sickness. At its German plants, this amounted to 3.6 % in 2014 (2013: 3.6 %), while the figure was 3.4 % (2013: 3.4 %) at its foreign plants. In 2014, 38 notifiable accidents and 38 commuting accidents were registered.

Various screening examinations and training measures and the company's annual health day took place with the goal of increasing employees' level of awareness and sensitivity.

### Volume of apprenticeships remains high

In the past year, CEWE trained 125 young people (2013: 124) in Germany for 13 different professions: industrial managers, warehouse logistics experts, photographers, electronics engineers for systems and equipment, mechatronics engineers, photographic media experts, IT experts for applications/system engineering, office managers and specialists for dialogue marketing, print finishing media technology and printing media technology as well as digital and print media designers. Students were also enrolled on its information systems course leading to a Bachelor of Science degree qualification. This continues to represent a volume of apprenticeships in excess of 5 % of all employees in Germany.

### Positive cooperation

In the financial year 2014, the relationship with the works councils and the trade union represented at the company's plants, IG BCE, was once again trusting and constructive. The Board of Management would like to thank all of the company's employees for their commitment and loyalty.

Average workforce of the CEWE Group in 2014 Number of employees



Average annual number of apprentices in Germany	2014	2013
Office administrator	4	4
Dual course of studies: business management	0	1
Dual course of studies: IT expert	14	14
Electronics engineer for systems and equipment	4	5
IT expert	10	11
Warehouse logistics expert	6	6
Photographer	2	3
Photographic media expert	7	6
Industrial manager	18	17
Dialogue marketing specialist	9	6
Mechatronics engineer	6	6
Digital & print media designer	10	12
Printing media technologist	17	15
Print finishing media technologist	18	18
<b>Total number of apprentices in Germany</b>	<b>125</b>	124

## Logistics

The main task of logistics is to ensure the physical transfer of all image orders from the POS for processing at the company's plants and to deliver customers' orders within the notified delivery window. This is also true of online orders.

### Unchecked growth in volumes delivered to end-customers

In 2014, the volume of direct deliveries to end-customers (mail-order shipments) by postal service providers continued to rise throughout Europe. The volume of shipments in the letter and package segments also continued to increase. Logistics is very well organised at all of the company's plants and thus well placed to cope with increasing shipment volumes.

Through the GoGreen initiative of Deutsche Post DHL, CEWE continues to work towards the establishment of a sustainable delivery system. It introduced DPD's "DPD Total Zero" programme and UPS' "Carbon Neutral Programme" with this goal in mind. CEWE thus now ships almost all of its letters and packages sustainably. CEWE pays one cent for each shipment and thus supports the goal of climate protection, since delivery-related CO<sub>2</sub> emissions are offset through climate protection projects all over the world.

### POS delivery continues to contribute to CEWE's success

Delivery to our business partners' 30,000 POS throughout Europe is an important unique selling point of CEWE and will remain so.

The POS enables customers to send their photo products to an alternative delivery address. Demand for this delivery option continues to rise, since an increasing proportion of the merchandise produced by CEWE is delivered to our business partners' various POS.

Bag orders continue to decline. Photo products such as CEWE PHOTOBOOKS, CEWE cards and CEWE calendars are increasingly ordered online and delivered to the POS by CEWE.



## Purchasing and materials management

Central purchasing is the key contact for all CEWE business units in relation to cost, process, quality and innovation issues. Our tasks are not limited to traditional issues such as planning, scheduling, sourcing and warehousing/production supplies for production material. We also provide organisational and material support in the area of “non-production materials/other costs” for all of the company’s departments. Our warehousing system contributes to the continuous improvement of our production plants’ performance capacity.

### Central purchasing secures extension of cost/quality leadership position

The continuous expansion of our product portfolio and challenges at every level of the company’s supply chains necessitate continuous optimisation of our supplier base. CEWE pursues the goal of achieving an improvement in its cost situation and ensuring long-term product and service quality together with strong innovative partners. We develop strong supplier partnerships for this purpose. We are a reliable but demanding partner for our suppliers.

Central purchasing at CEWE continues to stand not only for price-oriented procurement with the goal of expanding the company’s cost leadership, but also for integrated quality management.

### Systematic management of purchasing potential and risks

Having strengthened our uniform IT infrastructure in all of our business divisions, we have comprehensive capabilities for identifying potential within each individual category as well as any risks within the scope of our portfolio. Thanks to specific planning, purchasing potential was once again realised in 2014 and purchasing risks minimised. For instance, the possible consequences of two looming delivery bottlenecks were averted through early competitive commissioning of proactively qualified suppliers.

In the past year, additional suppliers were once again integrated within the delivery chain, so as to reduce the risk of production and service failures. For delivery-critical production material especially, the company’s dual-supplier (dual-source) strategy was expanded for risk minimisation purposes.

### Central purchasing strengthens CEWE’s capacity for innovation

CEWE’s central purchasing division forms an integral part of its innovation process.

In 2014, CEWE successfully integrated and trained its partners in the field of “quality optimisation for CEWE PHOTOBOOK” and “optimised material handling for shipping processes”. Particularly in relation to new technologies in the field of production/mechanical engineering, in 2014 CEWE optimised its process technology for existing suppliers and expanded and improved this system through new suppliers. New production processes and optimised procedures were successfully launched with innovative partners.

In future, in the central purchasing division delivery partners will be assessed and selected not only in line with cost criteria, but also according to a comprehensive range of criteria (such as their capacity for innovation).



### Process optimisation and transparency

We have significantly expanded our centralised electronic contract database. Contracts are now available online and can thus be monitored centrally instead of locally. In many areas, we have established firmer foundations for our strong working relationships with our suppliers through new or extended contracts.

### Purchasing sustainability

CEWE signed up to the code of conduct of the German association of materials management and purchasing (Bundesverband Materialwirtschaft und Einkauf, BME) in 2009 and has been a member of the United Nation Global Compact since 2010.

CEWE is also a member of the “Lower Saxony Alliance for Sustainability” (Niedersächsische Allianz für Nachhaltigkeit). This alliance aims to improve the capacity for innovation and to realise environmentally-friendly economic growth in line with a model of sustainability.

In 2014, the company once again implemented its own supplier audits focusing on the issues of quality, product safety and social compliance (ban on child labour, high level of occupational safety/active health protection) for its Chinese suppliers, for all of its imported material groups. In this follow-up audit CEWE was able to once again verify compliance with sustainability requirements throughout the value chain.

Regional sourcing of material, wherever possible, is particularly critical for sustainability in the area of purchasing. In 2014, we changed over to European sources for the frames for our canvas prints, an important material group.

### Improved supply of materials through modern logistics processes

We have now changed over our internal logistics system to new logistics concepts (PULL principle, kanban supply) in all of the relevant sub-segments. The volume of production work in progress is reduced by means of these procedures. At the same time, the reliability of the production supply system is improved through an increased delivery frequency. At our Oldenburg plant, through the introduction of a warehouse management system we have established additional opportunities for electronic documentation and management of these logistics processes.

## Finance

**Finance provides important contributions to the company's management and operational value creation activities.**

A modern finance department covers the areas of accounting and balance-sheet preparation, controlling, investor relations and financial and tax management. Particularly in the context of the preparation and analysis of information, it is of prime importance for an effective management system. CEWE's finance department is integrated in operational value creation activities for all of the company's departments. A value creation and business model-focused approach is increasingly significant. Relevant tasks include the preparation of business-related and notifiable information, its analysis and active incorporation in the decision-making process, coordination of internal and external financial communication, management of cost structures and thus value creation and important contributions to compliance and risk management.

**Modern accounting and balance-sheet preparation require continuous improvements**

Quality, safety and efficiency are particularly important for the complex processes of accounting and balance-sheet preparation. Accordingly, CEWE is continuously seeking to realise improvements in its operating procedures. This includes both system-based document flow and archiving processes and individual requirements within the scope of the accounting system. Adjustments and changes to tax regulations and IFRS standards are closely monitored and implemented within the scope of internal guidelines and processes. The electronic balance sheets of CEWE's German companies were filed with the competent tax authorities in good time for the 2013 assessment period.

**Market and CEWE's business models influence controlling activities**

As a company with a successful brand profile, it is increasingly important for CEWE to be familiar with the efficiency and effectiveness of its budgets and to work towards their improvement. Controlling provides close support and guidance for this objective. Information analysis and the identification of opportunities involves an understanding of customer behaviour, the effect of marketing budgets and economic efficiency for the introduction of new products and the continuation of the existing product programme and also moving into new business areas.

**Finance plays a role in defining new business models**

The finance division supports e-commerce, which continues to grow in significance. This entails improvements in all customer communications activities, within the scope of financial processes. The company is continuously working on improvements to its collection processes, for improved efficiency and for communication of brand-related contents within the scope of handling of customer documents and customer relationships. New payment channels are regularly tested and launched in the company's various markets, if they deliver benefits for the customers and offer further turnover potential.

## ECONOMIC REPORT

### Markets

#### Overall economic environment

##### World economy: stable growth despite increased risks

2014 resembled the previous year in terms of the positive development of the global economy, but the growth trend picked up in the second half of the year following a weaker first half of the year. According to the International Monetary Fund (IMF), in 2014 the global economy grew by 3.3 %, as in the previous year. The industrialised nations' gross domestic product (GDP) increased strongly due to the central banks' expansionary supply of money, rising by 0.5 percentage points to 1.8 %. On the other hand, the growth rate in the emerging markets declined by 0.3 percentage points to 4.4 %. In the opinion of the European Central Bank (ECB), to date the heightened geopolitical risks in Ukraine, Russia and the Middle East have only had a limited impact on the price of oil, inflation and the global economy.

In the USA, solid domestic demand caused economic output to climb by 0.2 percentage points on the previous year to reach 2.4 %. In the Eurozone GDP rose by 0.8 %, having contracted by 0.5 % in 2013. Lingering structural problems due to sluggish levels of investment in many countries and only weak momentum from global trade prevented a higher level of growth in the Eurozone. In Germany, due to continuing growth in the volume of employment and rising real wages together with falling crude oil prices and improved business sentiment, strong domestic demand had a positive impact: In 2014, according to the German Federal Statistical Office the country's gross domestic product increased very significantly, by 1.5 % (previous year: 0.1 %), and exceeded the average rate of growth over the past ten years (1.2 %).

##### Interest rates at all-time low in Europe

From the summer of 2014 onwards, the European Central Bank stepped up its expansionary monetary policy. In June, the central bank began to lower the interest rate levels for its marginal lending facility, its main refinancing operations and its deposit facility. As a special measure, it introduced a series of longer-term refinancing operations. At its September meeting, the ECB's council also resolved the purchasing of asset backed securities and covered euro bonds for a period of two years. Overall, the European Central Bank has reduced the interest rate for its main refinancing operations from 0.25 % to 0.05 % and the interest rates for its marginal lending facility and its deposit facility from 0.75 % to 0.30 % and from 0.00 % to -0.20 % respectively. Key interest rates in the Eurozone have thus fallen to a new all-time low. Monetary policy measures are intended to provide medium-term support for economic momentum in the Eurozone and to counter the risks of an excessively long period of low inflation.

In the reporting year 2014 the American central bank, the Federal Reserve (Fed) left its key interest rate unchanged at between 0.00 % and 0.25 %. Its key interest rate has been at this all-time low since the end of 2008. However, since the autumn the Fed has wound up its additional bond-purchasing programme. The Bank of England last adjusted its key interest rate in March 2009 and has since left it unchanged at 0.5 %. In Japan, since October 2010 the central bank has maintained a margin of between 0.00 % and 1.00 %.

### Inflation: Falling oil prices curb price pressure

While inflation rose slightly at the start of 2014, it fell in the remainder of the year in the OECD countries – mainly on account of a drastic decline in oil prices – and in 2014 as a whole should amount to around 1.6 % (2013: 1.6 %), as in the previous year. While the rate of inflation in the industrialised nations once again increased on the previous year, and amounted to 1.3 %, according to the IMF, in the emerging markets economies inflation was at 5.4 % and the trend was thus slightly weaker than in the previous year (5.9 %). Brent crude oil fell to USD 57.56 per barrel as of December 31, 2014, a decline of 46.5 % year-on-year. This was due to OPEC's increase in the volume of oil on the market, the expansion of shale oil production in the USA and weaker demand for oil.

In the Eurozone, the annual inflation rate fell continuously over the course of the year, mainly due to the diminished upward price trend in the energy segment; in December, it amounted to –0.2 % (December 2013: +0.8 %). Considerably lower energy prices due to the low crude oil prices also curbed the inflation trend in Germany, while food prices only slightly exceeded the overall inflation trend. On average over the past year, inflation amounted to 0.9 % (2013: 1.5 %). The annual rate of inflation in Germany has thus declined since 2011.

### Exchange rate: Euro suffers a considerable loss of value in overall terms

The expectations of market participants regarding the ECB's future monetary policy measures and the development of the Eurozone economy caused the single European currency to suffer a considerable loss of value from the autumn onwards against the currencies of most of the Eurozone's key trading partners. Measured against the currencies of the Eurozone's 19 key trading partners, the euro's nominal effective exchange rate was 5.0 % lower than one year previously. On the other hand, the single currency suffered a considerably stronger fall of 12.0 % against the US dollar. The euro declined by 6.6 % against the British pound. However, it rose 0.7 % against the Japanese yen following the Japanese central bank's announcement of an expansion of its programme of quantitative and qualitative easing.

### Euro also gains ground against CEWE's top 3 currencies

Over the course of the year, the euro gained ground against CEWE's three most important currencies outside the Eurozone: the Norwegian kroner (+8.1 %), the Polish zloty (+2.9 %) and the Czech crown (+1.1 %). Since CEWE realises a relatively high volume of turnover in these countries in their national currencies, the stronger euro exchange rate had a negative impact. The euro fell against CEWE's fourth-most important currency, the Swiss franc (–2.1 %), and its fifth-most important currency outside the Eurozone, the British pound (–6.6 %).

## Photofinishing market

### Popularity of fast smartphone photography continues to grow

Two trends have been apparent on the photography market over the past few years, which have both shaped and reinforced one another. On the one hand, the volume of mobile devices sold and used is on the increase. In 2014, according to comScore there were more than 41 million smartphone users. By comparison, in 2012 there were only 24 million (source: comScore 2014). There are also 27.4 million tablet users in Germany (source: eMarketer, 2014). One important aspect is that the technical features of the cameras installed in mobile devices are increasingly high-end. This contrasts with a 10 to 15 % decline in sales of digital cameras in Europe (source: Prophoto, 2014).

This phenomenon is readily explicable: The compact models in the entry segment of the camera market, in particular, are being increasingly replaced by smartphones and tablets and their integrated and ever-improving photo functionalities. A parallel trend is also apparent: The German Imaging Association (Photoindustrie-Verband) predicts a positive market trend for compact system cameras and for fixed lens cameras with large sensors.

While these two trends appear contradictory at first glance, they reflect the same underlying development: The proliferation of mobile devices is promoting changes in users' photography behaviour. The number of images taken using mobile devices is on the increase, as is the level of interest and enthusiasm for photos. Users with a strong interest in photography generally purchase higher-end digital cameras which offer a genuine difference in quality by comparison with smartphones. On the other hand, the decline in the market for reflex camera (SLR cameras) will likely continue.

### Versatility and a top level of quality – new opportunities for presenting images

Over the last few years, more photos have been created than ever before (German Imaging Association, 2013). Experts suggest that this enjoyment of photography also reflects the wide range of possibilities for their presentation. Traditional photo products such as photobooks, calendars and greetings cards are buoying the market as much as canvas prints and photos behind acrylic glass. Whether it's to show off your wedding or your latest holiday – the volume of photobooks has increased to 8.1 million units (source: PROPHOTO, 2014). This also reflects the trend of a higher level of quality: On average, 140 photos are captured in a photobook, and the average purchase price is also on the rise.

The photofinishing market is responding to this trend through products such as new formats and special types of paper. Photo calendars play an important role here. Wall decoration products such as canvas prints, combined materials and multiple-element products have also realised growth. The broad range of photo gift products such as customisable smartphone cases and latte cups and the possibility of enhancing these products with a personal photo have enabled a positive trend for this segment too.

#### Connectivity and online storage technology – hot topics in the field of mobile imaging

Being online everywhere and at any time, so as to be able to share content and pictures – this trend also poses challenges for the imaging industry. The fact that ever more cameras are equipped with Wi-Fi and Android technology is merely one example of this. Moreover, many new apps offer comfortable and exciting functionalities for mobile photo editing and ordering. Users now even no longer require a plug connection to link up to photo stations. Online storage technology is another continuously growing area. For instance, this already enables the integration of videos in photobooks. Over the next few years, this area will undergo further expansion, permitting users to access all of their content such as films and photos across a range of different systems.

## Online Printing market

### Online printing growth continues

The current industry report produced by the German Federal Printing and Media Association (Bundesverband Druck und Medien, BVDM) on the German printing industry points to a stabilisation of the current situation. This report shows slight turnover growth on the previous year at firms with 50 or more employees. In the 1st half of 2014, the printing industry achieved a volume of production which was at least as high as in the same period in the previous year. The production index for firms with 20 or more employees, adjusted for working days, even realised growth of almost one per cent (0.9 %). (Source: Printing Industry Report, BVDM, October 2014)

The trend picked up for the German printing industry at the end of the year. According to the economic survey published by Germany's Ifo Institute, the current sentiment of printing firms interviewed/their assessment of their business situation has improved by one percentage point to 22 %. Printing firms' correct assessment of their order volume trends in previous months appears to be a key factor in this trend. This has also been buoyed by a stable and slightly increasing volume of demand. In general, the printing sector is benefiting from the significant rise in the volume of incoming orders in the late autumn. 64 % of these printing firms indicated that they were working overtime shifts (June 2014: 43 %) which in some cases exceeded their normal volume of overtime. (Source: BVDM economic telegram, December 2014).

Many providers are diversifying into the field of print-related products. This reflects the goal of intensifying and expanding their customer relationships and realising further growth potential.

Structural change in the German printing industry continues unabated. Online printing firms are driving this process of structural change and are its beneficiaries, with their standardised, low-cost product range which is ideally suited for the market's requirements.

No discernible bottlenecks resulted in the relevant raw materials markets in the course of the financial year 2014. In particular, the availability of printing paper and printing plates was not jeopardised at any time. The price trend for purchased merchandise and services may be characterised as stable.

### Online Printing market: high barriers to market entry

New market participants once again appeared in 2014. They mainly originated in traditional printing firms or in advertising agencies. However, in no cases did new market participants with their own production facilities emerge as a relevant competitor. CEWE Stiftung & Co. was able to expand its market share in the relevant Online Printing market through its "cewe-print" brand.

Market entry barriers in the Online Printing segment, such as the necessary volume of investment, advertising expenses and the competitive price level which has now established itself continue to represent effective obstacles for new market participants.

In the past financial year, none of the relevant market participants introduced significant price adjustments or changes to their pricing structure. Accordingly, it may be assumed that the market will continue to calm. This also suggests that the market has arrived at a lower price limit or price structure which reflects the current growth expectations of relevant market participants.

Despite market and growth potential which remains strong for all relevant market participants, price competition should nonetheless be expected to resume and even increase in future. Foreign markets especially still offer a degree of potential, due to price levels which are higher in some cases.

## Retail market

CEWE Retail operates in Scandinavia and Central and Eastern Europe, with a clear focus on Norway and Poland. There are clear differences in terms of the market situations in some of these countries. These different situations are therefore outlined below.

### Norway

The Norwegian economy is characterised by strong growth in the volume of income provided by employment and also in the level of this country's public and social services. The growth outlook has slightly clouded over in Norway. In 2015, general economic growth – which amounted to approx. 1.8 % in 2014 – is once again not expected to exceed the 2 % mark. Investments in offshore oil and gas – which were the key source of economic momentum in 2013 – only rose by around 3 % in 2014 and may even be expected to fall in 2015 (source: gtai.de). Unemployment amounts to 3.7 %. Inflation is at 2.0 %. In 2014, the Norwegian kroner lost ground against the euro due to falling oil prices (average vs. 2013: 6.5 %). In 2014, the level of real disposable income per capita increased by 2.5 % on the previous year and now amounts to approx. 31 thousand euros (133 % higher than the European average). In 2014, Norwegian retail turnover rose by 1.7 % on the previous year (source: ssb.no).

### Sweden

The Swedish economy failed to pick up in 2014. Private and public consumption were buoyed by an expansionary fiscal policy and by the low interest rates. Retail spending rose by 3.4 %, while prices remained unchanged. Unemployment was 0.1 % lower than in the previous year and amounted to 7.9 % (Eurostat), while GDP grew by 1.7 %. The volume of per capita disposable income was 2 % higher than in the previous year at SEK 202,752 (approx. 22 thousand euros) (source: konj.se, scb.se). On average in 2014, the Swedish krona fell by 5 % against the euro by comparison with 2013.

### Poland

In 2014, Polish consumer sentiment was better than in the previous year. Retail turnover grew by 3.3 % in 2014, driven by the textiles segment in particular (+11.9 %) and less so by consumer electronics/furniture/household appliances (+1.2 %). Unemployment fell in 2014 but remains at a high level of 11.5 % (Eurostat). In some cases, consumer purchases are covered by savings. Purchasing power per head of population is just short of 5.8 thousand euros and thus 55 % lower than the European average (sources: Narodowy Bank Polski, GUS- stat.gov.pl). The dominance of shopping centres is one peculiarity of the Polish retail market. There are currently more than 400 modern shopping centres in Poland, 43 of which are situated in or around Warsaw. They account for approx. 92 % of total retail space and an estimated 17 % of retail turnover.

### Czech Republic

This country's 18-month recession ended in the 2nd quarter of 2013. On November 7, 2013, the Czech central bank announced that it would weaken the Czech crown by intervening on the foreign-exchange market. The crown subsequently fell from CZK 25.77 (November 6, 2013) to CZK 27.32 per euro (December 31, 2013). On average in 2014, it was 5.5 % weaker than in the previous year. The Czech central bank is expected to continue to weaken its currency (CZK 28.1 per euro). Its interventions are intended to limit deflationary risks and are likely to continue until mid-2016 (source: CNB). In 2014, unemployment amounted to 7.7 % (source: ČSÚ). Retail turnover increased by 5.4 % in 2014, driven by the automotive segment. The strongest volume of growth resulted for sales of goods over the Internet or through mail order, at +19.7 % (source: ČSÚ). Among specialist stores, the ITC segment was the top performer (+17.2 %). Purchasing power per head of population amounts to approx. 7.3 thousand euros.

### Slovakia

Slovakia's economy is largely dependent on machinery and automobile manufacturing and is thus highly prone to fluctuations. In 2014, retail turnover increased by 3.6 %, but the rate of employment in the retail sector fell by 0.3 % (source: <http://portal.statistics.sk>). The average monthly wage in the retail sector rose by 2.6 % to 585 euros. Unemployment amounted to 12.9 % (Q3, STATdat.). Incomes in Slovakia rose, but highly unequally; purchasing power per head of population amounts to approx. 7.5 thousand euros – 58 % of the European average. However, for Slovakia's capital, Bratislava, the market research agency GfK has calculated a purchasing power volume per head of population of 11.6 thousand euros.

## Results

### Photofinishing business segment

#### Photofinishing trends

CEWE PHOTOBOOK's success story continues: CEWE's bestseller has realised continuous growth, with sales of 5.93 million units in 2014 alone. In January 2014, its level of aided brand awareness amounted to 59 per cent, a further significant increase on the previous year (GfK). CEWE's customers are increasingly opting for higher-end products.

Our new brands CEWE CARDS, CEWE WALL ART and CEWE CALENDARS also performed very strongly in 2014. Strong Christmas business in particular has delivered double-digit turnover growth. Within the scope of a consistent brand-building strategy, CEWE serves as the umbrella brand and is incorporated in the names of each of its brands. Brand elements such as the "CEWE wave", a colour scheme and typography ensure recognisability and trust among end-consumers.

#### Innovation and service

CEWE is the market leader, with many years of strong expertise in the field of photography. This photo service provider aims to offer a high-quality and comprehensive product range, with continuously new design elements (clip art, backgrounds, mounts etc.) as well as product innovations (Polaroid-style prints, premium posters, frames, gift boxes etc.).

CEWE's quality commitment includes a strong service and customer focus. This encompasses a comprehensive customer service, a satisfaction guarantee for all CEWE brands and a range of ordering and collection options for its photo products. Speed and reliability of delivery are very important considerations for CEWE's customers. For even better fulfilment of this goal, the company's express delivery service for CEWE PHOTOBOOK has been expanded to include POS collection.

CEWE's customer service is an important part of its brand promise. A team of experts is available every day between 8 a. m. and 10 p. m. (during the Christmas season, even up to midnight) to answer any questions on products or CEWE's ordering software and to help customers to create CEWE's photo products. The customer service department is directly present at the company's production plants and receives regular training. It is thus able to act competently and rapidly in response to customers' inquiries.

Any recurrent issues identified are directly forwarded to the research and development and marketing divisions. Problems and suggestions are thus directly taken into consideration for the further development of products and processes. This feedback process unfolds continuously. Facebook is also a service channel, and is used with the same level of priority as other channels of communication for customer dialogue purposes. Moreover, in case of direct contact customers are regularly asked by email whether they are satisfied with the handling of their orders or whether there are any unresolved issues. This feedback is also directly used for continuous optimisation of CEWE's products and software.

CEWE intensively uses its continuous customer dialogue, its quantitative and qualitative market research and comprehensive assessments of the competition for the ongoing development of its products and processes.

In 2014, these activities were once again honoured through top results in tests organised by prestigious specialist magazines. For instance, CEWE PHOTOBOOK was the test winner in DigitalPhoto’s survey. (issue 5/2014) CEWE WALL ART came out on top in Chip Foto-Video magazine’s test (issue 09/2014), as did CEWE CALENDARS in COLORFOTO magazine. (issue 12/2014), to provide but a few examples.

**An established name: CEWE PHOTOBOOK**

CEWE PHOTOBOOK is Europe’s most popular photobook. To satisfy our customers’ high expectations, this brand product undergoes continuous development, to ensure its long-term market leadership. With over 40 options available, CEWE PHOTOBOOK offers the broadest product range, can include up to 154 pages and can be assembled in many different ways. Various levels of paper quality and different covers and formats offer a suitable starting-point for every project and for every taste. CEWE PHOTOBOOK is notable for its user-friendly ordering software, which is available for the operating systems Windows, Mac and Linux. More than 4,000 designs and items of clip art and a variety of mounts, backgrounds and layouts are available during the editing process and provide lasting enhancements of products’ value.

In 2014, CEWE once again lived up to its role as an innovation leader in the photofinishing industry. The market responded highly favourably to CEWE PHOTOBOOK Premium-Matt, which has subsequently been expanded to include the options XXL and XXL Panorama. Also new is a high-quality gift box with a black linen cover. This serves as an ideal means of protecting and presenting your CEWE PHOTOBOOK and is thus the perfect place to store your unique set of memories.

**Positive development: CEWE’s new brands**

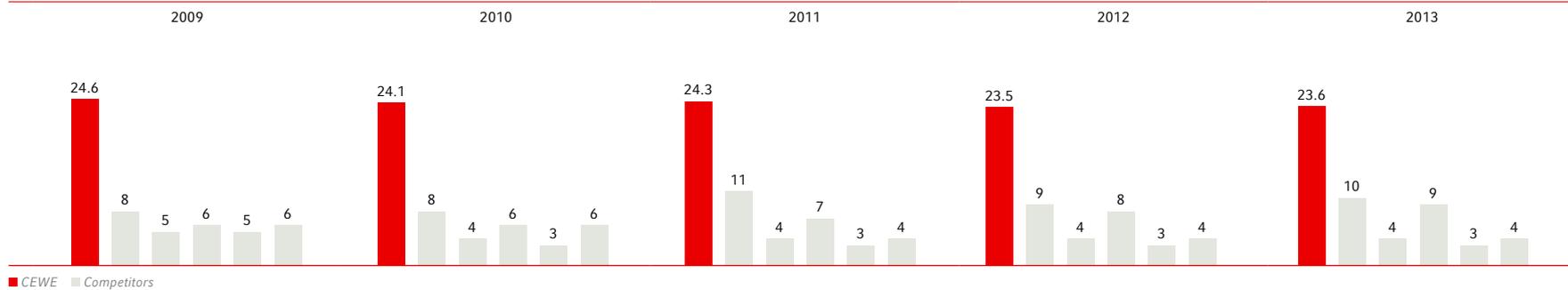
The new brands which were launched on the market in 2013, CEWE CARDS, CEWE WALL ART and CEWE CALENDARS are already well-established on the market and realising strong levels of turnover growth. Clear positioning and communication of the benefit for the consumer is an important issue here.

CEWE WALL ART provides a perfect frame for special moments and lends rooms a personal atmosphere. This category is highly popular with our customers thanks to a choice of sizes, with pinpoint accuracy, and its excellent level of quality. This solid trend has also been reinforced through various innovations. For instance, the high-class photo paper types Glossy, Matt and Mother-of-Pearl have been introduced for CEWE WALL ART premium posters.

Examples of CEWE’s several awards for CEWE PHOTOBOOK



CEWE PHOTOBOOK’s share of market volume in Europe as % of total volume



Source: FutureSource January 2014

High-quality frames with a wide range of designs, sizes and styles also perfectly set the scene for magical moments. CEWE's new living-room editor software enables customers to gain an impression of what their selected products will look like, mounted on their wall, even before they have placed their orders.

#### **CEWE CARDS express joy and appreciation for special occasions.**

As well as product quality and a broad portfolio, high-quality designs are key to the success of this category. CEWE offers over 1,600 high-quality designs for a wide variety of occasions, such as Christmas, weddings, babies, birthdays etc. to suit the needs of consumers. In 2014, 400 new designs are available on the basis of the latest trends for card lovers such as Wooden Structure, Natural Sense and Pink Glow. High-quality envelopes are now offered in five attractive colours, to complement folding cards. They further underline the charm and quality of these individually designed cards.

CEWE CALENDAR offers a suitable frame to record very special personal moments and to remember them every month or offer them as a gift for your nearest and dearest. The company's very broad product portfolio, the high level of quality and its very high standard of delivery reliability – even during the peak season leading up to Christmas – resulted in a very strong performance in 2014. The company's attractive Square desk calendar with a size of 14×14 cm rounded off its product range. This format is particularly suitable for decorating offices and living rooms and it makes the perfect gift for family, friends and colleagues.

#### **High-quality and stylish: new photo gifts and photos**

With their individual photos, customers can create a unique character for their photo gifts. A comprehensive range caters to every possible wish (from magical cups to puzzles, and from smartphone cases to door signs). In 2014, high-quality and trendy products have been added to CEWE's photo gift range.

The formats Square and Panorama have been added for premium cushions, which are performing very strongly. The company's range of individual smartphone cases is highly fashionable. As well as protective cases for the latest models, consumers can now even order their motifs on a matt-look case.

Vintage and retro are in vogue. The company's new Polaroid-style prints reflect this style and are absolutely eye-catching. Digital photos are given a special look through effects such as creative frames, patterns and filters. These prints are available in sets of 16, 24 and 32, together with high-quality packaging.

#### **CEWE in the mobile world**

CEWE offers a broad range of apps for the operating systems Android and iOS. These are being continuously optimised and are marketed through every channel of communication: websites, online/mobile marketing, social media, newsletters, print, POS, cooperative ventures and PR.

The CEWE PHOTOWORLD app is at the heart of the company's mobile applications. Once installed on your smartphone or tablet, you can design and order photo products either on the move or at home on your sofa. At the end of 2014, a comprehensive software update was released for this app. CEWE CALENDARS can now also be produced in landscape format, and postcards can be sent worldwide not only with the sender's own photo as the stamp but also including his or her signature. Customers use the CEWE PHOTOWORLD app to send their individual postcards featuring personal photos and text digitally to CEWE, which then prints them out and posts them. This service is available no matter where in the world the sender is situated and for any destination for his or her card. The CEWE PHOTOWORLD app was a test winner in a comparative test in connect magazine (issue 01/2014). Mac Life gave the application "recommended" status in its 08/2014 issue.

Further CEWE applications include its CEWE POSTCARD and CEWE OPTIMIZE apps. The CEWE POSTCARD app is a small and

independent app for sending postcards. Using the CEWE OPTIMIZE app, photos can be edited and optimised with just a few clicks.

#### CEWE's marketing activities in Germany and other countries

In 2014, the company used all available channels for marketing activities with the goal of consistent communication for its new brand family clustered around its established CEWE PHOTOBOOK. These communication activities were adjusted for the international market, in view of local factors in individual countries.

In January, many customers choose to capture their nicest memories from the previous year in a CEWE PHOTOBOOK. To reinforce this trend and to acquire further new customers, in January 2014 CEWE was present on German TV for a period of four weeks for the first time ever.

In Germany, in the summer of 2014 the company ran a TV campaign in particularly attractive and thematically suitable slots. In the period from August to October 2014, CEWE ran ads on the theme of Africa/long-distance travel. CEWE rounded off this campaign with a range of content for its "long-distance travel" theme world and its photo competitions "Travel photo of the year", in cooperation with the travel agency Zeit Reisen, and "Stunning views" together with the travel operator Meyer's Weltreisen. Online marketing activities served as a targeted means of widening the impact of this TV campaign via the web and social media channels. Adverts in specific print media were used for targeted support of the campaign. Supporting press relations activities provided selected media with related content in the period from March to October 2014.

photokina took place in Cologne from September 16 to 21, 2014. CEWE was present at the world's leading photography trade fair for the fifth time. Overall, around 185,000 visitors came together from all over the world to make contacts, to keep up-to-date and to learn more about hot topics in the photo industry. CEWE successfully presented itself as an innovation leader, at one of the largest stands at the trade

fair (1,400 square metres). As well as many new products, CEWE presented its latest developments in the areas of software and mobile products to visitors, business partners and the press. The strong level of interest and very positive feedback from all of the company's target groups meant that photokina was a highly successful event in 2014.

As well as photokina, the leading trade fair for the photography industry, CEWE was also present at many thematically related trade fairs in 2014. From trade fairs in the field of photography via travel and book fairs to consumer fairs, CEWE demonstrated its products' versatility and pursued a dialogue with consumers.

A new TV ad on the theme of Christmas/gifts was broadcast for the first time in November and December 2014. The CEWE CALENDAR product group also came into focus through parallel ads.

Brand communication activities relating to CEWE PHOTOBOOK, CEWE CALENDARS and CEWE CARDS also focussed on this period. From early November to mid-December 2014, the CEWE brand was placed in selected TV slots. In Germany alone, millions of gross contacts were realised during this period and the company reached much of its target group. Moreover, as part of its Christmas campaign for a period of five weeks CEWE appeared during the "best minute" slot ahead of ARD's "Tagesschau" and ZDF's "heute" news programmes. The company's Christmas TV advert focussed on CEWE PHOTOBOOK and also, in supplementary tandem adverts, on CEWE CALENDAR. Additional coverage was achieved e. g. by placing CEWE's Christmas key visual on a split-screen during RTL's review of the past year "2014! Menschen, Bilder, Emotionen". A print campaign also supported the company's Christmas campaign in many thematically related media. A tailored mixture of PR measures in print and online media once again supported marketing activities during the Christmas period. The pegs used were CEWE's Christmas gift tips as well as the new products introduced in 2014.



TV campaigns have been used in Germany to achieve wide coverage, both in CEWE's own media and through various online channels. They have also been extended through various other measures, both online and offline. Moreover, CEWE is present in all of the usual search engines, through optimisation of its own websites (SEO) and also through advertising (SEA). Various social media activities offered customers a platform for dialogue with CEWE, and to exchange regularly interesting photo-related content.

CEWE also offers its customers genuine added value through its newsletter. In 2014, its customers once again regularly received information and inspiration relating to photography and special themes. Rounded off with product information as well as tips & tricks provided in text, image and video format, a growing number of recipients were supplied with special interest-related content.

In the company's foreign markets, its communications were also placed in high-quality and target group-relevant settings. Since marketing activities in Austria and Switzerland are mainly handled through CEWE's strong business partners, in 2014 TV ads for other German-speaking countries were adjusted accordingly and broadcast simultaneously. In markets such as France and the Netherlands, from August/September CEWE PHOTOBOOK was advertised with a broad reach on TV, focusing on the topic of "long-distance travel".

The new CEWE PHOTOBOOK TV ad was used at Christmas in Germany and 14 other European markets, with a high level of coverage on TV and via online channels such as YouTube, and multiplied through various other measures such as social media activities, inserts in parcels, POS brochures and newsletters.

In markets such as the Netherlands and the UK which have a particularly strong affinity for mobile devices, the ad included a tag-on focusing on the CEWE PHOTOWORLD app.

In addition, out-of-home placements offering a broad reach during the Christmas period especially were used at airports and on urban public transport in markets such as Poland and Romania.

Moreover, core issues such as "travel" were increasingly associated with the CEWE brand in foreign markets, thanks to CEWE's stand presence at travel fairs such as the "Salon de Tourisme" held in March 2014 in Paris.

In many markets, participation at trade fairs plays a key role, enabling the company to pursue a direct dialogue with end-customers and to present CEWE's various brands in suitably high-quality and highly relevant settings. The pegs used were the variety and the high level of customisability of CEWE products. At shows such as the "Ideal Home Show" in London and the "Salon du Photo" in Paris, customers were offered many sources of inspiration in relation to the use of CEWE's products. This included the showcasing of selected examples and personal advice from CEWE employees as well as a large number of photography-related tips and tricks in localised CEWE magazines.

The issue of "content" once again played a key role in the company's various markets in 2014. Newsletters, CEWE magazines and brochures, POS decorations and TV special reports were used to provide a wide range of tips on subjects relating to photography in general and to CEWE products in particular. For instance, in Prague customers and TV viewers were invited to participate in a tour of our Prague laboratory, either live or subsequently in virtual form, on TV, and to experience on site the production process for their personal gifts.

#### **CEWE photography competitions as an additional communication channel**

Each CEWE PHOTOBOOK is a contemporary document and reflects people's enthusiasm for the medium of photography. In all of its European markets, CEWE offers a platform for this enthusiasm through a large number of photography competitions. Following its major success in 2010, the international photography competition

“Europe is beautiful” took place in 2013, while in 2014 the photography competition “Our world is beautiful” took place for the first time. In the period up to the end of the year, in less than four months almost 5,000 participants from 19 European countries uploaded over 35,000 photos, evaluated and commented on them and shared them via social media channels – an impressive response. An expert jury of photography specialists is due to select the winners in April 2015. In a traveling exhibition which will transfer throughout Europe, CEWE will show off the winning images which present the world in all its beauty. The best images will be presented to the general public at CEWE’s business partners, at airports and at other thematically suitable locations.

In 2014, in Germany CEWE launched a CEWE PHOTOBOOK competition through a platform specially created for this purpose for the first time. Since May 30, 2014 (and until May 31, 2015), this competition allows interested customers to show off their nicest CEWE PHOTOBOOKS and to win prizes with a total value of 10,000 euros. The level of response was already impressive up to the end of the year, with nearly 3,000 entries.

#### CEWE supports photography as a form of cultural expression

CEWE is firmly committed to supporting and preserving photography as a form of cultural expression. This photography service provider maintains partnerships with a large number of projects and institutions. These include the German Photography Museum in Leipzig, CEWE’s position as the main sponsor of the “Fürstenfelder Naturfototage” and its partnership with “Erlebniswelt Fotografie Zingst”.

CEWE established a long-term partnership with Hamburg’s Deichtorhallen/House of Photography at the end of 2013. Together with Europe’s leading exhibition venue for photography, in 2014 CEWE realised various activities combining the worlds of art and everyday culture.

For instance, the exhibition “The Children of Tacloban – 100 Cameras for 100 Children” was hosted as a joint project with the TV station NDR. This is the first outdoor exhibition on the plaza in front of the House of Photography, with 40 images on aluminium Dibond plates presented in a 100x150 cm format.

CEWE has also supported committed photographers by enabling them to organise their own exhibitions. For instance, at Munich’s Tierpark Hellabrunn zoo Norbert Rosing presented his fascinating large-format photos of the world of polar bears to an interested public. At its “Fotoinsel Sylt” event, CEWE sponsored an outdoor exhibition of oversized large-format pictures taken by Stern magazine’s photographer Harald Schmitt.

CEWE also supported photography festivals such as “Mundologia” in Freiburg, “Wunderwelten” in Friedrichshafen, the “Stapelfelder Fototage” and the “Pirmasenser Fototage” through various partnerships.

CEWE also demonstrates its commitment in the field of nature photography and protection of nature through its cooperation with various regional associations belonging to Germany’s NABU environmental association, in the form of joint photo competitions.

CEWE additionally maintains a partnership with the “Mois de la photo à Paris”, where in November 2014 a wide range of photographers were presented in CEWE PHOTOBOOKS at the “Maison Européenne de la photographie”.

In Austria, for some time now CEWE’s partnership with the “Trierenberg Super Circuit” has been one of its key projects supporting photography as a form of cultural expression.

## Photofinishing results

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

### Seasonal migration remains intact

Digital products generate peak sales and particularly strong turnover and, above all, income in the fourth quarter. Many consumers appreciate CEWE PHOTOBOOKS, CEWE CALENDARS, CEWE CARDS and CEWE WALL ART as well as further photo gifts as Christmas presents. The seasonal profile of CEWE's business has thus shifted very significantly towards the end of the year. As the graphic on page 76 shows, this shift remains intact.

### Changing product mix means stronger share of profits in the fourth quarter

Consumers are becoming increasingly selective and demanding higher-quality photo products. Individual, "simple" photo prints are declining, both analogue photos (of course) and also digital photos.

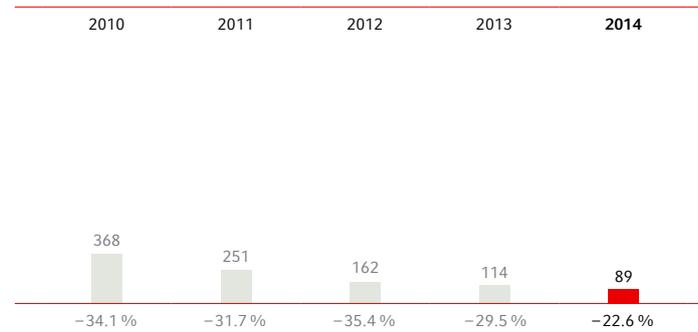
More popular high-quality value-added products are compensating for some of this decrease. CEWE's product mix is thus increasingly shifting towards these value-added products, such as CEWE PHOTOBOOK or its photo gifts product group. These articles not only account for this seasonal migration as typical gifts, as outlined above. They also reinforce this shift in terms of turnover and earnings, since the proportion of "simple" individual photo prints declines in the first quarter of each year – and in the second and third quarters even more so – while the proportion of pictures integrated in value-added products increases very strongly in the fourth quarter. Since CEWE tends to realise a higher volume of turnover and stronger earnings per photo through value-added products, the seasonal migration is even more pronounced for turnover and, in particular, for income than in terms of volume, and this trend may remain intact in future. The move away from "mass" (fewer individual photos) to "class" (more high-quality photo products) continues.

Digital photos (incl. CEWE PHOTOBOOK prints) millions of units



Change on previous year

Photos from film millions of units



Change on previous year

## Photofinishing sales

- ▶ Total volume of photos at the upper end of expectations, with 2.29 billion photos
- ▶ 5.9 million CEWE PHOTOBOOKS, whose quality level continues to rise
- ▶ CEWE CALENDARS, CEWE CARDS and CEWE WALL ART reinforce the trend of higher-quality products
- ▶ Over 96 % of photos are digital
- ▶ 63 % of all photos are collected from retail stores

### Volume of photos at the upper end of expectations

As a result of its move away from “mass” to “class”, for 2014 CEWE had expected a decline in its volume of photos to between 2.23 and 2.29 billion photos (between –6 % and –3 % on the previous year, 2013); as well as individual photo prints, this volume of photos also includes images forming part of other photo products, such as CEWE PHOTOBOOK, CEWE CALENDARS, CEWE CARDS, CEWE WALL ART and other value-added products. With 2.29 billion photos produced (–3.2 % on the previous year, 2013), CEWE reached the upper end of its predicted range for this target.

The fourth quarter once again increased its share of the volume for the year as a whole. While the volume of photos declined in the first three quarters by –3.6 % (1.53 billion photos) in line with the seasonal migration, the decline in volumes slowed in the fourth quarter to –2.2 %, with 763 million photos (Q4 2013: 780 million photos). As the graphic on page 73 shows, this marks the continuation of a long-term trend of a seasonal migration, with a rising volume share in the fourth quarter which now amounts to 33.3 %.

### The company’s star product, CEWE PHOTOBOOK, even realises slightly stronger than expected growth

In the year under review, CEWE PHOTOBOOK’s sales growth remained positive: Overall, more than 5.9 million CEWE PHOTOBOOKS were sold (+2.8 % on the previous year, 2013), which even slightly exceeded the planned target growth range of between +1 % and +2 %. CEWE PHOTOBOOK’s growth was even stronger in terms of the level of turnover. This development was supported through the continuing shift towards CEWE PHOTOBOOKS with a larger number of pages and in bigger formats, as well as upselling measures such as gloss and matt surface finishing and the possibility of including videos in CEWE PHOTOBOOKS by means of a QR code.

Digital photo orders placed over the Internet millions of units



Change on previous year

Digital photo orders placed in retail millions of units



Change on previous year

Of the total volume of CEWE PHOTOBOOKS sold, in 2014 customers purchased more than 38 % in the fourth quarter: 2.26 million books (Q4 2013: 2.22 million books). The brand product CEWE PHOTOBOOK has once again made a very significant contribution to the company's success.

#### New CEWE brands continue to gain ground

Sales of the company's other value-added products also continue to enjoy dynamic growth. During the year 2014 as a whole, the product groups CEWE CALENDARS, CEWE CARDS and CEWE WALL ART realised growth which in some cases reached double-digit rates.

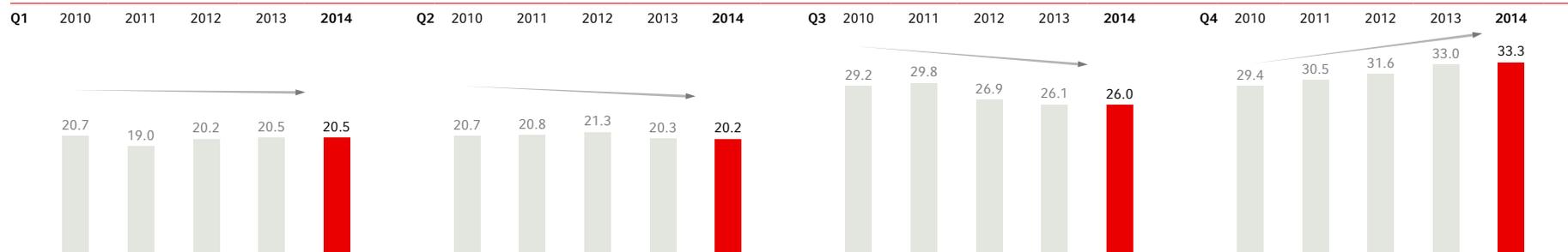
#### 96.1 % of photos are digital

In 2014, the number of analogue photos from film declined slightly less strongly than expected, -22.6 % to 88.6 million photos (Q4 2014: -19.1 % to 17.8 million photos). With the success of CEWE PHOTOBOOK and CEWE's other brands, digitalisation is thus increasingly approaching the 100 % mark. Following 95.2 % in 2013, in the year under review as many as 96.1 % of all photos were digital in origin. In the fourth quarter, the digital proportion of photos even amounted to 97.7 % (Q4 2013: 97.2 %).

#### "Internet ordering and collection from retail stores" remains a winning combination

The proportion of digital photos ordered via the Internet increased from 72.4 % in the previous year, 2013, to 74.3 % (1,637 million photos) in the year under review. 48.5 % of these consumers opted to collect their completed orders from the retail outlets supplied by CEWE. 51.5 % chose home delivery by post. Customers thus collected a total of approx. 63 % of all photos (both analogue and digital, ordered via the Internet and over-the-counter, including the photos printed out at CEWE PHOTOSTATIONS in retail stores) at retail outlets of CEWE's trading partners. This confirms the strength of CEWE's "clicks and bricks" positioning, a strategic combination of physical outlets and the Internet: CEWE products can be purchased in retail stores, while photos can be collected from stores or sent to customers by post.

Total volume of photos – seasonal breakdown as %



### Photofinishing turnover

- ▶ Stronger share of CEWE brand products reinforces Photofinishing turnover
- ▶ Clear growth in turnover per photo: +6.2 % to 16.84 euro cents per photo
- ▶ Photofinishing turnover of 386.0 million euros exceeds turnover target for 2014
- ▶ Fourth-quarter turnover realises strong growth of 5.1 % to 156.0 million euros

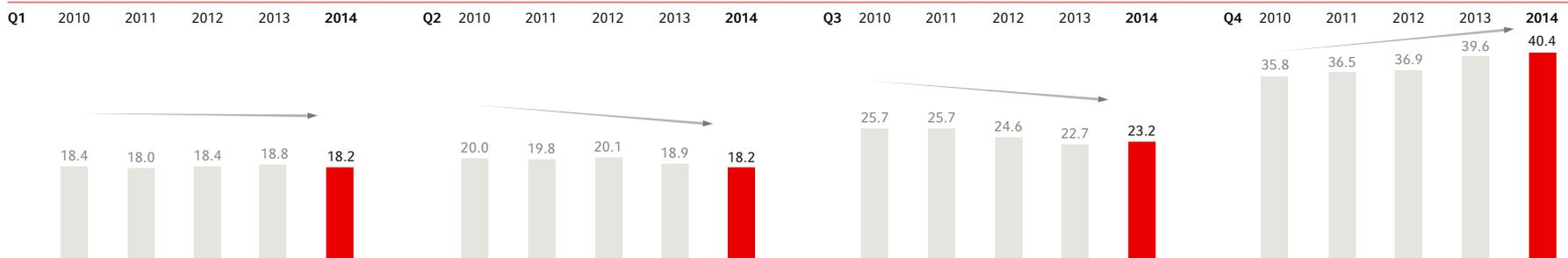
#### Value-added products continue to strengthen Photofinishing turnover

In 2014, CEWE brand products and value-added products once again accounted for an increased share of overall turnover. The trend of higher-quality photo products thus continues to strengthen the turnover trend. Turnover per photo once again rose in 2014: by 6.2 % from 15.86 euro cents per photo in 2013 to 16.84 euro cents per photo in the year under review. The fourth quarter of 2014 especially reinforced this positive trend: Turnover per photo also climbed in the key Christmas quarter, by 7.5 % from 19.02 euro cents in the same quarter in the previous year to 20.44 euro cents.

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

In the third quarter of 2014, CEWE had already standardised its reporting of advertising costs subsidies granted to customers throughout its Group, which in some cases had previously been reported under different items due to a loophole in the relevant accounting standard (IAS 18). Accordingly, the advertising costs subsidies agreed with customers with binding effect will now no longer be reported in a manner which entails lower turnover and will instead be reported as selling expenses within the "Other operating expenses" item. This presentational change has not had any effect on earnings: Turnover will merely be upwardly adjusted for the advertising costs subsidies otherwise deducted in this item, which will now result in a precisely proportionate increase in other operating expenses.

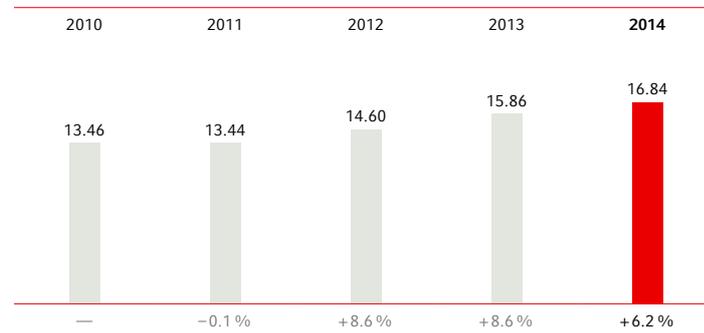
Development of CEWE Photofinishing turnover – seasonal breakdown as % of turnover



Accordingly, for 2014 as a whole advertising costs subsidies with a total volume of 7,322 thousand euros required reclassification. By way of adjustment of the figure for the previous year, for 2013 an almost equal figure totalling 7,677 thousand euros was reclassified from turnover to other operating expenses. The reported Photofinishing turnover for 2014 thus amounts to 386.0 million euros (previous year 2013: 375.4 million euros). 2,680 thousand euros was reclassified for the fourth quarter of 2014 and 3,139 thousand euros for the same quarter in the previous year. Photofinishing turnover for the fourth quarter of 2014 thus amounted to 156.0 million euros, while turnover in the previous year Q4 2013 totalled 148.5 million euros.

The above-mentioned presentational change has only affected the Photofinishing segment. No adjustments were made for the Retail and Commercial Online Printing business segments.

#### Photofinishing turnover per photo in euro cents



Change on previous year

#### Photofinishing turnover exceeds expected range

For comparison of the Photofinishing turnover realised and the goals communicated at the start of 2014, the Photofinishing turnover realised prior to the above-mentioned reclassification of advertising costs subsidies agreed with binding effect must be used as a benchmark, since this target range also included these advertising costs subsidies.

In 2014, at 378.7 million euros Photofinishing turnover prior to reclassification of advertising costs subsidies exceeded the figure for the previous year (2013: 367.7 million euros), since average turnover per photo once again rose due to the trend of higher-quality products. As a goal for 2014, CEWE had set a turnover target of between 365 million euros and 375 million euros. The realised Photofinishing turnover figure of 378.7 million euros thus exceeds this range.

Sales targets millions of units	Target	Actual	Deviation*
Digital photos	2.15–2.20	2.20	1.3%
Photos from film	0.075–0.085	0.09	10.8%
<b>Total volume of photos</b>	<b>2.23–2.29</b>	<b>2.29</b>	<b>1.4%</b>
CEWE PHOTOBOOKS millions of units	5.8–5.9	5.9	1.3%

\*calculated on the basis of the mean value for the planned target range

Ergebnis Q4 millions of units	2014	2013	Change
Fotos gesamt	763.4	780.5	-2.2%
– davon Digitalfotos	745.6	758.5	-1.7%
– davon Fotos vom Film	17.8	22.0	-19.1%
CEWE FOTOBUCH	2.3	2.2	1.4%

### Photofinishing earnings

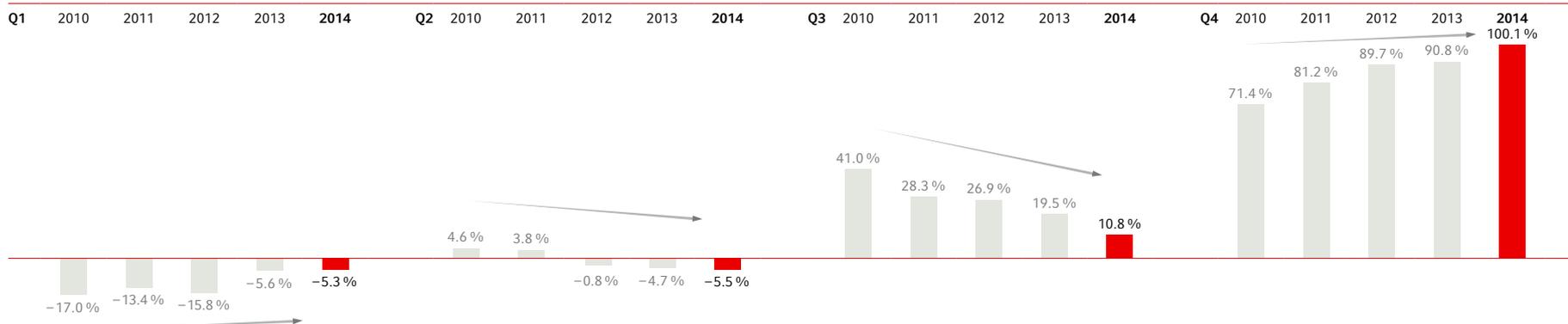
- ▶ For 2014 as a whole, outstanding Christmas business leads to an EBIT figure (before other taxes) of 39.3 million euros in the Photofinishing segment (2013: 36.6 million euros)
- ▶ Photofinishing EBIT for the year as a whole exceeds expectations
- ▶ Figure for fourth quarter increases by 3.2 million euros and delivers 100.1 % of Photofinishing's EBIT for the year as a whole
- ▶ Photofinishing margin once again increases in 2014 as a whole and now amounts to 10.0 % (2013: 9.5 %).

As the graphic showing the seasonal migration in earnings indicates, back in the analogue era CEWE realised the largest share of its annual profit in the holiday quarter (the third calendar quarter). In the years before 2009 which are no longer shown in this graphic, this proportion was much higher and back then the proportion of the company's annual profit generated by the fourth quarter was almost zero. Due to the seasonal migration, the Christmas quarter (the fourth calendar quarter) now accounts for an even greater share of business: While the third quarter used to be the clear main quarter, with summer holiday photos, for many years now the seasonal peak has shifted to the fourth quarter, when CEWE PHOTOBOOK, CEWE CALENDARS, CEWE CARDS and CEWE WALL ART are in stronger than ever demand as Christmas gifts.

### Outstanding Christmas business once again strengthens EBIT in the fourth quarter

In line with the increasing core volume of demand in the fourth quarter, income from the company's main business segment "Photofinishing" once again rose in the Christmas quarter. EBIT (before other taxes) in the Photofinishing segment climbed by 8.7 % in the fourth quarter and amounted to 39.4 million euros. The fourth quarter's share of total earnings in the Photofinishing segment in the year 2014 as a whole has thus increased from 90.8 % in the previous year to the current 100.1 %: This seasonal migration is most strongly apparent at the level of earnings, driven by increasing sales during Christmas business of higher-margin value-added products such as CEWE PHOTOBOOK, CEWE CALENDARS, CEWE CARDS and CEWE WALL ART.

EBIT prior to restructuring and other taxes – seasonal distribution of Photofinishing as % of annual EBIT



**Photofinishing EBIT (before other taxes) exceeds expectations: 39.3 million euros in 2014 as a whole**

With an EBIT figure (before other taxes) of 39.3 million euros, the Photofinishing business segment once again achieved earnings growth, following a prior-year EBIT figure (before other taxes) of 36.6 million euros (+7.5%). The Photofinishing business segment thus even exceeded its envisaged 2014 target range of between 33.5 million euros and 38.0 million euros, by 1.3 million euros.

**Presentational change to the “other taxes” item: With immediate effect, this is already included in the EBIT figure**

To date, in preparing its profit and loss account together with “income taxes” CEWE had always deducted the “other taxes” item from earnings before taxes (EBT). However, the “other taxes” expense item is normally included in “other operating expenses”. Accordingly, “other taxes” have already been included in the EBIT calculation. CEWE has opted for this change in compliance with normal practice for EBIT presentation. In 2014, other taxes amounted to 889 thousand euros, while for 2013 the figure was 737 thousand euros. For 2014, the Photofinishing EBIT figure thus amounts to 38.4 million euros, compared to 35.8 million euros in 2013.

**Photofinishing margin increases to 10.0% in 2014 as a whole**

In 2014, the trend of a changing product mix for Photofinishing which has been intact for some years now – the replacement of individual photos e. g. in a 9, 10, or 13 format with value-added photo products such as CEWE PHOTOBOOK, CEWE CALENDARS, CEWE CARDS and CEWE WALL ART plus other photo gift articles – resulted in a further rise in the EBIT margin for this business segment: 10.0%, compared to 9.5% in the previous year.

According to the traditional reporting logic of EBIT before other taxes, in 2014 the earnings margin was 10.2%, compared to 9.7% in the previous year, 2013.

**Photofinishing’s operating EBIT margin increases, even allowing for one-off factors**

In the previous year, 2013, restructuring costs had accrued for the consolidation of plants in Dresden and Poland, in the amount of 3.3 million euros. One-off factors also resulted in the year under review, 2014, which must be neutralised for a comparison of the development of the company’s operating profitability, since these factors were not applicable in the comparison period: For example, CEWE’s presence at the photokina trade fair in 2014 resulted in additional expenses of approx. 1.3 million euros, which were not relevant in the previous year, since this Cologne trade fair only takes place every two years. In addition, personnel expenses in the Photofinishing segment increased due to a one-off stock option plan, with a volume of approx. 0.9 million euros. Adjusted for these one-off factors, Photofinishing EBIT (incl. the “other taxes” item in line with the new presentational format) increased from 39.1 million euros in 2013 to 40.6 million euros in 2014. Seen from this perspective, the earnings margin has improved from 10.4% (2013) to 10.5% (2014).

1,000 flyers

from  
19,90 €\*



\*Prices incl. print, processing, transmission and VAT.

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## Commercial Online Printing business segment

### Developments in the Commercial Online Printing business segment

#### CEWE PRINT is the main brand for Commercial Online Printing

In its strategically important new business segment “Commercial Online Printing”, through its CEWE-PRINT.de brand CEWE has been able to link its acquired brand “Saxoprint” and its organic growth brand “viaprinto” with the strong brand profile of its highly respected CEWE PHOTOBOOK in order to exploit synergies: Its existing Photofinishing brand CEWE PHOTOBOOK will positively influence Commercial Online Printing for the first time. Secondly, future advertising expenses are to be focused efficiently. For these reasons, the new Commercial Online Printing brand will use the “CEWE” umbrella brand while also highlighting its print competence: CEWE PRINT and the website [www.cewe-print.de](http://www.cewe-print.de) are profiting from the brand profile of CEWE PHOTOBOOK and will continue to impact positively on this brand in future.

#### CEWE is already active in ten countries

Together with Saxoprint’s six online shops in Germany, the United Kingdom, France, Spain, Switzerland and Austria, CEWE currently markets Online Printing products in ten different countries. Besides its strong growth in Germany, CEWE PRINT also serves Austria, the Netherlands, Belgium, Italy and Poland. It also has plans to expand

into further European countries. The aim is to exploit CEWE’s existing distribution structures in these countries, so as to enter markets rapidly and successfully.

#### Commercial Online Printing widens product range

Advertising technology and overnight production were included in CEWE’s Online Printing portals as new product areas and business segments in 2014. Flyers, folders and business cards are produced overnight using viaprinto’s digital printing capacities. Moreover, further options have been added to the company’s standard product range.

#### Marketing focus on football

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



## Results in the Commercial Online Printing business segment

- ▶ *Turnover grows by +17.8 % in 2014: 70.5 million euros (previous year: 59.8 million euros)*
- ▶ *Turnover target reached for 2014*
- ▶ *Planned start-up marketing investments continue to adversely affect EBIT*
- ▶ *EBIT improves by 4.1 million euros, operating EBIT by 1.4 million euros*

### Turnover achieves double-digit growth in 2014 to reach planned level

In 2014 as a whole, turnover in the Commercial Online Printing business segment rose by 17.8 % on the previous year and totalled 70.5 million euros, compared to 59.8 million euros in the previous year. CEWE thus realised its turnover target in this business segment of approx. 70 million euros for 2014. Intensive marketing measures, particularly perimeter advertising in Germany's Bundesliga supported by TV ads tied in with sports programmes were once again the key to success for this high volume of turnover growth.

### Fourth quarter increases share of turnover to 20.5 million euros

The fourth quarter of 2014, considered in isolation, also realised strong growth of 12.3 %, with turnover of 20.5 million euros compared to 18.2 million euros in the fourth quarter of the previous year. In Commercial Online Printing, too, the strongest month in terms of turnover falls in the fourth quarter: In November, many business customers are preparing for their Christmas business and increase their orders of printed advertising media.

<b>Development of turnover by segment</b> millions of euros	<b>2014</b>	2013	Change
Photofinishing	386.0	375.4	2.8 %
Retail	67.3	101.0	-33.4 %
Commercial Online Printing	70.5	59.8	17.8 %
<b>Total</b>	<b>523.8</b>	536.2	-2.3 %

### Growth investments in marketing pay off: Online Printing EBIT improves by 4.1 million euros

The growth investments required for the brand-building strategy outlined above are continuing to shape this business segment's profit and loss account. CEWE is continuing to exploit the profitability of its established Photofinishing business segment in order to expand the high-potential growth field of Commercial Online Printing through intensive marketing. CEWE is thus generating a growing clientele which the company will benefit from in future.

Despite an increase in personnel and foreign shipping costs on turnover-related grounds and a higher basis for depreciation – an additional production line went online at Saxoprint in Dresden in late 2013 – and marketing expenses which fell only slightly short of the level in the previous year, in absolute terms – EBIT in the Commercial Online Printing business segment continued to improve in 2014: Following -7.0 million euros in 2013, in the year under review the Commercial Online Printing business segment improved by 4.1 million euros to -2.9 million euros. The reported EBIT margin improved very considerably, from -11.7 % in the previous year to -4.1 % in 2014 as a whole, in the context of a significantly increased turnover volume.

### Operating EBIT improves by 1.4 million euros

The prior-year EBIT figure for 2013 was adversely affected by one-off expenses due to goodwill amortisation on Viaprinto's digital printing business: At that time, CEWE's "Commercial Online Printing"

<b>EBIT by segment (prior to restructuring) (incl. other taxes)</b> millions of euros	<b>2014</b>	2013	Change
Photofinishing	38.4	35.8	7.2 %
Retail	-2.9	0.1	—
Commercial Online Printing	-2.9	-7.0	58.9 %
<b>Total</b>	<b>32.6</b>	28.9	12.8 %

business segment already overwhelmingly consisted of orders produced through offset printing which were mainly distributed by CEWE PRINT and Saxoprint. The likely present value of future income from Viaprinto's digital printing business alone was thus lower, and this specific goodwill for the company's Diron acquisition had to be adjusted accordingly. On the basis of the impairment test implemented within the scope of the 2013 annual financial statements, in the previous year CEWE had therefore reduced the goodwill recognised for Viaprinto by 2.7 million euros. Following its purchase of Diron in 2008, CEWE launched its Online Printing activities exclusively in the digital printing segment. On the basis of the company's original planning and its long-term turnover and earnings expectations, the first-time inclusion of Diron in the scope of consolidation at this time (product distribution under the "Viaprinto" brand) resulted in the recognition of this goodwill.

To enable a valid comparison of the operating profitability trend for the Commercial Online Printing business segment, for the previous year, 2013, these one-off expenses resulting from goodwill amortisation on Viaprinto's digital printing business should be omitted. In 2014, the Commercial Online Printing business segment thus realised an operating EBIT figure of -2.9 million euros, compared to -4.3 million euros in 2013 – an improvement of 1.4 million euros. The operating EBIT margin thus improved from -7.1 % in the previous year to -4.1 % in 2014 as a whole.

#### Earnings growth also realised in the fourth quarter

The above-mentioned measures and items have had the same impact in the fourth quarter of 2014: With an EBIT figure of -0.3 million euros, the Commercial Online Printing business segment has realised an increase of 3.5 million euros in its EBIT figure by comparison with the same quarter in the previous year (Q4 2013: -3.7 million euros). If this comparison is adjusted for the goodwill amortisation recognised in the fourth quarter of the previous year for Viaprinto, in the amount of 2.7 million euros, the fourth quarter of 2014 has contributed 0.8 million euros to the operating result.

## Retail business segment

### Retail developments

#### Retail: strong performance for core business, against the market trend, wholesaling activities in Poland wound up

In 2014, CEWE's Retail business segment maintained or even expanded its strong market position in Norway, the Czech Republic and Slovakia, since it was able to exploit the advantages resulting from a combination of attractive retail stores and its Internet business which has been established for many years now. In the year under review, an extensive range of adjustments were made to CEWE's business model in Poland: The company wound up its wholesaling business and modernised its outlets. CEWE's Retail business segment offers its customers an attractive selection of cameras, accessories and services as well as CEWE's entire product range, in attractive locations in city centres and shopping centres and also over the Internet.

## Retail results

- ▶ *Retail turnover falls to 67.3 million euros (2013: 101.0 million euros), mainly due to loss of wholesaling business*
- ▶ *Retail situation in Poland leads to negative EBIT result for the Retail business segment in overall terms*
- ▶ *CEWE's Retail earnings also influenced by general market decline*

### 2014 turnover falls to 67.3 million euros, mainly due to loss of wholesaling business

CEWE Retail's large and attractive product range and its strong customer focus proved to be a key competitive factor in 2014. CEWE's Retail business segment has even realised turnover growth in the Czech Republic and Slovakia. However, CEWE's important reflex camera business – a key turnover component – weakened in all of the company's markets. Turnover growth generated by mirrorless system cameras was unable to compensate for this decline in revenue from reflex cameras.

Moreover, in Poland CEWE Retail let go of its wholesaling business in the year under review. In 2013 especially, this generated significant turnover but provided hardly any earnings. As well as the market driven-decline in turnover (now also for reflex cameras), due to the company's abandonment of this low-margin batch business turnover for the Retail business segment in 2014 as a whole was significantly lower than overall annual turnover for 2013, at 67.3 million euros (2013: 101.0 million euros). This figure includes negative currency effects in the amount of 2.8 million euros which also reduced Retail turnover.

In this context, in the fourth quarter alone the Retail business segment provided turnover of 18.3 million euros. This corresponds to a decrease of 6.2 million euros on the same quarter in the previous year (Q4 2013: 24.5 million euros).

### Retail situation in Poland leads to negative EBIT result for the Retail business segment

The difficult retail situation in Poland was a key factor in the negative EBIT result for the overall Retail business segment: At –2.9 million euros, the operating result before interest and taxes was approx. 3.0 million euros lower than in the previous year. In 2013, the EBIT figure was still marginally positive at 0.1 million euros. As well as a lower decline in its EBIT figure, the company's relinquishment of its wholesaling business in Poland resulted in an increased requirement for depreciation on warehouse inventories. This affected products which were difficult to market through the photography retail segment. The reduced overall volume also meant that several supplier bonuses were not forthcoming which would have provided positive contributions to the company's earnings.

It also initiated the necessary adjustments in its business model in Poland. These include the restructuring of its pricing policy as well as optimisation and modernisation of the company's retail outlets. These measures have had a further negative impact on earnings.

As well as these negative one-off factors resulting from the relinquishment of its wholesaling business, the general market decline in CEWE's core markets of Poland and Norway and the manufacturers' associated cost-reduction programmes meant that the industry provided lower marketing bonus payments and assumed lower cost shares. Due to the difficult market conditions, for its part CEWE's Retail business segment reduced its volume of purchasing from important hardware manufacturers and was thus able to improve its working capital (among other items) through a significant reduction in its volume of inventory. However, another consequence of this was that several volume-dependent supplier bonuses were not forthcoming. In previous years, these had positively affected the company's earnings situation.

## Consolidated profit and loss account

- ▶ Group turnover reaches 523.8 million euros
- ▶ All earnings targets achieved for 2014: EBIT of 32.6 million euros
- ▶ Fourth quarter once again provides more than 100 % of the annual EBIT figure: 37.3 million euros
- ▶ EBIT margin improves within the Group from 5.4 % (2013) to 6.2 % (2014)
- ▶ Normalised Group tax rate of 32.1 %
- ▶ Earnings per share at 3.07 euros

### Group turnover reaches 523.8 million euros

As outlined in the discussion of the Group's strategic business segments, the deliberate relinquishment of the wholesaling business especially triggered a significant decline in turnover in the Retail business segment. This effect is also reflected in the trend for CEWE's Group turnover and is the main factor in its slight decrease (2.3 %) on the previous year to 523.8 million euros (2013: 536.2 million euros). Turnover growth in the Photofinishing and Online Printing business segments – with a combined volume of +21.2 million euros – was unable to fully make up for this fall in Retail turnover.

Turnover millions of euros



Change on previous year

Overall year 2014 millions of euros	Target	Actual	Deviation*
EBIT (incl. other taxes)	30–36	32.6	-1.1 %
EBT (incl. other taxes)	28–34	31.5	1.5 %
Earnings after tax	19–23	21.4	1.7 %
Earnings per share euro/share	2.84–3.45	3.07	-2.4 %

\* calculated on the basis of the mean value for the planned target range

The turnover figures presented here for 2013 and 2014 already reflect the reclassification of advertising costs subsidies outlined in the "Photofinishing business segment" chapter. From the third quarter of 2014 onwards, the advertising costs subsidies agreed with binding effect with the company's customers were no longer recognised as reducing turnover and were instead shown as selling expenses within the "Other operating expenses" item.

### All earnings targets fulfilled: The key fourth quarter once again realises growth

Photofinishing's continuing seasonal migration to the fourth quarter – which is outlined in the section of this report covering the Photofinishing business segment – and the start-up marketing investments for Online Printing had a clearly negative impact on the first three

Q4 turnover millions of euros



Change on previous year

quarters. While CEWE reported a loss for this reason as of the end of the third quarter of 2014, as in previous years, the expectations placed on the fourth quarter once again increased. The fourth quarter of 2014 once again fully lived up to these expectations. Thanks to the contributions provided by the fourth quarter, the company achieved all of its earnings targets.

#### Fourth quarter once again contributes more than 100 % of the annual EBIT figure

The fourth quarter is highly significant for the company's annual EBIT figure due to the clear seasonal peak in the Photofinishing segment. In the quarter under review, the EBIT figure increased by 11.0 %, or 3.7 million euros, to 37.3 million euros. This strong contribution provided by the fourth quarter made up for the loss incurred in the first three quarters and generated an annual EBIT figure of 32.6 million euros (2013: 28.9 million euros).

The EBIT figures presented here for 2013 and 2014 already include the reclassification of the "Other taxes" item which is outlined in the "Photofinishing business segment" chapter. This item is thus already included in the EBIT figure. To date, in preparing its profit and loss account together with "income taxes" CEWE had always deducted the "other taxes" item from earnings before taxes (EBT). However, the

Operating result (EBIT) (incl. other taxes) millions of euros



Change on previous year

"other taxes" expense item is normally included in "other operating expenses".

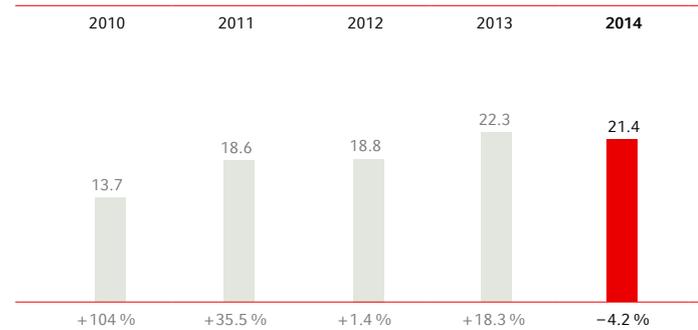
#### EBIT target range for 2014 clearly realised

In presenting its EBIT target figures for 2014, CEWE had calculated its target range according to its traditional reporting logic of presenting this figure before other taxes. For the purpose of comparison with this target range, the EBIT figure before other taxes for 2014 must thus be used. If the reported EBIT figure of 32.6 million euros is adjusted for the "Other taxes" item in the amount of -0.9 million euros, this results in an EBIT figure before other taxes which is as high as 33.5 million euros. This is comparable with the target figures. The EBIT target range for 2014 of between 30 and 36 million euros has thus been clearly realised.

#### Group EBIT margin improved from 5.4 % to 6.2 %

Despite an EBIT figure in the Commercial Online Printing business segment which remains negative due to the company's start-up marketing investments and weaker Retail earnings than in the previous year, through the margin improvement in its core Photofinishing business already outlined in its "Photofinishing business segment" chapter CEWE was able to increase its Group EBIT margin from 5.4 % in 2013 to 6.2 % in the year under review.

Earnings after taxes millions of euros



Change on previous year

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

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

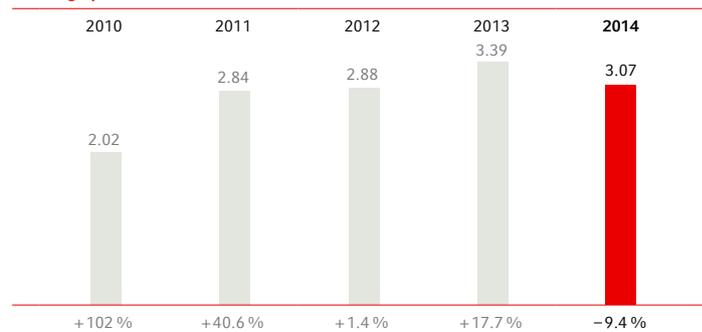
### Relinquishment of wholesaling business affects expense ratios by comparison with turnover

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

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

For the purpose of these earnings comparisons, it should also be noted that in 2014 CEWE realised a lower volume of irregular other operating income. In 2013, other operating income provided earnings contributions in the amount of 24.6 million euros, while in 2014 this item totalled 21.5 million euros, a decline of approx. 3.1 million euros on the previous year.

#### Earnings per share in euros



Change on previous year

Q4 earnings millions of euros	2014	2013	Change
Earnings before taxes (EBT) (before other taxes)	37.5	33.8	10.9 %
Earnings before taxes (EBT) (incl. other taxes)	37.1	32.9	13.0 %
Earnings after taxes	25.8	27.7	-6.9 %

#### Material expense ratio falls to 31.1 % of turnover

The Group's material expense ratio has also fallen significantly in the year in review, from 35.4 % (190.0 million euros) in the previous year, 2013, to 31.1 % (162.7 million euros). This mainly reflects the relinquishment of low-margin wholesaling business in the Retail segment. In the previous year, wholesaling activities in the Retail business segment were reflected in Group turnover with a very high cost of sales ratio. In the Photofinishing segment, the cost of sales ratio has also generally declined due to increased demand for printed photo products and fewer photos produced using the silver and halide process. Growth in the Online Printing segment has a slight offsetting effect. Moreover, as usual in the online printing sector the mail-order expenses for delivery of print products to the customer are reported under material expenses. For this reason too, material expenses here are higher than in the Photofinishing segment and, amid rising turnover, they have had a slightly stronger impact on the average figure for the Group.

#### Personnel expense ratio amounts to 25.9 % of turnover

In relation to personnel expenses, two effects have jointly resulted in a generally rising personnel expense ratio by comparison with turnover: On the one hand, personnel expenses in the Commercial Online Printing growth segment have increased in absolute terms due to the new hirings in this segment as well as the increased personnel requirements for the central functions of marketing and research & development. On the other hand, the significant reduction in turnover due to the relinquishment of wholesaling business has resulted per se in a higher mathematical share of turnover for all of the Group's expense items, with the exception of material expenses. Following personnel expenses amounting to 24.2 % of

turnover (129.9 million euros) in 2013, the personnel costs ratio has thus increased slightly to 25.9 % (135.9 million euros).

#### Other operating expenses increase to 34.7 % of turnover

At 181.7 million euros, in absolute terms other operating expenses were 6.2 million euros higher than in the previous year (2013: 175.5 million euros). This was due to the additional expenditure already outlined above which resulted for the development of business in the Photofinishing and Commercial Online Printing business segments, particularly for marketing and for mail-order shipping. Partly due to the Retail-induced decline in turnover, the share of turnover accounted for by other operating expenses also increased, from 32.7 % in the previous year to 34.7 % in the year under review.

#### Depreciation ratio falls to 6.4 % of turnover

Long-term depreciation has been on the decline for CEWE's Photofinishing segment for some years now, since the investments of the past few years have fallen considerably short of the peak investment years of the analogue/digital transformation (2003 to 2008). This trend is still intact, so that depreciation for core business continued to decline in the year under review. In the Online Printing business segment, at the end of 2013 a third offset large-scale printing machine was installed. Contrary to the trend for Photofinishing, this resulted in an increase in depreciation in the Online Printing business segment. Overall, the depreciation ratio in the Group has thus increased from 7.1 % (37.9 million euros) in the previous year to 6.4 % (33.5 million euros) in the year under review.

#### Financing expenditure continues to fall

At -1.2 million euros, the expenses associated with the financial result remain at a low level and have fallen even further (2013: -1.9 million euros). While the company's acquisition of Saxoprint in 2012 resulted in a short-term increase in financing requirements, due to the loans entered into in this respect, over the past few years financing expenditure has been continuously reduced through lower interest rates and through continued repayment of debts.

### Normalised Group tax rate of 32.1 %

The Group's profit and loss account shows a Group tax rate of 32.1 % for 2014 (2013: 17.7 %).

In the previous year, a one-off special item in the amount of approx. 3.2 million euros resulted from the company's conversion into CEWE Stiftung & Co. KGaA. This effect was not repeated in 2014. This restructuring eliminated a significant structural disadvantage which had applied in previous years. The CEWE Group benefitted from this in the financial year 2013. It was now able to make use of trade tax loss carryforwards which had been virtually "frozen" in the old structure. This effect amounting to approx. 3.2 million euros comprises the effective use of loss carryovers and capitalisation of deferred taxes on the remaining loss carryforwards. The probable deferment of effective usage for a period of two years results from the minimum level of taxation prescribed by tax legislation. Without this one-off item, the tax rate for the previous year, 2013, would have amounted to approx. 29.7 %.

In addition, a tax result correction in line with IAS 8 for the previous year, 2013, resulted in the subsequent recognition of deferred tax assets and thus retrospectively improved the tax result for 2013 by approx. 0.7 million euros.

Within the scope of the tax result for 2014, non-period items at the Group's foreign companies in the amount of approx. 0.8 million euros have also contributed to a slight increase in the Group's tax rate.

### Earnings after tax of 21.4 million euros result in earnings per share of 3.07 euros

Allowing for the Group tax rate which has been normalised by comparison with the previous year, 2013, the financial year 2014 ended with earnings after tax of 21.4 million euros (2013: 22.3 million euros). In the previous year, the above-mentioned one-off tax effect resulting from CEWE's conversion had a positive impact on earnings after tax. Undiluted earnings per share accordingly amounted to 3.07 euros (2013: 3.39 euros). The above-mentioned subsequent recognition of deferred tax assets in line with IAS 8 for the previous year, 2013, also resulted in a slight improvement in earnings after tax and in earnings per share for 2013.

## Balance sheet and financing

- ▶ *Solid balance sheet: Equity ratio increases to 51.1 % (+ 8.4 percentage points)*
- ▶ *Operating net working capital falls to 37.1 million euros, mainly due to lower inventories*
- ▶ *Conversion of net financial liabilities of –16.3 million euros into a net cash position in the amount of 23.5 million euros*

The comments on CEWE's balance sheet and financing structure are mainly based on a comparison with the relevant figures as of December 31, 2013. Where necessary for a fuller picture, these figures are also compared with the situation as of September 30, 2014.

### Balance sheet total 5.8 million euros higher than in the previous year

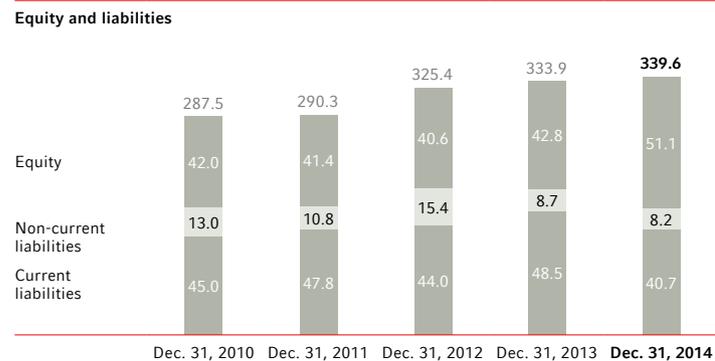
In the past financial year, the company's balance sheet total increased by 5.8 million euros to 339.6 million euros. From the point of view of the appropriation of funds, this reflects the structurally increasing weight of the non-current positions in the company's financial statements. Non-current assets have thus increased by 5.7 million euros to 49.4 % of the balance sheet total (previous year: 48.5 %), on account

of a nominal rise. The nominally virtually unchanged proportion of current assets has declined to 50.6 % (previous year: 51.5 %). With regard to the origin of funds, CEWE's liabilities have declined by 25.1 million euros and account for 48.9 % (previous year: 57.2 %) of the balance sheet total. On the other hand, equity has increased by 30.8 million euros and the equity ratio has thus risen to 51.1 % (previous year: 42.8 %). The reasons for this trend are outlined in the following discussion of the management balance sheet.

### Capital employed increases by 5.1 million euros

On December 31, 2014, the capital employed totalled 203.1 million euros and was thus 5.1 million euros higher than in the previous year. As outlined below, the non-current assets included in this figure increased by 5.7 million euros to 167.8 million euros. In contrast, operating net working capital has declined by 9.8 million euros to 37.1 million euros, while other net working capital amounts to –29.4 million euros and is thus –4.5 million euros lower than in the previous year. Cash and cash equivalents have increasingly significantly, by 13.6 million euros to 27.7 million euros.

**Balance sheet figures** millions of euros and as %



### Increase in non-current assets

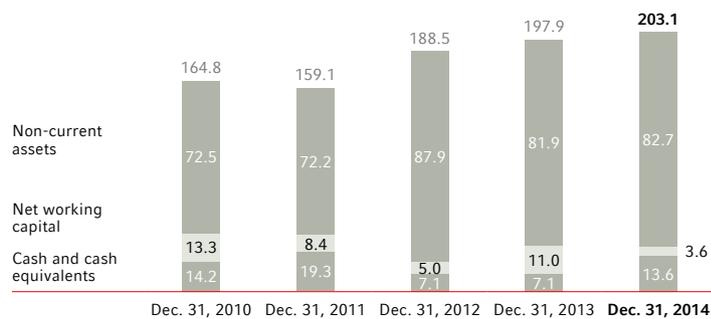
The rise in non-current assets by 5.7 million euros to 167.8 million euros is mainly attributable to an increase in CEWE's fixed assets (6.1 million euros to 155.4 million euros). Here, operational investments in the company's fixed assets amounted to 35.4 million euros, of which 31.0 million euros related to property, plant and equipment and 4.4 million euros to intangible assets. Investments in financial assets totalled 2.1 million euros. CEWE invested 2.5 million euros in the acquisition of customer bases. Overall, at 40.1 million euros investments were 6.9 million euros higher than the scheduled depreciation figure of 33.1 million euros. Within the scope of the regular impairment tests required by the IFRS for fixed assets, the Group's intangible assets have been reduced by 0.3 million euros, as outlined in the "Results" section for the respective business segments. Investments include the customer base and brand rights acquired in the Photofinishing business segment with a value of 2.5 million euros and seed investments for related business sectors which have been reported under financial assets, such as the company's support for the "High-Tech Gründerfonds" seed investor with a volume of 2.1 million euros.

### Operating net working capital falls to 37.1 million euros, mainly due to lower inventories

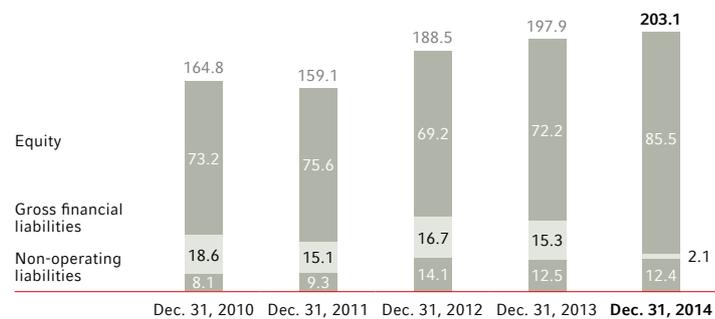
CEWE has thus reduced its inventories year-on-year by 10.2 million euros to 48.9 million euros and its trade receivables by 4.5 million euros to 84.3 million euros. The decline in inventories is mainly due to the company's relinquishment of its capital-intensive and low-margin wholesaling business. The reduction in trade receivables was also significantly influenced by the decline in receivables in the Retail sector, due to the considerable decrease in wholesaling business. The accounts receivable period has also improved in the Photofinishing segment. This was offset by the decrease in trade payables, by 5.0 million euros to 96.1 million euros, which likewise reflects the considerably reduced volume of purchasing in the Retail segment. In line with the reduction of operating net working capital by 9.8 million euros to 37.1 million euros, the scope of operating net working capital has decreased year-on-year from 22 days to 17 days by comparison with December 31, 2013.

### Management balance sheet millions of euros and as %

#### Capital Employed



#### Capital Invested



**Other net working capital provides stronger contribution to financing**

On December 31, 2014, other net working capital amounted to –29.4 million euros (previous year: –25.0 million euros) and thus provided a stronger contribution to the Group's financing. While other gross working capital has increased by 1.2 million euros – mainly due to accruals and deferrals and increased transaction tax reimbursement claims – other current liabilities have risen by 5.6 million euros. The main reasons for this decrease are outlined in the "Cash flow" section.

**Capital invested: Increase in equity capital reduces Group's debt**

On December 31, 2014, the capital invested – whose value, by definition, was equivalent to the capital employed – totalled 203.1 million euros and was thus 5.1 million euros higher than in the previous year. The structure of the capital invested has changed: As outlined below, the equity capital included in this figure increased by 30.8 million euros to 173.7 million euros. The Group's non-operating liabilities have increased slightly, by 0.4 million euros to 25.2 million euros. On the other hand, the Group's gross financial liabilities have decreased by 26.1 million euros to 4.2 million euros.

**Solid balance sheet: Equity ratio increases to 51.1 %**

The dividend distribution in the amount of 10.6 million euros was more than made up for by the overall result of 17.7 million euros. This mainly comprises earnings after taxes in the amount of 21.4 million euros and income and expenses not affecting net income in the amount of –3.7 million euros. Besides the dividend payment, the owner-related equity capital changes have been influenced by the sale of treasury shares, with a volume of 26.8 million euros, and the exercise of the 2010 Stock Option Plan in the amount of –3.9 million euros. Overall,

owner-related equity capital changes totalled 13.1 million euros. The equity figure, which has risen more strongly than the balance sheet total, has caused the equity ratio to increase from 42.8 % as of December 31, 2013 to 51.1 % as of the end of the financial year.

**Non-operating liabilities increase slightly, by 0.4 million euros**

Non-operating liabilities have increased by 0.4 million euros, year-on-year, and thus remain almost unchanged at 25.2 million euros. As well as the 3.0 million euros decline in non-current financial liabilities due to reclassifications to the current segment, this includes an increase in pension accruals in the amount of 4.0 million euros.

**Conversion of net financial liabilities of –16.3 million euros into a net cash position in the amount of 23.5 million euros**

The Group's debt has decreased overall year-on-year by 25.1 million euros to 166.0 million euros. This mainly reflects a 26.1 million euros repayment of gross financial liabilities. These now amount to 4.2 million euros (previous year: 30.3 million euros). Net financial liabilities have even been reduced by 39.7 million euros. Accordingly, on December 31, 2014 CEWE had a net cash position in the amount of 23.5 million euros, compared to net financial liabilities of –16.3 million euros in the previous year.

### Financial flexibility ensures strategic leeway

The renegotiations for the company's credit facilities were completed at the start of 2013. CEWE thus secured extended financial leeway, well in advance of the expiry of the previous agreements. At the end of the year, the total credit line of the CEWE Group amounted to 117.7 million euros (previous year: 116.8 million euros). After deducting the total loan volume drawn down (4.2 million euros, previous year: 30.3 million euros) and allowing for the company's existing liquidity (27.7 million euros, previous year: 14.0 million euros), its liquidity potential totalled 141.2 million euros (previous year: 100.5 million euros). At the present time, there are no concrete plans for major individual investments or M & A projects, but this renewed financing structure offers major strategic leeway. As well as drawn-down fixed rate loans (4.2 million euros, previous year: 25.5 million euros), the company has long-term revolving credit lines which have been granted for up to six years as well as continuously renewed one-year lines whose overall purpose is financing of the company's liquidity requirements which fluctuate strongly in the course of a given year, due to seasonal factors; this ensures that CEWE is able to fulfil its payment obligations at all times.

All long-term credit commitments are subject to normal bank covenant agreements for an adjusted equity ratio of 22.5 % and net debt leverage of 3.0, in each case calculated as of the end of the financial year. No other significant collateral was provided. The agreement of these ratios also ensures adequate strategic leeway. The company regularly exceeded or undershot these conditions with large and comfortable margins (equity covenant: 45.8 %, previous year: 36.1 % and net debt leverage: -0.35, previous year: 0.24). These loans have been granted subject to normal market terms. The CEWE Group's regular investment budget is fully financed out of its operating cash flow. As well as equalisation of liquidity in the course of the year, these credit facilities are also available for larger strategic measures.

### Gold balance-sheet rule complied with

Overall, the stability of CEWE's balance sheet has once again been confirmed through the traditional gold balance-sheet rule: Even in case of a continuing high ratio of fixed assets to total assets, non-current assets (49.4 % of the balance sheet total, previous year: 48.5 %) are full covered by equity (51.1 %, previous year: 42.8 %) and by non-current liabilities (8.2 %, previous year: 8.7 %).

## Cash flow

- ▶ *Reduction of working capital causes operating cash flow to increase by approx. 50 %*
- ▶ *Free cash flow more than doubled*
- ▶ *Higher investment cash flow due to investments in start-up companies*

The following comments initially refer to the cash flow in the past financial year. At the end of this section, details are provided for the fourth quarter.

Due to an EBIT increase of 3.7 million euros to 32.6 million euros, non-cash depreciation with a volume of 33.5 million euros (2013: 37.9 million euros) was eliminated from CEWE's cash flow statement. The EBITDA figure thus amounted to 66.1 million euros (2013: 66.9 million euros). The other non-cash adjustments which did not have any effect on operating cash flow from operating activities, such as non-realised foreign-currency effects, changes in non-current receivables and non-current liabilities – mainly in the area of pension accruals – amounted to –0.8 million euros (2013: –0.3 million euros).

**Free cash flow** millions of euros



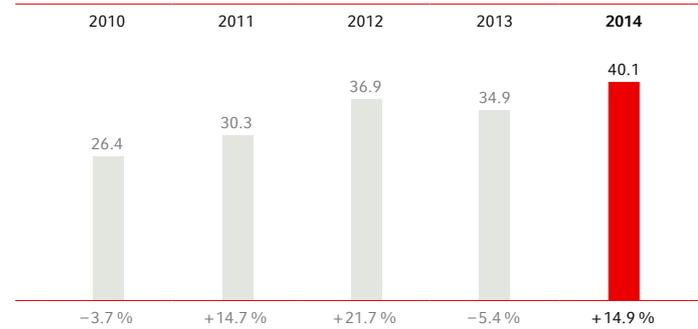
Change on previous year

## Reduction of working capital causes operating cash flow to increase by approx. 50 %

In the financial year 2014, the working capital-induced cash flow increased by 26.0 million euros to 13.0 million euros and has thus clearly strengthened the cash flow from operating activities, having weakened it by –13.1 million euros in the previous year. In particular, this has caused operating cash flow to increase by 47.5 % or 22.9 million euros to 71.2 million euros, as outlined below.

The Photofinishing business segment contributed the largest share of the working capital-induced cash flow, with a decline in operating net working capital. By comparison with the previous year, it provided a cash flow improvement. This is due to the stabilisation of the seasonal level of trade receivables which fell in the current year, having negatively affected cash flow in the previous year. A cash flow improvement has resulted from this.

**Investments** millions of euros



Change on previous year

Due to the change in the volume of Retail business in Poland, in the past financial year CEWE reduced its operating net working capital. This resulted in a cash flow improvement by comparison with the previous year. This net working capital effect in the Retail segment was mainly due to the significant reduction in inventories, which provided a cash flow improvement, as well as the decline in trade receivables resulting from the lower volume of procurement, a cash flow improvement on the previous year. However, the reduced volume of inventories is also reflected in the decrease in trade payables – which resulted from the lower volume of procurement – which thus had a negative cash flow effect.

The other working capital mainly reflects the turnover-related increase in the net turnover tax burden in December, as in the previous year. The cash contribution has thus increased by 3.0 million euros to 4.1 million euros.

The volume of income taxes paid through tax payments increased by 1.9 million euros in the year under review, thus totalling 7.3 million euros. As a result of the accrual of CEWE COLOR AG & Co. OHG within the scope of the change of form of CEWE COLOR Holding AG to become CEWE Stiftung & Co. KGaA, in the financial year 2013 tax pre-payments of CEWE COLOR AG & Co. OHG were reimbursed and were only collected from CEWE Stiftung & Co. KGaA in the period after December 31, 2013.

Overall, the cash flow from operating activities amounted to 71.2 million euros and was an impressive 22.9 million euros higher than in the previous year.

#### Cash flow from investing activities returns to a normal level, in the amount of 43.1 million euros

Outflows for investments in fixed assets amounted to 35.4 million euros and were thus almost unchanged on the previous year (35.3 million euros).

Of these 35.4 million euros, 31.0 million euros were invested in property, plant and equipment and 4.4 million euros in intangible assets. In the property, plant and equipment segment, expenses amounting to 9.2 million euros were incurred for the company's point-of-sale presence. 8.4 million euros were invested in digital printing and finishing, while 4.0 million euros were invested in offset printing and finishing. 3.6 million euros were committed for the expansion of the company's IT infrastructure. The remainder, in the amount of 5.8 million euros, comprises investments in buildings, the fleet of vehicles and other installations. As of December 31, 2014, commitments amounted to 8.3 million euros (previous year: 1.6 million euros). Of this amount, 7.9 million euros (previous year: 1.5 million euros) consisted of property, plant and equipment and 0.3 million euros (previous year: 0.1 million euros) comprised intangible assets.

Outflows from the purchase of consolidated interests and acquisitions amounted to 4.9 million euros in the past financial year (previous year: 0.3 million euros). Outflows of 2.1 million euros for financial assets (previous year: 0.8 million euros) and 1.3 million euros for non-current financial instruments (previous year: 1.1 million euros) comprised start capital invested in current and related business segments, as well as the company's support for the "High-Tech Gründerfonds" seed investor.

Inflows from the sale of property, plant and equipment in the amount of 0.6 million euros (2013: 2.4 million euros) had a positive effect on cash flow from investing activities. Cash flow from investing activities thus amounted to 43.1 million euros (2013: 35.1 million euros).

**Free cash flow more than doubled**

Free cash flow amounted to 28.1 million euros, compared to 13.1 million in the previous year. This strong increase is attributable to the above-mentioned 22.9 million euros increase in operating cash flow. This contrasts with a significantly lower –8.0 million euros rise in cash flow from investing activities. The upshot is that free cash flow has increased by a strong 14.9 million euros or 113.7 %.

**cash flow from financing activities, in the amount of –14.5 million euros.**

In 2014, cash flow from financing activities amounted to –14.5 million euros, a 2.2 million euros cash-out decrease on the previous year. Payments to shareholders in the year under review, 2014, increased by 1.1 million euros to 10.6 million euros, while the exercise of the Stock Option Plan 2010 impacted on cash flow from financing activities, in an amount of 3.2 million. On the other hand, in April 500,000 treasury shares were sold within the scope of an accelerated placement procedure. These shares were offered for purchase to qualified investors in Germany and other European countries and were placed at a price of 54 euros. The gross proceeds for CEWE resulting from this issue amount to approx. 26.8 million euros. This money has been used for repayment of the company's financial liabilities. Interest payments have thus fallen to –1.4 million euros, a cash flow improvement of 0.7 million euros. On account of its financing structure, CEWE was able to fulfil its liquidity requirements at any time during the course of the year, as outlined in the section "Balance sheet and financing" (p. 88).

**Fourth-quarter cash flow reflects decrease in working capital**

In the fourth quarter of 2014, the company's EBITDA increased by 0.8 million euros to 46.3 million euros. Its working capital-induced cash flow rose by 12.8 million euros to 7.2 million euros. After deduction of tax payments in the amount of –4.2 million euros, cash flow from operating activities increased by 7.2 million euros to 48.3 million euros.

As in the previous year, in the fourth quarter of 2014 CEWE once again invested in the necessary expansion of its capacities (–13.2 million euros; previous year: –11.1 million euros). It also made an acquisition with a value of 1.6 million euros and invested 1.8 million euros in start-up companies. The cash flow from investing activities thus amounted to –16.2 million euros (2013: –10.7 million euros).

The free cash flow reported for the fourth quarter accordingly totalled 32.1 million euros (2013: 30.4 million euros).

## Return on capital employed

- ▶ Average capital employed stable at 192.9 million euros
- ▶ The earnings trend for the Photofinishing business segment has caused the ROCE to increase from 15.0 % to 16.9 %

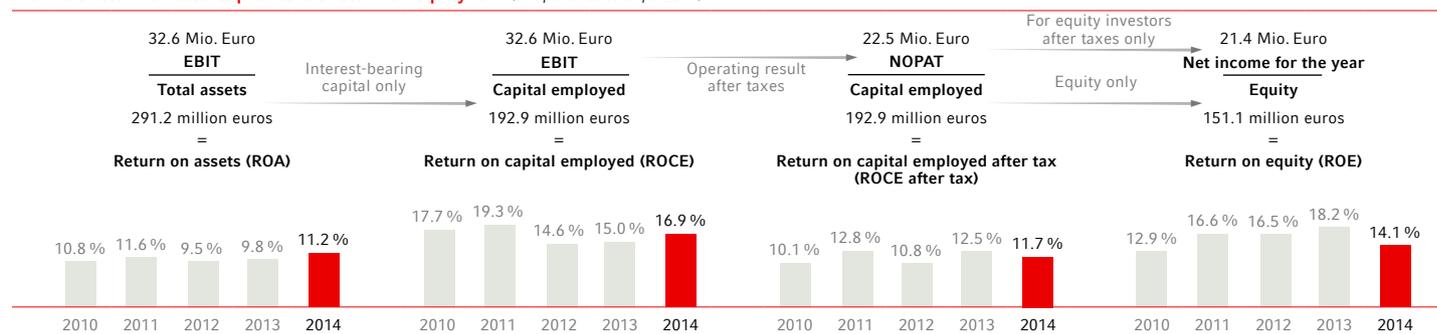
### Average capital employed stable at 192.9 million euros

The return on capital employed is calculated on the basis of the ratio of the total profit in a given year and the average volume of capital employed in a given year. The annual return on investment is thus determined by dividing the profit by the volume of capital employed. As indicated in the balance sheet chapter, as of December 31, 2014, the capital employed figure was 203.1 million euros and thus 5.1 million euros higher than as of the end of the previous year. However, in 2014 the average level of capital employed calculated on the basis of the four quarterly reporting dates within an annual cycle only amounted to 192.9 million euros and was thus unchanged by comparison with the same period in the previous year. Since the level of working capital is lower, on average, by comparison with December 31, this has had a lesser effect on the average level of capital employed.

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Page 88 | Balance sheet and financing

From the return on total capital to the return on equity as % (sample calculation for 2014)



**ROCE increases from 15.0 % to 16.9 %**

In 2014, the EBIT figure (see the section “Earnings and P&L structure”, page 83) increased from 28.9 million euros to 32.6 million euros. In relation to the average level of capital employed, in 2014 the return on capital employed thus increased from 15.0 % to 16.9 %. In the previous year, the return on capital employed merely rose from 14.6 % in 2012 to 15.0 %. As set out in the reporting on the company’s business segments, the Photofinishing business segment drives the Group’s productivity through its strong earnings trend and safeguards the Group’s investments in its new Online Printing business segment.



## Overall statement on the economic situation

On the basis of the Group's development in the financial year 2014, the Board of Management considers that its economic situation is positive.

The "Results" chapter includes a detailed discussion of developments in terms of turnover and earnings in the Group's various business segments, its P&L structure, its balance sheet and financing structure and its cash flow and return on capital employed. Its volume targets were achieved or even exceeded. The Group also realised all of its earnings targets, even though the Retail business segment has provided a clearly negative EBIT contribution (-2.9 million euros).

In the Photofinishing segment, the company is not only successfully realising a product transition comprising the transfer to digital turnover of the low level of remaining turnover realised from analogue photos from film, for its digital turnover too by means of value-added products – CEWE PHOTOBOOK particularly – it has also successfully made up for the decline in laboratory-printed individual photos which is now underway. With these value-added products – which consumers purchase directly from CEWE in some cases – CEWE is achieving a stronger level of value creation and is thus able to realise a slightly higher margin.

As outlined in the description of the related business model, Retail plays a key role in this trend, but not primarily in the photographic hardware retail segment. Instead, it serves as a photo marketing showcase for CEWE's business partners and as a distribution channel for Photofinishing products in several countries. It successfully performs this role, as documented by its turnover volume slightly in excess of 30 million euros. This turnover results from CEWE's photo

products in its Photofinishing business segment and is accordingly recognised within this segment, which handles most of the related advertising activities. However, these products are sold through the websites or branches of CEWE's Retail business segment.

Accordingly, the earnings realised by Retail through hardware alone (cameras, lenses, tripods etc.), which were negative in 2014, only partially reflect its actual results. Nonetheless, there is clear scope for improvement here.

Commercial Online Printing is CEWE's third key area of business. This is a growing market segment in the major printing market, for which CEWE is already well positioned thanks to a number of areas of expertise which it has developed in Photofinishing: Online marketing, online ordering systems and order acceptance, processing of digital orders, digital printing production, mail-order shipping and the full range of support systems such as online payments, customer service through various communication channels etc. have formed part of CEWE's core competences in the area of Photofinishing for some years now. Through its acquisition of Saxoprint in 2012, CEWE added offset printing to CEWE's areas of expertise, to enable efficient production of large print runs. Online Printing has thus become a genuinely new business segment which offers a positive outlook for CEWE. Earnings in 2014 confirm this perspective: The turnover goal of 70 million euros has been achieved (70.5 million euros, +17.8 %).

At the start of 2015, CEWE's business development matched the Board of Management's expectations and confirmed the targets which it had indicated for the financial year 2015 in its "Report on expected developments" chapter.

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Sustainability report

PDF download at:  
[http://company.cewe.de/de/  
unternehmen/nachhaltigkeit.html](http://company.cewe.de/de/unternehmen/nachhaltigkeit.html)

Request hardcopy:  
[nachhaltigkeit@cewe.de](mailto:nachhaltigkeit@cewe.de)

## Sustainability

Sustainable growth is an integral component of the company's goals and of the measures which it pursues in relation to economics and ecology, human resources and social responsibility.

CEWE was one of the first SDAX companies to establish a sustainability report, in which it has now documented its activities every year for the past six years. It does so in compliance with the current guidelines of the Global Reporting Initiative. The latest guideline (GRI G4) – which CEWE will implement this year – places a stronger emphasis on materiality in reporting and comprises both new and updated reporting requirements in relation to issues of management, ethics, integrity, the supply chain, anti-corruption activities and greenhouse gas emissions. This year's report has been reviewed by the auditor BDO AG, Wirtschaftsprüfungsgesellschaft, Hamburg, for the first time. The Board of Management member Andreas F. L. Heydemann is responsible for CEWE's positioning in this respect. He chairs the sustainability coordination group, which comprises all of CEWE's areas of competence. The goal is thus to anchor issues of sustainability at every level of the company and to integrate them as a fixed element in all of its activities. As in previous years, the sustainability report for 2014 will be presented at this year's general meeting. Accordingly, individual areas are only briefly covered in the following section of this Annual Report. You may obtain a printed copy of the German or English report by sending an e-mail to: [nachhaltigkeit@cewe.de](mailto:nachhaltigkeit@cewe.de). You can also download CEWE's sustainability reports and films at <http://company.cewe.de/en/company/sustainability.html>.

## Corporate responsibility

### Responsibility in line with the model of a corporate good citizen

CEWE has a long-established tradition of assuming responsibility, generally in line with the good corporate citizen model. A good corporate citizen and thus a responsible business enterprise can be considered in reference to various areas of responsibility, each of which contributes in various ways to this enterprise's economic success. Besides its general social responsibility CEWE thus seeks, in particular, to act honourably in relation to its employees, customers, suppliers and competitors as well as its investors. CEWE considers itself to be bound by the laws of fair competition and expects compliance with applicable regulations in every area of its business activities. CEWE believes that sustainable activities are the sole means of ensuring a company's long-term success.

Integrity, honesty and responsibility also shape its daily activities in relation to its workforce of more than 3,000 employees. Its compliance rules for the fulfilment of codes of conduct, laws and regulations have been defined for all of the countries in which it operates.

The Board of Management and the Supervisory Board are committed to the principles of sound and responsible management and supervision, in compliance with the German Corporate Governance Code.

CEWE also maintains an active dialogue with stakeholders, so as to comply with expectations at the local and international levels. In early 2014, the company held an internal and external stakeholder survey for the first time, to enable more concrete definition and planning of its key requirements.

CEWE's corporate culture is shaped by partnership and by respect for the individual. Reciprocal trust and respect and the principle of delegation of responsibility serve as the foundations of its partnership-based management model. Its employees are thus granted the greatest possible discretion and participate in decision-making processes and in the company's economic success through this position of responsibility. Well-informed and highly-motivated employees serve as a guarantee of quality, efficiency, innovation capacity and growth.

## Economic responsibility

### Capital growth through efficiency and responsibility

From an economic point of view, sustainability means investing in the company's fitness for the future. CEWE therefore began early on to continuously adjust to changed market conditions and to promote product innovations. This is true both of new product ideas and of innovative software solutions, such as the inclusion of videos in CEWE PHOTOBOOK and the company's mobile apps. Moreover, CEWE's economic forecast is based on technological and market trends which derive from a broad variety of sources. In this regard, CEWE's management will continue to consistently focus the company on attractive growth markets, to increase the efficiency of its processes and its use of resources and to deploy new IT technologies.

The CEWE Group will thus achieve a permanent improvement in its enterprise value through its capacity for innovation and its performance. The CEWE brand stands for a brand commitment which is reflected in software quality, printing and bookbinding quality, speed of production, quality of service and the diversity of its products.

Through this orientation, CEWE clearly focuses on optimising its long-term business situation. Earnings for a single quarter or sometimes even for an entire year are viewed in the perspective of the company's long-term strength. CEWE creates added value through its business activities rather than financial fine-tuning. CEWE's financial management reflects a conservative and long-term orientation and thus strengthens its operational value creation activities in the areas of R & D, marketing, distribution and production and all other functions, which are able to operate with freedom from any financial restraints. For this purpose, the company's financing structure emphasises a solid supply of borrowed capital, with long-term facilities strongly represented, as well as a high equity ratio. This offers

strategic freedom and long-term security. The same applies for the company's equity. CEWE is interested in investors with a long-term outlook. Moreover, a further consequence of CEWE's long-term outlook is its openness to investments and its capacity to handle them. However, each and every investment undergoes a substantial review process. This reflects CEWE's highly developed cost awareness, which is typical for the SME sector.

### Quality management

CEWE's quality management activities match consumers' high expectations. Due to the exacting standard which it requires for its individual products, the company is highly accommodating in its dealings with customers, particularly in handling any complaints. Complaints also serve as an important form of feedback for product improvements and therefore have an important status within the continuous improvement process, which serves as the foundation of our quality management system.

As well as the company's evaluation of complaints, a large number of internal and external tests are implemented with the goal of continuous improvements in product quality. Product quality is shaped by printing and photographic processes and also by picture optimisation within the scope of CEWE's own digital production workflow. This is reflected in terms of the general sense of responsibility for quality at the company's headquarters and at all of its plants.

CEWE's quality management process begins with the selection of its procedures and materials used. All of the materials used are regularly reviewed and evaluated together with a quality control process for the company's suppliers.

It maintains a high level of photographic processing and electrophotographic digital printing procedures, to ensure uniform colour quality throughout the company. For this purpose, CEWE continuously develops its process review mechanisms. For ink-jet printing, twelve-colour systems are used with pigment-based inks which guarantee a maximum colour space, improved shades and optimum stability.

Processing of digital data is particularly important in this process. CEWE's digital production workflow is programmed and undergoes continuous improvement processes. Likewise, for image processing the best possible software is used, with adjustment of this software's parameters and continuous testing.

For the quality control procedure at the end of the complex production process, high-grade products in particular are all reviewed 100 %, while other products are checked in line with statistical requirements.

#### Materials and product safety

Product safety and eco-friendliness are the key criteria for materials and product safety. The marketability of all of the company's materials is continuously reviewed, in close coordination with its suppliers. Current legislation is actively monitored, and the company also implements additional product tests in compliance with all of the current recommendations of the German Federal Institute for Risk Assessment (Bundesinstitut für Risikobewertung, BfR). For the key area of digital printing paper, all of CEWE's plants are FSC® certified (Forest Stewardship Council for sustainable forestry). CEWE has a long-established tradition of exclusively using FSC®-certified paper for CEWE PHOTOBOOKS and other digital printing products.

## Environmental responsibility

CEWE seeks to express its environmental policy shortly and succinctly: “Save energy, protect water, use resources sparingly, ensure occupational safety”. This covers all of the key environmental impacts of CEWE’s activities. The company is focusing on improvements in individual areas. Implementation of these goals and environmental responsibility have been underpinned by the introduction of the environmental management system DIN EN ISO 14001. The company’s headquarters in Oldenburg have been certified since 2011, as have its German photo laboratory and digital printing plants in Freiburg, Mönchengladbach and Munich since early 2013.

### Saving energy and our carbon dioxide footprint

CEWE first participated in the Carbon Disclosure Project ([www.cdproject.net](http://www.cdproject.net)) in 2005 and has subsequently done so every year since 2010. Germany’s 200 largest public limited companies publish their carbon dioxide emissions through this project. Due to the high level of quality and the transparency of its published figures, in 2010 and 2011 CEWE was included in the Carbon Disclosure Leadership Index. In 2014, the results of this scoring exercise were once again better than in previous years.

The direct (scope 1) CO<sub>2</sub> emissions caused by CEWE in 2014 amounted to 3,026 t, while indirect emissions (scope 2) totalled 10,218 t. They have thus once again declined on the same period in the previous year. Turnover-related CO<sub>2</sub> emissions have fallen below a volume of 25 t per 1 million euros of turnover for the first time. On the other hand, CO<sub>2</sub> emissions which are not caused by business activities but are affected by them (scope 3) – e. g. due to the supply of goods and delivery logistics – are significantly higher.

Accordingly, the company’s energy saving management programme not only focuses on internal processes but also considers optimisation of supplier and distribution logistics. Examples of this include the company’s participation in the climate-neutral postal delivery service of Deutsche Post DHL GoGreen and UPS’ Carbon Neutral scheme for mail-order shipping. A further example is the company’s involvement in the ERTEMIS project for implementation of a Green IT strategy in cooperation with the universities of Oldenburg, Osna-brück and Göttingen.

The company’s efforts have resulted in the grant of a “Blauer Engel” award for its new data centre at its Oldenburg headquarters. The company established its Green IT system in line with the latest ecological criteria and commissioned it in early 2012. This has reduced power consumption and thus also scope 2 CO<sub>2</sub> emissions by approx. 150 t/a.

In 2014, at its Eschbach (Freiburg) and Germering (Munich) plants, the company installed and commissioned two photovoltaic systems with a total peak output of 250 kW. CEWE envisages annual CO<sub>2</sub> emissions savings amounting to a good 100 t (scope 2).

### Conserving water

CEWE uses water for the photographic development of film and photographic paper. The conservation of water requires its economical use. In 2014, CEWE used around 2.2 l of water per m<sup>2</sup> of photographic paper. This represents a reduction of 60 % on the reference year, 2002. CEWE’s successful efforts to achieve the lowest possible environmental impact for its waste water discharge volume are also worthy of mention. The central analysis laboratory at the company’s Oldenburg plant continuously monitors all relevant waste water values for all of the company’s laboratory sites.

### Conservation of resources and production-integrated protection of the environment

The company's Oldenburg plant also analyses samples from the photographic developing baths at all of CEWE's plants. As well as a comparison of this analytical process review with its sensitometric process review, compositions are calculated for all of the company's recycling processes. This enables recycling of photo chemicals while maintaining a consistently high level of quality. CEWE achieves average recycling levels here of 89 %.

Particularly notable is the silver which results as a by-product of the photographic process. In 2014, CEWE regained around 5.6 t of silver from its chemical baths.

### Ensuring occupational safety

Occupational safety and protection of the environment are core issues at CEWE, which it pursues in line with best practice and beyond the scope of relevant legal requirements. Occupational safety and protection of the environment are directly linked in terms of the handling of chemicals such as those used in digital printing, bookbinding and photographic processing.

For instance, polyurethane-based reactive adhesives are used for the adhesive binding of book blocks for CEWE PHOTOBOOK. This accounts for the very high level of tensile strength of the pages in a CEWE PHOTOBOOK. The company's adhesive binding machines use modern low-emissions jet systems. Additionally installed suction units ensure safety.

As with other potentially critical workplaces, external testing institutes are commissioned with the measurement and assessment of air standards, to ensure extensive occupational safety.

Liquid toners are mainly used for printing of CEWE PHOTOBOOKS, so that no particulate matter is produced. All of CEWE's digital printing machines have integrated filtration systems which clearly reduce ozone emissions to below the workplace exposure threshold value.

Water-based inks and immediately cross-linking UV inks are used for ink-jet printing for manufacturing of selected digital printing products such as canvas pictures, gallery prints, display shop products and gift products. This avoids the emissions which result from volatile hydrocarbons.

In the area of photographic processing, CEWE completely makes do without final baths containing formalin. Its CN film process only uses bleaching baths which are biologically degradable.

## Social responsibility

As well as the qualifications and the performance of its employees, the economic success of the CEWE Group also critically hinges on their motivation and commitment. For full leveraging of these key factors, CEWE offers and supports a broad range of development opportunities for its employees. This begins with initial training and covers employees' entire careers, with advanced training as well as personnel development programmes. CEWE ensures a high level of safety in the workplace and promotes occupational health and safety.

### CEWE's employees

In 2014, around 49 % of the company's workforce was female in Germany (previous year: 51 %); all of the figures in this section refer to CEWE's German plants). Its employees' average age is 42.5 years (2013: 42.4). The high level of employee satisfaction is represented in terms of the level of fluctuation, which amounted to 7.5 % in 2014 (previous year: 7.9 %). In 2014, the average length of service with the company was 11.6 years (previous year: 11.4 years). There are thus a large number of anniversaries to celebrate every year: In 2014, 162 employees reached anniversary milestones in their service with the company. A significant number of them have been with CEWE for more than 25 years.

In the past year, CEWE was once again the largest employer and training provider in the photography industry. In the past financial year, in Germany the company had 125 apprentices for 13 different professions (previous year: 124). This continues to represent a volume of apprenticeships in excess of 5 % of all employees in Germany.

### CEWE FORUM

Advanced training is fun, it inspires employees and it promotes satisfaction and self-confidence. CEWE's advanced training programme also reflects its capacity for innovation. There were thus many good reasons to offer the company's employees its extensive training programme, CEWE FORUM, for a second consecutive year. This is designed to ensure that the company's employees enjoy this training

while developing their skills in line with the company's guiding principles and performing their work roles confidently and with a sense of satisfaction. The CEWE FORUM is open to executives as well as specialist staff of CEWE. Our common goal is to ensure the greatest possible level of commercial success for CEWE. To achieve this goal, the range of seminars has been drawn up in line with the company's key principles, enabling executives at every level and also specialist staff to develop their expertise and exchange their individual insights in specially designed seminars.

### Talent management – CEWE's junior executive programme

People produce outstanding performances above all if they are given appropriate roles and the chance to develop continuously. CEWE's junior executive programme helps to provide the instruments to prioritise the placement of gifted young staff in positions offering promising prospects.

The first year group was launched back in 2011 and successfully completed this programme in mid-2013. The third year group is now in progress and is enthusiastically pursuing 11 different modules over a period of 18 months. During this time participants are also supervised by the members of the Board of Management, in joint meetings and discussion groups such as "fireside evenings".

### Leadership – setting an example

In 2013, the company launched CEWE's Leadership Programme which consists of two-day workshops attended by 20-strong groups of executives, regardless of hierarchy or the locations of their plants. We seek to strengthen the level of compliance with the company's leadership mission, to sensitise our executives' to their own leadership behaviour and to identify priorities for their personal development as well as broader options. CEWE's Leadership Programme is entirely consistent with the guiding principles of CEWE's leadership mission. In 2014, the company once again held two leadership training sessions which CEWE executives attended.

### Holistic healthcare

Holistic health awareness for employees is a key element of a company's sustainable and positive long-term development. Healthy employees simply feel better – and they are also more effective, more reliable and better motivated. For this reason, too, CEWE emphasises healthy workplaces and actively supports its employees through various healthcare measures.

From a company sports programme to prevention of drug dependence – CEWE employees benefit from a wide range of services promoting a healthy lifestyle. CEWE prepares its executives for everyday work with seminars on healthy work styles and healthy leadership techniques.

### Health and environment day – maintaining a dialogue with employees

A few years ago CEWE established its health day as part of the company's health management programme. Since this time, this day has been held every year at the company's headquarters in Oldenburg. In 2013, environmental issues were added to CEWE's health day, which is now a health and environment day.

For an entire working day, CEWE encourages a dialogue with its roughly 900 employees on health and environmental issues associated with their work and personal lifestyles.

As well as passing on information, the goal is to experience things "live" (e.g. by riding an e-bike or taking part in a Qigong lesson). CEWE invites interesting external experts, thus enabling its employees to gain as much first-hand information as possible and to obtain professional advance on specific issues. For instance, health not only involves exercise and nutrition, but also the physiological, psychological and social aspects of employees' work and personal lives.

### Seminars and lectures

As part of the CEWE FORUM and CEWE's KNOWLEDGE programme, CEWE offers its executives and employees seminars and lectures on healthy work styles and healthy leadership techniques. Tackling stress: Keeping calm and avoiding stress – maintaining health and avoiding burnouts, all-round fitness – nutrition, exercise and mental fitness are just a few of the seminars which the company offers as part of an extensive range. Employees and executives are increasingly requesting a broader selection of tools for their personal health management needs. CEWE's holistic healthcare programme is to undergo continuous development.

### Occupational safety

Employees are only able to work productively and to make optimal use of their potential in a pleasant and safe working environment. Occupational health and safety is therefore a key principle in all of CEWE's activities.

CEWE encourages and monitors safe work practices by means of risk assessments, safety regulations and seminars. As well as routine safety instruction, employees attend annual fire safety assistance and first-aid training sessions.

### Career and family

CEWE takes seriously its responsibility to its employees and offers them a safe work environment as well as opportunities for their development. At CEWE, we are innovative and successful thanks to the diversity of our employees and their ideas and opinions. Employees' potential is encouraged regardless of their gender or their family circumstances. CEWE is thus in tune with social changes.

A variety of different measures are required in order to ensure the compatibility of employees' careers and their family needs. Child-care services during parents' work hours are always an important issue. CEWE thus continues to cooperate with "AWO Eltern- und Seniorenservice Oldenburg", which offers CEWE employees free consultations in order to arrange the placement of children – also during school holidays – and also senior citizens.

However, parents require childcare support above all for non-everyday situations. School holidays are one such situation: Schools and child-care facilities close down, and employees' annual leave is not enough to cover all of their children's holidays. To ease the burden on its employees during this special situation, for the last two years CEWE has offered a two-week childcare support service during the summer holidays. A total of 73 children of CEWE employees attended this programme during the two-week period in 2014. In cooperation with the "Spielefeuerwehr" children's entertainment company, they planned and built a fair, visited their parents' workplace and printed t-shirts with pictures that they had painted themselves.

By way of a further improvement in the compatibility of its employees' careers and their family needs, on July 2, 2014 CEWE opened its own large-scale day-care facility "cewelino". This new company childcare service offers CEWE employees a total of ten places for children under the age of three on the CEWE site, from Monday to Friday. Under the supervision of two government-registered kindergarten teachers, the

first few children are already very much at home in their new environment. This facility has everything to suit the needs of small children. It includes a pleasant outdoor area with toys and exercise activities as well as a child-friendly indoor area which caters to all of the needs of children under the age of three.

On October 10, 2014, CEWE was one of the first-ever companies to receive an "Excellent employer" certificate as well as a "Parent-friendly employer" submodule from the SOS Children's Villages' Global Partner initiative. This quality seal was developed together with the TÜV Rheinland certification company, which audited this new career and family compatibility standard within the scope of a certification process. CEWE was awarded this seal upon successfully completing this certification process. Europe's leading photography service provider and innovative Online Printing partner is thus one of the first companies to have received this award from TÜV Rheinland and the SOS Children's Villages' Global Partner initiative. All of the elements of CEWE's personnel management strategy were assessed in terms of balancing work needs with a modern understanding of the role of mothers and fathers.

CEWE has also taken part in the Hertie Foundation's "audit berufundfamilie" work and family audit programme. The charitable Hertie Foundation awarded CEWE an "audit berufundfamilie" certificate in August, for its family-oriented personnel policy. This recognised quality seal certifies employers' high level of competence in balancing family and career needs. Practical implementation is continuously verified. Leading German industrial associations recommend this audit, of which the German families minister and minister of economics serve as patrons.

## Social responsibility

Social commitment is part of CEWE's corporate culture. CEWE pursues a dialogue with representatives from the fields of politics, economics and other relevant social stakeholders. Due to its strong community roots, CEWE has traditionally sponsored a wide variety of projects throughout Europe at its various plant locations and also supports employees pursuing charitable activities. The company's social commitment extends to four core areas: social affairs, sport, culture and education. The company prioritises long-term projects where it is able to contribute its expertise and experience and can support young people. As well as national emergency projects, at its plant locations the company also provided a broad range of assistance in support of an intact and attractive community.

### Social commitment

The company's social projects focus on families and children in crisis situations. As well as the Philipp Lahm Foundation, CEWE's partners include institutions for the disabled, hospices for children and adolescents and medical centres. In 2014 CEWE expanded its partnership with SOS Children's Villages. This partnership is characterised by various plants' close involvement in the project. While CEWE's plants in Germering, Eschbach and Mönchengladbach support regional children's villages, the company's Oldenburg plant focuses on Ghana and sponsors the children's village in Kumasi as well as the associated school. SOS Children's Villages also received financial assistance to help alleviate the effects of the Ebola virus in Africa. New partnerships are also in preparation in France, Belgium, Austria, the Czech Republic, Budapest, Poland and Norway. The company will thus broaden its commitment to the locations of its European plants in 2015.

### Sponsorship of culture

CEWE actively contributes to cultural diversity at the locations of its plants by sponsoring cultural projects and cultural institutions. A particular area of focus is sponsorship of photography as a form of cultural expression. CEWE is a partner of well-known photography festivals. It also organises and supports prestigious photography competitions

such as the "Internationale Naturfototage" in Fürstenfeldbruck and the environment-themed photography festival "horizonte zingst".

The company also made its mark in 2014 through its premium partnership with Hamburg's Deichtorhallen institution. Following its presentation in Hamburg, the outdoor exhibition "The Children of Tacloban – 100 Cameras for 100 Children" transferred to ARD TV station's Berlin studio. Further venues are also planned for this exhibition.

### Education and support for young people

CEWE maintains links with a large number of educational establishments, through a broad-based network. This encompasses close links with various schools and universities, ensuring a continuous exchange between the realms of theory and practice. This form of cooperation encourages innovations and offers numerous opportunities for ongoing development. Support for young people in the form of apprenticeships is another priority area. CEWE offers tomorrow's specialists excellent prospects and opportunities through its partnership of many years' standing with the state vocational college Photo + Medienforum Kiel, its award of the Heinz Neumüller Prize for outstanding degree results and its award of scholarships for doctoral studies, master's degrees and research projects at the University of Oldenburg, Jade University of Applied Sciences and Cologne University of Applied Sciences. For the past 16 years, the company has also hosted the corporate planning exercise "Management Information Game" at its headquarters for pupils of Oldenburg's Liebfrauen-schule school.

### Sport sponsorship

Many sport associations benefit from CEWE's support. This is true of football, handball, basketball, hockey as well as running and equestrian sport, to name just a few examples. This enables the company to present its expertise as a printing partner in this field and facilitates the long-term positioning of its premium brand CEWE PHOTOBOOK.

## EVENTS AFTER THE BALANCE SHEET DATE

### Events of particular significance after the balance sheet date

There were no events of particular significance occurring after the balance sheet date.

## FORECAST, OPPORTUNITIES AND RISK REPORT

### Risk report

In its business policy, the CEWE Group aims to secure the company's future as a going concern and to achieve lasting growth in its enterprise value. In support of this goal, CEWE's activities throughout Europe entail a permanent and conscientious process of weighing up risks and opportunities. Taking opportunities and the ability to identify and analyse risks and to reduce them through suitable strategies are key aspects of its corporate activities. The Board of Management is continuously responsible for systematic management of risks and opportunities, which is a management task in each of its areas of responsibility.

#### Management's overall assessment of risks and opportunities

The overall level of risk is assessed through the company's opportunities and risk management system, in combination with its planning, management and control systems. Individual risks and opportunities are assigned to three different categories on the basis of the gross method: low level (less than 0.5 million euros), medium level (0.5 million euros to 2.0 million euros) and significant risks and opportunities (more than 2.0 million euros).

As of December 31, 2014 no serious risks apply. At the present time, individual risks – or risks arising in conjunction with others – are unlikely to impair the net assets, financial position and results of operations of the CEWE Group in a manner which jeopardises its existence.

The company sees slight opportunities in the form of turnover growth in the areas of Photofinishing, Retail and Printing, and medium-level opportunities in relation to tax recovery claims in a legal dispute with the tax authorities.

In organisational terms, CEWE has fulfilled all of the necessary requirements for early identification of possible risks and opportunities.

The CEWE Group's risks and opportunities management systems are closely integrated. The following section initially sets out the risk categories listed within the scope of its risk management system:

#### Strategic risks

In response to the changing nature of mobile devices and the growing importance of the Internet as an ordering channel, CEWE has reinforced its programming and development capacities in this area. By concentrating its development activities in-house, CEWE is seeking to widen its lead over the competition. CEWE is seeking to respond to declining Retail turnover in the area of hardware (camera sales) by means of new web shops. Due to a further decline in camera sales beyond the expected level, medium-level risks of a decline in Retail turnover now apply, particularly for Fotojoker, Poland.

### Operating risks

The market for films and analogue photos now accounts for less than 3 % of total turnover and continues to decline. The large volume of digital cameras has not resulted in an increase in the printing volume for digital photos, since many digital photos are kept on hard drives and are not printed out on photographic paper. With its product CEWE PHOTOBOOK and other value-added products such as CEWE CALENDARS, CEWE CARDS and CEWE WALL ART, the CEWE Group expects to achieve a further increase in its printing volume for these products. CEWE's immediate printing volume at the POS has also increased. In the Internet, as of the end of the year the company had once again increased its volume of calendars and cards – nonetheless, in principle there is a risk here of declining turnover.

As well as the volume trend, the price trend is also key for the company's success. CEWE's brand product CEWE PHOTOBOOK and the outstanding quality which this offers, the company's leading ordering assistant software package and its continuously expanded product range are the keys to success here. CEWE continues to work on improving the turnover generated by each CEWE PHOTOBOOK with high-gloss finishing, larger formats and more pages per book. In the analogue field, prices will be adjusted due to falling volumes, increased production expenses and higher photographic paper costs.

CEWE is also well placed in its growth field of Online Printing, with CEWE PRINT, Saxoprint and viaprinto. As outlined in the "Online Printing segment" section, this business segment is enjoying strong growth; we see more opportunities than risks here.

In regard to our suppliers of photographic paper, volumes have been consolidated with one main supplier and safeguarded through a long-term contract; however, alternative suppliers are also present on the market. There are also other attractive providers of paper for digital printing. The risks on the supply side are therefore seen as slight.

The purchasing risk for investment goods and photography bags has been reduced through new suppliers and a risk-oriented selection of suppliers. In general, alternative suppliers for strategic articles have been established in view of risk considerations.

The significance of major customers continues to rise due to increasing concentration within the Retail segment. The fact that CEWE's five largest customers account for a turnover share of less than 39 % with their individual distribution channels should be positively emphasised by comparison with other companies. Nonetheless, a medium-level risk still applies in relation to the loss of major customers. This is offset by an increasing share of direct business with consumers in several of CEWE's markets.

In the area of environmental risk, which is regularly monitored by means of internal checks at all of the company's production plants, once again no violations of environmental standards were reported in 2014; this risk is classified as low.

The CEWE Group depends on a large number of IT systems. The ongoing integration of IT systems in the company's business processes enhances the status of IT. Dependency on the availability and quality of data poses a medium level of risk potential. The non-availability of commercial or technical IT systems and applications may directly affect production or the company's logistics department. To minimise these risks, the CEWE Group has stable and generally redundant IT systems for specific users, back-up procedures, virus and access protection systems, encryption systems and integrated IT infrastructures and applications which are standardised through the Group. In the past financial year, the Group's commercial and technical IT systems were once again audited by external audit firms, to achieve further improvements in IT security and for increased efficiency.

The skills and commitment of all of our employees are critical to the successful development of the CEWE Group. There is a risk of the company losing good personnel and failing to recruit a sufficient number of specialist staff. To reinforce and strengthen these factors a large number of personnel measures have been implemented, also in response to the process of demographic change. These include an interesting range of initial and advanced training courses, attractive benefits and a performance-oriented remuneration package, as well as our “Balancing family and career needs” project. Human resources activities also focus on support for female employees. For key positions especially, stand-in and succession planning arrangements are regularly analysed, so as to appoint new junior executives in good time.

Operational risks resulting from the failure of machinery are seen as very slight, due to back-up facilities at other plants.

Thanks to the support of a large number of transport companies, the logistics risk is seen as limited. On the other hand, the risk of petrol price increases is considered to represent a medium-level risk.

### Financial risks

Reporting on the use of financial instruments is integrated within the general report on risks and opportunities, to ensure the uniform presentation of this information.

The management of liquidity, currency and interest rate risks and marketing of silver are handled by the CEWE Group’s Central Services, in close coordination with the responsible departments of the respective Group companies. The Group’s operating companies are responsible for the management and supervision of default risks; here too, the Group’s Central Services maintain a close dialogue with the affected departments of the Group’s companies.

Liquidity risks resulting from fluctuating cash flows are identified early on within the scope of CEWE’s liquidity planning. The Group’s use of liquid resources is optimised by means of cash pools as well as supplementary cash management measures. Due to its solid credit rating and the credit lines which its banks have granted with binding effect, CEWE has access to extensive liquid resources at all times. The organisation of external and internal payment transactions and the structure of its credit facilities are tailored to the extremely seasonal nature of its business and the related cash flow. CEWE generally negotiates and concludes new credit agreements with its partner banks in good time prior to the expiry of its old agreements. It thus maintains its extensive credit facilities and secures long-term, staggered terms and covenant agreements in keeping with its solid credit rating.

In terms of its currency risks, exchange rate fluctuations have only a very limited effect on CEWE’s competitiveness and earnings. The overwhelming portion of the Group’s operating business is handled in the euro. Functional currencies of the Group other than the euro account for around one third of its business volume. Almost all of the Group’s foreign currencies relate to local production plants with same-currency cash flows (natural hedge). Nonetheless, a medium-level risk applies for CEWE here.

Finance-related currency risks apply due to translation at the year-end rate into the functional currency of the respective foreign company for trade receivables and payables and other monetary items within the meaning of IAS 21. Overall, these possible cash risks are of minor significance. More extensive currency risks apply within the scope of measurement for consolidation (translation risks) and are not relevant for cash purposes. In line with this risk structure, CEWE does not use derivative instruments for hedging purposes or only uses them very rarely.

For CEWE, interest rate risks may arise due to potential fluctuations in the market interest rate. In principle, these risks may be significant for all of its assets (impairment tests for customer relationships, technologies and brands as well as goodwill) and debt positions (such as pension commitments and variable-interest rate financial liabilities), with a significant impact on valuations and earnings from the point of view of interest rates. We consider the risk of depreciation for assets to be slight. For the Group's financial positions, the risks are of very minor significance due to the financing structure and the strong seasonal fluctuations in net financial liabilities. Interest rate fluctuations resulting from revised credit risk premiums have been reduced through fixed long-term margins as well as CEWE's solid long-term credit rating. The Group's solid equity ratio and the medium-term fixed-rate loans which it has drawn down strongly reduce the risk-related variable-interest rate risk segment. Here, the seasonal cash inflow also further minimises risk, since it strongly reduces or even eliminates the Group's variable financing requirement for roughly half of the year. During phases in which CEWE's growing cash position reduces or even eliminates financial liabilities through fully drawn down loans, the interest rate risk thus only refers to the margin between the debit and credit interest rate. Moreover, in the area of interest rate risks on account of the prevailing risk structure derivative instruments are not used for hedging purposes or are only used very rarely.

In the area of film development (analogue photography) and the development of pictures on photographic paper (analogue and digital photography), silver residues are recovered by means of electrolytic procedures. The pure silver which results from this recycling process is sold on the open market. CEWE does not pursue any other raw materials trading or resale transactions. The potential for silver recovery is declining, due to the strong decrease in the volume of analogue photography as well as changes in photo products. This is reducing the relevance of the income obtained from sales of silver. Pricing on the market for pure silver is determined by means of a precious metal's value preservation function as well as its use as an industrial metal. Due to the costs of possible cover transactions and the company's declared avoidance of speculative measures, derivative instruments are not used for hedging purposes or else only used very rarely.

In the area of products and services, receivables relate to commercial third-party customers as well as consumers; other receivables apply in relation to the public sector, employees, insurance firms etc.; at CEWE, potential loss-related impairment is overwhelmingly attributable to commercial third-party customers. This risk is reduced by means of continuous monitoring of customers' credit ratings and payment behaviour in close coordination with the company's market-oriented departments and, if possible, covered by means of insurance. Moreover, in case of irregularities in customer relationships the volume of business is managed on the basis of individual decisions. Impairment of consumer receivables is minimised by means of a professional debt collection management system as well as risk avoidance and information-gathering parameters. The risk for other receivables is managed through close monitoring of individual counterparties. Any individual risks resulting are taken into consideration by means of sufficient valuation adjustments, insofar as the realisation of this loss is sufficiently probable, and are thus not included in this assessment.

### Legal risks

Material legal risks include potential violations of legal regulations or internal guidelines. Malicious acts such as theft, fraud, breach of trust, embezzlement and corruption may result in significant material damage as well as damage to the company's image. CEWE uses various instruments to deal with these risks. These include its corporate governance system, its internal control system, its internal audit system and its Group controlling function.

Medium-level or significant legal risks from ongoing proceedings or other disputes are not apparent at the present time. Sufficient provision has been made to cover litigation risks resulting from current business transactions by means of appropriate accruals; this will not be discussed in any further depth here.

In the event of the theft of customer data and thus non-compliance with applicable data protection legislation, there is a risk of liability claims under civil law, fines, loss of customers and damage to the company's reputation. No such cases have resulted to date.

## Report on opportunities

The CEWE Group's risks and opportunities management system is closely integrated. Possible future developments or events which may result in a positive deviation from planning are seen as opportunities.

With its three segments Photofinishing, Retail and Commercial Online Printing, CEWE operates in dynamic market segments which are enjoying rapid growth.

Exploiting opportunities in these segments by means of innovation, consolidation or organic growth and identifying further opportunities in adjacent and related new segments while avoiding unnecessary risks serve as the foundations of the CEWE Group's long-term growth. Opportunities may entail both internal and external potential.

Opportunities whose realisation is probable have been factored into CEWE's corporate planning and outlook for 2015. The following report on opportunities therefore concentrates on events which may potentially result in a positive deviation from these planning figures.

### Opportunities in the Photofinishing segment

CEWE sees relatively minor opportunities (less than 500 thousand euros) in additional income from further turnover increases provided by new ordering applications for mobile devices, should these gain even stronger acceptance among end-consumers than currently envisaged.

### Opportunities in the Retail segment

CEWE operates around 160 stores through its own Retail operations in Norway, Sweden, Poland, the Czech Republic and Slovakia. In the past two years, CEWE has changed over its web shops in Norway, Sweden and Poland to IBM WebSphere Commerce. With further optimisation of these applications, CEWE sees potential opportunities for further increases in turnover and income in the online segment.

### Opportunities in the Commercial Online Printing segment

Through Saxoprint and CEWE PRINT, CEWE is also expanding into neighbouring European countries in its Commercial Online Printing segment. Appropriate web applications are to be rolled out in markets including Belgium. If these new portals realise a better launch than has been assumed in CEWE's planning, the volume of turnover may rise more rapidly than planned.

### Tax opportunities

In a discussion with the tax authorities which has been ongoing for many months now and which concerns the recognition for tax purposes of expenses resulting from a debt waiver in relation to a foreign CEWE company – these expenses have been fully set aside – a positive ruling for CEWE offers the opportunity of a one-off positive increase in earnings amounting to a few million euros.

## Report on expected developments

### Commercial Online Printing growth – Photofinishing brand-building

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

In the Photofinishing segment, CEWE will continue to pursue its strategy of developing its CEWE PHOTOBOOK brand product which is positioned and marketed within the premium segment. Since 2013, other product brands – CEWE CALENDARS, CEWE CARDS and CEWE WALL ART – have now been marketed with the same positioning alongside the well-established CEWE PHOTOBOOK. The goal is for the positive consumer response to CEWE PHOTOBOOK to influence these other products. The advantages relating to product differentiation that are associated with the performance and quality standards maintained by the CEWE brand will be progressively exploited with respect to a growing product portfolio. This will also raise advertising efficiency and allow CEWE products to be “pre-sold” to consumers – a system that also benefits CEWE’s business partners.

### Continuing focus on Europe

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

### Ongoing work on technological foundations

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

### Permanent innovation includes products and services

CEWE’s portfolio of products and services is undergoing continuous development. Innovations have already served as the key source of momentum in the analogue/digital transformation. The company endeavours to keep up its innovation momentum in order to preserve and consolidate its leading market position. CEWE presented most of its current innovations in photofinishing at the photokina trade fair in September 2014. This included extensive software updates, new apps, various product improvements and the photo management solution CEWE MYPHOTOS. With CEWE MYPHOTOS, CEWE offers its consumers a system enabling them to store, organise and edit their photos. They can do so anytime, anywhere and on any device. CEWE MYPHOTOS is a system which enables customers to conveniently access their personal photos and to order CEWE photo products. Innovations in Commercial Online Printing are continuously incorporated in CEWE’s product range.

### IMF predicts a slight upturn in growth

The strong fall in the price of crude oil since the autumn of 2014 is expected to provide significant growth momentum for the global economy in 2015. However, the International Monetary Fund (IMF) is of the view that negative factors such as the weak level of investment may eclipse this momentum due to the reduced medium-term economic outlook in many industrialised nations and emerging markets. It predicts worldwide growth of 3.5 % for 2015 (2014: 3.3 %) and of 3.7 % for 2016. In the autumn of 2014, the International Monetary Fund accordingly already lowered its economic outlook by 0.3 %. The IMF sees the stronger-than-expected momentum resulting from the oil price trend as an opportunity, while a deterioration in sentiment, an increased level of fluctuation on the international financial markets and stagnation and low inflation rates in the Eurozone and Japan especially are negative risk factors. The IMF predicts stronger growth of 2.4 % (2013: 1.8 %) for the industrialised nations in 2015 and 2016 and for the emerging markets a growth rate virtually unchanged on the previous year of 4.3 % (2014: 4.4 %), and a slightly higher growth rate of 4.7 % for 2016.

The strong level of domestic demand which has been buoyed by the low price of oil, moderate fiscal consolidation measures and support in the form of the US central bank's continuing expansionary monetary policy are expected to accelerate the pace of growth in the USA. The IMF predicts a significantly stronger growth rate of 3.6 % for 2015 and 3.3 % in the following year (2014: +2.4 %).

Weak investment activity, low inflation levels and inflation predictions curbed the pace of economic development in the Eurozone unexpectedly strongly in 2014. However, in 2015 the low crude oil price and further expansionary monetary policy measures adopted by the European Central Bank (ECB) will result in improved financing terms and thus an increase in the volume of investment activity and domestic demand. Further factors are expected to provide additional momentum for the economy: A generally less restrictive fiscal policy due to progress made in budget consolidation and structural reforms, global recovery and the devaluation of the euro. In some Eurozone member countries, the continuing high level of unemployment, significant excess capacities and still outstanding balance-sheet adjustments in the public and private sectors are negative factors. Accordingly, the IMF predicts only slightly higher economic growth of 1.2 % for 2015 and of 1.4 % for 2016 (2014: 0.8 %).

In the view of the Deutsche Bundesbank, the German economy should pick up vigorously thanks to an improvement in the Eurozone's recovery and stronger world trade. German companies would benefit from the associated rising level of demand and increase their volume of investment thanks to the favourable financing terms. In view of the low level of unemployment, a low volume of private household debt, rising real wages and a positive public budget situation, the domestic economy remains in a strong position. Accordingly, the German central bank expects the country's gross domestic product (GDP) to increase by 1.0 % in 2015 and by 1.6 % in 2016.

Global inflation pressure is expected to remain moderate due to the envisaged oil price trend and the marginal rise in the level of growth. For the industrialised nations, the International Monetary Fund expects that inflation will rise by 1.0 % in 2015 and by 1.5 % in 2016, compared to 1.4 % in 2014. In the emerging markets, a significantly stronger price rise of 5.7 % is expected in 2015 (2014: 5.4 %), and prices should also rise strongly, by 5.4 %, in 2016. On account of the significantly lower oil prices, year-on-year, the European Central Bank (ECB) expects that Eurozone inflation rates will continue their downward trend in the spring of 2015. However, it points out that it will continue to monitor particularly vigilantly the possible effects of slower growth momentum, the geopolitical situation (particularly Ukraine, Russia and the Middle East), exchange rate and energy price trends and the effects of its monetary policy measures.

#### Assessment of CEWE's management regarding the overall economic conditions

Europe's overall economic environment has improved, even though to date there are no signs of a high level of growth in 2015 and 2016. In CEWE's key central European markets, the trend of a moderate rise in private consumer spending which began in 2013 is likely to continue, since real disposable incomes should pick up further due to rising real wages and low inflation and the situation on the labour markets should improve slightly. In Germany, private consumption was already the key growth engine for the economy in 2014 (+1.1 %), but in our view the level of correlation with demand for CEWE products remains slight.

In view of the moderate growth momentum and the low price pressure due to energy prices in particular, the European Central Bank (ECB) is likely to continue to support the economy through its expansionary monetary policy measures. Debt financing terms for companies are therefore unlikely to deteriorate. However, due to its extremely solid financing structure, with an equity ratio in excess of 50 %, CEWE is capable of financing both organic and inorganic growth through its own resources. Its strong profitability, the dynamic growth of its future business segment, Commercial Online Printing, and the company's dividend yield and dividend continuity are arguments which support the CEWE share, particularly during phases of low interest-rate levels.

The management does not expect that the company's outstanding receivables will result in any significant burdens since receivables from business partners are largely hedged through loan insurance policies.

### CEWE's sales activities are largely independent of the economic environment

To date, CEWE's sales activities are largely independent of the economic environment and private consumer spending. The economic trend may theoretically have an increasing influence in the event that business customers account for a rising share of CEWE's turnover. However, the management currently tends to see additional opportunities in the Commercial Online Printing segment, even during weak economic phases, since CEWE's Commercial Online Printing products offer favourable cost/benefit ratios to business customers compared to printing companies' over-the-counter print services – a fact that should raise the importance of this competitive differentiator in such an environment.

### Photofinishing will remain stable in future

CEWE is encouraging value-added products' growing market share in order to offset the decline of photos produced by means of the traditional chemical silver and halide process. Aside from the well-advanced decline in analogue photos printed from film, this also encompasses the decrease in individual photos from digital files. Thanks to CEWE PHOTOBOK, the European market leader, as well as its other value-added products and its strong Internet expertise,

CEWE is in an excellent position to actively promote this change and conceivably even to benefit from it. The upshot of this is that the trend of value-added products should continue to strengthen Photofinishing in 2015 and offers the prospect of stable margins.

### Seasonal migration to the fourth quarter likely to remain intact

The second and third quarters – previously the core season – are continuing to decline in significance in relation to the annual trend. The growing significance of the fourth quarter for annual business compensates for this fact. Sales of higher-margin value-added products are increasingly focusing on the fourth quarter. This trend in CEWE's core Photofinishing business segment has persisted for a number of years and is thus shaping global strategy for the Group as a whole. Commercial Online Printing growth will only moderately offset this trend: Commercial Online Printing business is also increasingly focused on the fourth quarter, albeit to a lesser degree. This is attributable to the advertising materials for CEWE's printing customers' Christmas business. These orders are mainly placed at the start of the fourth quarter.

### Retail focus on earnings growth

While the Retail segment provided a turnover contribution of slightly more than 30 million euros for the Photofinishing business segment through sales of CEWE photo products, the management sees a clear need to improve the Retail business segment's negative result in the area of photo hardware, in the amount of -2.9 million euros (2013: 0.1 million euros).

This decline in earnings is only minimally attributable to the Group's relinquishment of its very low-margin wholesaling business. It is more closely associated with the weak market trend (particularly in Poland, e. g. due to the decline in the reflex camera market) and follow-on effects, some of which are one-off factors (e. g. depreciation on inventories). Accordingly, the company will tackle the Retail business segment from two different angles: Costs will be adjusted in line with the turnover trend. Turnover will be supported by means of targeted measures. In principle, through a broad package of measures the management expects that in 2015 it will once again be able to increase the profitability of a Retail segment characterised by a lower volume of turnover, so as to maintain this marketing channel for CEWE photo products.

### Growth in Commercial Online Printing is independent of the economic situation

At CEWE, Commercial Online Printing offers the customer a series of advantages: Increased quality from state-of-the-art large-scale printing plants, whose consistent quality is generally superior to stationary printing firms, and also time savings thanks to user-friendly Internet ordering, fast production and rapid delivery. Customers are also able to produce low-price and demand-oriented small print runs, using CEWE's digital printing capacities. Consumers are keen to realise these advantages regardless of the overall economic situation, perhaps even more so in difficult economic times. In 2015, the management therefore once again expects the Commercial Online Printing segment to deliver a further pronounced positive trend in turnover which will be largely independent of the economic situation.

### Further marketing investments in Commercial Online Printing

In 2015, the marketing expenses associated with the development of Commercial Online Printing are likely to affect the company's profit and loss account in the Commercial Online Printing business segment and lead to a negative operating result, albeit with a further significant improvement on 2014. In 2015 the Commercial Online Printing business segment will very likely once again realise a positive EBIT result, before marketing expenses. At the present time, the company intends to continue to exploit the strong profitability of its established Photofinishing business segment for rapid and determined expansion of its high-potential Commercial Online Printing business segment.

### Earnings target range in 2015: +2 million euros

Turnover will increase slightly, from 523.8 million euros to an average range of between 515 million euros and 535 million euros. The goal is to more than make up for a further potential decrease in Retail turnover by means of the envisaged turnover increase in Commercial Online Printing, with a roughly stable volume of turnover in Photofinishing. Following 70 million euros in 2014 (+17.2%), the management considers turnover of approx. 80 million euros to be

achievable in Commercial Online Printing in 2015. CEWE continues to pursue the goal of realising a share of earnings which is as positive as possible in 2016.

In 2015, EBIT will fall within a range of between 32 million euros and 38 million euros, the EBT figure will amount to between 30 million euros and 36 million euros and earnings after tax to between 20 million euros and 24 million euros.

This corresponds to an increase in each operating result channel of approx. 2 million euros on the goals for 2014.

### Minimum goal of dividend continuity

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

Goal for 2015 CEWE Group			Change on previous year
Digital photos	2.10 to 2.15	billion units	-5% to -2%
Photos from film	0.065 to 0.070	billion units	-27% to -21%
Total volume of photos	2.17 to 2.22	billion units	-6% to -3%
CEWE PHOTOBOOKS	6.0 to 6.1	million units	+1% to +3%
Investments*	46	millions of euros	—
Turnover	515 to 535	millions of euros	-2% to +2%
EBIT	32 to 38	millions of euros	-2% to +16%
Earnings before taxes (EBT)	30 to 36	millions of euros	-5% to +14%
Earnings after tax	20 to 24	millions of euros	-6% to +12%
Earnings per share	2.87 to 3.45	euros/unit	-6% to +12%

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

## INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

### Corporate governance report

#### CEWE largely complies with the stringent German standards

For the year under review, Neumüller CEWE COLOR Stiftung (i. e. its Board of Management, hereinafter: the “management”) and the Supervisory Board provide the following report on corporate governance at CEWE in line with item 3.10 of the German Corporate Governance Code:

The Board of Management and the Supervisory Board have long subscribed to the principles of modern corporate governance. In view of the significance of these principles for investors, customers and employees especially, in early 2009 the Board of Management member Mr Andreas F.L. Heydemann was appointed as CEWE’s corporate governance officer, who reports directly to the Board of Management and the Supervisory Board.

We aim to uphold and reinforce the confidence which investors, financial markets, business partners, our employees and the general public place in us. For this reason, we implemented the necessary organisational measures early on, in order to comply with applicable requirements:

- Publication of all capital market-related information in the Internet
- Active, open and transparent communication
- Close cooperation between the management and the Supervisory Board
- Responsible risk management

We regularly monitor implementation of the Corporate Governance Code within our company and adjust our related policies in line with current developments. On its website <http://ir.cewe.de/cgi-bin/show.ssp?companyName=cewe&language=English&id=6000> CEWE Stiftung & Co. KGaA transparently sets out its approach in relation to corporate governance principles.

In the year under review, CEWE Stiftung & Co. KGaA has once again complied with almost all of the provisions of the German Corporate Governance Code:

#### Declaration of compliance in accordance with § 161 of the German Companies Act (Aktiengesetz, AktG) for the financial year 2014

CEWE Stiftung & Co. KGaA attributes great importance to the principles of sound corporate governance.

The Board of Management of the general partner of CEWE Stiftung & Co. KGaA, Neumüller CeWe Color Stiftung, and the Supervisory Board of CEWE Stiftung & Co. KGaA declare that since they presented their last declaration of compliance in February 2014 they have complied with the recommendations of the German Corporate Governance Code government commission, as notified by the German federal ministry of justice and consumer protection in the official section of the German Federal Gazette (Bundesanzeiger), as amended on May 13, 2013 and June 24, 2014, following their publication, and will continue to do so, with the following exceptions:

#### Individualised disclosure of the Board of Management’s remuneration (deviation from item 4.2.5 (3) and (4))

The remuneration details for the Board of Management members of the general partner are presented annually in individualised form in the section of the company’s Annual Report encompassing the report on remuneration. This provides a separate detailed presentation for each Board of Management member of his fixed and variable remuneration components as well as the contributions to his pension scheme. Since we do not see any additional information benefit through a reporting structure based on model tables, we have maintained our existing presentational approach.

### Board of Management and Supervisory Board and their relationship

As an executive body, the Board of Management manages the company on its own responsibility. It acts in line with the company's interests and the goal of long-term value creation. The rules of procedure approved by the Board of Trustees of Neumüller CEWE COLOR Stiftung for the Board of Management set out the allocation of duties and cooperation on the Board of Management. The company's corporate articles and the rules of procedure of the Supervisory Board stipulate the reporting obligations of the Board of Management. The Board of Management regularly, promptly and comprehensively notifies the Supervisory Board of all issues of relevance for the company, particularly planning, business development, the company's strategic orientation, its risk situation and its management of risks.

The Supervisory Board and the Board of Trustees supervise the Board of Management of Neumüller CEWE COLOR Stiftung in its management of the company and advise it accordingly. The Board of Management, the Board of Trustees and the Supervisory Board maintain a close and trusting working relationship, safeguarding the interests of the company. All key business transactions are discussed together with the competent committees. In particular, the details of the relationship between the Board of Management, the Board of Trustees and the Supervisory Board and issues for which the Board of Management requires approval are laid down in the rules of procedure of the Board of Management and the Supervisory Board. The rules of procedure of the CEWE Group apply in accordance with valid corporate governance and compliance regulations.

The competences of the Supervisory Board are also laid down in its rules of procedure. A key task of the Supervisory Board is its review of the company's quarterly reports, its auditing of the annual financial statements and the consolidated financial statements of CEWE Stiftung & Co. KGaA and its preparation of the resolution to be passed by the general meeting for approval of the annual financial statements. The members of the Supervisory Board of CEWE Stiftung & Co. KGaA are appointed in accordance with the provisions of the German

Codetermination Act (Mitbestimmungsgesetz, MitbestG). The shareholders' representatives currently serving on the Supervisory Board were elected at the general meeting held on June 5, 2013, subject to the proviso that their term of office would begin upon registration of the change of legal form. Their term of office thus began on October 1, 2013, through the registration implemented as of this date. In response to an application submitted by the Board of Management and subject to agreement with the relevant employees' associations, the necessary six employees' representatives on the Supervisory Board were appointed by court order, in accordance with the decision of October 29, 2013, pursuant to § 104 (2) and (3) AktG in combination with § 278 (3) AktG. These employees' appointment by virtue of this court order will expire upon completion of the employees' Supervisory Board elections and the employees' representatives' appointment to the Supervisory Board.

The members of the Board of Management and Supervisory Board disclose any conflicts of interest to the Supervisory Board.

### Diversity

Items 4.1.5., 5.1.2. and 5.4.1. of the German Corporate Governance Code, as amended on June 24, 2014, deal with the issue of diversity in terms of appointments to the Supervisory Board, the Board of Management and the company's executives. Within the scope of sound corporate governance, the management and the Supervisory Board of CEWE Stiftung & Co. KGaA have considered this issue in detail:

### Makeup of the Supervisory Board

The Supervisory Board of CEWE Stiftung & Co. KGaA consists of twelve members. In its current makeup, it fulfils the requirements stipulated in item 5.4.1. (2) of the German Corporate Governance Code:

- The Supervisory Board of CEWE Stiftung & Co. KGaA traditionally comprises members with international experience.
- None of the members of the current Supervisory Board of CEWE Stiftung & Co. KGaA have any conflicts of interest.
- An age limit is stipulated for the members of the Supervisory Board of CEWE Stiftung & Co. KGaA in § 2.1. of the rules of procedure. The Supervisory Board includes two female representatives of the shareholders and two female representatives of the employees. This complies with the goal stipulated in the resolution passed by the Supervisory Board on September 8, 2010 of assigning at least one seat on the Supervisory Board to a sufficiently qualified woman. This additional goal specified by the Supervisory Board will also be considered in any future nominations, once again subject to the necessary skills, competences and technical experience which are required for service on the Supervisory Board.

#### Makeup of the Board of Management

The current Board of Management of Neumüller CEWE COLOR Stiftung consists of eight male members. All of the members of the Board of Management have international experience.

The company seeks to ensure the adequate representation of women and in general to reflect diversity in its appointments of members of the Board of Management.

#### Appointments to management positions

In compliance with item 4.1.5. of the German Corporate Governance Code, CEWE Stiftung & Co. KGaA has already implemented a large number of measures which are intended to promote diversity – in particular, a greater share of women – in management positions.

For instance, CEWE Stiftung & Co. KGaA has enacted the following specific measures to encourage a better balance between career and family needs:

- Flexible work time models
- Contract with “AWO Eltern- und Seniorenservice” in Oldenburg to provide free consultations for employees needing to arrange placements for their children or for their parents
- Nursery in the immediate vicinity of CEWE Stiftung & Co. KGaA, Oldenburg

The Board of Management of CEWE COLOR Holding AG also resolved the following at its meeting held on January 31, 2011:

The company seeks to ensure the adequate representation of women and in general to reflect diversity in its appointments to management positions. As well as the existing measures enacted in support of this criterion, the following measures are to be implemented in addition:

Drafting and implementation of a programme which considers the issues of “women in management positions”, “the promotion of women as junior executives” and “an international approach at the management level”.

This resolution remains valid for appointments to management positions.

### Shareholders and general meeting

Our shareholders are regularly notified of important dates by means of a financial calendar which is available on our website <http://ir.cewe.de/cgi-bin/show.ssp?companyName=cewe&language=English&id=0> and are informed of the company's net assets, financial position and results of operations and its business development in our quarterly and annual reports. We regularly hold meetings with analysts and shareholders within the scope of our investor relations activities. As well as an annual analysts' conference, the company holds road shows and telephone conferences for analysts as of the publication of its quarterly figures.

The shareholders exercise their rights before and during the general meeting, as stipulated in the company's corporate articles and by law. For many years now, an annual general meeting has been organised and held with the goal of providing rapid, comprehensive and effective information for all of the company's shareholders before and during meetings and to facilitate the exercise of their rights. As part of this, we offer our shareholders the usual power-of-attorney and voting instructions service for the company's general meetings. The general meeting votes on all of the matters referred to it.

The most recent general meeting of CEWE Stiftung & Co. KGaA took place on June 4, 2014.

### Report on remuneration

In regard to the remuneration received by the Board of Management and the Supervisory Board in the financial year 2014, we refer to our detailed report on remuneration, which is included as a component of the consolidated management report on pages 132 ff.

### Disclosures regarding stock option plans

In accordance with the resolution passed by its general meeting on June 30, 2005, in 2010 CEWE COLOR Holding AG established its 2010 Stock Option Plan for its senior executives in Germany and other countries. CEWE COLOR Holding AG offered its executives stock options at a subscription price of 0.50 euros per share. This stock option plan runs from June 1, 2010 for a period of five years and thus expires on May 31, 2015. The option was first exercisable upon expiry of a waiting period of four years, i. e. from May 31, 2014 onwards, since the closing auction prices of shares in Deutsche Börse AG's Xetra trading system (or a successor system replacing the Xetra system) averaged at least 115 % of the exercise price on ten consecutive stock exchange trading days during the term of the options. An exercise price of 27.00 euros has been agreed. On the basis of the resolution passed by the general meeting on June 4, 2014, on September 1, 2014 the Board of Management approved the 2014 Stock Option Plan, as did the Supervisory Board of CEWE Stiftung & Co. KGaA on September 10, 2014 and the Board of Trustees of the managing partner Neumüller CEWE COLOR Stiftung on September 11, 2014. These options were offered at the highest level of the Group's management, in Germany and other countries, at a premium of 0.50 euros per option. Upon expiry of the waiting period, the options may only be exercised if the closing auction prices of the CEWE share in Deutsche Börse AG's Xetra trading system have reached at least 120 % of the underlying price on ten consecutive stock exchange trading days. The 2014 Stock Option Plan has a term of five years and began on January 1, 2015; it will thus end upon expiry of December 31, 2019 at the latest. The four-year waiting period will end upon expiry of December 31, 2018. An underlying price of 53.00 euros has been specified; the exercise price as a performance target is thus 63.30 euros (120 % of the underlying price).

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### Transparent communication

To ensure the highest possible level of transparency, we aim to provide all of our target groups with the same information, at the same time. Both institutional investors and private investors are able to obtain timely information online on current developments within the Group. All press releases and ad hoc releases and the corporate articles of the company are published on our website [www.cewe.de](http://www.cewe.de). Interested persons may also subscribe to a newsletter which provides news coverage for the Group.

### Shareholdings of the Board of Management and the Supervisory Board

On December 31, 2014, the shares held by all of the members of the Board of Management and the Supervisory Board in CEWE Stiftung & Co. KGaA amounted to 62.032 of the total shares issued by the company. 61.750 shares are held by members of the Board of Management and 282 shares are held by members of the Supervisory Board.

### Disclosures regarding directors' dealings

Under § 15a of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG), persons holding management positions (in particular, members of the Board of Management and the Supervisory Board and certain employees with management responsibilities) and their close associates are required to disclose their dealings for own account in shares or related financial instruments, insofar as the total securities transactions which a person with management responsibilities and his close associates enter into equal or exceed an amount of not less than 5,000.00 euros in a given calendar year. Details of notifiable securities transactions entered into in the year under review, 2014, and up to the present day are provided on the company's website [www.cewe.de](http://www.cewe.de).

### Accounting and auditing

BDO AG, Wirtschaftsprüfungsgesellschaft, Hamburg, has been appointed as the auditor for the annual accounts and for the semi-annual financial report 2014 of CEWE Stiftung & Co. KGaA for the past financial year. The auditor will notify the chairman of the Supervisory Board immediately of any grounds for bias or disqualification arising in the course of the audit. Moreover, the auditor will immediately report on any key incidents and findings resulting during its audit which are of material significance for the tasks of the Supervisory Board. The auditor will also notify the Supervisory Board in the event of it discovering in the course of its audit facts which are not compatible with the declaration of compliance submitted by the Board of Management and the Supervisory Board in accordance with § 161 AktG.

## Compliance

The company strongly emphasises compliance in terms of measures to ensure conformity with applicable legislation and internal policies and their observance by the Group's companies. The Board of Management of the general partner has implemented various mechanisms in line with its responsibilities in this respect, which are intended to ensure optimal fulfilment of these compliance requirements.

The compliance officer appointed for this issue continuously addresses the maintenance and development of the compliance structure of the company and the Group, in line with applicable requirements and the needs of the company. In particular, his activities focus on training for employees and on legal risk management. He reports to the overall Board of Management of the general partner. In case of any specific issues, the compliance officer will consult the persons with responsibility in the company's respective divisions and obtain external legal advice where necessary.

The company keeps a list of insiders in this overall context. Any persons who are employed by the company and who have designated access to insider information are included in this list, following instruction regarding applicable obligations under insider law.

The company has also appointed an external lawyer as an ombudsman. Employees and also third parties may contact this person to point out possible violations of the law or policy violations within Group companies. The ombudsman has not been notified of any suspicious cases during the reporting period. Nor has the company's in-house verification system uncovered any violations of applicable legislation or policies.

## Risk management system

### Goals and strategy of the risk management system

As an internationally operative business group, CEWE Stiftung & Co. KGaA and its subsidiaries are exposed to various risks which may adversely affect their business activities as well as their net assets, financial position and results of operations. Accordingly, in compliance with industry standards and statutory provisions CEWE has established an internal control and risk management system for identification of potential opportunities, assessment of risks and, where necessary, implementation of appropriate countermeasures. This control and risk management system is incorporated within the information and communication system of the CEWE Group as an integral part of its business, planning, accounting and control processes and is a key element of the CEWE Group's management system. Its control and risk management system is based on a systematic risk identification, assessment and management process for the overall Group.

### Organisation and structure of the risk management system

The Board of Management, the managers of the company's regional profit centres in Germany and other countries and its central departments and project managers are responsible for its control and risk management system. The Board of Management has overall responsibility for the handling of control and risk management.

The risk management system covers the risks and opportunities associated with the individual risk areas, within the scope of an annual, Group-wide risk inventory. The annual report on risks and opportunities has been produced on the basis of the risk inventory. In the course of a year, the company's risk and opportunity assessments are reviewed at least quarterly. The Supervisory Board is notified of these assessments at least quarterly. Following notification of the risk officer, new risks and opportunities are incorporated in the risk management system and assigned to a risk manager. Insofar as individual risk assessments have resulted in the establishment of corresponding provisions, these will no longer be indicated in the risk report.

### Key features of the internal control system

The internal control system (ICS) is an integral component of the business processes of the CEWE Group, encompasses a variety of different monitoring and control mechanisms and is essentially based on four principles which are set out in further detail below:

- Dual-control principle
- Integrated reporting
- Separation of functions
- External/internal audit system

The "dual-control principle" is safeguarded by means of rules and regulations such as corporate articles, policies, rules of procedure, instructions and powers of representation and authorisations to sign. The CEWE Group's coordinated IT authorisation concept is a further management and control mechanism. This regulates the activities of individual persons and groups of persons and their access to the Group's generally SAP-based applications and their functional competences.

The “integrated reporting system” comprises a detailed planning, management and reporting concept covering the Group’s current position and its outlook. The planning process is based on a combined bottom-up and top-down approach, in line with monthly planned figures. The existing Group information system relies on a monthly target/actual prior-year comparison as well as supplementary multiple-location business reviews at the level of the individual profit centres as well as the Board of Management. Developments, risks, opportunities and measures are discussed there and documented accordingly.

To ensure the integrity of procedures and the quality of individual processes, the CEWE Group maintains a strict “separation of functions” for critical business processes. In addition, specific departments handle central tasks and thus have reciprocal responsibility for supervision of the Group’s activities.

Moreover, all of the Group’s companies and profit centres regularly undergo “external auditing” in the areas of finance and accounting, IT, technical security and insurance policies as well as further “internal auditing” for other functional competences.

The CEWE Group also monitors the fair value of its interests in subsidiaries within the scope of its control and risk management system. Its shareholdings regularly undergo impairment tests.

### Key aspects of the internal control system, in relation to the Group accounting process

The accounting-related internal control system is embedded within the company-wide risk management system, as a component of the overall internal control system (ICS) of the CEWE Group. Its purpose is to minimise the risk of a material misstatement in the company’s accounting and external reporting, to identify undesirable developments early on and to implement countermeasures. This ensures that the Group’s affairs are presented in compliance with applicable legislation and standards in separate financial statements and in the consolidated financial statements.

The “Group accounting” unit, central finance division, is responsible for preparation of the consolidated financial statements including any consolidation measures. The preparation process for the financial statements of the CEWE Group is based on a uniform Group accounting policy which is regularly adjusted in line with applicable legal outline conditions. The Board of Management has sole responsibility in relation to this accounting policy.

The Group’s accounting policy sets out its IFRS accounting standards for all of the Group’s companies, in Germany and in other countries, to ensure the application of uniform recognition, measurement and reporting methods for its IFRS consolidated financial statements. Binding instructions have been laid down in relation to internal reconciliations and other tasks for preparation of the financial statements. All key dates have been specified throughout the Group in the Group’s policy.

The local companies are responsible for compliance with the relevant rules and are supported and monitored by the Group accounting unit. The Group accounting unit handles consolidation of the separate financial statements of the Group companies – which are mainly prepared using SAP – centrally by means of a specific consolidation module.

The necessary work steps within the scope of the accounting process undergo a large number of automatic and manual checks and plausibility reviews. In addition, the effectiveness of accounting-related internal checks is continuously monitored through internal auditing and through the ongoing engagement of an external auditor. A rolling process ensures that all of the companies within the scope of consolidation undergo this supervisory process. The Board of Management and the Supervisory Board are regularly notified of the results of these effectiveness reviews.

Moreover, within the scope of its audit the external auditor examines selected internal check mechanisms and assesses their effectiveness. The separate financial statements included within the consolidated financial statements are audited by various local auditors. Compliance with applicable accounting rules and regulations and the accuracy and completeness of all other locally produced documents which are relevant for the consolidated financial statements are thus safeguarded. The external auditor of the consolidated financial statements summarises audit findings at the level of the separate financial statements and the consolidated financial statements regarding the effectiveness of the accounting-related internal control system of the CEWE Group and notifies the Supervisory Board accordingly.

## ACQUISITION-RELATED DISCLOSURES

### Disclosures in accordance with § 315 (4) of the German Commercial Code (Handelsgesetzbuch, HGB)

Composition of subscribed capital, restrictions relating to voting rights or the transfer of shares (§ 315 (4) nos. 1 and 2 HGB).

The subscribed capital of CEWE Stiftung & Co. KGaA, Oldenburg, comprises the following classes of shares:

Type of share	ISIN	Form of share	Volume of this class of shares	Share of subscribed capital in euros	Share of subscribed capital as %	Rights and obligations
Bearer shares	DE 0005403901	No-par value shares	7,400,020	19,240,052.00	100.0	The shares confer full voting and dividend rights unless mandatory provisions of the German Companies Act stipulate otherwise (e. g. shares which the company holds as treasury shares)
			<b>7,400,020</b>	<b>19,240,052.00</b>	<b>100.0</b>	

The company is not aware of any more extensive restrictions of voting rights or transfer restrictions within the meaning of § 315 (4) no. 2 HGB.

### Direct or indirect equity investments (§ 315 (4) no. 3 HGB)

According to the company's published notices and the information available to us, the following direct and indirect equity investments held in our company exceed 10 % of the voting rights:

Shareholder subject to reporting requirement	Type of interest	Notified voting rights as a proportion of the subscribed capital
ACN Vermögensverwaltungsgesellschaft mbH & Co. KG, Oldenburg (heirs of Senator h. c. Neumüller, Oldenburg)	direct	27.4 %
Neumüller Beteiligungsgesellschaft mbH, Oldenburg (heirs of Senator h. c. Neumüller, Oldenburg)	indirect	27.4 %

**Holders of shares conferring special rights (§ 315 (4) no. 4 HGB)**

There are no shares conferring special rights.

 **Form of control of voting rights in case of employee participation (§ 315 (4) no. 5 HGB)**

Insofar as employees of the CEWE Group are shareholders in CEWE Stiftung & Co. KGaA, Oldenburg, as far as the company is aware no specific requirements apply in relation to the possibility of their exercise of voting rights. Employees do not have any joint holdings of one or more shares (§ 69 (1) AktG), and nor are there any voting trust agreements between employee shareholders.

 **Statutory regulations and provisions in the company's corporate articles regarding the appointment and removal from office of members of the Board of Management and amendments of corporate articles (§ 315 (4) no. 6 HGB)**

The company's general partner, Neumüller CEWE COLOR Stiftung, Oldenburg, is authorised to manage the affairs of CEWE Stiftung & Co. KGaA, Oldenburg, and to represent it (§ 8 of the corporate articles of CEWE Stiftung & Co. KGaA). Unless imperatively stipulated in the corporate articles or by law, the legal relationships between the company and its general partner will be regulated in a separate agreement; the company shall be represented by the Supervisory Board in this respect. § 9 of the corporate articles of CEWE Stiftung & Co. KGaA provides for the withdrawal of the company's general partner. Neumüller CEWE COLOR Stiftung thus assumes this role irrespective of any capital contribution, but the imperative statutory grounds for the withdrawal of the general partner remain unaffected (§ 9 (1) of the corporate articles). It will not be entitled to any credit balance in case of partition in the event of its withdrawal (§ 9 (2) of the corporate articles). In the event of Neumüller CEWE COLOR Stiftung's withdrawal from its position as the company's general partner or if its withdrawal is foreseeable, to prevent the liquidation of CEWE Stiftung & Co. KGaA § 9 (3) includes the following provision: The Supervisory Board of CEWE Stiftung & Co. KGaA is entitled and obliged immediately/as of this withdrawal to appoint a company limited by shares – which are

held in their entirety by CEWE Stiftung & Co. KGaA – as the new general partner of CEWE Stiftung & Co. KGaA with a sole authorisation for management of its business and a sole power of representation (clause 1). Should Neumüller CeWe Color Stiftung withdraw from its position as the company's general partner without the simultaneous appointment of a new general partner, CEWE Stiftung & Co. KGaA's limited shareholders will assume the continuing management of the company on a temporary basis (clause 2). In this case, the Supervisory Board shall immediately apply to the competent court for the appointment of a substitute representative to represent the company up to the appointment of a new general partner, particularly in the event that CEWE Stiftung & Co. KGaA need first acquire or establish a company limited by shares to serve as its general partner (clause 3). The Supervisory Board is authorised to adjust the wording of the corporate articles in accordance with the replacement of the company's general partner (clause 4).

Neumüller CEWE COLOR Stiftung is represented by its Board of Management in and out of court. Its Board of Management is thus also responsible for the management of the business of CEWE Stiftung & Co. KGaA. The members of the Board of Management of Neumüller CEWE COLOR Stiftung are appointed by the Board of Trustees. A member of the Board of Management – i. e. the member who supervises the own-account business transactions of Neumüller CEWE COLOR Stiftung – will be appointed by the beneficiaries of Neumüller CEWE COLOR Stiftung designated in its corporate articles. The members of the Board of Management will be appointed for a term of office of up to five years. The Board of Trustees shall rule on any issues pertaining to service regulations.

The relevant statutory provisions (§§ 179ff., 285 (2) and 181 AktG) apply in relation to any changes to the corporate articles of CEWE Stiftung & Co. KGaA.

### Powers of the Board of Management to issue and to repurchase shares (§ 315 (4) no. 7 HGB)

In accordance with the resolution passed by the general meeting on June 4, 2014, in the period to June 3, 2017 the company is authorised to acquire up to 10 % of its share capital, in total, as of the time of this resolution. This authorisation has been granted to enable:

- the resale of the shares over the stock exchange or by means of an offer submitted to all of the shareholders, with the consent of the Supervisory Board and while complying with the principle of equal treatment (§53a AktG);
- the retirement of the shares, in whole or in part, on one or more occasions, with the consent of the Supervisory Board. The fact or the procedure of these shares' retirement will not require a further resolution to be passed by the general meeting. These shares may therefore be called in through simplified procedures, without any capital reduction, by adjusting the pro rata notional value of the other no-par value shares in the company's share capital;
- to dispose of the shares, with the consent of the Supervisory Board, in return for a payment in kind; in particular, these shares may be offered or granted to third parties within the scope of company mergers or at the acquisition of companies;
- to offer the shares for purchase to employees of the company or its affiliates within the meaning of §§15ff. AktG, with the consent of the Supervisory Board, or to promise these shares or transfer them with a lockup period of not less than one year;
- with the consent of the Supervisory Board, to dispose of the shares purchased in accordance with the above authorisation in a form other than via the stock exchange or by means of an offer submitted to all of the shareholders.

- The Supervisory Board is authorised pursuant to the resolution passed by the general meeting on June 4, 2014 to offer treasury shares purchased under this authorisation or a previous authorisation to the members of the Board of Management and the management of Neumüller CEWE COLOR Stiftung for purchase, as share-based remuneration, or to promise these shares or transfer them with a lockup period of not less than one year. The Supervisory Board shall specify the details of share-based remuneration for the members of the Board of Management.

### Material agreements which are subject to a change of control due to a takeover offer (§ 315 (4) no. 8 HGB)

The financing agreements newly concluded with the company's key bank partners include the usual change-of-control provisions; these may entail the need for revision of the existing credit agreements. Otherwise, CEWE Stiftung & Co. KGaA, Oldenburg, does not have any agreements with third parties which are subject to a change of control due to a takeover offer and which may have the following effects, either individually or in their totality.

### Compensation agreements (§ 315 (4) no. 9 HGB)

CEWE Stiftung & Co. KGaA, Oldenburg, does not have any agreements which have been concluded with members of the Board of Management or the management of Neumüller CEWE COLOR Stiftung or employees, to cover the event of a takeover offer, and which may lead to an obligation for the company to provide compensation or other payments.

## REPORT ON REMUNERATION

In accordance with applicable legal requirements (§§ 285 clause 1 number 9, 289 (2) number 5, 314 (1) number 6 and 315 (2) number 4 of the German Commercial Code) and the recommendations of the German Corporate Governance Code (GCGC), as amended on June 24, 2014, the report on remuneration sets out the basic features of the remuneration system for the Board of Management of Neumüller CEWE COLOR Stiftung as the general partner of CEWE Stiftung & Co. KGaA and its Supervisory Board. The individual remuneration packages of the members of the Board of Management and Supervisory Board are also presented and commented on.

During the financial year 2013, the previous year to the year under review, 2014, up to September 30, 2013 the group of persons subject to reporting requirements comprised the members of the Board of Management of CEWE COLOR Holding AG. With the change of legal form of CEWE COLOR Holding AG to become CEWE Stiftung & Co. KGaA on October 1, 2013 and Neumüller CEWE COLOR Stiftung's simultaneous assumption of the position of general partner and sole managing director of CEWE Stiftung & Co. KGaA, the group of members of the Board of Management subject to reporting obligations now comprises the Board of Management of Neumüller CEWE COLOR Stiftung. All of the existing active members of the Board of Management of CEWE COLOR Holding AG remained full members of the respective Board of Management. On grounds of uniform reporting, the following report also provides full disclosures for the entire financial year 2013 regarding all of the members of the Board of Management of Neumüller CEWE COLOR Stiftung, as the general partner of CEWE Stiftung & Co. KGaA, including the relevant information for the previous year.

### Report on the Board of Management's remuneration

#### Remuneration system

The remuneration paid over to the members of the Board of Management is determined by the Board of Trustees of Neumüller CEWE COLOR Stiftung. This continues to comprise fixed and performance-related variable components. As well as the tasks handled by the respective member of the Board of Management and his or her personal performance, the criteria for determination of overall remuneration are the performance of the overall Board of Management and the economic success of the CEWE Group and its peer group. The company's remuneration structure is intended to promote its positive long-term development. The requirements of the German Act on the Appropriateness of Management Board Remuneration (Gesetz zur Angemessenheit der Vorstandsvergütung, VorstAG) and their effect on the German Companies Act (Aktengesetz, AktG) and the German Commercial Code (Handelsgesetzbuch, HGB) are duly considered.

#### Elements of the Board of Management's remuneration system

The members of the Board of Management receive an annual salary as remuneration for their service. Excluding side benefits, this may amount to no more than twice their fixed remuneration. Their fixed remuneration comprises a fixed salary and non-cash remuneration. Their variable remuneration consists of a bonus plus long-term incentive components. Fixed remuneration is paid out regardless of performance as a constant monthly salary. The members of the Board of Management also receive non-cash remuneration, which is reported on the basis of the taxable amounts. This mainly consists of the use of a company car and occupational insurance premiums; the members of the Board of Management are entitled to receive the non-cash remuneration in the same way and pay tax on it. They are also entitled to the reimbursement of entertainment expenses and travel costs at the maximum rates permitted for tax purposes, insofar as such expenses and costs are exclusively incurred in the interests of Neumüller CEWE COLOR Stiftung.

The variable, performance-related remuneration elements are divided up into three different components and consist of a bonus share, payable annually (bonus I), a multiple-year bonus share (bonus II) and a long-term, share-based remuneration component. In terms of their structure, the various remuneration elements are handled equally for all of the members of the Board of Management and have the following key features.

In terms of its annual and multiple-year shares (bonus I and bonus II), the bonus is based on earnings before taxes (EBT) as well as depreciation on property, plant and equipment and amortisation on intangible assets of the CEWE Group. Overall, it is limited to a maximum of 100 % of the fixed remuneration in a given year. Moreover, this only includes bonus shares which are relevant for depreciation purposes and which have been earned through earnings before tax (earned depreciation). A multiple-year assessment basis for the variable remuneration components is established in that only 80 % of the calculated bonus share is paid out to the member of the Board of Management in the next year following the relevant financial year (bonus I). The 20 % remaining amount (bonus II) is credited to an account held by a personal bonus bank. This bonus bank balance is retained for the multiple-year term of the contract of the respective member of the Board of Management. It attracts interest at a rate of 5.0 % p. a. and will be paid out at the end of the period, including this credited interest. Negative earnings before tax which exceed the level of annual depreciation will result in a negative bonus amount that will be deducted from the personal bonus bank account of the respective member of the Board of Management. Accordingly, the final balance of the bonus bank account upon expiry of the term of the Board of Management member's contract will only be paid out in case of a positive balance. In the event of the premature retirement of the respective member of the Board of Management, pro rata payment rules apply. Extraordinary developments (such as the disposal of shares in the company and the realisation of hidden reserves) are not included in the calculation of bonus I and bonus II. In the event of a deterioration in the position of CEWE Stiftung & Co. KGaA, Neumüller

CEWE COLOR Stiftung may reduce these amounts appropriately, if their continued grant would otherwise be unreasonable.

For the establishment of another long-term, performance-related remuneration component, in 2010 the company established its 2010 Stock Option Plan (see page 203 for details). This has a term of five years. Participation in this plan and the volume of options purchased were subject to the discretion of the members of the Board of Management, up to a maximum total. An amount of 0.50 euros was payable for each option. For the members of the Board of Management, the fair value pursuant to IFRS 2.10ff. amounted to 6.39 euros per option at the time of the grant. The four-year lockup period specified in the terms of the 2010 Stock Option Plan expired on May 31, 2014. Since June 1, 2014, option holders are able to exercise their options for a period of one year, within defined time windows. This will continue to apply up to the end of the term for the 2010 Stock Option Plan on May 31, 2015. In the financial year 2010, the members of the Board of Management participated by purchasing a total of 54,000 stock options; of this amount, 46,000 options had been exercised by December 31, 2014. Please also see the comments on equity in the consolidated financial statements, page 203f. The above disclosures fully include options which the members of the Board of Management already held as members of the Board of Management of the old CEWE COLOR Holding AG, and also the options held by retired members of the Board of Management.

The company has taken out a group financial loss liability insurance policy for all of the members of the Board of Management, the managing directors and the executives of the CEWE Group, both in Germany and in other countries. This policy is concluded or extended annually. This insurance covers the personal liability risk in the event of this group of persons being sued for financial losses resulting from their activities (D & O insurance). Cover for the members of the Board of Management and the Supervisory Board of CEWE Stiftung & Co. KGaA complies with the requirements of the German Act on the

Appropriateness of Management Board Remuneration. The policyholder thus bears 10 % of a potential loss, up to one-and-a-half times his or her fixed annual remuneration. The individual member of the Board of Management is free to arrange additional cover privately, on his or her own account. Insurance cover also applies through a special criminal law insurance policy for all of the company's employees (total annual expenses: 52 thousand euros, previous year: 52 thousand euros) and through an accident insurance policy (total annual expenses: 3 thousand euros, previous year: 3 thousand euros) taken out for all of the company's executives. The company's statutory representatives and the members of its supervisory body are also jointly insured against any violations which they commit, or are alleged to have committed, in the performance of their duties.

#### Individual remuneration of the Board of Management for 2014

In addition to applicable accounting principles, the following presentation of the remuneration paid out in the financial year 2014 also reflects the recommendations of the German Corporate Govern-

ance Code (GCGC). The model tables recommended in the Code are used for presentation of the remuneration granted and derived. The maximum possible figures are also indicated; except for fixed remuneration, no minimum limits apply. The two tables recommended as models distinguish between potential and prospective payments (granted remuneration) and the payments actually made for the financial year (derived remuneration). The indicated current values of the share-based remuneration granted have been calculated according to applicable accounting principles.

The total remuneration granted for all of the active and retired members of the Board of Management of Neumüller CEWE COLOR Stiftung for the performance of its tasks within the parent company and the subsidiaries, as fixed and variable remuneration in the financial year 2014, amounts to a total of 4,054 thousand euros (previous year: 3,051 thousand euros). The breakdown of these payments is as follows for the individual active members of the Board of Management:

Remuneration granted	Figures in euros	Dr. Rolf Hollander Chairman of the Board of Management of Neumüller CEWE COLOR Stiftung				Dr. Reiner Fageth Head of Technology and R&D, Neumüller CEWE COLOR Stiftung				Carsten Heitkamp Head of German Plants, Neumüller CEWE COLOR Stiftung since January 1, 2014			
		2013	2014	Min. 2014	Max. 2014	2013	2014	Min. 2014	Max. 2014	2013	2014	Min. 2014	Max. 2014
<b>Fixed gross remuneration</b>													
Fixed remuneration		480,000	480,000	480,000	480,000	202,380	240,000	240,000	240,000	80,000	240,000	240,000	240,000
Side benefits		18,697	21,892	21,892	21,892	11,291	11,235	11,235	11,235	8,607	10,733	10,733	10,733
<b>Total fixed gross remuneration</b>		<b>498,697</b>	<b>501,892</b>	<b>501,892</b>	<b>501,892</b>	<b>213,671</b>	<b>251,235</b>	<b>251,235</b>	<b>251,235</b>	<b>88,607</b>	<b>250,733</b>	<b>250,733</b>	<b>250,733</b>
<b>Variable remuneration</b>													
One-year variable remuneration		213,267	219,765	0	384,000	63,606	65,544	0	192,000	21,202	65,544	0	192,000
Multiple-year variable remuneration													
Bonus bank		53,317	54,941	0	96,000	15,901	16,386	0	48,000	5,300	16,386	0	48,000
Stock Option Plan 2010 – 2015		13,579	4,526	0	0	9,585	3,195	0	0	0	0	0	0
Total variable remuneration		280,162	279,232	0	480,000	89,092	85,125	0	240,000	26,502	81,930	0	240,000
<b>Pension expenses</b>		<b>201,000</b>	<b>197,000</b>	<b>197,000</b>	<b>197,000</b>	<b>23,000</b>	<b>132,000</b>	<b>132,000</b>	<b>132,000</b>	<b>0</b>	<b>188,000</b>	<b>188,000</b>	<b>188,000</b>
<b>Total remuneration (GCGC)</b>		<b>979,859</b>	<b>978,124</b>	<b>698,892</b>	<b>1,178,892</b>	<b>325,764</b>	<b>468,359</b>	<b>383,235</b>	<b>623,235</b>	<b>115,109</b>	<b>520,662</b>	<b>438,733</b>	<b>678,733</b>

Remuneration granted	Figures in euros	Andreas F. L. Heydemann Head of IT and Legal, Neumüller CEWE COLOR Stiftung				Dr. Olaf Holzkämper Head of Finance and Controlling, Neumüller CEWE COLOR Stiftung				Thomas Mehls Head of Marketing and Acquisitions, Neumüller CEWE COLOR Stiftung since January 1, 2014			
		2013	2014	Min. 2014	Max. 2014	2013	2014	Min. 2014	Max. 2014	2013	2014	Min. 2014	Max. 2014
<b>Fixed gross remuneration</b>													
Fixed remuneration		187,900	201,667	201,667	201,667	192,900	240,000	240,000	240,000	148,000	240,000	240,000	240,000
Side benefits		16,334	18,231	18,231	18,231	11,133	11,289	11,289	11,289	10,716	12,981	12,981	12,981
<b>Total fixed gross remuneration</b>		<b>204,234</b>	<b>219,898</b>	<b>219,898</b>	<b>219,898</b>	<b>204,033</b>	<b>251,289</b>	<b>251,289</b>	<b>251,289</b>	<b>158,716</b>	<b>252,981</b>	<b>252,981</b>	<b>252,981</b>
<b>Variable remuneration</b>													
One-year variable remuneration		63,606	65,544	0	176,000	63,606	65,544	0	192,000	42,404	65,544	0	192,000
Multiple-year variable remuneration													
Bonus bank		15,901	16,386	0	44,000	15,901	16,386	0	48,000	10,601	16,386	0	48,000
Stock Option Plan 2010 – 2015		13,579	4,526	0	0	13,579	4,526	0	0	0	0	0	0
Total variable remuneration		93,086	86,456	0	220,000	93,086	86,456	0	240,000	53,005	81,930	0	240,000
<b>Pension expenses</b>		<b>29,500</b>	<b>162,000</b>	<b>162,000</b>	<b>162,000</b>	<b>22,200</b>	<b>151,500</b>	<b>151,500</b>	<b>151,500</b>	<b>0</b>	<b>196,000</b>	<b>196,000</b>	<b>196,000</b>
<b>Total remuneration (GCGC)</b>		<b>326,820</b>	<b>468,354</b>	<b>381,898</b>	<b>601,898</b>	<b>319,319</b>	<b>489,245</b>	<b>402,789</b>	<b>642,789</b>	<b>211,721</b>	<b>530,911</b>	<b>448,981</b>	<b>688,981</b>

Remuneration granted	Figures in euros	Harald H. Pirwitz Head of Distribution, Neumüller CEWE COLOR Stiftung				Frank Zweigle Head of Administration, Neumüller CEWE COLOR Stiftung				Total Remuneration granted Board of Management of Neumüller CEWE COLOR Stiftung of Neumüller CEWE COLOR Stiftung			
		2013	2014	Min. 2014	Max. 2014	2013	2014	Min. 2014	Max. 2014	2013	2014	Min. 2014	Max. 2014
<b>Fixed gross remuneration</b>													
Fixed remuneration		225,000	225,000	225,000	225,000	47,250	48,000	48,000	48,000	1,563,430	1,914,667	1,914,667	1,914,667
Side benefits		11,291	13,813	13,813	13,813	2,121	2,079	2,079	2,079	90,191	102,253	102,253	102,253
<b>Total fixed gross remuneration</b>		<b>236,291</b>	<b>238,813</b>	<b>238,813</b>	<b>238,813</b>	<b>49,371</b>	<b>50,079</b>	<b>50,079</b>	<b>50,079</b>	<b>1,653,621</b>	<b>2,016,919</b>	<b>2,016,919</b>	<b>2,016,919</b>
<b>Variable remuneration</b>													
One-year variable remuneration		63,606	65,544	0	180,000	0	0	0	0	531,296	613,028	0	1,508,000
Multiple-year variable remuneration													
Bonus bank		15,901	16,386	0	45,000	0	0	0	0	132,824	153,257	0	377,000
Stock Option Plan 2010 – 2015		13,579	4,526	0	0	4,793	1,598	0	0	68,693	22,898	0	0
Total variable remuneration		93,086	86,456	0	225,000	4,793	1,598	0	0	732,812	789,182	0	1,885,000
<b>Pension expenses</b>		<b>155,000</b>	<b>166,000</b>	<b>166,000</b>	<b>166,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>430,700</b>	<b>1,192,500</b>	<b>1,192,500</b>	<b>1,192,500</b>
<b>Total remuneration (GCGC)</b>		<b>484,377</b>	<b>491,269</b>	<b>404,813</b>	<b>629,813</b>	<b>54,163</b>	<b>51,677</b>	<b>50,079</b>	<b>50,079</b>	<b>2,817,133</b>	<b>3,998,602</b>	<b>3,209,419</b>	<b>5,094,419</b>

Fixed remuneration for the members of the Board of Management in office as of December 31, 2014 will remain unchanged for the terms of their respective contracts. In 2013, up to the change of legal form in October 2013 the fixed remuneration of Dr Reiner Fageth, Dr Olaf Holzkämper, Mr Andreas F. L. Heydemann and Mr Frank Zweigle was adjusted annually, to the same extent as the fixed remuneration of the other German executives of the CEWE Group. With effect from October 1, 2013, the employment contracts of the above-mentioned personnel were revised so as to match the structure of the contracts of Mr Hollander and Mr Pirwitz. Their fixed remuneration will thus remain unchanged throughout the term of their contracts. Mr Zweigle is exclusively granted fixed remuneration; he is not a beneficiary of a bonus bank scheme or of a pension commitment as is normally granted for Board of Management members. Following the retirement of the two Board of Management members Mr Felix Thalmann and Dr Michael Fries, with effect as of January 1, 2014 Mr Thomas Mehls and Mr Carsten Heitkamp were appointed to the Board of Management of Neumüller CEWE COLOR Stiftung. Side benefits include the costs or the benefit in money's worth associated with provision of a company car, the conclusion of insurance policies and temporary housing and relocation costs.

In the year under review, the variable, performance-related remuneration granted for the active members of the Board of Management totalled 789 thousand euros and was thus 7.7 % higher than in the previous year (733 thousand euros). This includes the bonus shares granted for the year under review (bonus I). For the one-off variable remuneration, the amounts granted relate to the financial year in which the preconditions were fulfilled for the actual remuneration entitlements (in this case, earnings before tax and depreciation amounts). The members of the Board of Management will only derive amounts calculated on this basis in the following year. As multiple-year variable remuneration, they comprise the share of bonus bank contributions (bonus II) as well as the expenses pro rata temporis registered in the financial years 2014 and 2013 pursuant to IFRS 2.10ff. due to initial measurement of share-based remuneration (2010 Stock Option Plan); the fair value as of the grant date is key in this respect. None of the members of the Board of Management is granted third-party payments in relation to his service. The remuneration of the members of the Board of Management of Neumüller CEWE COLOR Stiftung for the financial year 2014 which is paid out in 2015 (bonus I) will amount to 613 thousand euros and thus exceed the figure for 2014 (713 thousand euros) by 14.0 %. These obligations are reported as current other liabilities in this amount.

A total of 153 thousand euros (previous year: 178 thousand euros) has been paid over to the bonus bank accounts, i. e. the accounts holding the remuneration comprising bonus II. As of December 31, 2014, the bonus bank accounts of the active members of the Board of Management had the following balances:

<b>Bonus bank (excl. interest) in euros</b>	Start balance Jan. 1, 2013	Amount paid out 2013	Amount added 2013	End balance Dec. 31, 2013	Amount paid out 2014	Amount added 2014	End balance Dec. 31, 2014
Dr Rolf Hollander	155,474	0	53,317	208,790	0	54,941	263,732
Dr Reiner Fageth	46,369	0	15,901	62,271	-62,271	16,386	16,386
Carsten Heitkamp	0	0	5,300	5,300	0	16,386	21,686
Andreas F.L. Heydemann	46,369	0	15,901	62,271	-62,271	16,386	16,386
Dr Olaf Holzkämper	46,369	0	15,901	62,271	-62,271	16,386	16,386
Thomas Mehls	0	0	10,601	10,601	0	16,386	26,987
Harald Pirwitz	47,253	-47,253	15,901	15,901	0	16,386	32,287
Frank Zweigle	0	0	0	0	0	0	0
<b>Total active members of the Board of Management</b>	<b>341,835</b>	<b>-47,253</b>	<b>132,824</b>	<b>427,406</b>	<b>-186,813</b>	<b>153,257</b>	<b>393,850*</b>

\*Reported as current other liabilities

The indicated payout amounts for bonus bank balances do not include interest. Including interest, Dr Reiner Fageth, Mr Andreas F.L. Heydemann and Dr Olaf Holzkämper each received 70,021 euros; in the previous year, Mr Harald Pirwitz was paid an amount of 50,846 euros.

Dr Rolf Hollander's bonus bank balance will fall due in 2015 and will be paid out plus the contractually specified interest.

The following table shows the inflow of cash in or for the financial year 2014 as a result of fixed remuneration, side benefits, one-year, variable remuneration and multiple-year variable remuneration as well as pension expenses. In deviation from the remuneration set out above which was granted for the past financial year, this table

indicates the actual remuneration granted in previous years and derived in the financial year 2014.

In the financial year 2014, the total remuneration which the active members of the Board of Management of Neumüller CEWE COLOR Stiftung derived as fixed and variable components totalled 4,893 thousand euros (previous year: 2,582 thousand euros). Of the total fixed gross remuneration, the amounts derived match the values granted (see above). The breakdown of these payments is as follows for the individual active members of the Board of Management:

<b>Zugeflossene Vergütungen</b>	<i>Figures in euros</i>	Dr. Rolf Hollander Chairman of the Board of Management of Neumüller CEWE COLOR Stiftung		Dr. Reiner Fageth Head of Technology and R & D, Neumüller CEWE COLOR Stiftung		Carsten Heitkamp Head of German Plants, Neumüller CEWE COLOR Stiftung since January 1, 2014		Andreas F. L. Heydemann Head of IT and Legal, Neumüller CEWE COLOR Stiftung	
		2013	2014	2013	2014	2013	2014	2013	2014
<b>Fixed gross remuneration</b>									
Fixed remuneration		480,000	480,000	202,380	240,000	80,000	240,000	187,900	201,667
Side benefits		18,697	21,892	11,291	11,235	8,607	10,733	16,334	18,231
<b>Total fixed gross remuneration</b>		<b>498,697</b>	<b>501,892</b>	<b>213,671</b>	<b>251,235</b>	<b>88,607</b>	<b>250,733</b>	<b>204,234</b>	<b>219,898</b>
<b>Variable remuneration</b>									
One-year variable remuneration		206,237	213,267	61,510	63,606	0	18,202	61,510	63,606
Multiple-year variable remuneration									
Bonus bank 2010 – 2012		0	0	0	0	0	0	0	0
Bonus bank 2010 – 2013		0	0	0	70,021	0	0	0	70,021
Stock Option Plan 2010 – 2015		0	136,936	0	137,741	0	0	0	235,195
Other items		0	0	0	0	0	0	0	0
<b>Total variable remuneration</b>		<b>206,237</b>	<b>350,203</b>	<b>61,510</b>	<b>271,368</b>	<b>0</b>	<b>18,202</b>	<b>61,510</b>	<b>368,822</b>
<b>Pension expenses</b>		<b>201,000</b>	<b>197,000</b>	<b>23,000</b>	<b>132,000</b>	<b>0</b>	<b>188,000</b>	<b>29,500</b>	<b>162,000</b>
<b>Total remuneration (GCGC)</b>		<b>905,934</b>	<b>1,049,095</b>	<b>298,181</b>	<b>654,603</b>	<b>88,607</b>	<b>456,935</b>	<b>295,244</b>	<b>750,720</b>

Dr. Olaf Holzkämper Head of Finance and Controlling, Neumüller CEWE COLOR Stiftung		Thomas Mehls Head of Marketing and Acquisitions, Neumüller CEWE COLOR Stiftung since January 1, 2014		Harald H. Pirwitz Head of Distribution, Neumüller CEWE COLOR Stiftung		Frank Zweigle Head of Administration, Neumüller CEWE COLOR Stiftung		Total Remuneration derived Board of Management of Neumüller CEWE COLOR Stiftung	
2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
192,900	240,000	148,000	240,000	225,000	225,000	47,250	48,000	1,563,430	1,914,667
11,133	11,289	10,716	12,981	11,291	13,813	2,121	2,079	90,191	102,253
204,033	251,289	158,716	252,981	236,291	238,813	49,371	50,079	1,653,621	2,016,919
61,510	63,606	0	42,404	61,258	63,606	0	0	452,025	528,296
0	0	0	0	50,846	0	0	0	50,846	0
0	70,021	0	0	0	0	0	0	0	210,064
0	159,945	0	0	0	207,525	0	82,357	0	959,699
5,224	0	0	0	0	0	0	0	5,224	0
66,734	293,572	0	42,404	112,104	271,131	0	82,357	508,095	1,698,060
22,200	151,500	0	196,000	155,000	166,000	0	0	430,700	1,192,500
292,967	696,361	158,716	491,385	503,395	675,943	49,371	132,436	2,592,415	4,907,479

The remuneration derived from the 2010 Stock Option Plan results from the exercise of options. These options may be exercised upon expiry of the waiting period, from June 1, 2014. The terms of these options and the resolutions passed by the Board of Management and the Supervisory Board permit the exercise of these options in the form of a privileged share purchase as well as a cash settlement. Insofar as the option of a cash settlement has been selected, CEWE Stiftung & Co. KGaA has directly fulfilled the payment claims

of the option holders. These figures correspond to the remuneration derived, which has been duly declared for tax purposes. If the option of a privileged share purchase has been selected, the corresponding figures represent the benefits in money's worth calculated according to German tax law. They have likewise been duly declared for tax purposes; the due purchase prices have been settled up promptly and in full. In detail, these options have been exercised as follows:

<b>Options exercised Active members of the Board of Management</b>	Number of options Dec. 31, 2013 <i>in Stück</i>	Exercise 2014 Shares purchased <i>in Stück</i>	Exercise 2014 Cash settlement <i>in Stück</i>	Exercise 2014 Total <i>in Stück</i>	Number of options Dec. 31, 2014 <i>in Stück</i>	Exercise 2014 Shares purchased <i>in Euro</i>	Exercise 2014 Cash settlement <i>in Stück</i>	Exercise 2014 Total <i>in Stück</i>
Dr Rolf Hollander	8,500	-1,625	-3,375	-5,000	3,500	43,550	93,386	136,936
Dr Reiner Fageth	6,000	-700	-4,300	-5,000	1,000	18,760	118,981	137,741
Carsten Heitkamp	0	0	0	0	0	0	0	0
Andreas F. L. Heydemann	8,500	0	-8,500	-8,500	0	0	235,195	235,195
Dr Olaf Holzkämper	8,500	-2,000	-4,000	-6,000	2,500	49,265	110,680	159,945
Thomas Mehls	0	0	0	0	0	0	0	0
Harald Pirwitz	8,500	0	-7,500	-7,500	1,000	0	207,525	207,525
Frank Zweigle	3,000	-750	-2,250	-3,000	0	20,100	62,257	82,357
<b>Total active members of the Board of Management</b>	<b>43,000</b>	<b>-5,075</b>	<b>-29,925</b>	<b>-35,000</b>	<b>8,000</b>	<b>131,675</b>	<b>828,024</b>	<b>959,699</b>

None of the members of the Board of Management has derived third-party payments in relation to their service.

In the course of 2014, a new stock option plan was launched on the basis of the resolutions passed by the Board of Management, the Supervisory Board and the Board of Trustees (the 2014 Stock Option Plan). As well as executives in Germany and other countries, the members of the Board of Management are entitled to participate in this plan. Members of the Supervisory Board are not eligible to participate unless they are employees of a CEWE company. This plan is to begin on January 1, 2015. It has the same structure as the 2010 Stock Option Plan.

The members of the Board of Management were all permitted to participate – for a total of up to 1,200 options per person – and they all declared their participation with the highest possible number of options; for the Board of Management, this amounts to a total of 10,800 options. The fair value in accordance with IFRS 2.10ff is 7.10 euros per option for the members of the Board of Management. The fair value pro rata temporis will be reported as remuneration granted for the period from 2015 to 2018.

### Commitments to the members of the Board of Management in the event of the termination of their office

CEWE Stiftung & Co. KGaA's assumption of assets and operating activities in October 2013 as a result of the change of legal form also entailed its assumption of all of the rights and obligations stipulated in employment contracts and also all existing vested rights under the company's pension scheme. This applies irrespective of whether the vesting conditions had been fulfilled at this time.

The members of the Board of Management have vested pension rights. The value of their pension entitlements amounts to two forty-fifths of the last fixed remuneration paid, for each year of their service on the Board of Management of Neumüller CEWE COLOR Stiftung, but not exceeding two-thirds of their fixed remuneration. Up to the changeover of the employment contracts of Dr Fageth, Dr Holzkämper and Mr Heydemann in October 2013, the reference amount for Dr Fageth and Dr Holzkämper was the fixed remuneration which they received for their service on the Board of Management of the old CEWE COLOR Holding AG, Oldenburg. The structure of these persons' pension arrangements has been standardised gradually, and as of the changeover of their employment contracts at the latest. The statistical values for the vested rights accrued up to and including the year 2013 were fixed, and for service periods from January 1, 2014 their pension entitlement was increased annually by two forty-fifths of these persons' most recent fixed remuneration. Overall, their respective pension entitlements are limited to two-thirds of their most recent fixed remuneration. The pension scheme which is now effective is also applicable for the new Board of Management members Carsten Heitkamp and Thomas Mehls.

In principle, the commitments entered into do not include provision for dependants. However, provision has been made for the dependants of Dr Rolf Hollander, Dr Reiner Fageth and Dr Olaf Holzkämper. This is cost-neutral from an actuarial point of view, through a reduction in old-age benefits by comparison with the previous arrangements. The service cost for pensions in 2014 is as follows, subject to an actuarial interest rate of 2.1 % (previous year: 3.10 %) and use of the

projected unit credit method in accordance with the IFRS. The significant decrease in the interest rate has resulted not only in a strong actuarial loss (see the comments on the pension accruals in the notes, page 55ff.) but also in an increase in the respective service cost.

In addition to the company's commitments to the Board of Management, Dr Hollander and Mr Heydemann will receive old-age pensions as part of the company's pension scheme, on the basis of a direct commitment upon their retirement from the company at the age of 65 or higher. This includes provision for dependants amounting to 50 % of their respective pensions. Dr Fageth, Dr Holzkämper and Mr Harald H. Pirwitz will receive financially equivalent old-age pensions within the scope of the company's pension scheme, out of an employer-financed support fund. Reinsurance cover applies for these direct commitments and for support fund commitments in the form of insurance contracts.

Finally, for Dr Rolf Hollander, Dr Reiner Fageth, Mr Andreas F. L. Heydemann, Dr Olaf Holzkämper and Mr Harald H. Pirwitz as part of the company's pension scheme the company has also concluded life insurance policies with a capital payment in the event of premature death as provision for dependants or, in case of survival, as an old-age pension, with an insured sum of 38 thousand euros. The related annual expenses for each member of the Board of Management amount to 1 thousand euros (previous year: 1 thousand euros). These two pension scheme components derive from the period prior to their membership of the Board of Management. No loans or advance payments have been granted. Moreover, nor has the company entered into any contingent liabilities for the benefit of the members of the Board of Management.

	2014				2013			
	Vested pension entitlements	Pension entitlements Dec. 31, 2014	Service cost for pensions	Provision for pension liabilities	Vested pension entitlements	Pension entitlements Dec. 31, 2013	Service cost for pensions	Provision for pension liabilities
<b>Board of Management pensions</b> <b>Neumüller Stiftung</b> <i>thousands of euros</i>								
<b>Members of the Board of Management of Neumüller CEWE COLOR Stiftung</b>								
Dr Rolf Hollander (Chairman)	45	312	195	4,928	0	267	199	5,483
Dr Reiner Fageth	10	25	130	220	3	15	21	165 <sup>1</sup>
Carsten Heitkamp (since January 1, 2014)	11	11	188	101	—	—	—	—
Andreas F. L. Heydemann	10	78	160	1,099	34	68	28	1,162
Dr Olaf Holzkämper	7	15	148	154	2	8	20	84 <sup>1</sup>
Thomas Mehls (since January 1, 2014)	11	11	196	93	—	—	—	—
Harald H. Pirwitz	9	90	161	1,464	9	81	152	1,463
Frank Zweigle	0	0	0	0	0	0	0	0
<b>Total active members of the Board of Management</b>	<b>103</b>	<b>542</b>	<b>1,178</b>	<b>8,059</b>	<b>48</b>	<b>439</b>	<b>420</b>	<b>8,357</b>
<i><sup>1</sup> Within the scope of harmonisation of pension commitments as part of the change of legal form, as of December 31, 2013 vested rights were defined in relation to the pension entitlements realised as of this date. Since the salary growth trend included in the previous assessment no longer applies for these vested rights, as of December 31, 2013 the volume of the company's obligations briefly decreased.</i>								
Dr Michael Fries (to December 31, 2013)	0	30	0	264	3	30	80	375
Felix Thalmann (to December 31, 2013)	0	73	0	873	8	73	123	1,120
<b>Total for CEWE Stiftung &amp; Co. KGaA</b>	<b>0</b>	<b>103</b>	<b>0</b>	<b>1,137</b>	<b>11</b>	<b>103</b>	<b>203</b>	<b>1,495</b>
<b>Total for CEWE Stiftung &amp; Co. KGaA</b>	<b>103</b>	<b>645</b>	<b>1,178</b>	<b>9,196</b>	<b>59</b>	<b>542</b>	<b>623</b>	<b>9,852</b>

The following arrangements apply in the event of the premature termination of the contracts of the members of the Board of Management: In case of dismissal for good cause, their contracts will have been terminated as of the date of dismissal. In case of a dismissal which is not made for good cause or which is made on grounds lying outside of the responsibility of the member of the Board of Management, his fixed remuneration will be paid up to the end of the term of his contract. Pro rata payment rules apply for the payment of any positive bonus bank balance. Dr Rolf Hollander will also receive a one-off settlement in the amount of one year's fixed salary or a lower pro rata amount if he begins to draw his pension at an earlier moment in time. The company has not concluded any compensation

agreements with the members of the Board of Management to cover the event of a takeover offer (§ 315 (4) no. 9; cf. page 131).

Finally, a post-contractual non-compete clause has been agreed for all of the members of the Board of Management. Where applicable, for a maximum period of two years the members of the Board of Management will receive half of the contractual benefits which they have most recently received from Neumüller CEWE COLOR Stiftung, for each year for which this non-compete clause applies for them (non-competition compensation). This compensation will be paid out monthly in instalments.

	2014			2013		
	Vested pension entitlements	Pension entitlements Dec. 31, 2014	Service cost for pensions	Vested pension entitlements	Pension entitlements Dec. 31, 2013	Service cost for pensions
<b>Board of Management pensions</b>						
<b>Neumüller Stiftung</b> <i>thousands of euros</i>						
<b>Members of the Board of Management of Neumüller CEWE COLOR Stiftung</b>						
Dr Rolf Hollander (Chairman)	0.0	3.0	2.0	0.0	3.0	2.0
Dr Reiner Fageth	0.0	3.0	2.0	0.0	3.0	2.0
Carsten Heitkamp (since January 1, 2014)		0.0	0.0			
Andreas F.L. Heydemann	0.0	3.0	2.0	0.0	3.0	1.5
Dr Olaf Holzkämper	0.0	3.0	3.5	0.0	3.0	2.2
Thomas Mehls (since January 1, 2014)		0.0	0.0			
Harald H. Pirwitz	0.0	3.0	5.0	0.0	3.0	3.0
Frank Zweigle	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total active members of the Board of Management</b>	<b>0.0</b>	<b>15.0</b>	<b>14.5</b>	<b>0.0</b>	<b>15.0</b>	<b>10.7</b>
Dr Michael Fries (to December 31, 2013)	0.0	1.1	0.0	0.0	1.1	1.6
Felix Thalmann (to December 31, 2013)	0.0	1.6	0.0	0.0	1.6	1.8
<b>Total retired members of the Board of Management</b>	<b>0.0</b>	<b>2.7</b>	<b>0.0</b>	<b>0.0</b>	<b>2.7</b>	<b>3.4</b>
<b>Total for CEWE Stiftung &amp; Co. KGaA</b>	<b>0.0</b>	<b>17.7</b>	<b>14.5</b>	<b>0.0</b>	<b>17.7</b>	<b>14.1</b>

## Remuneration of the Supervisory Board

In the financial year 2013, the transformation of CEWE COLOR Holding AG into a partnership limited by shares (Kommanditgesellschaft auf Aktien, KGaA) has not affected the status of the members of the Supervisory Board. However, following CEWE Stiftung & Co. KGaA's assumption of the company's assets and operating activities the company is now subject to the provisions of the German Codetermination Act. Accordingly, since the fourth quarter of 2013 the Supervisory Board has consisted of twelve members instead of the previous six.

The remuneration of the members of the Supervisory Board is stipulated in the company's corporate articles and comprises a fixed component and three variable components. The fixed gross remuneration amounts to 6,000.00 euros per annum. The chairman of the Supervisory Board receives twice this amount and the deputy chairman

receives one-and-a-half times this amount. Each Supervisory Board member also receives an attendance fee of 1,000.00 euros for each meeting attended. These amounts are payable upon expiry of the financial year.

Each Supervisory Board member additionally receives performance-related and dividend-linked annual remuneration. Performance-related remuneration is determined on the basis of the undiluted earnings per limited partner's share, calculated according to the IFRS rules, and amounts to 250.00 euros for each 0.05 euros portion of earnings exceeding earnings of 0.25 euros per limited partner's share. The dividend-linked remuneration is calculated as follows: If a dividend of more than 0.25 euros per limited partner's share is resolved, the remuneration will amount to 500.00 euros for each 0.05 euros portion of the dividend which exceeds the dividend of 0.25 euros per limited partner's share. Here too, the chairman of

the Supervisory Board receives twice the performance-related and dividend-linked remuneration and the deputy chairman one-and-a-half times this amount. For each member of the Supervisory Board, this remuneration is payable ten days after the general meeting which approves the acts of the Supervisory Board for the financial year in question. Supervisory Board members who have only served on the

Supervisory Board for part of the financial year will receive remuneration pro rata temporis.

The following remuneration has been paid over to the members of the Supervisory Board:

	2014							2013						
	Fixed remuneration in thousands of euros	Attendance fees in thousands of euros	Performance-related remuneration in thousands of euros	Dividend-linked remuneration in thousands of euros	Total remuneration in thousands of euros	Number of shares held	Number of options	Fixed remuneration in thousands in TEuro	Attendance fees in thousands in TEuro	Performance-related remuneration in thousands in TEuro	Dividend-linked remuneration in thousands in TEuro	Total remuneration in thousands in TEuro	Number of shares held	Number of options
<b>Supervisory Board remuneration, shareholdings, options</b>														
<b>Supervisory Board of CEWE Stiftung &amp; Co. KGaA</b>														
Hubert Rothärmel (Chairman to June 6, 2012)	0.0	0.0	0.0	0.0	0.0	0*	0*	0.0	0.0	10.8	10.0	20.8	0*	0*
Otto Korte (Chairman since June 6, 2012)	12.0	5.0	30.0	25.0	72.0	0	0	12.0	5.0	20.6	19.0	56.6	0	0
Prof Dr Hans-Jürgen Appelrath (Deputy Chairman to November 6, 2013)	6.0	4.5	21.3	17.7	49.5	0	0	9.0	5.0	16.8	15.5	46.3	0	0
Hartmut Fromm (Deputy Chairman to June 6, 2012)	0.0	0.0	0.0	0.0	0.0	0	0	0.0	0.0	8.1	7.5	15.6	0	0
Prof Dr Christiane Hipp (since June 6, 2012)	6.0	5.0	15.0	12.5	38.5	0	0	6.0	4.0	7.6	7.0	24.6	0	0
Dr Joh. Christian Jacobs (to February 28, 2013)	0.0	0.0	2.5	2.1	4.6	0	0	1.0	1.0	13.0	12.0	27.0	0	0
Corinna Linner (since June 6, 2012)	6.0	5.0	15.0	12.5	38.5	0	0	6.0	5.0	7.6	7.0	25.6	0	0
Prof Dr Michael Paetsch	6.0	4.0	15.0	12.5	37.5	0	0	6.0	4.0	13.0	12.0	35.0	0	0
Dr Hans-Henning Wiegmann (since April 1, 2013)	6.0	5.0	11.3	9.4	31.6	0	0	4.5	3.0	0.0	0.0	7.5	0	0
<b>Subtotal</b>	<b>42.0</b>	<b>28.5</b>	<b>110.0</b>	<b>91.7</b>	<b>272.2</b>	<b>0</b>	<b>0</b>	<b>44.5</b>	<b>27.0</b>	<b>97.5</b>	<b>90.0</b>	<b>259.0</b>	<b>0</b>	<b>0</b>
<b>Employees' representatives on the Supervisory Board, appointed pursuant to the order of Oldenburg District Court of October 29, 2013 pursuant to § 104 of the German Stock Corporation Act (AktG)</b>														
Vera Ackermann (Deputy Chairwoman since November 6, 2013)	9.0	5.0	3.8	3.1	20.9	0	0	1.0	1.0	0.0	0.0	2.0	0	0
Michael Bühl	6.0	5.0	2.5	2.1	15.6	210	0	1.0	1.0	0.0	0.0	2.0	201	2,000**
Angelika Esser	6.0	5.0	2.5	2.1	15.6	26	0	1.0	1.0	0.0	0.0	2.0	34	0
Udo Preuss	6.0	5.0	2.5	2.1	15.6	20	0	1.0	1.0	0.0	0.0	2.0	10	0
Stefan Soltmann	6.0	4.0	2.5	2.1	14.6	0	0	1.0	1.0	0.0	0.0	2.0	0	0
Thorsten Sommer	6.0	5.0	2.5	2.1	15.6	26	0	1.0	1.0	0.0	0.0	2.0	34	0
<b>Subtotal</b>	<b>39.0</b>	<b>29.0</b>	<b>16.3</b>	<b>13.5</b>	<b>97.8</b>	<b>282</b>	<b>0</b>	<b>6.0</b>	<b>6.0</b>	<b>0.0</b>	<b>0.0</b>	<b>12.0</b>	<b>279</b>	<b>2,000</b>
<b>Supervisory Board of CEWE Stiftung &amp; Co. KGaA</b>	<b>81.0</b>	<b>57.5</b>	<b>126.3</b>	<b>105.2</b>	<b>370.0</b>	<b>282</b>	<b>0</b>	<b>50.5</b>	<b>33.0</b>	<b>97.5</b>	<b>90.0</b>	<b>271.0</b>	<b>279</b>	<b>2,000</b>

\* Not requested, since no longer serving on an executive body of the company

\*\* Options under the 2010 Stock Option Plan

CEWE Stiftung & Co. KGaA reimburses the members of the Supervisory Board any value-added tax payable on their remuneration. The above amounts are exclusive of value-added tax.

Members of the Supervisory Board are not eligible to participate in the 2010 and 2014 Stock Option Plans unless they are executives of a CEWE company. Members of the Supervisory Board participated in the new 2014 Stock Option Plan with a total of 1,050 options from January 1, 2015.

None of the members of the Supervisory Board has derived or been granted third-party payments in relation to their service. Finally, none of the members of the Supervisory Board has been granted or paid remuneration or benefits for personal services, in particular advisory or mediation services.

The members of the Supervisory Board are also covered by the company's D & O insurance policy. A deductible of 10 % of the possible damage has been agreed for them, up to a total amount of one-and-a-half times their fixed Supervisory Board remuneration. No loans or advance payments have been granted to members of the Supervisory Board. Nor has the company entered into any contingent liabilities for their benefit.

## Remuneration of previous members of the Board of Management and the Supervisory Board

### Remuneration of retired members of the Board of Management

In the year under review, from the date of his retirement on December 31, 2013 Dr Michael Fries received contractually agreed non-competition compensation of slightly less than 11 thousand euros per month, up to and including June 2014. The two retiring members of the Board of Management Dr Fries and Mr Thalmann received variable remuneration in 2014 for the financial year 2013, including any bonus bank balances falling due, plus the contractually stipulated interest on the latter. The bonus bank accounts of retired members of the Board of Management developed as follows:

<b>Bonus bank (excluding interest) – resigned members of the Board of Management</b> in euros	Start balance Jan. 1, 2013	Amount paid out 2013	Allocations 2013	End balance Dec. 31, 2013	Amount paid out 2014	Allocations 2014	End balance Dec. 31, 2014
Dr Michael Fries	46,369	0	15,901	62,271	-62,271	0	0
Felix Thalmann	79,280	0	29,542	108,822	-108,822	0	0
<b>Total retired members of the Board of Management</b>	<b>125,650</b>	<b>0</b>	<b>45,443</b>	<b>171,093</b>	<b>-171,093</b>	<b>0</b>	<b>0</b>

Amounts excl. interest; the amounts paid out in 2014 incl. interest are indicated in the following table "Remuneration derived"

Finally, the stock options exercised by these persons were settled up. In detail, these two former members of the Board of Management received the following overall remuneration:

	<i>Figures in euros</i>	Dr Michael Fries "former member of the Board of Management of Neumüller CEWE COLOR Stiftung" to December 31, 2013				Felix Thalmann "former member of the Board of Management of Neumüller CEWE COLOR Stiftung" since January 1, 2014				Total for retired members			
		2013	2014	Min. 2014	Max 2014	2013	2014	Min. 2014	Max 2014	2013	2014	Min. 2014	Max 2014
<b>Remuneration granted</b>													
<b>Fixed gross remuneration</b>													
Fixed remuneration	168,000	64,331	64,331	64,331	204,000	0	0	0	372,000	64,331	64,331	64,331	
Side benefits	12,438	0	0	0	20,559	0	0	0	32,997	0	0	0	
<b>Total fixed gross remuneration</b>	<b>180,438</b>	<b>64,331</b>	<b>64,331</b>	<b>64,331</b>	<b>224,559</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>404,997</b>	<b>64,331</b>	<b>64,331</b>	<b>64,331</b>	
<b>Variable remuneration</b>													
One-year variable remuneration	63,606	0	0	0	118,168	0	0	0	181,774	0	0	0	
Multiple-year variable remuneration													
Bonus bank	15,901	0	0	0	29,542	0	0	0	45,443	0	0	0	
Stock Option Plan 2010 – 2015	13,579	4,526	0	0	3,994	1,331	0	0	17,573	5,858	0	0	
<b>Total variable remuneration</b>	<b>93,086</b>	<b>4,526</b>	<b>0</b>	<b>0</b>	<b>151,704</b>	<b>1,331</b>	<b>0</b>	<b>0</b>	<b>244,790</b>	<b>5,858</b>	<b>0</b>	<b>0</b>	
<b>Pension expenses</b>	<b>81,100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>124,600</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>205,700</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Total remuneration (GCGC)</b>	<b>354,624</b>	<b>68,858</b>	<b>64,331</b>	<b>64,331</b>	<b>500,863</b>	<b>1,331</b>	<b>0</b>	<b>0</b>	<b>855,487</b>	<b>70,189</b>	<b>64,331</b>	<b>64,331</b>	

	Dr Michael Fries "former member of the Board of Management of Neumüller CEWE COLOR Stiftung" to December 31, 2013		Felix Thalmann "former member of the Board of Management of Neumüller CEWE COLOR Stiftung" to December 31, 2013		Total for retired members	
	2013	2014	2013	2014	2013	2014
<b>Remuneration derived</b>	<i>Figures in euros</i>					
<b>Fixed gross remuneration</b>						
Fixed remuneration	168,000	64,331	204,000	0	372,000	64,331
Side benefits	12,438	0	20,559	0	32,987	0
<b>Total fixed gross remuneration</b>	<b>180,438</b>	<b>64,331</b>	<b>224,559</b>	<b>0</b>	<b>404,987</b>	<b>64,331</b>
<b>Variable remuneration</b>						
One-year variable remuneration	61,510	63,606	146,000	118,168	207,510	181,774
Multiple-year variable remuneration						
Bonus bank 2010 – 2013	0	70,068	0	123,644	0	193,712
Stock Option Plan 2010 – 2015	0	235,195	0	69,175	0	304,370
Other items	0	0	0	0	0	0
<b>Total variable remuneration</b>	<b>61,510</b>	<b>368,869</b>	<b>146,000</b>	<b>310,987</b>	<b>207,510</b>	<b>679,856</b>
<b>Pension expenses</b>	<b>81,100</b>	<b>0</b>	<b>124,600</b>	<b>0</b>	<b>205,700</b>	<b>0</b>
<b>Total remuneration (GCGC)</b>	<b>323,048</b>	<b>433,201</b>	<b>495,159</b>	<b>310,987</b>	<b>818,207</b>	<b>744,188</b>

The indicated payout amounts for bonus bank balances include the contractually stipulated amount of interest. For both Mr Felix Thalmann and Dr Michael Fries, the cash inflow resulting from the settlement of the 2010 Stock Option Plan has derived from cash settlement of these options. In detail, these persons have exercised these options as follows:

<b>Stock Option Plan 2010 – retired members of the Board of Management</b>	<b>Number of options</b>	<b>Exercise in 2014 Shares purchased</b>	<b>Exercise in 2014 Cash settlement</b>	<b>Exercise in 2014 Total</b>	<b>Number of options Dec. 31, 2014</b>	<b>Exercise in 2014 Cash settlement <i>in euros</i></b>
Dr Michael Fries	8,500	0	–8,500	–8,500	0	235,195
Felix Thalmann	2,500	0	–2,500	–2,500	0	69,175
<b>Total retired members of the Board of Management</b>	<b>11,000</b>	<b>0</b>	<b>–11,000</b>	<b>–11,000</b>	<b>0</b>	<b>304,370</b>

#### **Pension commitments and pensions paid to former members of the Board of Management**

For former members of the Board of Management of the old CEWE COLOR Holding AG and Neumüller CEWE COLOR Stiftung, as of December 31, 2014 the company had made pension accruals in the amount of 7,414 thousand euros (previous year: 5,138 thousand euros). Pension payments for the financial year 2014 amounted to 491 thousand euros (previous year: 479 thousand euros). The significant decrease in the interest rate has resulted not only in a strong actuarial loss but has also had an impact on earnings. With effect as of April 1, 2007, the pension commitments for the former members of the Board of Management who had already retired as of this date were transferred to CEWE COLOR Versorgungskasse e.V. CEWE COLOR Versorgungskasse e.V. is included in the consolidated financial statements. The company's pension commitments for the other retired members of the Board of Management were maintained in the form of a direct commitment. The company has not granted any loans or advance payments or entered into any liabilities for former members of the Supervisory Board and the Board of Management of Neumüller CEWE COLOR Stiftung, the old CEWE COLOR Holding AG or the current CEWE Stiftung & Co. KGaA.

The company has not paid any remuneration for old members of the Supervisory Board.

#### **Reimbursement of expenses and liability remuneration of the general partner**

As its general partner, Neumüller CEWE COLOR Stiftung is entitled to receive reimbursement from CEWE Stiftung & Co. KGaA or for CEWE Stiftung & Co. KGaA to bear any expenses resulting in connection with its management activities, including remuneration and pension payments for its executive bodies. For salary payments, this is handled by means of the accelerated procedure; i. e. CEWE Stiftung & Co. KGaA pays the individual members of the Board of Management their salaries directly. In addition, for its management activities and to cover its personal liability Neumüller CEWE COLOR Stiftung receives annual remuneration – irrespective of any profit or loss – in the amount of 50,000 euros plus any value-added tax applicable; for the previous year, 2013, its entitlement pro rata temporis for the period of its service as general partner from October 1, 2013 totalled 12,500 euros.

## MANAGEMENT DECLARATION

### Management report

This management declaration under § 289a of the German Commercial Code includes the declaration of conformity in accordance with § 161 of the German Companies Act, relevant details of corporate governance practices beyond the scope of applicable statutory requirements, a description of the procedures of the Board of Management and the Supervisory Board and the makeup and procedures of their committees. Pursuant to item 3.10 of the German Corporate Governance Code, this management declaration of CEWE Stiftung & Co. KGaA includes the company's corporate governance (corporate governance report).

The German Corporate Governance Code (GCGC) has been drawn up for public limited companies. Since it thus does not cover the legal form of a partnership limited by shares (Kommanditgesellschaft auf Aktien, KGaA), CEWE Stiftung & Co. KGaA has decided to apply the Code so as to reflect the interests of the limited shareholders while remaining true to the spirit of the Code.

#### Compliance declaration under § 161 of the German Companies Act

For the full text of the company's compliance declaration under § 161 AktG, please see pages 16ff. of this Annual Report or the company's website <http://ir.cewe.de/cgi-bin/show.ssp?companyName=cewe&language=English&id=0>

#### Relevant disclosures on management practices

CEWE Stiftung & Co. KGaA is aware of its social responsibility, which it considers to be an important factor in the company's long-term success. The CEWE Group has an established tradition of conducting its business affairs in compliance with national and international legislation as well as generally acknowledged ethical principles. In this respect, the CEWE Group has developed a mission statement which sets out its corporate culture, which is characterised by integrity,

trustworthiness and responsibility. The basic values and principles of this mission statement may be viewed online at <http://company.cewe.de/en/company/compliance/mission-statement.html>.

CEWE Stiftung & Co. KGaA has also summarised its key principles in a code of conduct which is based on ethical values and related business principles that reflect integrity and loyalty. This code of conduct applies for all of the Group's employees and requires compliance with the following operating principles:

#### Our activities are defined by integrity and lawful behaviour

We pursue appropriate business relationships, which are free of any dishonest practices.

We avoid any conflicts between the interests of the CEWE Group and private interests. We will not tolerate any abuse of employees' positions for personal advantage, for the benefit of third parties or to the detriment of the CEWE Group.

Further information on our code of conduct is publicly available on the following website:

<http://company.cewe.de/en/company/compliance/code-of-conduct.html>

CEWE Stiftung & Co. KGaA also supports the principles of the compliance initiative of the German Association Materials Management, Purchasing and Logistics (Bundesverband Materialwirtschaft, Einkauf und Logistik e. V., BME). Further information on the principles of the German Association Materials Management, Purchasing and Logistics is available at [www.bme.de/Compliance](http://www.bme.de/Compliance).

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 <http://company.cewe.de/de/unternehmen/compliance/verhaltensgrundsaeetze.html>

 <http://company.cewe.de/de/unternehmen/compliance/leitbild.html>

 [www.bme.de/Compliance](http://www.bme.de/Compliance)

### Procedures of the management and the Supervisory Board and makeup and procedures of the Supervisory Board's committees

Due to the provisions of the German Companies Act, the corporate articles of CEWE Stiftung & Co. KGaA and the rules of procedure of the company's various committees, rules are in place at CEWE Stiftung & Co. KGaA for its management and for supervision of its management which comply with the requirements of the Code. The company fulfils the Code's requirement of protection for investors bearing entrepreneurial risk.

### Management

The general partner Neumüller CEWE COLOR Stiftung holds 20,000 no-par value bearer shares in the share capital of CEWE Stiftung & Co. KGaA and thus approx. 0.27 %, while the limited shareholders hold the remainder of the shares. The general partner Neumüller CEWE COLOR Stiftung (the management) manages the company's business through its Board of Management as well as its managing directors appointed as special representatives pursuant to §30 of the German Civil Code (Bürgerliches Gesetzbuch, BGB) in accordance with applicable legislation, the corporate articles of CEWE Stiftung & Co. KGaA and its own corporate articles. Due to its unlimited personal liability, Neumüller CEWE COLOR Stiftung has a considerable interest in the orderliness and efficiency of the business activities of CEWE Stiftung & Co. KGaA, which it accordingly encourages. The Board of Management of Neumüller CEWE COLOR Stiftung passes resolutions at its meetings, which are held at least four times a year. Each member of the Board of Management of Neumüller CEWE COLOR Stiftung notifies the other members in good time of important events and transactions within his area of business. Specific tasks are assigned to individual members of the Board of Management by means of a schedule of responsibilities.

The tasks handled by the management include preparation of the annual financial statements of CEWE Stiftung & Co. KGaA and the Group and approval of the Group's quarterly and semi-annual financial statements. The management also ensures compliance with statutory, official and internal regulations and ensures that all of the companies of the CEWE Group comply with these regulations. The management

notifies the Supervisory Board regularly, promptly and comprehensively regarding any strategy, planning, business development, risk position, risk management and compliance issues which are relevant for the company and thus comprehensively complies with its reporting obligation. In addition, the management reports regularly, promptly and comprehensively – both in writing and orally – on any matters which are of material significance for the company. Further details are stipulated in the rules of procedure for the Board of Management and the Supervisory Board and in the corporate articles of Neumüller CEWE COLOR Stiftung.

### Supervisory Board

The management notifies the Supervisory Board of the course of business and the company's position at least once a quarter. The management also notifies the Supervisory Board at least once per year regarding the annual planning and the company's strategy. The members of the Board of Management of Neumüller CEWE COLOR Stiftung are invited to attend the meetings of the Supervisory Board, unless the Supervisory Board resolves otherwise in an individual instance. At each of its meetings, the Supervisory Board systematically discusses the following issues:

- Corporate governance
- Compliance
- The company's risk situation

The Supervisory Board and the Board of Trustees are involved in key decisions of the Board of Management early on. The management and the Supervisory Board also regularly discuss issues of strategy and planning as well as current business developments outside of these meetings. The Supervisory Board maintains regular contact with the management, so as to obtain early notification of the company's current business development as well as significant business transactions. The Supervisory Board regularly assesses whether conflicts of interest may apply for members of the Board of Management of Neumüller CEWE COLOR Stiftung in relation to the work which they perform for CEWE Stiftung & Co. KGaA.

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At CEWE Stiftung & Co. KGaA, in the period under review an audit committee performed the tasks assigned to it under the rules of procedure approved by the overall Supervisory Board. The Supervisory Board and its committees regularly undergo an efficiency review of their own and incorporate the findings in their future activities.

For further information, please refer to the report of the Supervisory Board (pages 15ff. of this Annual Report and online at <http://ir.cewe.de/cgi-bin/show.ssp?companyName=cewe&language=English&id=3030>) and the corporate governance report (pages 120ff. of this Annual Report and online at <http://ir.cewe.de/cgi-bin/show.ssp?companyName=cewe&language=English&id=6000>).

#### Board of Trustees of Neumüller CEWE COLOR Stiftung

Some of the tasks which are performed by a public limited company's supervisory board are handled by Neumüller CEWE COLOR Stiftung at CEWE, specifically by the Board of Trustees of Neumüller CEWE Color Stiftung. Accordingly, the details of the Board of Trustees are outlined below.

The Board of Trustees has six members.

The Board of Trustees advises and supervises the Board of Management. It keeps up-to-date regarding the affairs of Neumüller CEWE COLOR Stiftung and CEWE Stiftung & Co. KGaA and may inspect and audit the commercial books and other documents of the company and also its assets for this purpose. According to § 15 (2) of the corporate articles of CEWE Stiftung & Co. KGaA, the management requires the consent of the Board of Trustees for transactions beyond the scope of normal business. The corporate articles of Neumüller CEWE COLOR Stiftung also stipulate the consent of the Board of Trustees for certain extraordinary measures enacted by the management. The Board of Trustees is convened as required, but meets at least four times a year.

#### The general meeting of CEWE Stiftung & Co. KGaA

The annual general meeting of CEWE Stiftung & Co. KGaA took place on June 4, 2014 in Oldenburg. 62.1 % of the share capital was present here, which represents a stable level of participation. In particular, the annual general meeting passes resolutions regarding the approval of the annual financial statements, appropriation of unappropriated profits, approval of the acts of the members of the management and the Supervisory Board and the appointment of the auditor. The general meeting is also entitled to resolve amendments to the corporate articles. The limited shareholders of CEWE Stiftung & Co. KGaA exercise their rights at the general meeting. They may exercise their voting rights in person or through a proxy appointed either by themselves or by the company. All documents and information for impending general meetings (including summaries of the shareholders' rights) will also be made available on our website.

#### Corporate governance report

In the financial year 2014, the management and the Supervisory Board of CEWE Stiftung & Co. KGaA pursued intensive discussions regarding the issue of corporate governance and the German Corporate Governance Code in particular. Corporate governance entails the management and supervision of companies on the basis of a sense of responsibility and with the goal of long-term value creation. For this reason, we not only comply with almost all of the recommendations, but also with the proposals included in the Code. The rules and principles of the Code also determine the corporate policies of CEWE Stiftung & Co. KGaA.

### Final declaration by the Board of Management of the general manager on the report on relationships with affiliates

The status of Neumüller CEWE COLOR Stiftung as the general manager of CEWE Stiftung & Co. KGaA means that, in principle, CEWE Stiftung & Co. KGaA is dependent on Neumüller CEWE COLOR Stiftung within the meaning of § 17 AktG. Since no control agreement has been concluded with Neumüller CEWE COLOR Stiftung in accordance with § 291 AktG, as the management body of CEWE Stiftung & Co. KGaA pursuant to § 312 AktG the Board of Management of the general partner Neumüller CEWE COLOR Stiftung has prepared a report on relationships with affiliates. At the end of this report, the Board of Management has presented the following declaration:

“We hereby declare that our company has received an appropriate consideration for each of the legal transactions listed in this report on relationships with affiliates, in accordance with the circumstances known to us as of the execution of these transactions. No measures have been implemented or waived at the instigation or in the interest of the controlling company or an affiliate.”

### Transactions with related parties

Neumüller CEWE COLOR Stiftung is the company's managing partner. It does not have any interest in the company's capital. Neumüller CEWE COLOR Stiftung has concluded a contract with CEWE Stiftung & Co. KGaA regulating its management duties as managing partner and the assumption of expenses. Under this contract, Neumüller CEWE COLOR Stiftung is to be reimbursed for any expenses arising in connection with its management activities, particularly those incurred by its Board of Management, its management and its Board of Trustees. Neumüller CEWE COLOR Stiftung is also entitled to receive appropriate annual remuneration, irrespective of any profit or loss, for its management and representational duties and for the assumption of its personal liability risk.

The Group has entered into several commercial tenancy agreements with the community of heirs whose executor is Mr Otto Korte, member of the Supervisory Board.

Oldenburg, March 3, 2015

**CEWE Stiftung & Co. KGaA**

For the general partner Neumüller CEWE COLOR Stiftung

– The Board of Management –



Dr. Rolf Hollander  
(Chairman of the Board of Management)



Dr. Reiner Fageth



Carsten Heitkamp



Andreas F. L. Heydemann



Dr. Olaf Holzkämper



Thomas Mehls



Harald H. Pirwitz



Frank Zweigle

## BOARD OF MANAGEMENT AND MANAGEMENT

of Neumüller CEWE COLOR Stiftung as the general partner of CEWE Stiftung & Co. KGaA

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<http://company.cewe.de/de/unternehmen/firmenstruktur/vorstand.html>



**Dr. Rolf Hollander**

Chairman of the Board of Management of Neumüller CEWE COLOR Stiftung



**Dr. Reiner Fageth**

Member of the Board of Management of Neumüller CEWE COLOR Stiftung  
Responsible for Technology and Research and Development



**Dr. Olaf Holzkämper**

Member of the Board of Management of Neumüller CEWE COLOR Stiftung  
Responsible for Finance & Controlling, Business Development, Investor Relations and On-Site Finishing



**Andreas F. L. Heydemann**

Member of the Board of Management of Neumüller CEWE COLOR Stiftung  
Responsible for Materials Management, IT, Legal, Auditing and Sustainability



**Carsten Heitkamp**

Member of the Board of Management of Neumüller CEWE COLOR Stiftung  
Responsible for the German Plants, Personnel and Logistics



**Thomas Mehls**

Member of the Board of Management of Neumüller CEWE COLOR Stiftung  
Responsible for German and Foreign Marketing, Online Photo Service, CEWE PRINT, Viaprinto and New Business Acquisition



**Patrick Berkhouwer**

Managing Director of Neumüller CEWE COLOR Stiftung  
Responsible for Foreign Markets and Expansion



**Harald H. Pirwitz**

Member of the Board of Management of Neumüller CEWE COLOR Stiftung  
Responsible for German and Foreign Distribution



**Frank Zweigle**

Member of the Board of Management of Neumüller CEWE COLOR Stiftung  
Responsible for the Administrative Activities of Neumüller CEWE COLOR Stiftung

## GLOSSARY

**i** Please note:

Where digital photos are referred to in this financial report, figures include CEWE PHOTOBOOK prints and images 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, e.g. particularly for totals.

### Borrowed capital

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

### Capital employed (CE)

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

### Capital invested (CI)

Equity capital plus non-operating liabilities and gross financial liabilities

### Capital yield

See return on capital employed

### Days working capital

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

### EBT

Earnings before taxes

### EBIT

Earnings before interest and taxes

### EBITDA

Earnings before interest, taxes, depreciation and amortisation

### Equity

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

### Equity ratio

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

### Financial liabilities

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

### Fixed assets

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

### Free cash flow

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

### Free float

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

### Gross cash flow

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

### Gross financial liabilities

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

**Gross working capital**

Current assets without cash and cash equivalents

**Liquidity ratio**

Ratio of cash and cash equivalents versus total assets

**Net cash flow**

Gross cash flow less investments

**Net financial liabilities**

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

**Net working capital**

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

**Non-operating liabilities**

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

**NOPAT**

EBIT less income taxes and other taxes

**Other current liabilities**

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

**Other gross working capital**

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

**Other net working capital**

Other gross working capital less other current liabilities

**Other operating cash flows**

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

**Operating net working capital**

Inventories plus current trade receivables less current trade payables

**P & L**

Profit and loss account

**Return on capital employed (ROCE)**

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

**Working capital-induced cash flow**

Changes resulting from net working capital

# 03

## CONSOLIDATED FINANCIAL STATEMENTS

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*“A continuous stream of exciting new products; the best and most efficient production facilities; occupational safety and protection of the environment as priorities: For me, CEWE very clearly stands for a capacity for innovation!”*

**Maria Victoria Heitland**, Shipping/Logistics, CEWE shareholder

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the financial year 2014 of CEWE Stiftung & Co. KGaA

<i>Figures in thousands of euros</i>	<b>2014</b>	2013	Change	Notes
Revenues	523,779	536,246*	-2.3 %	C 26
Increase/decrease in finished and unfinished goods	176	326	-46.0 %	
Other own work capitalised	903	1,034	-12.7 %	
Other operating income	21,462	24,589	-12.7 %	C 27
Cost of materials	-162,653	-190,017	14.4 %	C 28
<b>Gross profit/loss</b>	<b>383,667</b>	<b>372,178</b>	<b>3.1 %</b>	
Personnel expenses	-135,881	-129,882	-4.6 %	C 29
Other operating expenses	-181,682	-175,449*	-3.6 %	C 30
<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b>	<b>66,104</b>	<b>66,847</b>	<b>-1.1 %</b>	
Amortisation of intangible assets, depreciation of property, plant and equipment	-33,468	-37,902	11.7 %	C 31
<b>Earnings before interest and taxes (EBIT)</b>	<b>32,636</b>	<b>28,945</b>	<b>12.8 %</b>	
Financial income	242	299*	19.1 %	C 33
Financial expenses	-1,418	-2,163*	34.4 %	C 33
<b>Financial result</b>	<b>-1,176</b>	<b>-1,864</b>	<b>36.9 %</b>	
<b>Earnings before taxes (EBT)</b>	<b>31,460</b>	<b>27,081*</b>	<b>16.2 %</b>	
Income taxes	-10,099	-4,795*	-111 %	C 34
<b>Earnings after taxes (attributable to the shareholders of CEWE KGaA)</b>	<b>21,361</b>	<b>22,286</b>	<b>-4.2 %</b>	
<b>Earnings per share (in euros)</b>				
undiluted	3.07	3.39*	-9.4 %	C 36
diluted	3.06	3.36*	-8.9 %	C 36

\*The reference figures have been restated (cf. comments in section A).

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year 2014 of CEWE Stiftung & Co. KGaA

<i>Figures in thousands of euros</i>	2014	2013*	Change	Notes
<b>Earnings after taxes</b>	<b>21,361</b>	22,286	-4.2 %	
Difference resulting from currency translation	-1,631	-3,954	58.8 %	A 5
<b>Amounts which may be reclassified to the profit and loss account in future periods</b>	<b>-1,631</b>	-3,954	58.8 %	
Actuarial losses	-2,903	98	—	
Income taxes on income and expenses not affecting net income	865	0	—	
<b>Amounts not reclassified to the profit and loss account</b>	<b>-2,038</b>	98	—	
<b>Income and expenses not affecting net income after taxes</b>	<b>-3,669</b>	-3,856	4.8 %	
<b>Comprehensive income (attributable to shareholders of CEWE KGaA)</b>	<b>17,692</b>	18,430	-4.0 %	

\* The reference figures have been restated (cf. comments in section A).

## CONSOLIDATED BALANCE SHEET

as of December 31, 2014 of CEWE Stiftung & Co. KGaA

<b>ASSETS</b>	<i>Figures in thousands of euros</i>	<b>Dec. 31, 2014</b>	Dec. 31, 2013	Jan. 1, 2013	Change	Notes
Property, plant and equipment		102,539	98,562	101,211	4.0 %	D 37
Real estate held as financial investments		4,954	4,277	4,484	15.8 %	D 38
Goodwill		25,360	25,360	28,529	—	D 39
Intangible assets		19,290	19,969	21,759	-3.4 %	D 40
Financial assets		3,264	1,153	322	183 %	D 41
Non-current receivables from income tax refunds		1,071	1,557	2,092	-31.2 %	D 42
Non-current financial assets		2,933	1,543	443	90.1 %	D 43
Non-current other receivables and assets		213	179	237	19.0 %	D 43
Deferred tax assets		8,141	9,438*	8,381*	-13.7 %	D 44
<b>Non-current assets</b>		<b>167,765</b>	<b>162,038</b>	<b>167,458</b>	<b>3.5 %</b>	
Inventories		48,887	59,131	62,652	-17.3 %	D 46
Current trade receivables		84,269	88,768	72,184	-5.1 %	D 47
Current receivables from income tax refunds		1,759	2,127	1,639	-17.3 %	D 48
Current financial assets		3,040	2,960	3,227	2.7 %	D 49
Other current receivables and assets		4,917	3,793	4,661	29.6 %	D 50
Cash and cash equivalents		27,665	14,031	13,370	97.2 %	D 51
		<b>170,537</b>	<b>170,810</b>	<b>157,733</b>	-0.2 %	
Non-current assets held for sale		1,331	1,010	192	31.8 %	D 45
<b>Current assets</b>		<b>171,868</b>	<b>171,820</b>	<b>157,925</b>	<b>0.0 %</b>	
<b>Assets</b>		<b>339,633</b>	<b>333,858</b>	<b>325,383</b>	<b>1.7 %</b>	

\*The reference figures have been restated (cf. comments in section A).

<b>EQUITY AND LIABILITIES</b>	<i>Figures in thousands of euros</i>	<b>Dec. 31, 2014</b>	Dec. 31, 2013	Jan. 1, 2013	Change	Notes
Subscribed capital		19,240	19,240	19,188	—	D 52
Capital reserve		69,332	56,643	56,228	22.4 %	D 56
Treasury shares at acquisition cost		-8,511	-23,391	-23,939	63.6 %	D 57
Retained earnings and unappropriated profits		93,592	90,327*	80,708*	3.6 %	D 58
<b>Equity</b>		<b>173,653</b>	<b>142,819</b>	<b>132,185</b>	<b>21.6 %</b>	
Non-current accruals for pensions		21,941	17,917	17,363	22.5 %	D 59
Non-current deferred tax liabilities		2,796	3,280	4,103*	-14.8 %	D 60
Non-current other accruals		242	350	549	-30.9 %	D 61
Non-current interest-bearing financial liabilities		2,655	4,212	23,473	-37.0 %	D 62
Non-current financial liabilities		0	3,000	4,228	—	D 63
Non-current other liabilities		205	234*	330*	-12.4 %	D 64
<b>Non-current liabilities</b>		<b>27,839</b>	<b>28,993</b>	<b>50,046</b>	<b>-4.0 %</b>	
Current tax liabilities		4,451	4,180	2,955	6.5 %	D 65
Current other accruals		3,298	4,196*	2,621*	-21.4 %	D 66
Current interest-bearing financial liabilities		1,560	26,111	8,005	-94.0 %	D 67
Current trade payables		96,100	101,077	102,186	-4.9 %	D 68
Current financial liabilities		3,611	3,863*	4,509*	-6.5 %	D 69
Current other liabilities		29,121	22,619*	22,876*	28.7 %	D 70
<b>Current liabilities</b>		<b>138,141</b>	<b>162,046</b>	<b>143,152</b>	<b>-14.8 %</b>	
<b>Equity and liabilities</b>		<b>339,633</b>	<b>333,858</b>	<b>325,383</b>	<b>1.7 %</b>	

\* The reference figures have been restated (cf. comments in section A).

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

of CEWE Stiftung & Co. KGaA

<i>Figures in thousands of euros</i>	Subscribed capital	Capital reserve	Generated Group equity	Special item for Stock Option Plans
<b>As of Jan. 1, 2013 (as previously reported)</b>	19,188	56,228	80,148	947
Corrections of errors*	—	—	1,715	—
<b>As of Jan. 1, 2013 (after restatement)</b>	19,188	56,228	81,863	947
<b>Overall result</b>	—	—	22,286	—
Dividend paid out	—	—	-9,540	—
Issue of treasury shares	—	—	—	—
Capital increase	52	415	—	—
2010 Stock Option Plan	—	—	—	319
Other equity changes	—	—	410	—
<b>Owner-related equity changes</b>	52	415	-9,130	319
<b>As of Dec. 31, 2013 (after restatement) / Jan. 1, 2014</b>	<b>19,240</b>	<b>56,643</b>	<b>95,019</b>	<b>1,266</b>
<b>Overall result</b>	—	—	21,361	—
Dividend paid out	—	—	-10,646	—
Sale of treasury shares	—	12,689	—	—
Addition to 2010 Stock Option Plan	—	—	—	106
Exercise of 2010 Stock Option Plan	—	—	-2,656	-1,231
Other equity changes	—	—	—	—
<b>Owner-related equity changes</b>	—	12,689	-13,302	-1,125
<b>As of Dec. 31, 2014</b>	<b>19,240</b>	<b>69,332</b>	<b>103,078</b>	<b>141</b>

\*The reference figures have been restated (cf. comments in section A).

Actuarial profits and losses	Compensating item from currency translation	Income taxes not affecting net income	Retained earnings and unappropriated profits	Total	Treasury shares at acquisition cost	Group equity
-6,032	1,669	2,261	78,993	154,409	-23,939	130,470
—	—	—	1,715	1,715	—	1,715
-6,032	1,669	2,261	80,708	156,124	-23,939	132,185
98	-3,954	—	18,430	18,430	—	18,430
—	—	—	-9,540	-9,540	—	-9,540
—	—	—	—	—	548	548
—	—	—	—	467	—	467
—	—	—	319	319	—	319
—	—	—	410	410	—	410
—	—	—	-8,811	-8,344	548	-7,796
<b>-5,934</b>	<b>-2,285</b>	<b>2,261</b>	<b>90,327</b>	<b>166,210</b>	<b>-23,391</b>	<b>142,819</b>
-2,903	-1,631	865	17,692	17,692	—	17,692
—	—	—	-10,646	-10,646	—	-10,646
—	—	—	—	12,689	14,149	26,838
—	—	—	106	106	—	106
—	—	—	-3,887	-3,887	—	-3,887
—	—	—	—	—	731	731
—	—	—	<b>-14,427</b>	<b>-1,738</b>	<b>14,880</b>	<b>13,142</b>
<b>-8,837</b>	<b>-3,916</b>	<b>3,126</b>	<b>93,592</b>	<b>182,164</b>	<b>-8,511</b>	<b>173,653</b>

## CONSOLIDATED CASH FLOW STATEMENT

for the financial year 2014 of CEWE Stiftung & Co. KGaA

Notes E73

<i>Figures in thousands of euros</i>	2014	2013 (after restatement)	Corrections of errors*
EBIT	32,636	28,945	-420
+/- depreciation (+)/revaluations (-)	33,468	37,902	0
<b>= EBITDA</b>	<b>66,104</b>	<b>66,847</b>	<b>-420</b>
<b>+/- Non-cash factors</b>	<b>-765</b>	<b>-276</b>	<b>-25</b>
+/- Decrease (+)/increase (-) in operating net working capital	8,866	-14,172	0
+/- Decrease (+)/increase (-) in other net working capital (excluding income tax items)	4,086	1,117	0
<b>= Working capital and tax-induced cash flow</b>	<b>12,952</b>	<b>-13,055</b>	<b>0</b>
- Taxes paid	-7,296	-5,403	737
+ Interest received	173	142	25
<b>= Other operating cash flows</b>	<b>-7,123</b>	<b>-5,261</b>	<b>0</b>
<b>= Cash flow from operating activities</b>	<b>71,168</b>	<b>48,255</b>	<b>317</b>
- Outflows from investments in fixed assets	-35,442	-35,265	0
- Outflows from purchases of consolidated interests/acquisitions	-4,883	-333	0
- Outflows from investments in financial assets	-2,064	-817	0
+/- Inflows (+)/outflows (-) from investments in non-current financial instruments	-1,294	-1,115	0
+ Inflows from the sale of property, plant and equipment and intangible assets	579	2,406	0
<b>= Cash flow from investing activities</b>	<b>-43,104</b>	<b>-35,124</b>	<b>0</b>
<b>= Free cash flow</b>	<b>28,064</b>	<b>13,131</b>	<b>317</b>
- Dividends paid	-10,646	-9,540	0
+ Sales of treasury shares	26,838	548	0
- 2010 Stock Option Plan	-3,156	0	0
<b>= +/- Outflows to shareholders</b>	<b>13,036</b>	<b>-8,992</b>	<b>0</b>
+/- Inflows (+)/outflows (-) from change in financial liabilities	-26,108	-1,155	0
- Interest paid	-1,418	-2,163	-317
+/- Other financial transactions	7	0	0
<b>= Cash flow from financing activities</b>	<b>-14,483</b>	<b>-12,310</b>	<b>-317</b>
<b>Cash and cash equivalents at the start of the reporting period</b>	<b>14,031</b>	<b>13,370</b>	<b>0</b>
+/- Exchange rate-related changes in cash and cash equivalents	53	-160	0
+ Cash flow from operating activities	71,168	48,255	317
- Cash flow from investing activities	-43,104	-35,124	0
- Cash flow from financing activities	-14,483	-12,310	-317
<b>= Cash and cash equivalents at the end of the reporting period</b>	<b>27,665</b>	<b>14,031</b>	<b>0</b>

\* The reference figures have been restated (cf. comments in section A).

2013 (as previously reported)	Deviation as %
	12.8 %
37,902	-11.7 %
<b>67,267</b>	<b>-1.1 %</b>
<b>-251</b>	<b>-177 %</b>
-14,172	—
1,117	266 %
<b>-13,055</b>	<b>—</b>
-6,140	-35.0 %
117	21.8 %
<b>-6,023</b>	<b>-35.4 %</b>
<b>47,938</b>	<b>47.5 %</b>
-35,265	-0.5 %
-333	> -1,000 %
-817	-153 %
-1,115	-16.1 %
2,406	-75.9 %
<b>-35,124</b>	<b>-22.7 %</b>
<b>12,814</b>	<b>114 %</b>
-9,540	-11.6 %
548	>1,000 %
0	—
<b>-8,992</b>	<b>—</b>
-1,155	> -1,000 %
-1,846	34.4 %
0	—
<b>-11,993</b>	<b>-17.7 %</b>
<b>13,370</b>	<b>4.9 %</b>
-160	—
47,938	47.5 %
-35,124	-22.7 %
-11,993	-17.7 %
<b>14,031</b>	<b>97.2 %</b>

## SEGMENT REPORTING BY BUSINESS UNIT\*

for the financial year 2014 of CEWE Stiftung & Co. KGaA

<b>Financial year 2014</b>	<i>Figures in thousands of euros</i>	<b>Photofinishing</b>	<b>Retail</b>	<b>Commercial Online Printing</b>	<b>Scope of consolidation</b>	<b>CEWE Group</b>
External turnover		386,011	67,299	70,469	—	523,779
Currency effects		1,264	2,788	–342	—	3,710
External turnover, adjusted for currency effects		387,275	70,087	70,127	—	527,489
Internal turnover		1,900	174	—	–2,074	—
<b>Overall turnover</b>		<b>387,911</b>	<b>67,473</b>	<b>70,469</b>	<b>–2,074</b>	<b>523,779</b>
Scheduled depreciation		24,489	1,413	7,245	—	33,147
Non-scheduled depreciation		94	227	—	—	321
EBIT (incl. other taxes)		38,445	–2,941	–2,868	—	32,636
Financial expenses		–1,085	–6	–327	—	–1,418
Financial income		208	31	3	—	242
<hr/>						
<b>Financial year 2013</b>	<i>Figures in thousands of euros</i>	<b>Photofinishing</b>	<b>Retail</b>	<b>Commercial Online Printing</b>	<b>Scope of consolidation</b>	<b>CEWE Group</b>
External turnover		375,414**	100,991	59,841	—	536,246**
Internal turnover		2,982	227	—	–3,209	—
<b>Overall turnover</b>		<b>378,396**</b>	<b>101,218</b>	<b>59,841</b>	<b>–3,209</b>	<b>536,246**</b>
Scheduled depreciation		–26,673	–1,587	–6,388	—	–34,648
Non-scheduled depreciation		–538	–16	–2,700	—	–3,254
EBIT after restructuring (incl. other taxes)		35,847**	76	–6,978	—	28,945**
Restructuring		3,273	—	—	—	3,273
EBIT prior to restructuring (incl. other taxes)		39,122	76	–6,980	—	32,218
Financial expenses		–1,708**	–4	–451	—	–2,163**
Financial income		180**	52	67	—	299**

\* Segment reporting is an integral part of the notes.

\*\* The figures for the previous year have been restated (cf. comments in section A).

## NOTES

### A. General disclosures

#### 1 | Corporate information

CEWE Stiftung & Co. KGaA (hereinafter: CEWE KGaA), is a stock market-listed partnership limited by shares (Kommanditgesellschaft auf Aktien, KGaA) 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.

These consolidated financial statements and the consolidated management report for the financial year 2014 have been prepared by the Board of Management of CEWE KGaA and submitted to and duly published in the electronic version of the German Federal Gazette (Bundesanzeiger).

#### 2 | Principles for the preparation of the consolidated financial statements

The consolidated financial statements of CEWE KGaA for the year under review from January 1, 2014 to December 31, 2014 have been prepared in compliance with the International Financial Reporting Standards (IFRS) effective as of the reporting date and the interpretations of the International Accounting Interpretation Committee (IFRIC), as applied in the EU, as well as the supplementary rules prescribed by § 315a (1) of the German Commercial Code (Handelsgesetzbuch, HGB).

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

- IFRS 10 “Consolidated Financial Statements” (December 11, 2012)
- IFRS 11 “Joint Arrangements” (December 11, 2012)
- IFRS 12 “Disclosure of Interests in Other Entities” (December 11, 2012)
- IAS 27 (revised 2012) “Consolidated and Separate Financial Statements” (December 11, 2012)
- IAS 28 (revised 2012) “Investments in Associates and Joint Ventures” (December 11, 2012)

- Amendment of IAS 32 “Financial Instruments: Presentation” (December 13, 2012)
- Amendments of IFRS 10 and IFRS 11 and IFRS 12 through “Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance” (April 4, 2013)
- Amendments of IFRS 10, IFRS 12 and IAS 27 through “Investment Entities” (November 20, 2013)
- Amendments of IAS 36 “Recoverable Amount Disclosures for Non-Financial Assets” (December 19, 2013)
- Amendments of IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting” (December 19, 2013)

In the previous year, CEWE exercised its right of early adoption of IFRS 10, IFRS 11, IFRS 12, including the amendments resolved and the amended IAS 27, IAS 28 (jointly “the consolidation package”). Accordingly, in the year under review no adjustments have resulted on account of the introduction of these standards.

In addition, CEWE also opted for early adoption of the amended IAS 36. This means that, here too, the consolidated financial statements have not been affected by first-time adoption.

The first-time adoption of the remaining standards has not had any significant effect on the Group’s net assets, financial position and results of operations.

The following IFRS endorsed in EU law had been issued up to the balance sheet date but are only mandatorily applicable in subsequent reporting periods:

- IFRIC interpretation 21 “Levies” (May 20, 2013)
- Amendments to IAS 19 “Employee Benefits” (November 21, 2013)
- Improvements to IFRS 2010–2012 (December 12, 2013)
- Improvements to IFRS 2011–2013 (December 12, 2013)

The following standards and interpretations had already been published as of December 31, 2014 but had not yet been endorsed in European law as of this reporting date (in parentheses: date of publication by the IASB):

- IFRS 14 “Regulatory Deferral Account” (January 30, 2014)
- Amendments to IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations” (May 6, 2014)
- Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortisation” (May 12, 2014)
- IFRS 15 “Revenue from Contracts with Customers” (May 28, 2014)
- Amendments to IAS 16 and IAS 41 “Agriculture: Bearer Plants” (June 30, 2014)
- IFRS 9 “Financial Instruments” (July 24, 2014)
- Amendments to IAS 27 “Equity Method in Separate Financial Statements” (August 12, 2014)
- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” (September 11, 2014)
- Improvements to IFRS 2012–2014 (September 25, 2014)
- Amendments to IFRS 10, IFRS 12 and IAS 28 “Investment Entities: Applying the Consolidation Exception” (December 18, 2014)
- Amendments to IAS 1 “Disclosure Initiative” (December 18, 2014)

At its meeting in July 2014, the IASB resolved that IFRS 9 will apply, at the earliest, for reporting periods beginning on or after January 1, 2018. IFRS 15 is applicable, at the latest, for financial years beginning on or after January 1, 2017. The amendments to IAS 19 and the improvements to IFRS 2010–2012 are applicable for financial years beginning on or after July 1, 2014. It is expected that all of the other amendments and new standards will be mandatory applicable for the first time for financial years beginning on or after January 1, 2016. The date as of which these standards are mandatorily applicable by law depends on the endorsement procedure in the EU.

Insofar as any further new standards which are not yet valid for 2014 may be adopted voluntarily, the Group has not made use of this option. CEWE has not yet fully completed its review of the effects of IFRS 9 on its consolidated financial statements. The future effects on the Group’s net assets, financial position and results of operations resulting from implementation of the other standards issued as of the reporting date but not yet mandatorily applicable are still being reviewed. Their future effects 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.

#### Corrections of errors

In the year under review, errors were corrected in line with IAS 8 as follows:

Within the scope of deferred tax accounting, to date a deferred tax liability has been determined in relation to a temporary difference, even though the consolidated value stated matches the value assigned for tax purposes. The resulting correction has been implemented in the reference figures as of January 1, 2013 and has resulted in a higher value stated for deferred tax assets and for higher retained earnings within the scope of the Group’s equity (D44, D61). No further effects have resulted from this.

Within the scope of deferred tax accounting, goodwill amortisation for the cash-generating unit viaprinto – which was recognised in the financial year 2013 due to an impairment test – has resulted in a discrepancy in relation to the goodwill which is amortisable for tax purposes. The resulting deferred tax assets had not yet been established. The resulting previous-year restatement has led to an increase in deferred tax assets and to tax income within the scope of income tax expense (D44, C34).

Conditional purchase price liabilities resulting from the acquisition of Saxoprint GmbH in 2012 are no longer reported as current accruals and are now recognised as current financial liabilities (D67, D70). This conditional purchase price liability does not constitute an accrual in the narrow sense of the term and is instead a financial instrument. This has only affected the balance sheet and has not had any effect on earnings. The reference figures have also been restated.

Adjustments to this contingent purchase price liability for the acquisition of Saxoprint GmbH, which have resulted from revised assumptions, were recognised as other operating expenses in the previous year. In line with their classification as a financial instrument, the changes resulting from revised parameters are now recognised as financial expenses (C33). This has not had any effect on the profit and loss account but has affected earnings; the reference figures have been restated accordingly.

The portion of the bonus obligations which falls due more than twelve months after the balance sheet date has previously been reported under non-current other liabilities. However, according to IAS 1.70 the non-current portion of bonus obligations must also be reported under other current liabilities (D65, D70). This has only affected the balance sheet and has not had any effect on earnings. The reference figures have also been restated.

In the 3rd quarter of 2014, CEWE standardised its presentation of advertising costs subsidies granted to customers throughout its corporate group, since in some cases these had previously been reported net as part of turnover or gross as other operating expenses. Due to a lack of clear IFRS guidance, in line with IAS 8 the rules laid down by the American standard setter FASB apply. Under these rules, the rebuttable presumption applies that payments made to a customer are to be recognised as reducing revenues. On the other hand, payments made in return for a formally agreed, identifiable consideration which may also be provided by third parties will no longer be recognised as reducing turnover and will instead be reported as selling expenses within the "Other operating expenses" position. Turnover will thus increase in the amount of the advertising costs subsidies which have previously been recognised as reducing revenues and will now result in a proportionate increase in other operating expenses, below the trading result. This amendment (C26, C30) has only affected the profit and loss account and has not had any effect on earnings. The reference figures have been restated accordingly.

Up to and including 2013, financial income and financial expenses were netted and presented as the financial result in the profit and loss account, with details provided in the notes. As of the financial year 2014, this item is now longer netted (C33). A direct breakdown of financial income and financial expenses is provided in the profit and loss account. The previous-year figures have been restated in the profit and loss account accordingly. This has not had any effect on earnings.

In the past, analogously to the requirements of the German Commercial Code, taxes which are not levied on income (e. g. real property tax, motor vehicle tax) were shown as a separate item in the profit and loss account. However, this separate item is not consistent with IAS 1. For this reason, in the year under review this item has been restated so that property and road-fund taxes are now shown as part of other operating expenses (C30, C34). Only income-related taxes are now shown separately in the profit and loss account. This has only affected the profit and loss account: The previous-year figure has been restated accordingly. This has not had any effect on earnings.

As of December 31, 2014, the method of separate reporting of the current and non-current special items for investment grants was abandoned. These items are now reported as part of current and non-current liabilities.

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

<b>Balance sheet</b>	<i>Figures in thousands of euros</i>	<b>Dec. 31, 2013</b>	Jan. 1, 2013
Deferred tax assets		2,382	1,830
Retained earnings and unappropriated profits		2,382	1,715
Non-current special item for investment grants		-178	-245
Non-current deferred tax liabilities		0	115
Non-current other liabilities		-426	245
Current special item for investment grants		-25	-74
Current other accruals		-1,431	-3,447
Current financial liabilities		1,431	3,447
Current other liabilities		629	74
Total assets		2,382	1,830

<b>Consolidated profit and loss account</b>	<i>Figures in thousands of euros</i>	<b>2014</b>	2013
Turnover		7,322	7,677
Other operating expenses		-7,322	-8,097
EBIT		—	-420
Financial expenses		—	-317
Income taxes		—	1,404
Earnings after taxes		—	667
<hr/>			
<b>Consolidated statement of comprehensive income</b>	<i>Figures in thousands of euros</i>		2013
Overall result			667
Earnings per share (in euros)			
undiluted			0.10
diluted			0.10

The reconciliation of the published figures to the revised figures is shown in the relevant sections of the notes in sections C and D.

The consolidated financial statements have been prepared on the basis of historical cost. Historical cost is generally based on the fair value of the consideration provided in exchange for the asset.

According to IFRS 13, the fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This applies irrespective of whether the price is directly observable or has been estimated by means of a measurement method.

In determining the fair value of an asset or a liability, CEWE considers certain characteristics of the asset or the liability (e. g. the condition and location of the asset or restrictions on its sale and use) if market participants would also consider these characteristics in determining the price for the acquisition of the asset or for the transfer of the liability as of the measurement date. In these consolidated financial statements, in principle the fair value for these measurement and/or reporting obligations is determined on this basis. This does not apply for:

- Share-based payments within the scope of IFRS 2 “Share-based Payment”
- Leases within the scope of IAS 17 “Leases” and
- Measurement standards which are similar, but not the same as, fair value, e. g. net realisable value in IAS 2 “Inventories” or value in use in IAS 36 “Impairment of Assets”.

#### Determination of fair values

As far as possible, CEWE uses data observable on the market in order to determine the fair value of an asset or a liability. On the basis of the input factors used within the scope of the valuation techniques, the fair values have been assigned to the different levels of the fair value hierarchy:

- Level 1: Quoted prices (unadjusted) on active markets for identical assets or liabilities.
- Level 2: Valuation parameters which do not involve the quoted prices included in level 1 but which are observable for the asset or the liability either directly (i. e. as a price) or indirectly (i. e. derived from prices).
- Level 3: Valuation parameters for assets or liabilities which are not based on observable market data.

With the exception of the derivatives carried in the balance sheet at fair value, in these annual financial statements 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. The market values determined by credit institutions are arrived at by discounting the expected future cash flows throughout the remaining term of the contracts on the basis of observable market interest rates or yield curves (Level 2 according to IFRS 7).

The profit and loss account has been prepared in accordance with the nature of expense method. Unless otherwise indicated, all figures refer to thousands of euros.

### 3 | Scope of consolidation

Apart from CEWE Stiftung & Co. KGaA, the consolidated financial statements as of December 31, 2014 include domestic and foreign companies over which CEWE Stiftung & Co. KGaA has a direct or indirect controlling interest. The Group has control over a company if it is exposed to risk in relation to fluctuating yields, or is entitled to receive these yields, from its holdings in the company in question, and if the Group also has the ability to use its power of control over the investee so as to affect the value of the yield granted by this investee. The financial statements of subsidiaries are incorporated into the consolidated financial statements as of the point in time at which the relationship of control begins, and remain so until the relationship of control ends.

As of December 31, 2014, apart from CEWE Stiftung & Co. KGaA, Oldenburg, as the parent company, the scope of consolidation includes ten German and 22 foreign companies. The pension commitments transferred to the pension fund CEWE COLOR Versorgungskasse e. V., Wiesbaden, according to IAS 19 are also included in the scope of consolidation. No contractual trust arrangement (CTA) is applicable, since the pension commitments remain attributable to CEWE KGaA from a legal point of view. 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, and CEWE Baski Servis ve Ticaret Limited Sirketi, Istanbul, have not been included in the scope of consolidation due to their economic insignificance since their balance sheet totals represent only 0.01 % of the consolidated balance sheet total and their revenue 0.00 % of total Group revenue.

#### 4 | Consolidation principles

The consolidated financial statements have been prepared on the basis of the incorporated German and foreign financial statements of the subsidiaries, on the basis of uniform accounting and measurement methods. For all of the companies included in the consolidated financial statements, the reporting date for the separate financial statements is the same as the reporting date for the consolidated financial statements, i. e. December 31, 2014.

In the 4th quarter of 2014, a business enterprise in the Photofinishing business segment was acquired for a purchase price of 2,500 thousand euros. The key assets acquired are this enterprise's customer base and trademark rights. Since this acquisition was implemented very close to the reporting date, the allocation of the purchase price is still temporary.

Acquired subsidiaries are accounted for using the acquisition method. The acquisition costs correspond to the fair value of the assets provided, the equity instruments issued and the liabilities arising or assumed as of the transaction date. They also include the fair values of any recognised assets or liabilities resulting from a contingent consideration agreement. Assets, liabilities and contingent liabilities which are identifiable within the scope of a company merger are measured at their fair values as of the date of their acquisition when first included in the scope of consolidation.

Any costs associated with their acquisition are recognised as expenses as of their date of their accrual.

Any contingent considerations are measured at fair value as of the date of their acquisition. Subsequent adjustments to the fair value of an asset or a contingent consideration classified as a liability are measured within the scope of IAS 39 and any resulting profit or loss is recognised either in profit or loss or in other comprehensive income.

Goodwill is the value resulting from the surplus of the acquisition costs plus the value of the non-controlling interests in the acquired company and the fair value of any equity interests previously held as of the date of acquisition divided by the Group's interest in the net assets measured at fair value.

In case of the additional purchase of interests in companies already fully included in the scope of consolidation, this does not affect net income. This does not lead to any changes in the recognition of assets, liabilities and goodwill of the company already included in the scope of consolidation. The annual goodwill impairment tests are performed using the discounted cash flow method. This is calculated on the basis of future expected cash flows from the latest management planning, updated with long-term turnover growth rates as well as assumptions regarding margin and earnings trends and discounted in the value of the capital costs for the corporate unit. Testing is carried out at the level of the cash-generating unit. In the course of the year, an impairment test is also performed in case of events suggesting a permanent fall in value.

Intragroup turnover, expenses and income and also loans, receivables and liabilities between the consolidated companies are eliminated. Interim profits from intragroup deliveries are consolidated insofar as they are significant for presentation of the actual net assets, financial position and results of operations. Intragroup deliveries and services are calculated on the basis of market prices and also on the basis of transfer prices determined according to the arm's length principle. Where necessary, deferred taxes are calculated for consolidation entries affecting earnings.

Stock option plans have been measured at fair value as issued equity instruments for future work, in accordance with IFRS 2. The resulting effects have been apportioned as expense throughout the period, recognised in personnel expenses and entered against equity. Insofar as the terms of an option are not fulfilled, this item is reversed directly within equity.

Companies which are no longer classifiable as companies to be included in the scope of consolidation have been excluded accordingly. The relevant date is determined on the basis of the date of this company's withdrawal, i. e. the date of loss of control over its financial and business policy. Expenses and income resulting for the consolidated company up to its disposal are included in the consolidated profit and loss account. All of the assets and liabilities representing the consolidated company immediately prior to its withdrawal from the scope of consolidation will be considered as the disposal value. The effect on income of removal from the scope of consolidation is calculated by comparing the disposal or liquidation proceeds and the disposal value. The same consolidation methods have been used as in the previous year.

## 5 | Currency translation

The annual financial statements of the foreign Group companies have been translated into euros according to the functional currency concept. Since the subsidiaries conduct their business independently in financial, economic and organisational terms, in principle the respective functional currency is identical with the national currency of the company in question. The reporting currency and functional currency of the Group is the euro.

Assets and liabilities of foreign companies included in the scope of consolidation are translated at the mean rates of exchange on the balance sheet date (balance sheet exchange rate), while income and expenses are translated at the average annual mean rates of exchange (profit and loss account exchange rate).

Goodwill resulting for foreign subsidiaries as a result of capital consolidation is carried at historical cost.

Equity is also translated at historical exchange rates. Any resulting translation differences are not shown in the profit and loss account and are instead presented in a separate equity item. Currency differences resulting from the translation of non-current loans to Group companies are likewise recognised directly in equity.

The following key exchange rates apply for currency translation:

		2014		2013	
		Balance sheet exchange rate	Profit and loss account exchange rate	Balance sheet exchange rate	Profit and loss account exchange rate
<b>Currency translation</b>					
CHF	Swiss franc	1.20240	1.21460	1.22760	1.23110
CZK	Czech crown	27.73500	27.53590	27.42700	25.97970
DKK	Danish krone	7.44530	7.45480	7.45930	7.45790
GBP	British pound sterling	0.77890	0.80610	0.83370	0.84930
HRK	Croatian kuna	7.65800	7.63440	7.62650	7.57860
HUF	Hungarian forint	315.54000	308.70610	297.04000	296.87300
NOK	Norwegian krone	9.04200	8.35440	8.36300	7.80670
PLN	Polish zloty	4.27320	4.18430	4.15430	4.19750
SEK	Swedish krona	9.39300	9.09850	8.85910	8.65150
USD	US dollar	1.21410	1.32850	1.37910	1.32810

## B. Accounting and measurement principles

### 6 | General disclosures

In principle, the annual financial statements of the companies included in the scope of consolidation are prepared on the basis of uniform accounting and measurement methods. Accounting and measurement options are exercised in the consolidated financial statements in the same way as in the separate financial statements. The accounting and measurement methods are the same as in the previous year.

For preparation of the consolidated financial statements, the Board of Management requires a series of assessments and estimates and makes assumptions affecting the application of accounting principles within the Group and also recognition of assets and liabilities as well as income and expenses. The actual amounts may deviate from these estimates. Estimates and underlying assumptions are continuously reviewed. The following estimates and associated assumptions may affect the consolidated financial statements.

If items of property, plant and equipment and intangible assets are acquired within the scope of company mergers, the fair value of these assets as of the date of acquisition and the expected useful life are estimated. Fair values and useful lives are calculated on the basis of the management's assessments.

Impairments of property, plant and equipment, intangible assets and goodwill are determined on the basis of estimates regarding the cause, the date and the value of these impairments and, where permissible, revaluations. Indications of impairments, estimates of future cash flows and fair values of assets are evaluated on the basis of assessments regarding expected cash flows, useful lives, discount rates and residual values. The development of future cash flows is mainly determined by the future demand trend for products. If the actual demand trend falls short of expectations, this would negatively affect turnover and cash flows. Further expenses for valuation adjustments might thus result which would negatively affect future results of operations.

To deal with the default risk for receivables, valuation adjustments are established for doubtful accounts. Valuation adjustments are determined on the basis of the maturity structure, the current market situation and past experience. In the event of a deterioration in customers' financial situation, the actual bad debts may exceed the expected bad debts.

The CEWE Group is obliged to pay income taxes in various countries (chiefly in Europe). Material assumptions are therefore necessary for calculation of Group-wide income tax liabilities. Income taxes are determined by calculating for each taxable entity the expected actual amount of income tax and the deferred taxes resulting from temporary differences between the balance sheet items in the consolidated financial statements and the accounts prepared for tax purposes. This requires assumptions for interpretation of applicable tax regulations in Germany and other countries. This also requires an assessment of the possibility of realising a sufficiently high level of taxable income for each type of tax and in each tax jurisdiction. For some transactions and calculations, the final level of taxation cannot be conclusively determined. The Group assesses the value of accruals for expected tax audits on the basis of estimates of whether additional income taxes may fall due and the respective amount. Insofar as the final level of taxation for these transactions deviates from the initially assumed level of taxation, this will affect the actual and deferred taxes in the period in which the level of taxation is conclusively determined. If the final values (in the areas affected by estimates) were to deviate from the management's estimates by 10 %, the Group would be required to increase its tax liabilities by 445 thousand euros and its deferred tax liability by 280 thousand euros, in case of a negative deviation, or reduce its tax liabilities by 445 thousand euros and its deferred tax liability by 280 thousand euros in case of a positive deviation. Pensions and similar obligations are measured on the basis of actuarial procedures. These measurements are mainly based on assumptions regarding discount factors, salary and pension trends and life expectancies. Pensions and similar obligations may be subject to significant changes if these assumptions significantly deviate from actual trends due to changes in the market and economic environment.

The recognition and measurement of other accruals and contingent liabilities are highly dependent on the complexity of the underlying transaction as well as estimates. This requires assumptions regarding the probability of realisation and the value of the claim. This in turn depends on past experience, assessments of cost trends and the assessment of other information. Changes in these estimates may have a significant effect on results of operations.

Individual items have been summarised in the profit and loss account and the balance sheet. They are reported separately in the notes. The Group classifies assets and liabilities as current if they are expected to be realised or settled within twelve months of the balance sheet date.

#### 7 | Recognition of income and expenses

The ordinary activities of the CEWE Group comprise photofinishing and other printing services and trading of photographic hardware as well as photofinishing products and services. CEWE mainly realises revenues from the sale of goods and does so only marginally from the provision of services. Any income associated with the Group's ordinary activities is presented as revenue in the profit and loss account. CEWE does not realise any further significant revenue. All other income is presented as other operating income (cf. C27). Revenue from the sale of products and the provision of services and other operating income are realised upon provision of the service or upon the passage of risk to the customer. Operating expenses are recognised in profit or loss upon use of the service or as of the time at which they are incurred. In principle, turnover-related expenses or accruals are measured as of the date of realisation of the corresponding revenues; this includes estimated amounts for rebates and discounts and other sales deductions. Interest income and expenses are recognised on an accrual basis.

#### 8 | Property, plant and equipment

Property, plant and equipment are recognised at cost and, in case of wear and tear, less scheduled straight-line depreciation. Production costs comprise all directly attributable costs as well as appropriate portions of the production-related overheads. Financing costs are not capitalised, since the Group does not have any assets which involve a protracted production/manufacturing phase. The basis for depreciation is reduced by an estimated residual value which the company expects to be able to realise at the end of the usage period less disposal costs. The residual value is determined as of the balance sheet date as though the relevant asset had already reached the age and the degree of wear and tear applicable as of its assumed disposal. Residual values are regularly newly estimated. In case of sold and scrapped assets, the historical cost and cumulative depreciation are written off. The profits or losses resulting from the write-off of the asset are calculated as the difference between the net disposal proceeds and the book value and are recognised in profit or loss as other operating income or expenses in the period in which this item is written off.

#### 9 | Real estate held as financial investments

Real estate held as financial investments comprises land and buildings which are held in order to generate rental income or for capital appreciation and are not used for separate production, for delivery of goods or provision of services, for administrative purposes or for sale within the scope of ordinary activities.

As of their first-time measurement these assets are measured at amortised cost, including incidental costs. The book value includes the costs of replacement investments for existing real estate held as financial investments as of the accrual of these costs, provided that the criteria for recognition are fulfilled. The book value does not include the costs of daily maintenance of this real estate. Within the scope of subsequent measurement, real estate held as financial investments is recognised at amortised cost.

Real estate held as financial investments is written off if it is sold or permanently no longer used and if no future economic benefit is expected as of its disposal. Profits or losses resulting from the shutdown or disposal of real estate held as financial investments are recognised in the year of this shutdown or disposal.

Items of real estate are assigned to the portfolio of real estate held as financial investments in case of a change of use involving the end of the Group's own use or the beginning of an operating lease with another party.

#### 10 | Goodwill

Goodwill does not undergo scheduled amortisation and is tested for impairment once a year. It is also tested whenever events occur which indicate potential impairment.

#### 11 | Intangible assets

Intangible assets comprise industrial property rights and similar rights, software acquired for consideration, proprietary software, customer bases and lists, trademark rights and advance payments made on such assets. Acquired and proprietary intangible assets are capitalised subject to the conditions laid down in IAS 38 "Intangible Assets".

Intangible assets acquired for consideration are capitalised at cost, as are proprietary intangible assets which are expected to provide a future benefit for the Group and which can be reliably determined and measured. Both types of intangible assets undergo scheduled straight-line depreciation over their expected useful life. Production costs comprise all directly attributable costs as well as appropriate portions of the production-related overheads. Financing costs are not capitalised, since the Group does not have any assets which involve a protracted production/manufacturing phase. Other development costs are likewise not capitalised, since the conditions for capitalisation are not generally fulfilled. Intangible assets undergo impairment if the recoverable amount – the higher of the fair value less disposal costs and the asset's value in use – is less than the book value. Proprietary intangible assets mainly comprise new developments in the field of distribution- and production-specific software systems which can be used throughout the Group.

#### 12 | Impairment

Scheduled depreciation of fixed assets is mainly calculated on the basis of the following uniform expected useful lives throughout the Group:

<b>Average useful life</b>	<i>In years</i>	<b>Dec. 31, 2014</b>	Dec. 31, 2013
<b>Asset</b>			
Customer base and customer lists		5	5
Software and other intangible assets		3 to 7	3 to 7
ERP software		5	5
Buildings		25 to 40	25 to 40
<b>Machinery</b>			
Adhesive binding equipment and machinery		8	8
Offset printing machines		8	8
Digital printing machines		4 to 6	4 to 6
Film developing machines		6 to 8	6 to 8
Sorting systems		5 to 8	5 to 8
IT equipment		3 to 7	3 to 7
Motor vehicles		5	5
Office furniture		13	13

Average useful lives are determined on the basis of past experience of use of this asset, current and envisaged possibilities for its use and related technical development.

The book values of property, plant and equipment and intangible assets are tested for impairment on each balance sheet date. In case of any such indications, the recoverable amount of the asset is estimated in order to determine the scope of any impairment loss. The recoverable amount is determined for each individual asset, unless an asset results in cash inflows which are not largely independent of those of other assets or other groups of assets (cash-generating units). In this case, the calculation will be performed at the level of the cash-generating unit to which the respective asset has been assigned. The respective value will be assigned to the individual cash-generating units or to the smallest group of cash-generating units on an appropriate and consistent basis.

In case of intangible assets with indefinite useful lives or intangible assets which cannot be used yet, an impairment test is performed at least annually and in case of any indication of impairment. The recoverable amount is the higher of the fair value less disposal costs and the value in use.

For calculation of the value in use, the future cash flows resulting from continued use of the cash-generating units are discounted by a risk-adjusted interest rate. The cash flows are determined on the basis of the planning which has been approved by the Board of Management and is valid at the time of the impairment test. This planning is based on expectations of future market shares, growth on the respective markets and products' profitability. Cash flow forecasts beyond the detailed planning period are calculated on the basis of suitable growth rates. This includes both the current market assessment regarding the fair value of the money and the risks to which the respective asset is exposed, if these factors have not already been reflected in the estimate of the cash flows. After taxes, the risk-adjusted interest rates used for discounting of cash flows amount to between 7.1 % and 12.0 % in the Photofinishing business segment, to between 7.1 % and 8.9 % in the Retail business segment and to between 6.53 % and 8.7 % in the Commercial Online Printing business segment. The risk-adjusted interest rate for the cash-generating units is based on the weighted average cost of capital (WACC). This is determined on the basis of the capital asset pricing model (CAPM), with due consideration of current market expectations. Specific peer group information for beta factors, capital structure data and the cost of borrowing are used to calculate the risk-adjusted interest rate for the purpose of the impairment test. Periods not included in the planning are reflected by means of a terminal value. Various sensitivity analyses are also performed. If the recoverable amount of an asset or a cash-generating unit falls below its book value, impairment is recognised in the amount of the difference. If the value in use is less than the book value, for the calculation of the recoverable amount the fair value less the disposal costs will also be determined. The impairment loss is immediately recognised in profit or loss. In the event of a recovery of the impairment loss, the book value of the asset or the cash-generating unit will be increased to the newly determined recoverable amount. However, the increased book value may not exceed the book value which would have been determined (less scheduled depreciation) if no impairment loss had been recognised in previous years. A recovery in value is immediately recognised in profit or loss.

Goodwill does not undergo any scheduled amortisation and is tested for impairment on the basis of the recoverable amount for the cash-generating unit to which it has been assigned. For this purpose, the goodwill acquired through a merger will be assigned to each individual cash-generating unit which is expected to realise synergies as a result of the merger. The maximum size of the respective cash-generating unit corresponds to the operating segment which is included in internal reporting submitted to the main decision-making entity and thus reflects the internal reporting structure. The impairment test is performed at least once a year and also in case of any indication of impairment of the cash-generating unit.

In the event that the book value of the cash-generating unit to which this goodwill has been assigned exceeds its recoverable amount, amortisation will be recognised on this assigned goodwill in the value of the difference determined. Goodwill amortisation already recognised may not be reversed. If the difference determined for the cash-generating unit exceeds the book value of the assigned goodwill, the book values of the assets assigned to the cash-generating unit will undergo pro rata impairment in the value of the remaining impairment loss.

### 13 | Financial assets

Due to a lack of observable market prices, financial assets have been measured at cost. CEWE reviews whether objective indications of impairment are applicable on each balance sheet date. Non-scheduled depreciation is recognised if permanent impairment is expected. Reinsurance policies included in financial assets are recognised at their actuarial present value. This does not involve plan assets.

### 14 | Non-current assets held for sale

Non-current assets held for sale comprise assets or groups of assets whose book values within the next twelve months are expected to be mainly realised through their disposal and not through their operational use. They are measured at the lower of their book value and their fair value less disposal costs. In the event of a subsequent increase in their fair value, a revaluation will be made in the value of the impairment recognised.

### 15 | Inventories

Inventories are recognised at cost. Manufacturing costs include individual material and production costs as well as pro rata material and production overheads. Administrative costs are included where attributable to production. Acquired inventory items are measured on the basis of the average value method, at the weighted average value. If the net disposal value is lower on the balance sheet date, this will be recognised. Inventories rarely used due to obsolescence or technical progress are subject to marketability discounts. The Group does not have any long-term production orders.

### 16 | Primary financial instruments

Primary financial instruments comprise financial assets (receivables, other assets, loans extended and cash and cash equivalents) as well as financial liabilities (interest-bearing financial liabilities, trade payables and other liabilities). They are accounted for and measured in accordance with the provisions of IAS 39. A financial instrument is thus recognised if a consideration is provided in the form of cash and cash equivalents or financial assets. In principle, it will be recognised and written off at fair value, allowing for the transaction costs. Non-interest-bearing receivables and other assets are discounted if they are non-current. In accordance with IAS 39, subsequent measurement will depend on the subsequent categorisation of the financial instruments.

### Financial assets

Financial interests recognised as financial assets are measured at cost.

In principle, loans and receivables not quoted on an active market are measured at amortised cost. This includes non-current financial receivables, trade receivables and other current financial receivables and assets. In case of any doubt regarding the collectability of receivables, they will be recognised at the lower realisable amount. Objective defaults will result in a write-off of the relevant receivable. As well as necessary individual valuation adjustments, discernible risks resulting from the general credit risk are accounted for by means of generalised individual valuation adjustments. Foreign-currency receivables are translated at the exchange rate as of the reporting date.

Financial assets available for sale are measured at amortised cost. This involves financial interests recognised as financial assets for which no quoted market price is available and whose fair value cannot be reliably determined.

Cash and cash equivalents are recognised at fair value. Cash in hand and balances in foreign currencies are translated at the exchange rate as of the reporting date.

### Financial liabilities

Financial liabilities regularly establish an obligation for delivery in the form of cash and cash equivalents or another financial asset. This includes, in particular, trade payables, amounts owed to credit institutions, derivative financial liabilities and other financial liabilities.

Financial liabilities are measured at amortised cost.

### 17 | Derivative financial instruments

Derivative financial instruments such as interest rate and foreign currency options, interest rate swaps, combined interest rate and foreign currency swaps and commodities futures transactions for hedging of exchange rate, interest rate and commodity price risks are used within narrowly defined limits. In accordance with the Group's risk management principles, no derivative financial instruments are held for trading purposes. Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently at their market value. Profit and loss are recognised on the basis of the type of position to be hedged. At the time of entry into a hedging transaction, derivatives are classified as hedging either a planned transaction (cash flow hedge), the fair value of a reported asset or a liability (fair value hedge) or a net investment in an economically independent foreign subsidiary. Changes in the market value of derivatives which serve to hedge the cash flow, are suitable for this purpose and prove to be fully effective, are reported in equity. If they are not completely effective, ineffective changes in value are recognised in profit or loss. Upon completion of the hedged transaction, the amounts previously recognised in equity will be reversed through profit or loss. For derivative instruments used for hedging of a fair value, changes in the fair value of the derivative and the hedged position will be immediately recognised in profit or loss. In case of a completely effective hedge, expenses and income resulting from changes in the value of the derivative will fully compensate for those arising for the underlying transaction. Hedging of foreign net positions is reported in accordance with cash flow hedging. If the hedging instrument is a derivative, actual currency profits and losses resulting from the derivative or from translation of the loan will be recognised in equity. The relationships between the hedging instruments and the hedged positions and also the risk management goals of the hedging transactions will already be documented as of the conclusion of the transaction. All of the derivatives classified as hedging instruments will thus be linked with specifically planned transactions. The assessment of whether the derivatives used as hedging instruments are highly effective in compensating for the changes in the cash flow of the hedged positions will also be documented. The market value of cross-currency swaps will be determined on the basis of prevailing market conditions as of the balance sheet date. Recognised measurement models are used in order to determine the market value. Derivatives for which no hedge accounting is applied are recognised at fair value.

### 18 | Deferred taxes

In accordance with IAS 12, deferred tax assets and liabilities are established for any temporary discrepancies in terms of assets and liabilities in the tax and IFRS balance sheets, for tax credits and loss carryforwards and for consolidation measures recognised in profit or loss. The national tax rates applicable as of the balance-sheet date or applicable in future will be used for calculation purposes. The effect of changes in tax rates on deferred taxes is recognised as of the respective change in the law coming into effect. Deferred tax assets resulting from loss carryforwards are only included insofar as their realisation is sufficiently concrete and probable. In principle, changes in deferred taxes recognised in the balance sheet will result in deferred tax expenses or income. Insofar as items resulting in changes to deferred taxes are directly entered against equity, the change in deferred taxes will also be directly recognised in equity.

Deferred tax liabilities are shown within the scope of accruals. They are calculated on the basis of the standard international balance sheet-based liability method and show the tax effects resulting from the valuation differences between the tax balance sheets of the individual companies and the consolidated financial statements. Neither deferred tax assets nor deferred tax liabilities are discounted.

The deferral amounts are calculated at the tax rates which may currently be expected in case of a reversal of the temporary differences.

Deferred tax receivables and liabilities will be netted if they apply in relation to the same tax authority.

<b>Average tax rates for calculation of deferred taxes</b>	<i>Figures as %</i>	<b>2014</b>	2013
Germany		30.88	30.88
Belgium		30.99	33.99
Denmark		24.50	25.00
France		34.43	34.43
United Kingdom		20.00	23.00
Croatia		20.00	20.00
Netherlands		25.00	25.00
Norway		27.00	28.00
Poland		19.00	19.00
Sweden		22.00	22.00
Switzerland		25.00	25.00
Slovak Republic		22.00	22.00
Czech Republic		19.00	19.00
Hungary		10.00	10.00
USA		34.00	40.85

### 19 | Equity

Subscribed capital is recognised within equity at its nominal value. The premium resulting from the first-time share issue is measured as a capital reserve on the basis of the difference between the nominal value of the ordinary bearer shares issued and the realised issue amount. For new shares issued within the scope of the exercise of conversion rights, the company receives considerations which are reported in its subscribed capital item in the amount of its nominal value share and in its capital reserve item in the value of the premium exceeding this amount.

The subscribed capital and the capital reserve relate to CEWE Stiftung & Co. KGaA, Oldenburg, and are recognised as if held by this company. Through the treasury shares deduction deducted from equity on the face of the balance sheet, treasury shares are reported as a deduction at the value of their full, original acquisition costs

and incidental acquisition costs at the time of their buyback (see item D57). Retained earnings and unappropriated profits are determined by law and in accordance with the corporate articles of CEWE Stiftung & Co. KGaA, Oldenburg, and are reported at nominal value. As well as earnings calculated according to provisions of commercial law, these items include the discrepancies in relation to IFRS accounting standards. Effects resulting from fair value measurement of hedging transactions and from measurement of stock option plans (see item D54) are also shown, as are the currency translation differences recognised directly in equity and actuarial profits and losses. The change in hidden reserves recognised within the scope of successive share purchases is apportioned to retained earnings.

### 20 | Pension commitments

Pension accruals are calculated in accordance with the actuarial projected unit credit method prescribed in IAS 19 rev. 2011 for defined-benefit pension obligations. The future obligation is discounted to its present value on the basis of the vested rights acquired up to the balance sheet date, while allowing for additional parameters. Discrepancies between estimates made and actual trends and changes in actuarial assumptions will result in actuarial profits and losses. These will be directly recognised in equity in the year of their occurrence. The current service cost and the interest expenses included in pension expenses are recognised in personnel expenses.

These figures only refer to the group of employees entitled to pensions for which a pension liability must be carried.

The probable death rate is calculated according to the current mortality tables "Heubeck reference tables 2005 G" or similar foreign mortality tables. The Group has taken out a reinsurance policy to cover any non-scheduled obligations. Pension commitments in France are covered by plan assets which may be used to settle the Group's pension obligations in that country.

**21 | Special items for investment grants**

Government grants for assets are shown in the special items for investment grants as deferred income. From the point of view of income, investment allowances and investment subsidies are recognised pro rata temporis through their release in accordance with the depreciation period for the subsidised investment assets.

**22 | Accruals**

Accruals are established insofar as a legal or constructive obligation has resulted from a past event. This is subject to the requirement that this obligation is expected to lead to a future outflow of assets which can be reliably estimated. In case of a level of probability which is greater than 50 %, the respective item will be recognised on the basis of the settlement amount with the highest possible probability of realisation. Accruals for obligations which are not expected to already result in an outflow in the following year are recognised in the amount of the present value of the expected outflow, if such accruals are significant. The discount rates correspond to the normal capital market rates. The value of the accruals is reviewed on each balance sheet date.

**23 | Share-based payment**

The company complies with IFRS 2 for balance-sheet recognition of stock option plans as a specific form of payment for real options for which the company will provide the beneficiary with treasury shares upon exercise of the respective option. The fair value of the options as of the grant date is determined upon the basis of market prices (prices of Deutsche Börse AG, Frankfurt) with consideration of the terms of issue as well as generally recognised valuation techniques for financial instruments. The exercise price, the respective term, the current market value of the option instrument (the CEWE share), the expected level of volatility for the market price, the expected dividends on the shares and the risk-free interest rate for the terms of the options are included for the purpose of this valuation. Moreover, as specific requirements for the exercise of the option the beneficiaries comply with the necessary waiting period (lockup period) and, where applicable, exercise the option as early as possible. In the following financial reporting, the determined value of the stock options is apportioned to the term as expense, with consideration of the assumed service period and the level of

fluctuation in the beneficiaries. Option premiums received within the scope of the options issued are recognised in retained earnings.

**24 | Research and non-capitalisable development costs**

Research and non-capitalisable development costs are recognised in profit or loss at the time of their occurrence.

**25 | Contingent liabilities and contingent assets**

Contingent liabilities are liabilities resulting from a possible obligation on account of a past event and whose existence depends on the occurrence or non-occurrence of one or more uncertain future events over which the company lacks complete control. Contingent liabilities may also result from a present obligation which is attributable to past events but has not been recognised in the balance sheet because

- the outflow of resources providing an economic benefit upon fulfilment of this obligation is not probable or
- the value of this obligation cannot be estimated sufficiently reliably.

If the outflow of resources providing an economic benefit for the company is not probable, no contingent liability will be disclosed.

Contingent assets are not shown in the balance sheet and will only be indicated if the accrual of an economic benefit is probable. They include possible assets which result from past events and whose existence on account of the occurrence or non-occurrence of uncertain future events – over which the company lacks complete control – is yet to be confirmed.

## C. Comments on the profit and loss account

### 26 | Revenues

<b>Revenues by business segment</b>	<i>Figures in thousands of euros</i>	<b>2014</b>	<b>Share</b>	2013	Share
Revenues Photofinishing		386,011	73.7 %	375,414*	70.0 %*
Change on previous year as %		2.8 %			
Revenues Retail		67,299	12.8 %	100,991	18.8 %*
Change on previous year as %		-33.4 %			
Results Commercial Online Printing		70,469	13.5 %	59,841	11.2 %*
Change on previous year as %		17.8 %			
<b>Total revenues</b>		<b>523,779</b>	<b>100.0 %</b>	536,246	100.0 %

\* The reference figures have been restated (cf. comments in section A).

Turnover largely results from sales of goods and is therefore shown by business segment in the above table.

Turnover is shown net of any sales deductions. Other revenues which have not resulted from the delivery or provision of typical goods, merchandise and services (the ordinary activities of the CEWE Group) are shown as other operating income.

<b>Revenues</b>	<i>Figures in thousands of euros</i>	2013
<b>Published consolidated financial statements</b>		528,569
Correction of error - advertising costs subsidies		7,677
<b>Restated consolidated financial statements</b>		536,246

### 27 | Other operating income

<b>Other operating income</b>	<i>Figures in thousands of euros</i>	<b>2014</b>	2013
Income from pass-through expenses		4,954	6,885
Other revenues from sales to third parties		4,532	7,731
Rental income		1,879	1,978
Income from the reversal of accruals		1,567	1,024
Income from currency translation		1,115	1,214
Income from the receipt of impaired receivables		819	1,270
Income from the revaluation of fixed assets		742	0
Income from insurance indemnification		65	712
Additional other operating income		5,789	3,775
<b>Total other operating income</b>		<b>21,462</b>	24,589

In particular, income from pass-through expenses includes passed-on charges for sales aids, advertising services and logistics and other transport services.

Other revenues from sales to third parties comprise sales of silver from the resale of recovered and recycled pure silver, revenues from sales of aluminium from the resale of the printing plates used in offset printing and revenue from the sale of property, plant and equipment.

Income from currency translation mainly comprises profits resulting from exchange rate changes between the time of accrual and the time of payment or from measurement of monetary items at the exchange rate as of the reporting date. Exchange rate losses resulting from such transactions are shown under other operating expenses (see item C30).

Income from the release of accruals comprises various individual items within the scope of ordinary activities. Accruals are reversed if, in view of the circumstances prevailing as of the balance-sheet date, they are no longer expected to be used or are only expected to be used to a marginal degree.

The additional other operating income for the financial year 2014 includes income from the release of other liabilities for sales deductions and income from use of motor vehicles. In the previous year, duty credits for previous years are also shown.

In 2014, as in the previous year the Group did not receive any government grants.

#### 28 | Material expenses

<b>Material expenses</b>	<b>2014</b>	2013
<i>Figures in thousands of euros</i>		
Expenses for raw materials and supplies and for purchased merchandise	-145,463	-177,512
Expenses for purchased services	-17,190	-12,505
<b>Total material expenses</b>	<b>-162,653</b>	<b>-190,017</b>

Expenses for raw materials and supplies and for purchased merchandise comprise, in particular, supplies of photographic paper, photo bags, chemicals and other packaging in the Photofinishing segment, while in the Commercial Online Printing segment expenses are mainly reported for printing plates, paper and freight costs. For the Retail segment, this item comprises supplies of merchandise.

Expenses for purchased services include third-party work in the Photofinishing and Commercial Online Printing business segments.

#### 29 | Personnel expenses

<b>Personnel expenses</b>	<b>2014</b>	2013
<i>Figures in thousands of euros</i>		
Wages and salaries	-112,351	-108,356
Social security contributions	-20,252	-19,629
Expenses for pensions and support	-3,278	-1,897
<b>Total personnel expenses</b>	<b>-135,881</b>	<b>-129,882</b>

Wages paid to manual workers amount to 34,195 thousand euros (previous year: 22,470 thousand euros), while salaries of non-manual employees amount to 64,476 thousand euros (previous year: 71,285 thousand euros). Personnel expenses do not include any expenses for redundancy plans (previous year: 2,430 thousand euros). (For further comments, please see item C32 "Restructuring expenses").

Expenses for pensions and support mainly comprise allocations to pension accruals; the pension accrual for members of the executive bodies of the general and managing partner Neumüller CEWE COLOR Stiftung, Oldenburg, has decreased by 298 thousand euros (previous year: increased by 740 thousand euros). Please also see the comments regarding non-current accruals for pensions (see item D59).

<b>Number of employees</b>	<b>2014</b>	2013
Non-manual employees	1,864	1,916
Manual employees	1,230	1,188
Apprentices	125	124
<b>Total employees</b>	<b>3,219</b>	3,228
<b>Number of employees by segment</b>	<b>2014</b>	2013
Photofinishing	2,104	2,146
Retail	548	629
Commercial Online Printing	567	453
<b>Total employees</b>	<b>3,219</b>	3,228

These figures are annual averages. As of December 31, 2014, the Group had a total of 3,946 employees (December 31, 2013: 3,781 employees).

Initial measurement of the 2010 Stock Option Plan (IFRS 2.10ff.) resulted in a fair value of 1,277 thousand euros which has been reported as “other personnel expenses” pro rata temporis, up to the end of the lockup period on May 31, 2014, in the amount of 106 thousand euros (previous year: 319 thousand euros). The counter-entry has been made in equity in “other retained earnings”. On the structure of the current stock option plan, we refer to the comments regarding the Group’s equity (see item D54). A Monte Carlo simulation has been used for this measurement. A log-normal distribution-based process has been simulated for the price of the CEWE share so as to map the performance target in the form of an increase in the average closing price of at least 15 % on the underlying price on ten consecutive trading days.

The simulation also included the possibility of early exercise – with due consideration of the respective exercise windows – and also the beneficiaries’ early exercise behaviour, in line with a modified version of the approach proposed by Hull and White. The simulation assumed that, upon expiry of the lockup period, every year 3.00 % of the stock options are exercised immediately upon this becoming possible due to the beneficiary leaving the company. A risk-free interest rate of 1.97 % was assumed for the period up to the key date April 30, 2010. The calculation used discrete dividends; publicly available estimates were used as the basis for calculation. Finally, the historical level of volatility was considered and a level of 39.25 % was recognised for April 30, 2010. The Group did not make any direct support payments.

## 30 | Other operating expenses

<b>Other operating expenses</b>	<i>Figures in thousands of euros</i>	<b>2014</b>	2013*
Selling expenses		-108,368	-106,332
Administrative expenses		-22,856	-20,749
Costs of premises		-19,291	-18,731
Operating costs		-9,254	-9,151
Motor vehicle costs		-3,254	-3,259
Currency translation expenses		-1,816	-1,841
Depreciation and valuation adjustments for current assets		-1,679	-1,806
Additional operating expenses		-15,164	-13,580
<b>Total other operating expenses</b>		<b>-181,682</b>	<b>-175,449</b>

\* Figure for previous year has been restated

The key selling expense items comprise transport service expenses for the Group's branch business, shipping costs for mail-order business in the Photofinishing segment and marketing expenses. Valuation adjustments on current assets mainly comprise individual valuation adjustments on receivables (2014: 843 thousand euros, 2013: 1,271 thousand euros), which have resulted from an assessment of the loss of future returns.

The indicated exchange rate losses mainly comprise currency losses resulting from exchange rate changes between the time of accrual and the time of payment and from measurement at the exchange rate as of the reporting date. Exchange rate gains resulting from these transactions are shown under other operating income (see item C27).

In the year under review, as well as the costs of external services and personnel in the amount of 2,094 thousand euros (previous year: 1,649 thousand euros), other operating expenses also include losses from the disposal of fixed assets in the amount of 359 thousand euros (previous year: 1,016 thousand euros).

<b>Auditor's fees</b>	<i>Figures in thousands of euros</i>	<b>2014</b>	2013
Audit of financial statements		163	236
Other confirmation and valuation services		14	60
Tax consultancy services		0	152
Other services		133	157
<b>Total</b>		<b>310</b>	<b>605</b>

The audit fees mainly comprise payments for auditing of the consolidated financial statements and the separate financial statements of CEWE Stiftung & Co. KGaA, Oldenburg, and its German subsidiaries. The fees for other confirmation and valuation services relate to the auditor's review of the quarterly financial statements. The auditor BDO AG only provided its services in the period from July 2014.

Tax consulting services include the preparation of tax returns, the review of tax assessment notices, the conduct of appeals and law suits, supervision of internal audits and the assessment and evaluation of tax matters.

Other services provided include attendance of the general meeting, audit-related consulting services, project-related consulting and auditing and brief balance-sheet inquiries.

<b>Other operating expenses</b>	<i>Figures in thousands of euros</i>	2013
<b>Published consolidated financial statements</b>		<b>-167,352</b>
Correction of error - advertising costs subsidies		-7,677
Correction of error - operating taxes recognisable as expenses		-737
Correction of error - earn-out		317
<b>Restated consolidated financial statements</b>		<b>-175,449</b>

**31 | Amortisation of intangible assets, depreciation of property, plant and equipment**

The breakdown of depreciation and amortisation and non-scheduled depreciation and amortisation is shown in the analysis of fixed assets. In the financial year 2014, no amortisation was recognised on goodwill (previous year: 3,169 thousand euros).

**32 | Restructuring expenses**

Personnel and material expenditure resulted in the year 2013 due to the adjustment and restructuring of the Group. In the first quarter of 2013, the Board of Management of CEWE Holding resolved to merge the Group's Photofinishing plant in Dresden and its plant in Grudziądz (Poland) with other plants. The plant in Dresden was closed in August 2013. In 2013, non-scheduled depreciation in the amount of 541 thousand euros, personnel expenses of 2,430 thousand euros and other operating expenses amounting to 302 thousand euros were associated with mergers of plants. No related personnel or material expenditure resulted in the year under review.

Possible expenses resulting from the closure of individual unprofitable retail branches are not restructuring expenses within the meaning of IAS 37. They are operating expenses arising within the course of the normal financial year.

**33 | Financial income and financial expenses**

Financial income and financial expenses have the following makeup:

<b>Financial income/financial expenses</b>	<i>Figures in thousands of euros</i>	<b>2014</b>	2013*
Income from equity investments		7	0
Other interest and similar income		235	299
<b>Financial income</b>		<b>242</b>	<b>299</b>
Interest and similar expenses		-1,418	-2,163
<b>Financial expenses</b>		<b>-1,418</b>	<b>-2,163</b>

\*The reference figures have been restated (cf. comments in section A).

Expenses from hedging transactions and derivatives include effects in the amount of +62 thousand euros (previous year: +157 thousand euros), recognised in profit or loss, which have resulted from fair value measurement. Other interest and similar income includes interest for term deposits in the amount of 20 thousand euros (previous year: 36 thousand euros).

<b>Financial expenses</b>	<i>Figures in thousands of euros</i>	2013
<b>Published consolidated financial statements</b>		<b>-1,846</b>
Correction of error – earn-out		-317
<b>Restated consolidated financial statements</b>		<b>-2,163</b>

## 34 | Income taxes

<b>Current and deferred expenses for income taxes</b>	<i>Figures in thousands of euros</i>	<b>2014</b>	2013*
Current German taxes <sup>1</sup>		-2,254	-5,776*
Current foreign taxes <sup>2</sup>		-6,134	-810*
<b>Current total taxes</b>		<b>-8,388</b>	<b>-6,586</b>
Deferred German taxes		-2,006	2,091*
Deferred foreign taxes		295	-300*
<b>Deferred total taxes</b>		<b>-1,711</b>	<b>1,791</b>
<b>Total income taxes</b>		<b>-10,099</b>	<b>-4,795</b>
<sup>1</sup> of which not relating to the period – Germany		322	-100*
<sup>2</sup> of which not relating to the period – other countries		-499	217*

\* The reference figures have been restated (cf. comments in section A).

In Germany, income taxes include corporate income tax plus the solidarity surcharge and trade tax. In other countries, this item comprises similar income taxes of the subsidiaries.

No significant effects have resulted from tax rate changes or from the introduction of new German or foreign taxes.

<b>Income tax</b>	<i>Figures in thousands of euros</i>	2013
<b>Published consolidated financial statements</b>		<b>-5,462</b>
Correction of error – deferred taxes		667
<b>Restated consolidated financial statements</b>		<b>-4,795</b>

The volume of income tax expenses shown can be calculated on the basis of the expected income tax expenses as follows:

<b>Reconciliation of income tax expenses</b>	<i>Figures in thousands of euros</i>	<b>2014</b>	2013
Earnings before taxes		31,460	27,081*
Theoretical tax rate		30.0 %	30.0 %
Expected income tax expenses		9,438	8,124*
Increase/reduction of income tax burden due to:			
Deviation resulting from application of local tax rate		-909	-920*
Deviation resulting from different assessment bases			
– Tax-free income (–)		-214	-122
– Other tax additions and deductions		207	-386*
– Non-deductible expenses (+)		548	866
– Depreciation of items not deductible for tax purposes		680	701
Recognition and measurement of deferred taxes			
– Non-recognition of deferred tax assets on loss carryforwards		162	147
– Revaluation/subsequent recognition of deferred taxes		-232	-2,807*
Non-period effects			
– Use of loss carryforwards not reported in the balance sheet (–)		-43	-1,103
– Other non-period effects		470	170
Other effects		-8	125*
<b>Income tax expenses shown</b>		<b>10,099</b>	<b>4,795</b>

\* restated in line with IAS 8

For the overall income tax burden, a theoretical tax rate of 30.0 % (previous year: 30.0 %) is assumed. This comprises a tax rate of 15.0 % for corporate income tax (previous year: 15.0 %), 5.5 % for the solidarity surcharge levied on the corporate income tax liability (previous year: 5.5 %) and a lump-sum average of approx. 14.0 % for trade tax (previous year: 14.0 %) plus marginal rounding-off.

Tax refund claims from previous years resulted due to a change in the law as of December 31, 2006. Since 2008, they have been paid out in equal instalments of 560 thousand euros over a period of ten years. Since these claims do not bear interest, they are discounted and capitalised at their present value. As of December 31, 2014, an interest rate of 1.75 % (previous year: 2.59 %) has been assumed for the calculation of the present value. This has been recognised in the balance sheet partly as a non-current income tax claim in the amount of 1,071 thousand euros (previous year: 1,557 thousand euros) and partly as a current claim in the amount of 560 thousand euros (previous year: 560 thousand euros).

Deferred tax assets and liabilities shown in the balance sheet resulted for discrepancies in value for the following balance sheet positions and for loss carryforwards:

Classification of deferred tax items	Dec. 31, 2014		Dec. 31, 2013	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Loss carryforwards and tax credits	1,814	—	3,723	—
Property, plant and equipment	751	-1,401	663	-984
Intangible assets	521	-1,739	1,050*	-2,210
Inventories	430	—	345	—
Receivables and other assets	641	-552	65	-719
Special item for investment grants (investment subsidies)	10	-547	13	-717
Pension accruals	4,281	-87	3,224	-51
Adjustment of pension accruals in line with IAS 19	—	—	—	—
Other accruals	585	—	1,066	—
Other liabilities	638	—	690	—
<b>Deferred taxes on temporary differences</b>	<b>9,671</b>	<b>-4,326</b>	<b>10,839*</b>	<b>-4,681</b>
<b>Netting</b>	<b>-1,530</b>	<b>1,530</b>	<b>-1,401*</b>	<b>1,401</b>
<b>Balance sheet item</b>	<b>8,141</b>	<b>-2,796</b>	<b>9,438*</b>	<b>-3,280</b>

\* The reference figures have been restated (cf. comments in section A).

The total amount carried forward for tax losses not yet used is 49,439 thousand euros (previous year: 59,623 thousand euros) and mainly relates to CEWE's subsidiary in France. Deferred tax assets have been reported in the balance sheet for tax loss carryforwards in the total amount of 11,762 thousand euros (previous year: 22,246 thousand euros). For the capitalisation of deferred taxes on loss carryforwards, future realisability is key. This mainly depends on future taxable profits in periods in which tax loss carryforwards can be claimed. For the purpose of capitalisation, profit expectations are assumed which are considered to be more probable than not. Of these loss carryforwards, 45,356 thousand euros (previous year: 55,615 thousand euros) may be carried forward without any limit. The remaining loss carryforwards may be carried forward until 2019 at the latest.

Total income tax expense recognised in equity:

<b>Total income tax expense recognised in equity</b>	<b>2014</b>	<b>2013*</b>
<i>Figures in thousands of euros</i>		
Income tax expense recognised in profit and loss account	-10,099	-4,795
Tax expense directly recognised in equity	865	—
<b>Total income tax expense recognised in equity</b>	<b>-9,234</b>	<b>-4,462</b>

\* restated in line with IAS 8

### 35 | Other taxes

Other taxes are now reported as part of other operating expenses.

<b>Other taxes</b>	<i>Figures in thousands of euros</i>	2013
<b>Published consolidated financial statements</b>		-737
Correction of error - operating taxes recognisable as expenses		737
<b>Restated consolidated financial statements</b>		<b>0</b>

### 36 | Earnings per share

<b>Earnings per share</b>	<i>Figures in thousands of euros</i>	<b>2014</b>	2013
Consolidated income/loss		21,361	22,286*
Weighted average number of shares, undiluted ( <i>in units</i> )		6,961,712	6,577,047
<b>Undiluted earnings per share (<i>in euros</i>)</b>		<b>3.07</b>	<b>3.39</b>
Consolidated income/loss ( <i>in thousands of euros</i> )		21,361	22,286*
Weighted average number of shares, diluted ( <i>in units</i> )		6,961,712	6,577,047
Diluting effect of stock options issued		9,386	49,001*
<b>Diluted earnings per share (<i>in euros</i>)</b>		<b>3.06</b>	<b>3.36</b>

\*The reference figures have been restated (cf. comments in section A).

Undiluted earnings per share are calculated as the ratio of the consolidated income/loss and the weighted average number of shares outstanding during the financial year less treasury shares.

For purposes of comparison, diluted earnings per share as of December 31, 2014 have also been indicated. Treasury shares are not included in the calculation of diluted earnings per share.

## D. Comments on the balance sheet

### Total fixed assets of CEWE Stiftung & Co. KGaA

<b>Development in 2014</b> <i>Figures in thousands of euros</i>	Property, plant and equipment	Real estate held as financial investments	Goodwill	Intangible assets	Non-current financial assets	<b>Total</b>
<b>Acquisition and production costs</b>						
<b>As of Jan. 1</b>	<b>295,008</b>	<b>21,441</b>	<b>64,608</b>	<b>89,610</b>	<b>1,560</b>	<b>472,227</b>
Currency translation adjustments	-796	—	127	-273	—	-942
Additions	30,743	290	—	6,909	2,116	40,058
Disposals	-12,474	—	—	-2,121	-5	-14,600
Transfers	-2,478	—	—	-47	—	-2,525
<b>As of Dec. 31</b>	<b>310,003</b>	<b>21,731</b>	<b>64,735</b>	<b>94,078</b>	<b>3,671</b>	<b>494,218</b>
<b>Depreciation</b>						
<b>As of Jan. 1</b>	<b>196,446</b>	<b>17,164</b>	<b>39,248</b>	<b>69,641</b>	<b>407</b>	<b>322,906</b>
Currency translation adjustments	-529	—	127	-223	—	-625
Scheduled additions	25,634	339	—	7,174	—	33,147
Non-scheduled additions	—	—	—	321	—	321
Disposals	-11,897	—	—	-2,120	—	-14,017
Transfers	-2,174	—	—	-5	—	-2,179
Revaluations	-16	-726	—	—	—	-742
<b>As of Dec. 31</b>	<b>207,464</b>	<b>16,777</b>	<b>39,375</b>	<b>74,788</b>	<b>407</b>	<b>338,811</b>
<b>Book value on Dec. 31</b>	<b>102,539</b>	<b>4,954</b>	<b>25,360</b>	<b>19,290</b>	<b>3,264</b>	<b>155,407</b>

Development in 2013 <i>Figures in thousands of euros</i>	Property, plant and equipment	Real estate held as financial investments	Goodwill	Intangible assets	Non-current financial assets	Total
<b>Acquisition and production costs</b>						
<b>As of Jan. 1</b>	318,093	21,178	64,710	85,062	729	489,772
Currency translation adjustments	-2,682	—	-102	-867	—	-3,651
Additions	27,326	369	—	6,341	832	34,868
Disposals	-46,406	13	—	-1,071	-1	-47,465
Transfers	-1,323	-119	—	145	—	-1,297
<b>As of Dec. 31</b>	295,008	21,441	64,608	89,610	1,560	472,227
<b>Depreciation</b>						
<b>As of Jan. 1</b>	216,882	16,694	36,181	63,303	407	333,467
Currency translation adjustments	-1,698	—	-102	-700	—	-2,500
Scheduled additions	26,327	455	—	7,866	—	34,648
Non-scheduled additions	85	—	3,169	—	—	3,254
Disposals	-44,660	15	—	-855	—	-45,500
Transfers	-490	—	—	27	—	-463
<b>As of Dec. 31</b>	196,446	17,164	39,248	69,641	407	322,906
<b>Book value on Dec. 31</b>	98,562	4,277	25,360	19,969	1,153	149,321

## 37 | Property, plant and equipment

On the development of the fixed assets, we refer to the attached analysis of fixed assets. The scheduled depreciations indicated here and the non-scheduled depreciations of fixed assets are shown in the profit and loss account under amortisation of intangible assets and depreciation of property, plant and equipment.

The book value of property, plant and equipment used only temporarily is of lesser importance. The same applies for property, plant and equipment which is definitively no longer used. It is assumed that the fair value of property, plant and equipment does not significantly deviate from its book value. The Group does not have any

pledged property, plant and equipment. Obligations for the purchase of property, plant and equipment (commitments) amount to 7,917 thousand euros (previous year: 1,457 thousand euros).

Intragroup deliveries and services (e. g. digital printing machines, "DigiFoto-Maker" etc.) are calculated on the basis of market prices and also on the basis of transfer prices determined according to the arm's length principle. Fixed assets resulting from intragroup deliveries are adjusted for interim results. For consolidation measures recognised in profit or loss, the income tax effects are considered and deferred taxes are recognised accordingly.

Development of property, plant and equipment in 2014	Land, leasehold rights and buildings, including buildings on third-party land	Technical equipment and machinery	Other equipment, furniture and fixtures	Advance payments and assets under construction	Total
<i>Figures in thousands of euros</i>					
<b>Acquisition and production costs</b>					
<b>As of Jan. 1</b>	45,509	179,733	68,355	1,411	295,008
Currency translation adjustments	-194	-15	-574	-13	-796
Additions	2,626	17,374	8,446	2,297	30,743
Disposals	—	-7,629	-4,843	-2	-12,474
Transfers	-2,053	590	-277	-738	-2,478
<b>As of Dec. 31</b>	<b>45,888</b>	<b>190,053</b>	<b>71,107</b>	<b>2,955</b>	<b>310,003</b>
<b>Depreciation</b>					
<b>As of Jan. 1</b>	23,100	124,349	48,997	—	196,446
Currency translation adjustments	-68	-83	-378	—	-529
Scheduled additions	1,270	16,108	8,256	—	25,634
Disposals	-152	-6,982	-4,763	—	-11,897
Transfers	-2,361	8	179	—	-2,174
Revaluations	—	-16	—	—	-16
<b>As of Dec. 31</b>	<b>21,789</b>	<b>133,384</b>	<b>52,291</b>	<b>—</b>	<b>207,464</b>
<b>Book value on Dec. 31</b>	<b>24,099</b>	<b>56,630</b>	<b>18,816</b>	<b>2,994</b>	<b>102,539</b>

Development of property, plant and equipment in 2013	Land, leasehold rights and buildings, including buildings on third-party land	Technical equipment and machinery	Other equipment, furniture and fixtures	Advance payments and assets under construction	Total
<i>Figures in thousands of euros</i>					
<b>Acquisition and production costs</b>					
<b>As of Jan. 1</b>	49,028	196,436	71,628	1,001	318,093
Currency translation adjustments	-808	-747	-1,123	-4	-2,682
Additions	1,306	11,406	7,005	7,609	27,326
Disposals	-3,086	-34,192	-9,100	-28	-46,406
Transfers	-931	6,830	-55	-7,167	-1,323
<b>As of Dec. 31</b>	<b>45,509</b>	<b>179,733</b>	<b>68,355</b>	<b>1,411</b>	<b>295,008</b>
<b>Depreciation</b>					
<b>As of Jan. 1</b>	24,629	141,952	50,301	—	216,882
Currency translation adjustments	-236	-636	-826	—	-1,698
Scheduled additions	1,327	16,536	8,464	—	26,327
Non-scheduled additions	—	—	85	—	85
Disposals	-2,308	-33,466	-8,886	—	-44,660
Transfers	-312	-37	-141	—	-490
<b>As of Dec. 31</b>	<b>23,100</b>	<b>124,349</b>	<b>48,997</b>	<b>—</b>	<b>196,446</b>
<b>Book value on Dec. 31</b>	<b>22,409</b>	<b>55,384</b>	<b>19,358</b>	<b>1,411</b>	<b>98,562</b>

**38 | Real estate held as financial investments**

Real estate held as financial investments comprises commercial properties in Bad Schwartau, Nuremberg and Berlin which are leased to third parties and are no longer used by the Group. In accordance with IAS 40, these buildings no longer used by the Group are measured at amortised cost. The underlying expected useful lives for scheduled straight-line depreciation are between 25 and 50 years. Additions in the financial year exclusively comprised subsequent acquisition costs.

In the financial year, rent income amounted to 1,063 thousand euros (previous year: 1,185 thousand euros). Including depreciation, maintenance and incidental costs, expenses for the leased properties amounted to 939 thousand euros (previous year: 1,159 thousand euros).

The fair value of this real estate held as financial investments is 10,101 thousand euros. In principle, the fair value is calculated at level 2 (of the fair value hierarchy levels according to IFRS 13). The fair value as of the balance sheet date has been calculated on the basis of an opinion prepared by external, independent real estate experts in the past financial year. The expert who provided this assessment has relevant professional qualifications and current experience in relation to the location and type of the assessed real estate. For calculation of the fair value as of the balance sheet date, the calculation provided in this opinion has been internally adjusted in line with the current circumstances.

<b>Development of real estate held as financial investments</b>	<i>Figures in thousands of euros</i>	<b>2014</b>	2013
<b>Acquisition and production costs</b>			
<b>As of Jan. 1</b>		<b>21,441</b>	21,178
Additions		290	369
Disposals		—	13
Transfers		—	-119
<b>As of Dec. 31</b>		<b>21,731</b>	21,441
<b>Depreciation</b>			
<b>As of Jan. 1</b>		<b>17,164</b>	16,694
Scheduled additions		339	455
Disposals		—	15
Revaluations		-726	—
<b>As of Dec. 31</b>		<b>16,777</b>	17,164
<b>Book value on Dec. 31</b>		<b>4,954</b>	4,277

**39 | Goodwill**

Goodwill results from the acquisition of businesses. The figures for each business segment have developed as follows:

<b>Development of goodwill in 2014</b>	<i>Figures in thousands of euros</i>	<b>Photofinishing</b>	<b>Retail</b>	<b>Commercial Online Printing</b>	<b>Total</b>
<b>Acquisition and production costs</b>					
<b>As of Jan. 1</b>		5,517	366	19,477	25,360
<b>As of Dec. 31</b>		<b>5,517</b>	<b>366</b>	<b>19,477</b>	<b>25,360</b>

Development of goodwill in 2013	<i>Figures in thousands of euros</i>	Photofinishing	Retail	Commercial Online Printing	Total
<b>As of Jan. 1</b>		5,970	382	22,177	28,529
Depreciation		-453	-16	-2,700	-3,169
<b>As of Dec. 31</b>		<b>5,517</b>	<b>366</b>	<b>19,477</b>	<b>25,360</b>

For the CEWE Group, key items of goodwill have been assigned to the following cash-generating units as of the balance sheet date:

Business segment	Cash-generating unit
<i>Figures in thousands of euros</i>	
Commercial Online Printing Saxoprint	17,809
Commercial Online Printing Viaprinto	1,668
Photofinishing Diginet	2,874

Within the scope of the impairment test, the recoverable amount is determined by calculating the value in use. Cash flow forecasts are used for this purpose which are based on the approved business planning figures. Cash flows have been extrapolated beyond a period of five years on the basis of the growth rates indicated below.

In the following, the long-term growth rate and discount rate is indicated for the value-in-use calculation for each cash-generating unit with significant goodwill. The recoverable amount in case of valuation adjustments is also indicated.

2014	<i>Figures as %</i>	Saxoprint	Viaprinto	Diginet
Long-term growth rate		1.0	1.0	0.5
Pre-tax interest rate		9.5	9.5	9.8
<hr/>				
2013	<i>Figures as %</i>	Saxoprint	Viaprinto	Diginet
Long-term growth rate		0.0	0.0	0.0
Pre-tax interest rate		8.8	8.8	8.8

The goodwill attributable to the cash-generating unit viaprinto underwent a valuation adjustment in the amount of 2,700 thousand euros in profit or loss in the previous year. The recoverable amount totalled 2,265 thousand euros. In the Photofinishing and Retail segments, for various items of goodwill which are not significant – individually or in aggregate – a 469 thousand euros valuation adjustment has been recognised in profit or loss.

The range of discount rates before taxes in the respective business segments is as follows:

Business segments 2014	Goodwill <i>Figures in thousands of euros</i>	Range of discount rates <i>Figures in %</i>
Photofinishing	5,517	8.8–16.8 %
Retail	366	8.9–12.5 %
Commercial Online Printing	19,477	8.9–12.0 %
<b>Total</b>	<b>25,360</b>	<b>8.8–16.8 %</b>
<hr/>		
Business segments 2013	Goodwill <i>Figures in thousands of euros</i>	Range of discount rates <i>Figures in %</i>
Photofinishing	5,517	8.5–14.3 %
Retail	366	8.8–11.5 %
Commercial Online Printing	19,477	8.8–11.5 %
<b>Total</b>	<b>25,360</b>	<b>8.5–14.3 %</b>

The estimates made are considered appropriate in relation to the expected useful life of specific assets, assumptions regarding the macroeconomic environment and developments in the industries in which CEWE is active and the estimated present values of future cash flows. Nonetheless, revised assumptions or changed circumstances may necessitate corrections which may lead to additional valuation adjustments or, in case of a reversal in the envisaged trends, reversals in value if this does not involve goodwill.

Within the scope of a sensitivity analysis for cash-generating units or groups of cash-generating units to which goodwill has been assigned, a 10 % reduction in EBIT margins for the perpetual annuity and a one percentage point increase in the discount rate have been assumed. On this basis, CEWE has determined that no impairment requirement would result for any of the cash-generating units or for any group of cash-generating units.

## 40 | Intangible assets

Software and similar industrial property rights comprise purchased ERP software, various office products for workstations and newly and subsequently capitalised items for proprietary intangible assets, for internal use and to support the market in the areas of production, distribution and Commercial Online Printing. Within the scope of the Group's proprietary software, own work has been capitalised at a value of 627 thousand euros (previous year: 758 thousand euros).

On the basis of the impairment test, non-scheduled depreciation has been recognised in the amount of 321 thousand euros.

For intangible assets, the Group had commitments in the amount of 343 thousand euros (previous year: 134 thousand euros).

<b>Development of intangible assets in 2014</b>					
<i>Figures in thousands of euros</i>	Purchased software	Proprietary intangible assets	Customer base, customer lists and trademark rights	Advance payments made	Total
<b>Acquisition and production costs</b>					
<b>As of Jan. 1</b>	43,995	19,993	25,300	322	89,610
Currency translation adjustments	-133	—	-140	—	-273
Additions	2,889	627	2,580	813	6,909
Disposals	-1,882	—	-239	—	-2,121
Transfers	195	—	1	-243	-47
<b>As of Dec. 31</b>	<b>45,064</b>	<b>20,620</b>	<b>27,502</b>	<b>892</b>	<b>94,078</b>
<b>Depreciation</b>					
<b>As of Jan. 1</b>	32,038	18,234	19,369	—	69,641
Currency translation adjustments	-127	—	-96	—	-223
Scheduled additions	4,523	635	2,016	—	7,174
Non-scheduled additions	263	—	58	—	321
Disposals	-1,881	—	-239	—	-2,120
Transfers	-5	—	—	—	-5
<b>As of Dec. 31</b>	<b>34,811</b>	<b>18,869</b>	<b>21,108</b>	<b>—</b>	<b>74,788</b>
<b>Book value on Dec. 31</b>	<b>10,253</b>	<b>1,751</b>	<b>6,394</b>	<b>892</b>	<b>19,290</b>

CEWE currently has customer bases, customer lists and trademark rights in its three business segments Photofinishing, Retail and Commercial Online Printing. In the previous year the Group acquired additional intangible assets, in particular, through its purchase of the online printing firm Saxoprint GmbH, Dresden. The other customer bases, customer lists and trademark rights derive from previous purchases of smaller competitors. In our opinion, while these items are important for the development of our business they are not decisive in any single instance.

Non-capitalised research and development expenses for intangible and other assets amount to 11,381 thousand euros (previous year: 10,729 thousand euros). They mainly comprise personnel expenses and other operating expenses.

<b>Development of intangible assets in 2013</b>					
<i>Figures in thousands of euros</i>	Purchased software	Proprietary intangible assets	Customer base, customer lists and trademark rights	Advance payments made	Total
<b>Acquisition and production costs</b>					
<b>As of Jan. 1</b>	40,188	19,622	24,738	514	85,062
Currency translation adjustments	-292	—	-575	—	-867
Additions	4,143	758	1,118	322	6,341
Disposals	-684	-387	—	—	-1,071
Transfers	640	—	19	-514	145
<b>As of Dec. 31</b>	<b>43,995</b>	<b>19,993</b>	<b>25,300</b>	<b>322</b>	<b>89,610</b>
<b>Depreciation</b>					
<b>As of Jan. 1</b>	27,988	17,688	17,627	—	63,303
Currency translation adjustments	-236	—	-464	—	-700
Scheduled additions	4,852	808	2,206	—	7,866
Disposals	-593	-262	—	—	-855
Transfers	27	—	—	—	27
<b>As of Dec. 31</b>	<b>32,038</b>	<b>18,234</b>	<b>19,369</b>	<b>—</b>	<b>69,641</b>
<b>Book value on Dec. 31</b>	<b>11,957</b>	<b>1,759</b>	<b>5,931</b>	<b>322</b>	<b>19,969</b>

#### 41 | Financial assets

The Group's financial assets include interests in non-consolidated equity investments in the amount of 2,959 thousand euros (previous year: 942 thousand euros). The additions relate to equity investments in start-up companies. Other loans in the amount of 305 thousand euros (previous year: 211 thousand euros) mainly comprise the repurchase value of the company's reinsurance policy.

<b>Development of non-current financial assets in 2014</b> <i>Figures in thousands of euros</i>	<b>Non-current interests in affiliates</b>	<b>Non-current equity investments</b>	<b>Non-current other loans</b>	<b>Total</b>
<b>Acquisition and production costs</b>				
<b>As of Jan. 1</b>	43	1,306	211	1,560
Additions	—	2,020	96	2,116
Disposals	—	-3	-2	-5
<b>As of Dec. 31</b>	43	3,323	305	3,671
<b>Depreciation</b>				
<b>As of Jan. 1</b>	18	389	—	407
<b>As of Dec. 31</b>	18	389	—	407
<b>Book value on Dec. 31</b>	25	2,934	305	3,264

<b>Entwicklung der Langfristigen Finanzanlagen 2013</b> <i>Figures in thousands of euros</i>	<b>Non-current interests in affiliates</b>	<b>Non-current equity investments</b>	<b>Non-current other loans</b>	<b>Total</b>
<b>Acquisition and production costs</b>				
<b>As of Jan. 1</b>	43	489	197	729
Additions	—	817	15	832
Disposals	—	—	-1	-1
<b>As of Dec. 31</b>	43	1,306	211	1,560
<b>Depreciation</b>				
<b>As of Jan. 1</b>	18	389	—	407
<b>As of Dec. 31</b>	18	389	—	407
<b>Book value on Dec. 31</b>	25	917	211	1,153

#### 42 | Non-current receivables from income tax refunds

The company's corporate income tax credit totalling 1,681 thousand euros (previous year: 2,242 thousand euros) has been discounted since it does not bear interest and due to the duration of the refund period. As of the balance sheet date, the present value amounts to a total of 1,631 thousand euros (previous year: 2,117 thousand euros) and the non-current portion amounts to 1,071 thousand euros (previous year: 1,557 thousand euros). Please see the comments on income taxes for further details (see item C34).

#### 43 | Non-current receivables and assets

Non-current financial assets comprise, in particular, deposits and collateral. Non-current other receivables and assets exclusively relate to prepaid expenses and accrued income.

## 44 | Deferred tax assets

<b>Deferred tax assets in 2014</b> <b>Composition and development</b> <i>Figures in thousands of euros</i>	From temporary differences	From tax loss carryforwards	<b>Total</b>
<b>As of Jan. 1</b>	<b>5,714</b>	<b>3,724</b>	<b>9,438</b>
Allocations	966	92	1,058
Reversals	-353	-2,002	-2,355
<b>As of Dec. 31</b>	<b>6,327</b>	<b>1,814</b>	<b>8,141</b>

<b>Deferred tax assets in 2013</b> <b>Composition and development</b> <i>Figures in thousands of euros</i>	From temporary differences	From tax loss carryforwards	<b>Total</b>
<b>As of Jan. 1</b>	<b>6,557*</b>	<b>1,824</b>	<b>8,381*</b>
Allocations	728*	2,214	2,942*
Reversals	-1,571	-314	-1,885
<b>As of Dec. 31</b>	<b>5,714</b>	<b>3,724</b>	<b>9,438</b>

\* The reference figures have been restated (cf. comments in section A).

<b>Deferred tax assets</b> <i>Figures in thousands of euros</i>	Published consolidated financial statements	Correction of error	Restated consolidated financial statements
Balance sheet as of Jan. 1, 2013	6,551	1,830	8,381
Balance sheet as of Dec. 31, 2013	7,056	2,382	9,438

Capitalised tax assets mainly comprise valuation differences for pensions and other accruals as well as effects on earnings resulting from consolidation. Deferred taxes resulting from existing tax loss carryforwards are only capitalised where the earnings expectations of the respective Group company enable the use of a loss with a

sufficient degree of probability and within a sufficiently close period of time. In the previous year, deferred taxes in the amount of 2,167 thousand euros were capitalised on the trade tax loss carryforwards which thus became usable at the level of CEWE Stiftung & Co. KGaA. Please see the comments on income taxes for further details (see item C34).

## 45 | Non-current assets held for sale

In the financial year 2013, on grounds including the adjustment of its production structures in neighbouring countries the Board of Management resolved and implemented the closure of production facilities at the Group's plant in Grudziądz, Poland. Production has been transferred to the significantly larger plant in Kozle, and the site which is no longer required for production (834 thousand euros) was reclassified as held for sale in the financial year; sales negotiations are now underway. No impairment requirement applied as of the reporting date.

## 46 | Inventories

<b>Inventories</b>	<i>Figures in thousands of euros</i>	<b>Dec. 31, 2014</b>	Dec. 31, 2013
Raw materials and supplies		14,312	15,451
Unfinished goods, work in progress		523	311
Finished goods and merchandise		34,050	43,356
Advance payments made		2	13
<b>Total</b>		<b>48,887</b>	59,131

In particular, the decline in raw materials and supplies includes stocks of photographic paper. For "finished goods and merchandise" the decrease includes, in particular, merchandise stocks for the Group's retail companies.

The valuation adjustment on inventories amounts to 412 thousand euros (previous year: 525 thousand euros).

Depreciation of finished and unfinished goods and merchandise is included in the material expenses item of the profit and loss account. In the past financial year, inventories of Japan Photo Holding Norge AS, Oppegård, Norway, with a book value of 299 thousand euros (previous year: 418 thousand euros) were pledged as collateral for rent deposits.

#### 47 | Current trade receivables

<b>Current trade receivables</b>	<i>Figures in thousands of euros</i>	<b>Dec. 31, 2014</b>	Dec. 31, 2013
Trade receivables not impaired		82,875	87,479
<i>thereof amount covered by insurance</i>		122,668	84,247
Gross amount of impaired receivables		4,292	4,688
Valuation adjustments		2,898	3,399
<b>Total</b>		<b>84,269</b>	<b>88,768</b>

Directly trade-related receivables are all current in nature and are due from external third parties. Trade receivables underwent the following valuation adjustments in the course of the year:

<b>Valuation adjustment on trade receivables</b>	<i>Figures in thousands of euros</i>	<b>Development in the financial year 2014</b>	Development in the financial year 2013
<b>As of Jan. 1</b>		<b>3,399</b>	7,634
Currency difference		-12	-32
Allocations		1,159	1,497
Reversals		-795	-1,270
Use		-853	-4,430
<b>As of Dec. 31</b>		<b>2,898</b>	3,399

Additions to valuation adjustments are shown in the profit and loss account under the other operating expenses item, while reversals are shown within the scope of other operating income. Direct losses on trade receivables are also shown in the other operating expenses item; in the past financial year, they amounted to 829 thousand euros (previous year: 444 thousand euros).

In regard to the Group's trade receivables which are neither impaired nor in default, as of the reporting date there are no indications that the debtors will fail to comply with their payment obligations. The Group has non-impaired receivables from business partners and end-consumers. In the past financial year, customer receivables of Japan Photo Holding Norge AS, Oppegård, Norway, with a book value of 111 thousand euros (previous year: 120 thousand euros) were pledged. Valuation adjustments on receivables are separately recognised from an accounting point of view; the same applies for any addition, use or reversal. A receivable is only finally written off if it may be assumed either on legal grounds or at least on the basis of other facts that this receivable is no longer collectable.

#### 48 | Current receivables from income tax refunds

This mainly comprises refund claims for tax prepayments made in the current year for the year under review. A portion of this has resulted from the non-current refund claim for prepaid corporate income tax which has been due annually pro rata since 2008 (see item D42).

#### 49 | Current financial assets

Current financial assets include the following items:

<b>Current financial assets</b>	<i>Figures in thousands of euros</i>	<b>Dec. 31, 2014</b>	Dec. 31, 2013
Creditors with debit accounts		471	522
Loans to customers		2	16
Receivables from employees		116	42
Other current financial receivables and assets		2,451	2,380
<b>Total</b>		<b>3,040</b>	2,960

**50 | Other current receivables and assets**

Other current receivables and assets comprise the following items:

<b>Other current receivables and assets</b>	<i>Figures in thousands of euros</i>	<b>Dec. 31, 2014</b>	Dec. 31, 2013
Current prepaid expenses		2,665	1,907
Tax refund claims		2,252	1,886
<b>Total</b>		<b>4,917</b>	<b>3,793</b>

**51 | Cash and cash equivalents**

This item comprises bank balances – all of which are due in the short term – and cash on hand. Euro balances held by various credit institutes attracted interest at a rate of 0.00 % (previous year: between 0.0 % and 0.5 %). Foreign currency balances (2014: 19,201 thousand euros, previous year: 10,908 thousand euros) attracted interest at the specifically agreed rates; they have been measured at the exchange rate as of the balance sheet date.

**52 | Subscribed capital**

The Group's subscribed capital and capital reserve relate to CEWE Stiftung & Co. KGaA, Oldenburg, and are recognised as if held by this company.

The company's share capital continued to amount to 19,240,052.00 euros and has been divided up into 7,400,020 bearer shares.

Each bearer share of CEWE Stiftung & Co. KGaA confers one vote. The total number of voting rights now amounts to 7,400,020 shares.

The company's shares outstanding developed as follows:

<b>Outstanding shares</b>	<i>In units</i>	<b>Development in the financial year 2014</b>	Development in the financial year 2013
<b>As of Jan. 1</b>		<b>6,581,601</b>	<b>6,544,805</b>
Sales of treasury shares		536,719	16,796
Equities resulting from exercise of option		0	20,000
<b>As of Dec. 31</b>		<b>7,118,320</b>	<b>6,581,601</b>

**53 | Authorised capital**

With the consent of the Supervisory Board, in the period to June 3, 2019 the general partner is authorised to increase the company's share capital one or more times by issuing new no-par value bearer shares in return for cash and/or non-cash contributions, by a total amount not exceeding 9,620 thousand euros (authorised capital 2014). In principle, the shareholders must be granted a subscription right. The new shares may be purchased by one or more credit institutions, subject to an obligation to offer them to their shareholders for purchase. With the consent of the Supervisory Board, the general partner prescribes the terms for issuance of shares. The Supervisory Board is entitled to adjust the wording of the company's corporate articles in accordance with the volume of the capital increase through authorised capital or upon expiry of the authorisation period. The previously valid authorisation of the general partner – which was applicable up to May 27, 2014 – to increase the company's share capital by up to 9,590 thousand euros, subject to the consent of the Supervisory Board, was cancelled once this new authorised capital became effective.

**54 | Stock option plans**

On April 8, 2010, on the basis of a resolution passed by the general meeting on June 30, 2005, the Board of Management and the Supervisory Board of CEWE COLOR Holding AG issued the company's 2010 Stock Option Plan with a volume of up to 200,000 no-par value shares. In the purchase period from April 14 to 30, 2010, the company's executives purchased a total of 95,500 of the options offered and the company's Board of Management members and managing directors a total of 104,500. This represents 52.3 % of the 200,000 total options granted. The terms specified in the resolution passed by the general meeting held on June 30, 2005 have been complied with.

Total volume of stock option plans

Options have been issued as follows within the scope of the stock option plan:

Options held upon issue:			
Board of Management		31,500	
Managing directors of the CEWE Group		73,000	
Other executives of the CEWE Group			95,500
<b>Total</b>		<b>104,500</b>	<b>95,500</b>
Exercise price		31.05	31.05
			<b>200,000</b>

Supervisory Board members or members of other executive bodies tasked with the company's supervision have not been awarded stock options at any time.

#### Structure of the 2010 Stock Option Plan

These options were offered at the highest level of the Group's management, in Germany and other countries, at a premium of 0.50 euros per option. Upon expiry of the waiting period, the options may only be exercised if the closing auction prices of the CEWE share in Deutsche Börse AG's Xetra trading system have reached at least 115 % of the underlying price on ten consecutive stock exchange trading days.

#### Exercise prices and exercise periods

The 2010 Stock Option Plan has a term of five years and began on June 1, 2010; it will thus end upon expiry of May 31, 2015 at the latest. The four-year waiting period ended upon expiry of May 31, 2014. An underlying price of 27.00 euros has been specified; the exercise price as a performance target is thus 31.05 euros (115 % of the underlying price). The exercise of the stock options has been permissible since June 1, 2014, since the requirement of the performance target being exceeded on ten consecutive stock exchange trading days was already fulfilled in 2012.

#### Exercise periods

Since the waiting period expired on June 1, 2014 and the performance target was already fulfilled in 2012, the exercise of the options has been permissible since June 1, 2014. Overall, the options may only be exercised and shares resulting from the option deal may only be subsequently sold within six four-week exercise periods. These exercise periods will begin as of publication of the earnings for the past financial year, as of the balance sheet press conference, as of the annual general meeting and as of the dates of publication of the quarterly figures. The CEWE Group's compliance officer monitors compliance with these time limits. As of the balance sheet date, three exercise periods were still outstanding for the 2010 Stock Option Plan.

#### 55 | 2014 Stock Option Plan

On the basis of the resolution passed by the general meeting on June 4, 2014, on September 1, 2014 the Board of Management approved the 2014 Stock Option Plan – with a volume of up to 150,000 no-par value shares – as did the Supervisory Board of CEWE Stiftung & Co. KGaA on September 10, 2014 and the Board of Trustees of the managing partner Neumüller CEWE COLOR Stiftung on September 11, 2014. In the purchase

period from November 20 to December 5, 2014, the other executives of the CEWE Group purchased a total of 101,700 of the options offered and the Board of Management and the management of Neumüller CEWE COLOR Stiftung a total of 10,800, which represents 9.6 % of the 112,500 total options granted.

The terms specified in the resolution passed by the general meeting held on June 4, 2014 have been complied with.

Options have been issued as follows within the scope of the 2014 Stock Option Plan:

Beneficiaries	Number	Total
Board of Management	9,600	
Managing directors of the CEWE Group	1,200	
Other executives of the CEWE Group	101,700	
<b>Total</b>	<b>10,800</b>	<b>101,700</b>
Exercise price in euros	63.60	63.60

Supervisory Board members or members of other executive bodies tasked with the company's supervision were awarded 300 stock options on the date of issuance.

#### Structure of the 2014 Stock Option Plan

These options were offered at the highest level of the Group's management, in Germany and other countries, at a premium of 0.50 euros per option. Upon expiry of the waiting period, the options may only be exercised if the closing auction prices of the CEWE share in Deutsche Börse AG's Xetra trading system have reached at least 120 % of the underlying price on ten consecutive stock exchange trading days.

#### Exercise prices and exercise periods

The 2014 Stock Option Plan has a term of five years and began on January 1, 2015; it will thus end upon expiry of December 31, 2019 at the latest. The four-year waiting period will end upon expiry of December 31, 2018. An underlying price of 53.00 euros has been specified; the exercise price as a performance target is thus 63.30 euros (120 % of the underlying price).

### Exercise periods

Upon expiry of the waiting period and achievement of the performance target, the options may only be exercised and shares resulting from the option deal may only be subsequently sold within six four-week exercise periods. These exercise periods will begin as of publication of the earnings for the past financial year, as of the balance sheet press conference, as of the annual general meeting and as of the date of publication of the quarterly figures.

The CEWE Group's compliance officer monitors compliance with these time limits.

The number and the weighted average of the exercise prices were as follows:

<b>Stock Option Plan</b>	<i>Figures in thousands of euros</i>	<b>Number of options in 2014</b>	<b>Weighted average exercise price in 2014</b>
Outstanding as of January 1		200,000	
Expired over the course of the year		7,500	
Exercised over the course of the year		172,200	54.18
Confirmed over the course of the year		112,500	
<b>Outstanding as of December 31</b>		<b>132,800</b>	
<b>Exercisable as of December 31</b>		<b>0</b>	

### 56 | Capital reserve

This shows the premium which resulted from the issuance of the 600,002 bearer shares (following the 1:10 share split implemented in 1999 for 6,000,020 bearer shares) in excess of the nominal value of the shares (29,175 thousand euros), the amount allocated from the capital reduction (1,560 thousand euros), the allocation within the scope of the conversion of the atypical silent partner shares (27,868 thousand euros) which were reduced by 2,375 thousand euros through the final statement for this conversion during the financial year 2007, the premium which resulted from the exercise of the share purchase right of CEWE Stiftung & Co. KGaA (415 thousand euros) and the profit from the sale of treasury shares (12,689 thousand euros). Please see the consolidated statement of changes in equity for further details.

### 57 | Treasury shares at acquisition cost

<b>Treasury shares</b>	Total	Sale	Total	Sale	Total	Sale	<b>Total</b>
	Effective date Dec. 31, 2011	April 4, 2012 to Aug. 16, 2012	Effective date Dec. 31, 2012	April 10, 2013 to June 18, 2013	Effective date Dec. 31, 2013	April 9, 2014 to Dec. 3, 2014	Effective date Dec. 31, 2014
Buyback period							
Number of treasury shares held	850,704	-15,489	835,215	-16,796	818,419	-536,719	<b>281,700</b>
Interest in share capital on reporting date <i>in thousands of euros</i>	2,212	-40	2,172	-44	2,128	-1,396	<b>732</b>
Interest in share capital on reporting date <i>as %</i>	11.53 %	0.21 %	11.32 %	-0.23 %	11.09 %	-7.26 %	<b>3.81 %</b>
Average purchase price per share <i>in euros</i>	28.70	31.76	28.68	32.60	28.58	28.05	<b>28.05</b>
Total value of shares bought back Aktien <i>in thousands of euros</i>	24,431	-492	23,939	-548	23,391	-14,880	<b>8,511</b>

Treasury shares are shown in a separate line within equity as a "contra equity position". They are measured at their original acquisition costs and incidental acquisition costs and thus reduce the company's equity (cost method).

On the basis of the authorisation resolution passed by the general meeting on May 28, 2008, CEWE KGaA launched a share buyback programme on June 16, 2008.

The authorisation to purchase treasury shares was renewed by the resolution passed by the general meeting on June 4, 2014 and is now valid until June 3, 2017. The authorisation to purchase treasury shares which was resolved by the general meeting on June 2, 2010 expired once this new authorisation became effective.

In the financial year 2011, within the scope of the company's employee shares programme a total of 10,890 no-par value shares were sold to employees and a further 248,787 no-par value shares were bought back in the period to October 28, 2011, pursuant to the general meeting's authorisation resolution of June 2, 2010. This means that the company gained a total of 237,897 new treasury shares in 2011.

In the financial year 2012, a total of 15,489 no-par value shares were sold to employees as part of the company's employee shares programme. The necessary shares were provided out of the portfolio of CEWE KGaA.

In the financial year 2013, a total of 16,796 no-par value shares were sold to employees as part of the company's employee shares programme. The necessary shares were provided out of the portfolio of CEWE KGaA.

Moreover, in 2014 the Board of Management resolved to offer the employees of the German subsidiaries of CEWE KGaA shares in the company at a reduced price, as staff shares. A total of 10,654 shares were required for this purpose. The necessary shares were provided out of the portfolio of CEWE KGaA. A total of 26,065 treasury shares were required in 2014 to exercise the Stock Option Plan (cf. D54/D55).

CEWE KGaA's key portfolio of treasury shares under German company law as of December 31, 2014 amounted to 168,948 shares (previous year: 705,667 shares). The 112,752 shares held by CEWE COLOR Versorgungskasse e. V., Wiesbaden, are not considered treasury shares under German company law. In accordance with IAS 19, they must be included in the consolidated financial statements. The deduction for treasury shares under IAS 32 thus comprises 281,700 no-par value shares – at a total value of 8,511 thousand euros (previous year: 23,391 thousand euros).

CEWE's treasury shares developed as follows:

Development of treasury shares in units	CEWE Stiftung & Co. KGaA		CEWE COLOR Versorgungskasse e. V.		CEWE Group	
	2014	2013	2014	2013	2014	2013
As of Jan. 1	705,667	722,463	112,752	112,752	818,419	835,215
Sales of treasury shares	-536,719	-16,796	—	—	-536,719	-16,796
As of Dec. 31	168,948	705,667	112,752	112,752	281,700	818,419

#### 58 | Retained earnings and unappropriated profits

Unappropriated profits correspond to the item "Generated Group equity" and comprise the respective earnings after tax net of the dividend paid for 2013. The unappropriated profits of CEWE KGaA under commercial law are key for distribution purposes. As of December 31, 2014, following the allocation to the retained earnings under § 58 (2) of the German Stock Corporation Act (Aktiengesetz, AktG) the unappropriated profits of CEWE KGaA amount to 20,866 thousand euros (previous year: 20,457 thousand euros). Payout freezes apply for the company's treasury shares (2014: 168,948 no-par value shares; previous year: 705,667 no-par value shares). In 2014, dividends were paid for a total amount of 10,646 thousand euros (previous year: 9,540 thousand euros). This corresponds to a distribution of 1.50 euros (previous year: 1.45 euros) per no-par value share conferring a dividend entitlement.

For the components of other retained earnings, please see the consolidated statement of changes in equity. Cumulative expenses for stock option plans include the current additions to the 2010 Stock Option Plan. The compensating item from currency translation relates to all of the foreign-currency differences resulting from translation of the financial statements of the Group's foreign enterprises. In the past financial year and in the previous year, income taxes not affecting net income exclusively related to the currency differences recognised without affecting net income that resulted from non-current loans between Group companies – which are included in the compensating item from currency translation – and also deferred taxes in relation to the actuarial result.

Retained earnings and unappropriated profits Figures in thousands of euros	Published consolidated financial statements	Correction of error	Adjusted consolidated financial statements
As of Jan. 1, 2013	78,993	1,715	80,708
As of Dec. 31, 2013	87,945	2,382	90,327

The cumulative effects of the error corrections for retained earnings and unappropriated profits amount to 2,382 thousand euros as of December 31, 2013.

## 59 | Non-current special items for investment grants

<b>Non-current pension accruals</b>	<i>Figures in thousands of euros</i>	<b>Development in the financial year 2014</b>	Development in the financial year 2013
<b>As of Jan. 1</b>		<b>17,917</b>	17,363
Use		-608	-594
Allocations		4,655	1,272
Reversals		-23	-124
<b>As of Dec. 31</b>		<b>21,941</b>	17,917

CEWE has various types of company pension scheme commitments to its current and former employees and to their surviving dependents in Germany, the Netherlands and France. The company's pension scheme is based on a defined benefit system and also, to a marginal extent, on a defined contribution system. Employees are also able to participate in schemes for the conversion of salary entitlements into pension entitlements. Accruals are measured on the basis of the projected unit credit method.

In the case of the defined benefits scheme, the company or an external pension provider grants the beneficiaries a defined benefit commitment; unlike in the case of defined contributions, the expenses incurred by the company are not determined in advance. In Germany, the company's commitments to the Board of Management are structured as final salary plans; in addition, several executives have been granted fixed benefit commitments. In France, capital commitments in accordance with the employee's period of service are granted which are covered by reinsurance policies. Expenses for these commitments are apportioned across the service period of the employees, on the basis of actuarial calculations, and must be broken down into the current service cost and interest expense (the balance of interest on the obligation and income from the cover funds) in accordance with IAS 19 rev. 2011. On the respective balance sheet date (December 31 of each year), the interest rate is determined on the basis of current capital market data as well

as assumptions regarding long-term trends, in accordance with the principle of the best possible estimate. CEWE has several defined-benefit plans. As a rule, it has provided aggregated details for these plans, since there are no significant deviations in terms of their respective risk exposure. Through its plans in Germany and France, the Group is generally exposed to the following actuarial risks: investment risk, interest rate risk, longevity risk and salary risk.

**Investment risk:** The present value of the defined-benefit obligation under the plan is calculated by means of a discount rate which is determined on the basis of the yields provided by high-quality, fixed-interest corporate bonds. If the income from the plan assets is less than this interest rate, this will result in shortage of cover for the plan.

**Interest rate risk:** A decrease in the bond interest rate will result in an increase in the Group's liability under the plan.

**Longevity risk:** The present value of the defined benefit obligation under the plan is determined on the basis of the best possible estimate of the probability of death of the beneficiary employees, both during the employment relationship and thereafter. An increase in the life expectancy of beneficiary employees will result in an increase in the liability under the plan.

**Salary risk:** The present value of the defined benefit obligation under the plan is determined on the basis of the future salaries of beneficiary employees. An increase in the salaries of beneficiary employees will thus result in an increase in the liability under the plan.

No other benefits for these employees are envisaged upon termination of their employment relationships.

In Germany, the company does not have any plan assets within the meaning of IAS 19 rev. 2011 to cover these benefits. In France, the realisable pension benefit is partly covered through reinsurance policies (the risks in terms of assets and liabilities are thus directly linked).

On the other hand, in case of defined contributions firmly defined contributions (e. g. in relation to the applicable level of income) are confirmed and paid. The employer does not have any other constructive obligation beyond payment of the contributions. In case of defined contributions, it is not necessary to establish accruals in the balance sheet. Only the contribution payable by the company is shown in the profit and loss account as expense.

The key parameters for defined-benefit pensions are presented below:

<b>Development of obligations</b>	<i>Figures in thousands of euros</i>	<b>2014</b>	2013
Present value of vested pension entitlements at start of financial year		18,149	17,583
Current service cost		1,183	735
Interest expense		550	532
Actuarial profits (-) / losses (+)		2,903	-98
Payment of benefits		-644	-603
<b>Present value of vested pension entitlements at end of financial year</b>		<b>22,141</b>	<b>18,149</b>
– of which directly confirmed (excl. plan assets)		20,815	16,993
– of which funded with plan assets		1,331	1,156

In France, for its pension obligations the company has earmarked assets in the form of reinsurance policies.

In summary, these assets developed as follows:

<b>Development of plan assets</b>	<i>Figures in thousands of euros</i>	<b>2014</b>	2013
Fair value of plan assets at start of financial year		241	221
Expected income from plan assets		7	6
Actuarial profits (+)		2	—
Employer's contributions		23	23
Payment of benefits		-31	-9
<b>Fair value of plan assets at end of financial year</b>		<b>242</b>	<b>241</b>

Overall, the Group's financing status is as follows:

<b>Finanzierungsstatus</b>	<i>Figures in thousands of euros</i>	<b>2014</b>	2013
Present value of vested pension entitlements at end of financial year		22,141	18,149
Fair value of plan assets at end of financial year		-242	-241
<b>Balance sheet value at end of financial year</b>		<b>21,899</b>	<b>17,908</b>
Adjustment of present value of vested pension entitlements (DBO) on basis of past experience		320	-60
Adjustment of fair value of plan assets on basis of past experience		-2	-2

The total expenses recognised in the profit and loss account for defined-benefit pension plans (expenses less income) are as follows:

<b>Net pension expense</b>	<i>Figures in thousands of euros</i>	<b>2014</b>	2013
Current service cost		1,183	735
Interest expense		550	532
Expected income from plan assets		-7	-6
<b>Total</b>		<b>1,726</b>	1,261

A similar volume of expenses is expected in 2015.

In the financial year 2014, actuarial losses in the amount of 2,903 thousand euros resulted (previous year: actuarial profits in the amount of 98 thousand euros), which have been apportioned to other comprehensive income. The assumptions for actuarial measurement of the present value of the vested pension entitlements and the net pension expenses reflect circumstances in the country in which the pension plan has been established.

The calculations are based on current, actuarially determined biometric probabilities. Assumptions regarding future fluctuations on the basis of age and years of service are also included, as are probabilities within the Group of employees reaching retirement and salary and pension trends.

The following weighted measurement assumptions have resulted in relation to the present value of the vested pension entitlements:

<b>Weighted assumptions for calculation of the present value of vested pension entitlements</b>	<i>Figures as %</i>	<b>Dec. 31, 2014</b>	Dec. 31, 2013
Interest rate		2.10	3.10
Salary trend/development of vested rights		2.50	2.50
Pension trend		2.00	2.00
Fluctuation		1.50	1.50

The valid probabilities within the respective countries have been assumed as the level of biometric probability. The date of the earliest possible receipt of benefits has been assumed as the date of retirement.

The plan assets for the Group's French obligations consist of reinsurance contracts. The Group's investment strategy and the probable level of income thus reflect the stipulations in these contracts as well as statutory provisions. In 2015, contributions to the French plan are expected to amount to 23 thousand euros. The actual income from the plan assets totalled 7 thousand euros (previous year: 6 thousand euros).

<b>Present value of obligations and fair value of plan assets</b>	<i>Figures in thousands of euros</i>	<b>2014</b>	2013	2012	2011
Present value of obligations		22,141	18,149	17,583	12,829
Fair value of plan assets*		242	241	221	217
<b>Shortfall</b>		<b>21,899</b>	17,908	17,362	12,612

\*Excl. the financial instruments of CEWE COLOR Versorgungskasse e. V., Wiesbaden

<b>Adjustments made on basis of experience</b>	<i>Figures in thousands of euros</i>	<b>2014</b>	2013	2012	2011
Plan liabilities		320	-60	-46	161
Plan assets		-2	-2	1	4

#### Sensitivity analysis

Assuming that the other assumptions remain constant, changes in one of the key actuarial assumptions of which there was a reasonable possibility as of the reporting date would have influenced the defined benefit obligation in terms of the following amounts.

The following tables provide information on the levels of sensitivity regarding the key measurement parameters and the expected pension benefits over the next ten financial years.

<b>Sensitivity analysis</b>	<i>Figures as %</i>	Changes	Increase	Decrease
Discount rate		1.0	-11.9	+14.9
Future salary increases		0.5	+0.7	-0.7
Future pension increases		0.5	+5.3	-4.9

Although this analysis does not consider the full allocation of the cash flows expected under the plan, it provides an approximate value for the level of sensitivity of the indicated assumptions.

Over the next ten financial years, the following payments of pension benefits are expected:

<b>Payment of pension benefits</b>	<i>In thousands of euros</i>	<b>Amount</b>
2015		650
2016		757
2017		1,160
2018		1,076
2019–2023		1,138
2020–2024		5,403

In the financial year 2014, the company incurred expenses for defined contributions in the amount of 1,970 thousand euros (previous year: 1,942 thousand euros). Contributions were paid to statutory or government defined contribution plans in the amount of 8,558 thousand euros (previous year: 8,174 thousand euros). CEWE does not have any legal or constructive obligation for payment of these future benefits.

#### 60 | Non-current deferred tax liabilities

<b>Non-current deferred tax liabilities</b>	<b>Development in the financial year 2014</b>	Development in the financial year 2013
<b>As of Jan. 1</b>	<b>3,280</b>	3,988
Use	–768	–748
Allocations	284	226
Reversals	—	–186
<b>As of Dec. 31</b>	<b>2,796</b>	3,280

<b>Non-current tax liabilities</b> <i>Figures in thousands of euros</i>	Published consolidated financial statements	Correction of error	Restated consolidated financial statements
As of Jan. 1, 2013	3,988	115	4,103
As of Dec. 31, 2013	3,280	0	3,280

The changes in deferred taxes mainly relate to the change in temporary differences. Deferred taxes have largely been deferred for periods of between one and five years.

#### 61 | Non-current other accruals

<b>Non-current other accruals in 2014</b> <i>Figures in thousands of euros</i>	Liabilities in relation to employees	Provisions for contingent losses	<b>Total</b>
<b>As of Jan. 1</b>	<b>35</b>	<b>315</b>	<b>350</b>
Allocations	—	2	2
Transfers	–35	25	–10
Reversals	—	–100	–100
<b>As of Dec. 31</b>	<b>—</b>	<b>242</b>	<b>242</b>

<b>Non-current other accruals in 2013</b> <i>Figures in thousands of euros</i>	Liabilities in relation to employees	Provisions for contingent losses	<b>Total</b>
<b>As of Jan. 1</b>	<b>57</b>	<b>492</b>	<b>549</b>
Use	—	–187	–187
Allocations	—	20	20
Transfers	–22	–10	–32
<b>As of Dec. 31</b>	<b>35</b>	<b>315</b>	<b>350</b>

Non-current obligations in relation to employees almost exclusively relate to benefits under the company's old-age part-time working scheme in Germany. The provisions for contingent losses item comprises contingent losses and has been established for long-term tenancy agreements for the laboratory which was closed in Hamburg in 2002. These provisions for contingent losses relate to the risk of losses from subletting, on the basis of the best possible assessment of the local commercial real estate market. The present value of these obligations is determined by means of discounting (current year: 3.07 %; previous year: 3.76 %). Accumulation and adjustment of the interest rate have resulted in a negative interest rate effect of 11 thousand euros (previous year: 42 thousand euros). Transfers comprise reclassifications to the current segment.

#### 62 | Non-current interest-bearing financial liabilities

The renegotiations for the company's credit facilities were completed at the start of 2013. This once again involves a total of seven private banks and publicly owned banks. The loans taken up have a term of between one and five years (previous year: between one and six years). At the end of the year, the total credit line of the CEWE Group amounted to 117.70 million euros (previous year: 116.8 million euros). After deducting the total loan volume drawn down (4.2 million euros, previous year: 30.3 million euros) and allowing for the company's existing liquidity (27.7 million euros, previous year: 14.0 million euros), its liquidity potential totalled 141.2 million euros (previous year: 100.5 million euros). As well as drawn-down fixed rate loans (4.2 million euros, previous year: 25.2 million euros), the company has long-term revolving credit lines which have been granted for up to six years as well as continuously renewed one-year lines whose overall purpose is financing of the company's liquidity requirements, which fluctuate strongly in the course of a given year due to seasonal factors. In principle, no restrictions apply in relation to the use of credit lines. Insofar as they are used for financing of corporate acquisitions, the participating credit institutions must be notified if a total volume of 35 million euros is exceeded. This ensures that CEWE is able to fulfil its payment obligations at any time.

All long-term credit commitments are subject to normal bank covenant agreements for an adjusted equity ratio of 22.5 % and net debt leverage of 3.0, in each case calculated as of the end of the financial year. No significant collateral was provided. The interest terms for current account loans are based on EONIA as the base interest rate plus a normal margin in Germany; the interest terms for almost all of the other financing arrangements are based on the 1- to 3-month EURIBOR as the base interest rate plus a normal margin in Germany. For further details, please see the comments on current interest-bearing financial liabilities (item D67) and the comments in the management report (page 90f.).

#### 63 | Non-current financial liabilities

Non-current financial liabilities relate to the deposit provided as part of the purchase price for Saxoprint GmbH.

#### 64 | Non-current other liabilities

Non-current other liabilities comprise non-current bonus entitlements of the members of the Board of Management.

Comments on reclassification of the non-current special item for investment grants

<b>Non-current other liabilities</b> <i>Figures in thousands of euros</i>	Published consolidated financial statements	Correction of error	Restated consolidated financial statements
As of Jan. 1, 2013	85	245	330
As of Dec. 31, 2013	660	-426	234

## 65 | Current tax liabilities

This position includes provision for income tax obligations as well as obligations for other taxes. This item developed as follows:

<b>Current tax liabilities in 2014</b>			
<i>Figures in thousands of euros</i>	Income taxes	Other taxes	Total
<b>As of Jan. 1</b>	<b>4,180</b>	—	<b>4,180</b>
Currency translation adjustments	2	—	2
Use	-1,866	—	-1,866
Allocations	2,640	—	2,640
Reversals	-505	—	-505
<b>As of Dec. 31</b>	<b>4,451</b>	—	<b>4,451</b>

<b>Current tax liabilities in 2013</b>			
<i>Figures in thousands of euros</i>	Income taxes	Other taxes	Total
<b>As of Jan. 1</b>	<b>2,885</b>	<b>70</b>	<b>2,955</b>
Currency translation adjustments	-43	—	-43
Use	-1,040	-70	-1,110
Allocations	2,398	—	2,398
Reversals	-20	—	-20
<b>As of Dec. 31</b>	<b>4,180</b>	—	<b>4,180</b>

## 66 | Current other accruals

Provision for pension liabilities in relation to employees includes, in particular, obligations under vested rights within the scope of the old-age part-time working scheme, bonus entitlements, entitlements due to overtime, outstanding contributions to insurance institutions (e. g. professional associations) and additional other accruals in relation to current legal disputes and other obligations. The transfers comprise reclassifications from the non-current segment. Provisions for contingent losses comprise, in particular, the current portion of the accrual for the sublease outlined in section D61 and also contingent losses resulting from the interest rate swap.

<b>Current other accruals</b>	Published consolidated financial statements	Correction of error	Restated consolidated financial statements
<i>Figures in thousands of euros</i>			
As of Jan. 1, 2013	6,068	-3,447	2,621
As of Dec. 31, 2013	5,627	-1,431	4,196

Current other accruals in 2014			Auditing of annual financial statements incl. internal expenses for annual financial		Archiving costs	Provisions for contingent losses	Supervisory Board remuneration	Expenses for members of the Board of Trustees	Liabilities in relation to employee	Demography agreement	Additional other liabilities	Total
<i>Figures in thousands of euros</i>	Restructuring	Legal expenses		Tax returns								
<b>Balance as of Jan. 1, after restatements</b>	<b>1,181</b>	<b>398</b>	<b>331</b>	<b>322</b>	<b>281</b>	<b>276</b>	<b>254</b>	<b>212</b>	<b>131</b>	<b>—</b>	<b>810</b>	<b>4,196</b>
Currency translation	—	—	3	—	—	—	—	—	—	—	-2	1
Use	<b>-1,181</b>	-12	-285	-58	-1	—	-231	-206	-102	—	-668	-2,744
Allocations	—	170	318	78	45	13	395	219	—	245	811	2,294
Transfers	—	-32	—	—	—	-25	—	—	35	—	—	-22
Reversals	—	-314	-48	-10	—	—	-23	-6	—	—	-26	-427
<b>As of Dec. 31</b>	<b>—</b>	<b>210</b>	<b>319</b>	<b>332</b>	<b>325</b>	<b>264</b>	<b>395</b>	<b>219</b>	<b>64</b>	<b>245</b>	<b>925</b>	<b>3,298</b>

Current other accruals in 2013			Auditing of annual financial statements incl. internal expenses for annual financial		Archiving costs	Provisions for contingent losses	Supervisory Board remuneration	Expenses for members of the Board of Trustees	Liabilities in relation to employee	Demography agreement	Additional other liabilities	Total
<i>Figures in thousands of euros</i>	Restructuring	Legal expenses		Tax returns								
<b>Balance as of Jan. 1, after restatements</b>	<b>—</b>	<b>118</b>	<b>368</b>	<b>115</b>	<b>276</b>	<b>337</b>	<b>191</b>	<b>186</b>	<b>295</b>	<b>—</b>	<b>735</b>	<b>2,621</b>
Currency translation	—	—	-4	—	—	—	—	—	—	—	-23	-27
Use	—	-42	-313	-55	—	—	-191	-186	-186	—	-601	-1,574
Allocations	1,181	347	306	262	5	—	254	212	—	—	800	3,367
Transfers	—	—	—	—	—	10	—	—	22	—	—	32
Reversals	—	-25	-26	—	—	-71	—	—	—	—	-101	-223
<b>As of Dec. 31</b>	<b>1,181</b>	<b>398</b>	<b>331</b>	<b>322</b>	<b>281</b>	<b>276</b>	<b>254</b>	<b>212</b>	<b>131</b>	<b>—</b>	<b>810</b>	<b>4,196</b>

### 67 | Current interest-bearing financial liabilities

Current interest-bearing financial liabilities are shown in the following table:

<b>Current interest-bearing financial liabilities</b>	<i>Figures in thousands of euros</i>	<b>As of Dec. 31, 2014</b>	<i>As of Dec. 31, 2013</i>
Loans from banks		1,560	21,052
Bank current accounts		—	5,059
<b>Total</b>		<b>1,560</b>	<b>26,111</b>

### 68 | Current trade payables

Trade payables amount to 96,100 thousand euros (previous year: 101,077 thousand euros).

### 69 | Current financial liabilities

Current financial liabilities include, in particular, the settlement under the earn-out clause resulting from the acquisition of the Saxoprint Group. For further details, please see the comments on other current accruals.

<b>Current interest-bearing financial liabilities</b>	<i>Figures in thousands of euros</i>	<b>Dec. 31, 2014</b>	<i>Dec. 31, 2013</i>
Earn-out component		3,607	3,764*
Liabilities to shareholders		—	95
Liabilities from accrued interest expenses		4	4
<b>Total</b>		<b>3,611</b>	<b>3,863</b>

\*The reference figures have been adjusted (cf. comments in section A).

<b>Current interest-bearing financial liabilities</b>	<i>Figures in thousands of euros</i>	<i>Published consolidated financial statements</i>	<i>Correction of error</i>	<i>Restated consolidated financial statements</i>
As of Jan. 1, 2013		1,062	3,447	4,509
As of Dec. 31, 2013		2,432	1,431	3,863

### 70 | Current other liabilities

Please refer to the following table for information on the effects of the presentational change:

<b>Current other liabilities</b>	<i>Figures in thousands of euros</i>	<b>Dec. 31, 2014</b>	<i>Dec. 31, 2013</i>
Liabilities for wages and salaries		14,589	12,081
Tax liabilities		11,311	6,581
Social security liabilities		1,612	2,002
Deferred liabilities		108	58
Other liabilities		1,501	1,897*
<b>Total</b>		<b>29,121</b>	<b>22,619</b>

\*The reference figures have been restated (cf. comments in section A).

<b>Current other liabilities</b>	<i>Figures in thousands of euros</i>	<i>Published consolidated financial statements</i>	<i>Correction of error</i>	<i>Restated consolidated financial statements</i>
As of Jan. 1, 2013		22,802	-74	22,728
As of Dec. 31, 2013		21,990	629	22,619

## 71 | Financial risk management

The Group is exposed to financial risks within the scope of its operating activities. In particular, these risks comprise liquidity, currency, interest rate and credit risks. The Group's management manages and limits these risks. They are monitored by means of the Group-wide risk management system.

Liquidity risk is the risk of the Group being unable to fulfil its financial obligations. This risk is dealt with by means of liquidity planning and cash management, through continuous monitoring and management of cash inflows and outflows. The main sources of liquidity are operating business and external financing. Cash outflows are mainly used for financing of working capital and investments.

As of December 31, 2014, the CEWE Group had the following lines of credit:

<b>Kreditlinien 2014</b> <i>Figures in thousands of euros</i>			<b>Total as of Dec. 31</b>
	Germany	Other countries	
of which with a remaining term of up to 1 year	40.70	0.00	40.70
of which with a remaining term of more than 1 year	77.00	0.00	77.00
<b>Gesamt</b>	<b>117.70</b>	<b>0.00</b>	<b>117.70</b>

<b>Kreditlinien 2013</b> <i>Figures in thousands of euros</i>			<b>Total as of Dec. 31</b>
	Germany	Other countries	
of which with a remaining term of up to 1 year	45.40	0.00	45.40
of which with a remaining term of more than 1 year	71.40	0.00	71.40
<b>Gesamt</b>	<b>116.80</b>	<b>0.00</b>	<b>116.80</b>

Of these credit lines, as of the reporting date 113.50 million euros (previous year: 86.50 million euros) have not been drawn down. As well as cash and cash equivalents in the amount of 27.67 million euros (previous year: 14.03 million euros), this amount is available for coverage of future liquidity requirements.

An overview of the maturities of the undiscounted cash flows for the Group's financial liabilities and its liabilities resulting from derivative financial instruments – including the related interest payments – shows the expected cash outflows as of the balance sheet date December 31, 2014:

<b>Cash flows from financial liabilities in 2014</b> <i>Figures in thousands of euros</i>	<b>Dec. 31, 2014 Book value</b>	Up to 1 year	More than 1 year, up to 5 years	More than 5 years	<b>Total</b>
<b>Amounts owed to credit institutions</b>	<b>4,215</b>	<b>1,600</b>	<b>2,942</b>	<b>0</b>	<b>4,542</b>
<b>Trade payables</b>	<b>96,100</b>	<b>96,100</b>	<b>0</b>	<b>0</b>	<b>96,100</b>
<b>Other financial instruments</b>	<b>27,641</b>	<b>27,518</b>	<b>123</b>	<b>0</b>	<b>27,641</b>
<b>Total</b>	<b>127,956</b>	<b>125,218</b>	<b>3,065</b>	<b>0</b>	<b>128,283</b>

<b>Cash flows from financial liabilities in 2013</b> <i>Figures in thousands of euros</i>	<b>Dec. 31, 2013 Book value</b>	Up to 1 year	More than 1 year, up to 5 years	More than 5 years	<b>Total</b>
<b>Amounts owed to credit institutions</b>	<b>30,323</b>	<b>26,667</b>	<b>4,202</b>	<b>398</b>	<b>31,267</b>
<b>Trade payables</b>	<b>101,077</b>	<b>101,077</b>	<b>0</b>	<b>0</b>	<b>101,077</b>
<b>Other financial instruments *</b>	<b>20,945</b>	<b>20,766</b>	<b>179</b>	<b>0</b>	<b>20,945</b>
<b>Total</b>	<b>152,345</b>	<b>148,510</b>	<b>4,381</b>	<b>398</b>	<b>153,289</b>

\* Previous-year figures have been restated (correction acc. IAS 8)

Due to the international orientation of the CEWE Group, cash flows arise in various currencies. Currency risks result from turnover billed in a currency other than that of the related costs, the foreign-currency assets and liabilities shown in the balance sheet whose fair value may be negatively influenced by a change in exchange rates and from pending foreign-currency transactions whose future cash flows may have a negative effect due to exchange rate changes. The risk management system continuously monitors the risk positions resulting from currency risks. To limit these risks, outside the scope of deliveries and services where possible the Group reduces the volume of euro-denominated transactions for companies in non-Eurozone countries. Following a detailed review process, the company enters into hedging transactions with its house banks on a case-by-case basis for regular transactions outside the Eurozone.

The key market risk in the foreign currency segment relates to currency positions which were open as of the reporting date. The Group's British and Czech companies have significant foreign-currency items. For the purpose of the sensitivity analysis, the corresponding foreign-currency items are measured at hypothetical exchange rates. If these two foreign currencies were to depreciate against the euro by 30 %, the following opportunities (positive values) or risks (negative values) would result:

<b>Currency sensitivity</b>	<i>Figures in thousands of euros</i>	<b>2014</b>	2013
Financial assets		-2,263	-1,576
Financial liabilities		2,015	1,528

If these two foreign currencies were to appreciate against the euro by 30 %, the following opportunities (positive values) or risks (negative values) would result:

<b>Currency sensitivity</b>	<i>Figures in thousands of euros</i>	<b>2014</b>	2013
Financial assets		4,202	2,926
Financial liabilities		-3,742	-2,839

The CEWE Group does not have any particularly significant exposure to interest rate risks in relation to third parties. Interest rate-sensitive assets comprise loans to customers and employees as well as current balances held by credit institutions. Interest rate-sensitive financial liabilities comprise non-current amounts owed to credit institutions. No significant risk positions have resulted on account of the current interest rate trend. The goal of CEWE's interest rate hedging strategy is the regular conclusion of new medium- to long-term credit agreements with fixed interest rates. If the interest rates for variable-interest rate financial assets and financial liabilities were in each case to fall by 10 %, the following opportunities (positive values) or risks (negative values) would result:

<b>Interest rate sensitivity</b>	<i>Figures in thousands of euros</i>	<b>2014</b>	2013
Interest income		-17	-14
Interest expense		1	11

If the interest rates for variable interest-rate financial assets and financial liabilities were in each case to increase by 10 %, the following opportunities (positive values) or risks (negative values) would result:

<b>Interest rate sensitivity</b>	<i>Figures in thousands of euros</i>	<b>2014</b>	2013
Interest income		17	14
Interest expense		-1	-11

The Group entered into the following hedging transactions:

	<i>Figures in thousands of euros</i>	Nominal volume		Remaining term > 1 year		Fair value	
		Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
<b>Derivatives transactions</b>							
<b>Interest rate derivatives</b>							
Interest rate swap		<b>2,420</b>	5,880	<b>2,305</b>	5,880	<b>-123</b>	-179

In the past year, the Group did not use any derivatives to hedge exchange rate risks. The nominal volume permits inferences regarding the level of use of derivatives but does not reflect the Group's risk exposure resulting from its use of derivatives. Interest rate and exchange rate risks for derivatives have been measured on the basis of the value-at-risk method, in line with the international bank standard. The maximum loss potential which may result from a change in market prices is calculated on the basis of historical fluctuations in value, with a confidence level of 99 % and a holding period of one day. Due to the lack of hedging relationships, derivatives have been measured at fair value in profit or loss, in accordance with the requirements of IFRS 13. The fair value of the interest rate swaps is shown in the table. According to the measurement model indicated in IFRS 13, as before the interest rate swaps are assignable to hierarchy level 2, i. e. no quoted prices are used for measurement purposes, but rather measurement parameters which are either directly observable for the respective liabilities or can be indirectly derived from other prices. Financial instruments are initially measured at cost. The Group does not have any financial assets available for sale. Financial liabilities measured at fair value in profit and loss comprise derivative financial instruments. In the financial year 2014, financial assets measured at amortised cost resulted

in net income/losses of -860 thousand euros (previous year: -536 thousand euros). Net income/losses resulting from the financial instruments held comprise, in particular, valuation adjustments, income from written-down receivables and the results of the fair value measurement. Net income/losses resulting from financial liabilities measured at amortised cost amount to 1,418 thousand euros in the financial year 2014 (previous year: 1,846 thousand euros).

The hedging transactions for the current period and for the prior period were not used for hedging of the acquisition costs or another book value for non-financial assets or non-financial liabilities. Derivative transactions will result in liquidity outflows in the amount of 47 thousand euros (previous year: 0 thousand euros) within a period of one year and outflows of 86 thousand euros (previous year: 179 thousand euros) within a period of two to five years. Interest income associated with financial instruments not measured in profit and loss at fair value amounts to 234 thousand euros (previous year: 142 thousand euros), while corresponding interest expenses amount to 1,418 thousand euros (previous year: 1,846 thousand euros). Impairment of financial instruments measured at amortised cost amounted to 829 thousand euros in the past financial year (previous year: 444 thousand euros); this was recognised due to depreciation of receivables.

The reconciliation of the balance sheet items with these types of financial instruments as of December 31, 2014 is as follows:

	Figures in thousands of euros	Measured at amortised cost		Measured at fair value			Non-financial assets/liabilities	
		Book value	For information purposes: fair value	On basis of publicly quoted market prices (level 1)	On basis of observable market data (level 2)	On basis of individual non- observable input parameters (level 3)	Book value	Book value in the balance sheet
				Book value	Book value	Book value		
<b>Breakdown of financial instruments Dec. 31, 2014</b>								
<b>Non-current assets</b>								
Financial assets		2,961						3,250
Investments held to maturity		2,959	2,959					2,959
Reinsurance policy						289		289
Loans and receivables		2	2					2
Non-current financial assets		2,933						2,933
Loans and receivables		2,933	2,933					2,933
<b>Current assets</b>								
Trade receivables		84,269						84,269
Loans and receivables		84,269	84,269					84,269
Current financial assets		3,040						3,040
Loans and receivables		3,040	3,040					3,040
Cash and cash equivalents		27,665						27,665
<b>Non-current liabilities</b>								
Non-current interest-bearing financial liabilities		2,655						2,655
Measured at amortised cost		2,655	2,655					2,655
<b>Current liabilities</b>								
Current interest-bearing financial liabilities		1,560						1,560
Measured at amortised cost		1,560	1,560					1,560
Current trade payables		96,100						96,100
Measured at amortised cost		96,100	96,100					96,100
Non-current other financial liabilities								
Measured at amortised cost								
Current financial liabilities*		3,611						3,611
Measured at amortised cost		3,269	3,269					3,269
Measured at fair value						342		342
Current other liabilities*								29,121
Non-financial liabilities							28,998	28,998
Derivatives excl. hedge accounting		29,121	29,121			123		123

\* Previous-year figures have been restated

Breakdown of financial instruments Dec. 31, 2013	Figures in thousands of euros	Measured at amortised cost		Measured at fair value			Non-financial assets/liabilities	
		Book value	For information purposes: fair value	On basis of publicly quoted market prices (level 1)	On basis of observable market data (level 2)	On basis of individual non- observable input parameters (level 3)	Book value	Book value in the balance sheet
				Book value	Book value	Book value		
<b>Non-current assets</b>								
Financial assets		1,153						1,153
Investments held to maturity		942	942					942
Reinsurance policy						206		206
Loans and receivables		5	5					5
Non-current financial assets		1,543						1,543
Loans and receivables		1,543	1,543					1,543
<b>Current assets</b>								
Trade receivables		88,768						88,768
Loans and receivables		88,768	88,768					88,768
Current financial assets		2,960						2,960
Loans and receivables		2,960	2,960					2,960
Cash and cash equivalents		14,031						14,031
<b>Non-current liabilities</b>								
Non-current interest-bearing financial liabilities		4,212						4,212
Measured at amortised cost		4,212	4,212					4,212
<b>Current liabilities</b>								
Current interest-bearing financial liabilities		26,111						26,111
Measured at amortised cost		26,111	26,111					26,111
Current trade payables		101,077						101,077
Measured at amortised cost		101,077	101,077					101,077
Non-current other financial liabilities		3,000						3,000
Measured at amortised cost		3,000	3,000					3,000
Current financial liabilities*		3,863						3,863
Measured at amortised cost		2,432	2,432					2,432
Measured at fair value						1,431		1,431
Current other liabilities*								22,619
Non-financial liabilities							22,440	22,440
Derivatives excl. hedge accounting						179		179

\* Previous-year figures have been restated

Financial assets not measured in accordance with IAS 39 comprise reinsurance policies. The book values of the other financial assets, trade receivables and cash and cash equivalents and the book values of current account liabilities, trade payables and other current financial liabilities each serve as a reasonable approximation of the respective fair values. This is mainly due to the short terms of these instruments. Risk-related valuation adjustments are considered for the calculation of book values. The Group does not have any financial receivables or liabilities held for trading purposes.

CEWE measures fixed-interest and variable-interest receivables with a remaining term of more than one year on the basis of various parameters, e.g. the interest rate and the borrower's credit rating. On the basis of this measurement, any necessary valuation adjustments are included in the calculation of the book value. A fixed-interest agreement applies for current and non-current interest-bearing financial liabilities (with the exception of current account liabilities), so that here too the book value corresponds to the fair value.

Book values are determined by means of normal bank methods.

Credit risk is the risk of a counterparty failing to fulfil its obligations, resulting in a bad debt loss. Within the scope of the Group's receivables management system, as a component of its risk management system, receivables at the level of the individual companies are subject to comprehensive monthly analysis and are notified to the Group's central management, at the level of its headquarters, as part of its del credere reporting. Loan security agreements are concluded for medium-size and major customers. If the Group does not have any insurance cover or if a deductible is applicable, individual valuation adjustments are recognised on receivables in case of objective indications that it is overwhelmingly probable that this receivable is uncollectable, either in whole or in part. The general default risk is dealt with by means of individual valuation adjustments on the basis of past experience. On December 31, 2014, the maximum credit risk resulting from debtors' potential insolvency in relation to loans and receivables amounted to 90,242 thousand euros (previous year: 93,271 thousand euros) and has the following makeup:

<b>Credit risk</b>	<i>Figures in thousands of euros</i>	<b>Dec. 31, 2014</b>	Dec. 31, 2013
Non-current receivables		2,933	1,543
Trade receivables and other current receivables		87,309	91,728
<b>Total</b>		<b>90,242</b>	<b>93,271</b>

Impaired loans and receivables developed as follows:

<i>Figures in thousands of euros</i>	<b>Dec. 31, 2014</b>	Dec. 31, 2013
Gross value	4,292	4,688
Valuation adjustment	-2,898	-3,399
<b>Total</b>	<b>1,394</b>	<b>1,289</b>

A further amount of 12,051 thousand euros (previous year: 12,340 thousand euros) was already overdue but had not undergone a valuation adjustment. The age structure for the Group's overdue receivables is as follows:

<i>Figures in thousands of euros</i>	<b>2014</b>	2013
Up to 30 days	10,944	12,127
Between 30 and 90 days	911	163
More than 90 days	196	50
<b>Total</b>	<b>12,051</b>	<b>12,340</b>

These items are very closely monitored within the scope of the Group's receivables management system. On the basis of an assessment of the individual risks, partial valuation adjustments in the amounts indicated above are sufficient. Non-impaired financial assets are considered to be recoverable. Default risks are reduced by means of continuous monitoring of customers' credit ratings and payment behaviour, in close coordination with the company's market-oriented departments, and are covered by means of insurance, where possible. Moreover, in case of irregularities in customer relationships the volume of business is managed on the basis of individual decisions. Impairment of consumer receivables is minimised by means of a professional debt collection management system as well as risk avoidance and information-gathering parameters. These automatic system settings and the additional qualitative information serves as information which is used

for calculation of individual valuation allowances.

The key equity items are presented below. Net interest-bearing financial liabilities have resulted from netting of gross interest-bearing financial liabilities against the Group's cash and cash equivalents as of the balance sheet date.

<i>Figures in thousands of euros</i>	<b>Dec. 31, 2014</b>	Dec. 31, 2013
Total assets	339,633	333,858*
Equity	173,653	142,819*
Equity ratio (as %)	51.1 %	42.8 %*
Non-current interest-bearing financial liabilities	2,655	4,212
Current interest-bearing financial liabilities	1,560	26,111
Cash and cash equivalents	27,665	14,031
Net interest-bearing financial liabilities	-23,450	16,292

\* Figure for previous year has been restated

The primary goal of the CEWE Group's capital management system is to ensure that the Group remains capable of repaying its debts and maintains its financial resources. As well as safeguarding the long-term liquidity supply, the interest rate risk has been limited and a flexible credit structure has once again been maintained, to cover the seasonal nature of the Group's business performance over the course of the year. Apart from the conclusion of uniform covenant agreements with the Group's participating partner banks, no collateral has been provided. For further information, please see the comments in the risk report on 108 ff.

As the relevant key indicators, an equity ratio – slightly adjusted for all of the banks – and the ratio of net financial liabilities and the operating result before depreciation (EBITDA), net debt leverage, have been agreed. Both of these key indicators have been specified so as to leave sufficient leeway in case of future fluctuations in business performance which are normal for the industry. CEWE has not overshoot or fallen below the specified threshold values either in the year under review or the reference period or during the long-term hypothetical review period. In case of a breach of covenant, the lending banks would be entitled to adjust their prices and may have a right of termination. Compliance with the agreed key indicators is continuously monitored as part of the Group's capital management system.

No capital requirements are prescribed in the corporate articles of CEWE KGaA. In regard to authorised capital and the obligation to sell or issue shares in connection with stock option plans, please see the relevant passages in these notes (D53, D54, D57).

## E. Other disclosures

### 72 | Shareholdings

CEWE has a 100 % equity investment in all of its subsidiaries; it therefore controls its subsidiaries. Shareholdings are indicated in the following table.

Shareholdings	Shareholding as %	Dec. 31, 2014 Capital	Dec. 31, 2013 Capital
1. Fotocolor GmbH, Eschbach, Freiburg		100.00	100.00
2. CEWE Beteiligungs GmbH, Oldenburg <sup>1</sup>		100.00	100.00
3. CEWE S.A.S., Paris, France		100.00	100.00
4. CEWE Belgium NV, Mechelen, Belgium <sup>2</sup>		100.00	100.00
5. CEWE COLOR Nederland B.V., Nunspeet, Netherlands		100.00	100.00
6. CEWE COLOR Magyarország Kft., Budapest, Hungary		100.00	100.00
7. CEWE COLOR a.s., Prague, Czech Republic		100.00	100.00
8. CEWE COLOR a.s., Bratislava, Slovak Republic		100.00	100.00
9. CEWE AG, Dübendorf, Switzerland <sup>3</sup>		100.00	100.00
10. CEWE COLOR Nordic ApS, Skødstrup, Denmark		100.00	100.00
11. Fotojoker Sp. z o.o., Kozle, Poland		100.00	100.00
12. CEWE Sp. z o.o., Kozle, Poland <sup>4</sup>		100.00	100.00
13. Japan Photo Holding Norge A/S, Oslo, Norway		100.00	100.00
14. CEWE PRINT NORDIC A/S, Skødstrup, Denmark		100.00	100.00
15. Japan Photo Sverige AB, Gothenburg, Sweden		100.00	100.00
16. CEWE COLOR Zagreb d.o.o., Croatia		100.00	100.00
17. CEWE COLOR Limited, Warwick, United Kingdom		100.00	100.00
18. Zweite CEWE COLOR Beteiligungsgesellschaft AG, Dübendorf, Switzerland		100.00	100.00
19. Diginet GmbH & Co. KG, Cologne		100.00	100.00
20. Bilder-planet.de GmbH, Cologne <sup>5</sup>		100.00	100.00
21. Diginet Management GmbH, Cologne		100.00	100.00
22. Wöltje GmbH & Co. KG, Oldenburg		100.00	100.00
23. Wöltje Verwaltungs-GmbH, Oldenburg		100.00	100.00
24. diron Wirtschaftsinformatik Beteiligungs-GmbH, Münster		100.00	100.00
25. CEWE COLOR Inc., New Jersey, USA		100.00	100.00
26. cewe-print GmbH, Oldenburg		100.00	100.00
27. Saxoprint GmbH, Dresden		100.00	100.00
28. Saxoprint Ltd., London, United Kingdom		100.00	100.00
29. Saxoprint AG, Zurich, Switzerland		100.00	100.00
30. Saxoprint EURL, Paris, France		100.00	100.00
31. CEWE Print S.r.l., Milan, Italy		100.00	100.00
32. Sell2you GmbH, Dresden		100.00	100.00
33. CEWE Baski Servis ve Ticaret Limited Sirketi, Istanbul, Turkey <sup>5</sup>		100.00	0.00

### 73 | Comments on the cash flow statement

The cash flow statement shows how the Group's cash and cash equivalents have developed during the financial years 2014 and 2013. In accordance with IAS 7, this statement distinguishes between cash flow from operating activities, cash flow from investing activities and cash flow from financing activities. Cash and cash equivalents shown comprise the balance sheet items bank balances with a remaining term of up to three months and cash in hand including fixed deposit balances. This corresponds to the cash and cash equivalents item presented in the balance sheet.

As set out in section 2 "Principles for the preparation of the consolidated financial statements" (S2), the presentational change for the balance sheet has affected the cash flow statement for the year 2012. This has been adjusted accordingly.

<sup>1</sup> Since January 23, 2014, previously: CEWE Beteiligungsgesellschaft mbH

<sup>2</sup> Since January 1, 2014, previously: CEWE COLOR Belgium NV

<sup>3</sup> Since January 29, 2014, previously: CEWE COLOR Fotoservice AG

<sup>4</sup> Since February 20, 2014, previously: CEWE COLOR Sp.z. o. o.

<sup>5</sup> Not included in the consolidated financial statements.

The inflows and outflows resulting from the change in financial liabilities are attributable to repayments, reclassifications due to maturity periods and loans taken up as follows:

<b>Change in financial liabilities in 2014</b> <i>Figures in thousands of euros</i>	Current interest-bearing financial liabilities	Non-current interest-bearing financial liabilities	<b>Gross financial liabilities</b>
<b>As of Jan. 1</b>	<b>26,111</b>	<b>4,212</b>	<b>30,323</b>
Repayments	-26,108	—	-26,108
Reclassifications	1,557	-1,557	—
<b>As of Dec. 31</b>	<b>1,560</b>	<b>2,655</b>	<b>4,215</b>

<b>Change in financial liabilities in 2013</b> <i>Figures in thousands of euros</i>	Current interest-bearing financial liabilities	Non-current interest-bearing financial liabilities	<b>Gross financial liabilities</b>
<b>As of Jan. 1</b>	<b>8,005</b>	<b>23,473</b>	<b>31,478</b>
Repayments	-10,476	—	-10,476
Reclassifications	19,261	-19,261	—
Loans taken out	9,321	—	9,321
<b>As of Dec. 31</b>	<b>26,111</b>	<b>4,212</b>	<b>30,323</b>

The Group did not take up any further non-current loans in 2014.

#### 74 | Other financial obligations

The Group did not have any finance lease arrangements within the meaning of IAS 17. Nor does CEWE Stiftung & Co. KGaA, Oldenburg, act as a lessor within the scope of finance leases.

The Group did not have any finance lease arrangements within the meaning of IAS 17. Nor does CEWE Stiftung & Co. KGaA, Oldenburg, act as a lessor within the scope of finance leases. Instead, it has passive leases and tenancies which constitute operating lease arrangements in terms of their economic content, so that the leasing assets are attributable to the lessor rather than CEWE Stiftung & Co. KGaA, Oldenburg. This mainly comprises contracts for the use of production and office space, motor vehicles and also a few agreements for office equipment and IT hardware. The rents paid in the financial year amount to 13,917 thousand euros (previous year: 13,666 thousand euros). These contracts have

terms of between one and 33 years. Total future minimum lease expenses incurred as the lessee under non-terminable operating lease agreements are as follows:

<b>Lease payments</b>	<i>Figures in thousands of euros</i>	<b>Dec. 31, 2014</b>	Dec. 31, 2013
<b>Total future minimum lease payments</b>		<b>88,912</b>	88,116
Due within a period of one year		14,609	13,961
Due within a period of between two and five years		52,258	52,170
Due after more than five years		22,045	21,985

Assets leased within the scope of operating leases have a total book value of 4,954 thousand euros (previous year: 4,278 thousand euros). The lease agreements do not include any clauses (e. g. extension, purchase or price adjustment options) which would give rise to an assumption of financial leasing for the lessee. Total future minimum lease income as the lessor under non-terminable operating lease agreements is as follows:

<b>Lease income</b>	<i>Figures in thousands of euros</i>	<b>Dec. 31, 2014</b>	Dec. 31, 2013
<b>Total future minimum lease income</b>		<b>9,218</b>	9,628
Due within a period of one year		1,782	1,670
Due within a period of between two and five years		6,128	6,754
Due after more than five years		1,308	1,204

This involves the leasing of commercial space as well as equipment leased to customers. The rent instalments collected in the financial year amount to 1,694 thousand euros (previous year: 1,806 thousand euros). They are shown under the item "Additional other operating income". Any leasing components in existing contracts are registered and reported within the scope of a systematic contract management system.

### 75 | Segment reporting

The Group has three segments subject to mandatory reporting. These represent the Group's strategic departments. They are the Photofinishing, Commercial Online Printing and Retail segments. The Group's strategic departments offer various products and services and require various technology, investment and marketing strategies. For each strategic business segment, the Group's Board of Management reviews internal management reports at least once every quarter. Since the financial year 2009, segment reporting complies with the requirements of IFRS 8 "Operating segments". The accounting and measurement methods used for the segments subject to mandatory reporting are those outlined in section B. In principle, as between all of the companies of the CEWE Group sales and revenues generated between the segments are provided at the same prices which would also be agreed with third parties. Administrative services are calculated as cost allocations. The effects on earnings resulting from consolidation have been apportioned to the segments according to the respective cause; where necessary, they have been allocated on the basis of the best possible estimate.

There are various delivery and service relationships between the companies of the CEWE Group. Financing and funding are provided by means of cash and cash equivalents.

Turnover is divided up between the following geographical regions; turnover realised with external customers has been allocated on the basis of the geographical location of the customer's business activities.

<i>Figures in thousands of euros</i>	<b>2014</b>	2013*
Germany	281,304	258,159
Other countries	242,475	278,087
of which Poland (more than 10% of total turnover)	—	54,044
of which Norway (more than 10% of total turnover)	—	54,485

\* Figure for previous year has been restated

These turnover categories are Photofinishing revenue, Retail revenue and revenue from Commercial Online Printing. A breakdown of these categories is provided in the segment reporting.

In the past financial year and in the previous year, turnover with one key customer was in excess of 10%. Revenues generated with this customer are largely attributable to the Photofinishing segment.

The breakdown of intangible assets and property, plant and equipment is as follows for the following geographical regions:

<i>Figures in thousands of euros</i>	<b>2014</b>	2013
Germany	99,400	96,291
Other countries	22,429	22,240
<b>Total</b>	<b>121,829</b>	118,531

### 76 | Other comments

Contingent liabilities resulted from the grant of suretyships and guarantees for third parties, possible litigation risks and other issues and amounted to 1,775 thousand euros (previous year: 1,406 thousand euros). The risk of a claim under these contingent liabilities is seen as either slight or not very probable. The assessment of the respective amounts and the probability of realisation are continuously monitored. The Group does not have any contingent assets.

The following total remuneration has been paid to the active members of the Board of Management which handles management duties and to the Supervisory Board for the performance of their duties:

<b>Remuneration derived</b>	<i>Figures in thousands of euros</i>	<b>2014</b>	2013
<b>Fixed gross remuneration</b>			
Fixed remuneration		1,915	1,563
Side benefits		102	90
<b>Total fixed gross remuneration</b>		<b>2,017</b>	<b>1,654</b>
<b>Variable remuneration</b>			
One-year variable remuneration		528	452
Multiple-year variable remuneration			
Bonus bank		210	51
Stock Option Plan 2010–2015		960	0
Other items		0	5
<b>Total variable remuneration</b>		<b>1,698</b>	<b>508</b>
Benefits upon termination of the employment relationship (service cost for pensions)		1,193	431
Other benefits due to the termination of the employment relationship		0	0
<b>Total remuneration paid to Board of Management</b>		<b>4,907</b>	<b>2,592</b>
Remuneration paid to Supervisory Board		370	271
<b>Total remuneration paid to Board of Management and Supervisory Board</b>		<b>5,277</b>	<b>2,863</b>

The table shows the inflow of cash in or for the past financial year and the previous year as a result of fixed remuneration, side benefits and one-year and multiple-year variable remuneration as well as pension expenses. Remuneration resulting from the bonus bank relates to claims which have fallen due, plus the contractually stipulated amount of interest. The remuneration derived from the 2010 Stock Option Plan results from the exercise of options in the form of a cash settlement and has been duly declared for tax purposes. The current service cost has been calculated in accordance with IAS 19; it does not represent an inflow in the narrow sense of the term but has been included to clarify the total remuneration provided.

The remuneration paid to the members of the Supervisory Board for their service on this body is stipulated in the corporate articles and comprises fixed and variable components. This remuneration is exclusively granted on a short-term basis.

Other than the remuneration outlined above, no further remuneration or claims have been granted in the past financial year or the previous year but not yet reported in consolidated financial statements.

Disclosures regarding the remuneration of the individual members of the Board of Management and the Supervisory Board are provided in the report on remuneration, as a component of the consolidated management report (pages 132ff.).

None of the active or retired members of the Board of Management has derived third-party payments in relation to their service; the same applies for the members of the Supervisory Board. Loans or advance payments have not been granted in any case. Nor has the company entered into any contingent liabilities for the benefit of the members of the Board of Management or the Supervisory Board.

Members of the Supervisory Board have not provided advisory and mediation services or other personal services either in the year under review or in the previous year.

In the year under review, the total remuneration received by retired members of the Board of Management amounted to 744 thousand euros (previous year: 818 thousand euros). Pensions paid to former members of the Board of Management of Neumüller CEWE COLOR Stiftung, as the general manager of CEWE Stiftung & Co. KGaA, and the old CEWE COLOR Holding AG amount to 491 thousand euros (previous year: 472 thousand euros). Pension accruals established for these persons amount to 7,414 thousand euros (previous year: 5,138 thousand euros). CEWE does not have any obligations in relation to this group of persons for which it has failed to establish accruals.

The members of the Board of Management and the Board of Trustees of Neumüller CEWE COLOR Stiftung and the Supervisory Board, the heirs of Senator h. c. Heinz Neumüller, Oldenburg, and the affiliates of the heirs are defined as related parties of the CEWE Group. Close family members and related parties of this group of persons are also related parties of the CEWE Group.

The Group entered into transactions with other related parties in 2014. Key transactions relate to individual commercial tenancies concluded between the Group and affiliates of the heirs of Senator h. c. Heinz Neumüller, Oldenburg. The volume of services purchased amounted to 2,570 thousand euros (previous year: 2,570 thousand euros).

#### 77 | Subsidiaries' use of exemptions

The following subsidiaries fully included in these consolidated financial statements make use of the exemption from the disclosure requirements under § 325 HGB and the exemption from the obligation to prepare a management report and notes in accordance with § 264b HGB:

- Dignet GmbH & Co. KG, Cologne
- Wöltje GmbH & Co. KG, Oldenburg

A profit and loss transfer agreement has been concluded between CEWE Stiftung & Co. KGaA and cewe print GmbH, Oldenburg. cewe print GmbH, Oldenburg, has been fully included in these consolidated financial statements and makes use of the exemption from the disclosure requirements under § 325 HGB as well as the simplified reporting options, in accordance with § 264 (3) HGB.

#### 78 | Executive bodies of the company

Supervisory Board, including seats on supervisory boards and similar or foreign executive bodies of CEWE Stiftung & Co. KGaA

##### **Otto Korte, Oldenburg**

Lawyer/tax adviser/tax law specialist and partner of the law firm Korte Rübken & Partner mbB, Oldenburg

- Chairman of the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg
- Member of the Board of Trustees of Neumüller CEWE COLOR Stiftung, Oldenburg
- Chairman of the advisory board of Stiftung Wirtschaftsakademie Ost-Friesland, Leer

##### **Prof Dr Dr h. c. Hans-Jürgen Appelrath, Oldenburg**

Professor of information technology at Oldenburg University

- Member of the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg
- Member of the supervisory board of BTC Business Technology Consulting AG, Oldenburg
- Chairman of the supervisory board of icsmed AG, Oldenburg

##### **Prof Dr Christiane Hipp, Berlin**

Vice president for research, acting director of the chair for organisation, personnel management and business management, professor (Brandenburg University of Technology Cottbus-Senftenberg)

- Member of the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg
- Member of the advisory board of Innovationsakademie inpro Innovationsgesellschaft mbH, Berlin
- Member of the sustainability advisory board of Krombacher GmbH & Co. KG, Kreuztal

##### **Corinna Linner, Baldham**

Auditor and economist

- Member of the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg
- Member of the supervisory board of Donner & Reuschel AG, Hamburg
- Member of the supervisory board of DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, Cologne
- Chairwoman of the supervisory board of AVANA Invest GmbH, Munich (to November 30, 2014)

**Professor Dr Michael Paetsch, Willich**

Professor of international marketing at Pforzheim University

- Member of the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg

**Dr Hans-Henning Wiegmann, Schlangenbad**

Business graduate

Member of various supervisory and advisory boards

- Member of the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg
- Member of the advisory board of Dr. Oetker GmbH, Bielefeld
- Member of the advisory board of Radeberger Gruppe KG, Frankfurt

**Appointed pursuant to the order of Oldenburg Local Court of October 29, 2013 pursuant to § 104 of the German Stock Corporation Act (AktG):**

**Vera Ackermann, Hude**

Trade union secretary, IG BCE

- Deputy Chairwoman of the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg

**Michael Bühl, Münstertal**

Technical director of CEWE Stiftung & Co. KGaA, Eschbach

- Member of the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg

**Angelika Esser, Mönchengladbach**

Laboratory assistant, chairwoman of the works council (released from duties) of CEWE Stiftung & Co. KGaA, Mönchengladbach

- Member of the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg

**Udo Preuss, Aichach**

Technical employee, CEWE Stiftung & Co. KGaA, Munich

- Member of the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg

**Stefan Soltmann, Hanover**

Trade union secretary, IG BCE

- Member of the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg
- Deputy chairman of the supervisory board of Dow Olefinverbund GmbH, Schkopau

**Thorsten Sommer, Wardenburg**

Head of department/employee, chairman of the works council (released from duties) of CEWE Stiftung & Co. KGaA, Oldenburg

- Member of the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg

**General partner of CEWE Stiftung & Co. KGaA:**

- Neumüller CEWE COLOR Stiftung

## Board of Management

### Dr Rolf Hollander, Oldenburg (Chairman)

- Chairman of the Board of Management of Neumüller CEWE COLOR Stiftung, Oldenburg
- Chairman of the supervisory board of Vierol AG, Oldenburg

### Dr Reiner Fageth, Oldenburg

- Member of the Board of Management of Neumüller CEWE COLOR Stiftung, Oldenburg  
Responsible for Technology and Research and Development
- Member of the supervisory board of CEWE COLOR a. s. Prague, Czech Republic<sup>1,2</sup>
- Member of the supervisory board of CEWE COLOR Inc., New Jersey, USA<sup>1,2</sup>

### Carsten Heitkamp, Oldenburg (since January 1, 2014)

- Member of the Board of Management of Neumüller CEWE COLOR Stiftung, Oldenburg  
Responsible for the German Plants, Personnel and Logistics

### Andreas F. L. Heydemann, Bad Zwischenahn

- Member of the Board of Management of Neumüller CEWE COLOR Stiftung, Oldenburg  
Responsible for Materials Management, IT, Legal, Auditing and Sustainability
- Member of the supervisory board of CEWE Belgium N. V., Mechelen, Belgium<sup>1,2</sup>
- Member of the supervisory board of CEWE Fotoservice AG, Dübendorf, Zurich, Switzerland<sup>1,2</sup>
- Member of the supervisory board of Zweite CEWE COLOR Beteiligungsgesellschaft AG, Dübendorf, Zurich, Switzerland<sup>1,2</sup>
- Member of the supervisory board of Japan Photo Holding Norge AS, Oslo, Norway<sup>1,2</sup>
- Member of the supervisory board of Japan Photo Sverige AB, Gothenburg, Sweden<sup>1,2</sup>
- Member of the supervisory board of CEWE-PRINT Nordic, Skødstrup, Denmark<sup>1,2</sup>
- Member of the supervisory board of CEWE COLOR Inc., New Jersey, USA<sup>1,2</sup>

### Dr Olaf Holzkämper, Oldenburg

- Member of the Board of Management of Neumüller CEWE COLOR Stiftung, Oldenburg  
Responsible for Finance & Controlling, Business Development, Investor Relations and On-Site Finishing

### Thomas Mehls, Oldenburg (since January 1, 2014)

- Member of the Board of Management of Neumüller CEWE COLOR Stiftung, Oldenburg  
Responsible for German and Foreign Marketing, Online Photo Service, CEWE PRINT, Viaprinto and New Business Acquisition

### Harald H. Pirwitz, Oldenburg

- Member of the Board of Management of Neumüller CEWE COLOR Stiftung, Oldenburg  
Responsible for German and Foreign Distribution

### Frank Zweigle, Oldenburg

- Member of the Board of Management of Neumüller CEWE COLOR Stiftung, Oldenburg  
Responsible for the Administrative Activities of Neumüller CEWE COLOR Stiftung

The Group does not have any loan receivables from members of the Board of Management or the Supervisory Board; nor has it entered into any contingent liabilities for this group of persons.

Please also see the comments in the report on remuneration on page 132.

<sup>1</sup> Group mandate

<sup>2</sup> Member of similar German and foreign executive bodies of business enterprises

**79** | Release and publication of the consolidated financial statements  
as of December 31, 2014

The consolidated financial statements as of December 31, 2014 prepared by the Board of Management of the general partner, Neumüller CEWE COLOR Stiftung, and the consolidated management report of the CEWE Group are released for publication upon their signing by the Board of Management.

**80** | Declaration regarding the German Corporate Governance Code

The Board of Management and the Supervisory Board have submitted the declaration of compliance with the German Corporate Governance Code required under § 161 AktG and have made this declaration available to the shareholders on the company's website [www.cewe.de](http://www.cewe.de).

Oldenburg, March 3, 2015

**CEWE Stiftung & Co. KGaA**

For the general partner Neumüller CEWE COLOR Stiftung, Oldenburg

– The Board of Management –

## RESPONSIBILITY STATEMENT

Declaration in accordance with §§ 297 (2) clause 4, 315 (1) clause 6 HGB  
(responsibility statement)

We hereby declare that, to the best of our knowledge, the consolidated financial statements provide a true and fair view of the Group's net assets, financial position and results of operations in accordance with the applied principles of orderly reporting in consolidated financial statements and that the notes to the consolidated financial statements provide the necessary disclosures and specific information accurately describing the Group's position.

We also confirm that, to the best of our knowledge, the consolidated management report presents the Group's business performance – including its trading result and its position – so as to provide a true and fair view of its actual circumstances and thus describes the key risks and opportunities associated with the Group's expected development in the new financial year.

Oldenburg, March 3, 2015

### CEWE Stiftung & Co. KGaA

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



Dr. Rolf Hollander  
(Chairman of the Board of Management)



Dr. Reiner Fageth



Carsten Heitkamp



Andreas F. L. Heydemann



Dr. Olaf Holzkämper



Thomas Mehls



Harald H. Pirwitz



Frank Zweigle

## AUDIT OPINION

We have audited the consolidated financial statements prepared by CEWE Stiftung & Co. KGaA, Oldenburg – comprising the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and the notes – as well as the consolidated management report for the financial year from January 1, 2014 to December 31, 2014. The company's statutory representatives are responsible for the preparation of the consolidated financial statements and the consolidated management report in accordance with the IFRS applied in the EU, and the supplementary provisions of commercial law applicable in accordance with § 315a (1) HGB. Our responsibility is to express an opinion on the consolidated financial statements and the consolidated management report on the basis of our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and the German generally accepted standards for auditing of financial statements promulgated by Institut der Wirtschaftsprüfer in Deutschland e. V. (IDW). Those standards require that we plan and perform the audit such that misstatements and violations materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with applicable financial reporting standards and in the consolidated management report are detected with a reasonable level of certainty. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible errors are taken into account in the determination of audit procedures. The effectiveness of the

accounting-related internal control system and the evidence supporting the disclosures provided in the consolidated financial statements and the consolidated management report are examined primarily on a sample basis within the framework of the audit. The audit includes an assessment of the accounting information for the segments included in the consolidated financial statements, the determination of the companies to be included in the consolidated financial statements, the accounting and consolidation principles used and significant estimates made by the company's statutory representatives, as well as evaluating the overall picture presented in the consolidated financial statements and the consolidated management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with the IFRS as adopted by the EU and the supplementary provisions of German commercial law applicable under § 315a (1) HGB and provide a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these regulations. The consolidated management report is consistent with the consolidated financial statements, as a whole provides a suitable understanding of the Group's position and suitably presents the risks and opportunities associated with future development.

Hamburg, March 3, 2015

BDO AG  
Wirtschaftsprüfungsgesellschaft

Glaser  
Auditor

Härle  
Auditor

## THE CEWE GROUP – STRUCTURE AND EXECUTIVE BODIES

### Neumüller CEWE COLOR Stiftung

#### Board of Trustees

- Wilfried Mocken, Rheinberg (Chairman)
- Otto Korte, Oldenburg (Deputy Chairman)
- Maximilian Ardel, Munich
- Helmut Hartig, Oldenburg
- Dr Peter Nagel, Bad Kreuznach
- Hubert Rothärmel, Oldenburg

#### Board of Management

- Dr Rolf Hollander, Oldenburg (Chairman)
- Dr Reiner Fageth, Oldenburg
- Carsten Heitkamp, Oldenburg (since January 1, 2014)
- Andreas F. L. Heydemann, Bad Zwischenahn
- Dr Olaf Holzkämper, Oldenburg
- Thomas Mehls, Oldenburg (since January 1, 2014)
- Harald H. Pirwitz, Oldenburg
- Frank Zweigle, Oldenburg

#### Management

- Patrick Berkhouwer, Tours (since January 1, 2014)

### CEWE Stiftung & Co. KGaA

#### Supervisory Board

- Otto Korte, Oldenburg (Chairman)  
Lawyer/tax adviser/tax law specialist and partner of the law firm Korte Rübken & Partner mbB, Oldenburg
- Prof Dr Dr h. c. Hans-Jürgen Appelrath, Oldenburg Professor of information technology at Oldenburg University
- Prof Dr Christiane Hipp, Berlin  
Vice president for research, acting director of the chair for organisation, personnel management and business management, professor (Brandenburg University of Technology Cottbus-Senftenberg)
- Corinna Linner, Baldham  
Auditor and economist
- Professor Dr Michael Paetsch, Willich  
Professor at Pforzheim University
- Dr Hans-Henning Wiegmann, Schlangenbad  
Business graduate  
Member of various supervisory and advisory boards

**Appointed pursuant to the order of Oldenburg Local Court of October 29, 2013,  
pursuant to § 104 of the German Stock Corporation Act (AktG):**

- Vera Ackermann, Hude (Deputy Chairwoman)  
Trade union secretary, IG BCE
- Michael Bühl, Münstertal  
Technical director of CEWE Stiftung & Co. KGaA, Eschbach
- Angelika Esser, Mönchengladbach  
Laboratory assistant, chair of works council (released from duties)  
of CEWE Stiftung & Co. KGaA, Mönchengladbach
- Udo Preuss, Aichach  
Technical employee, CEWE Stiftung & Co. KGaA, Munich
- Stefan Soltmann, Hanover  
Trade union secretary, IG BCE
- Thorsten Sommer, Wardenburg  
Head of department/employee, chairman of the works council (released from duties)  
of CEWE Stiftung & Co. KGaA, Oldenburg

**Managing partner of CEWE Stiftung & Co. KGaA**

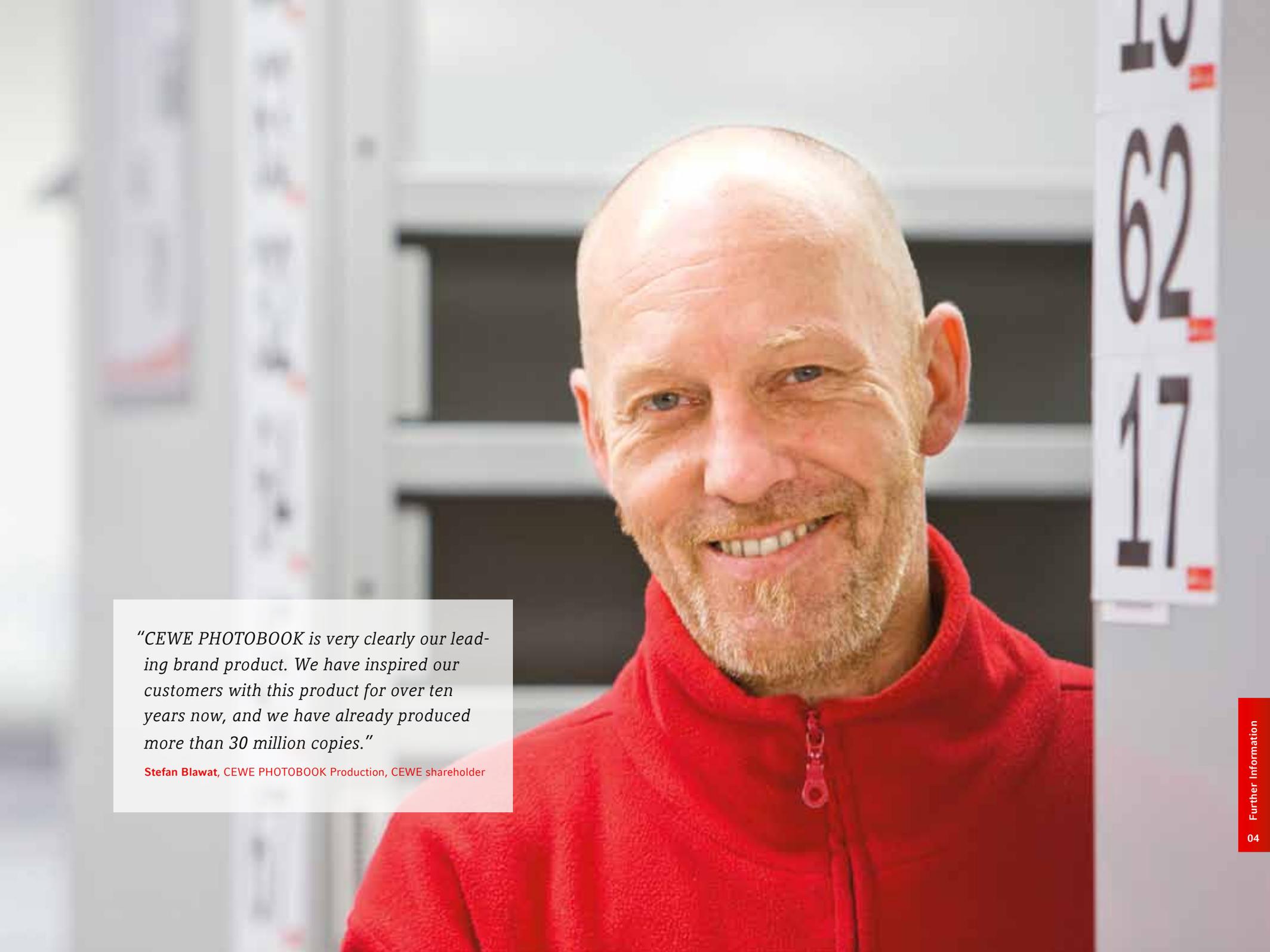
- Neumüller CEWE COLOR Stiftung, Oldenburg

# 04

## FURTHER INFORMATION

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**Stefan Blawat**, CEWE PHOTOBOOK Production, CEWE shareholder

## FINANCIAL STATEMENTS OF CEWE STIFTUNG & CO. KGaA

### Profit and loss account of CEWE Stiftung & Co. KGaA

for the financial year 2014 (in accordance with the German Commercial Code)

<i>Figures in thousands of euros</i>	<b>2014</b>	2013
Revenues	257,432	98,936
Increase/decrease in finished and unfinished goods	-36	225
Other own work capitalised	275	278
Other operating income	22,637	8,441
Material expenses		
Expenses for raw materials and supplies and for purchased merchandise	-56,054	-18,752
Expenses for purchased services	-10,798	-4,705
	<b>-66,852</b>	<b>-23,457</b>
Personnel expenses		
Wages and salaries	-67,450	-19,021
Social security contributions and expenses for pensions and support	-13,552	-3,382
	<b>-81,002</b>	<b>-22,403</b>
Amortisation		
of intangible assets, depreciation of property, plant and equipment	-17,962	-4,983
Other operating expenses	-91,398	-33,621
Income from equity investments	7,123	5,321
Other interest and similar income	1,060	2,027
Interest and similar expenses	-2,430	-984
Expenses for assumption of losses	-2,803	-6,063
<b>Profit/loss on ordinary activities</b>	<b>26,017</b>	<b>23,717</b>
Extraordinary expenses	-17	-259
<b>Earnings before income taxes</b>	<b>26,000</b>	<b>23,458</b>
Income taxes	-5,180	-3,015
Other taxes	-126	-29
<b>Net income for the year</b>	<b>20,694</b>	<b>20,414</b>
Profit carried forward from previous year	20,457	10,521
Dividend	-10,785	-9,678
Allocations to other retained earnings	-9,500	-800
<b>Remaining profit carried forward from previous year</b>	<b>172</b>	<b>43</b>
<b>Unappropriated profits</b>	<b>20,866</b>	<b>20,457</b>

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## Balance sheet of CEWE Stiftung & Co. KGaA

as of December 31, 2014 (in accordance with the German Commercial Code)

<b>ASSETS</b>	<i>Figures in thousands of euros</i>	<b>2014</b>	2013
<b>Fixed assets</b>			
Intangible assets			
Concessions, industrial property rights acquired for a consideration and similar rights and assets and related licenses		6,733	7,337
Goodwill		21	24
Advance payments made		892	321
		<b>7,646</b>	<b>7,682</b>
Property, plant and equipment			
Land, leasehold rights and buildings, including buildings on third-party land		17,644	16,116
Technical equipment and machinery		30,491	29,655
Equipment, furniture and fixtures		8,802	9,067
Advance payments and assets under construction		2,604	984
		<b>59,541</b>	<b>55,822</b>
Financial assets			
Interests in affiliates		82,123	80,831
Loans to affiliates		6,175	9,384
Equity investments		2,904	909
Other loans		221	206
		<b>91,423</b>	<b>91,330</b>
<b>Current assets</b>			
Inventories		10,004	10,994
Raw materials and supplies		13	13
Unfinished goods, work in progress		371	426
Finished goods and merchandise		10,388	11,433
Receivables and other assets			
Trade receivables		56,983	56,859
Receivables from affiliates		115,615	104,965
Other assets		8,856	7,915
		<b>181,454</b>	<b>169,739</b>
Cash on hand and cash in banks		16,875	5,230
Deferred expenses and accrued income		1,580	946
		<b>368,907</b>	<b>342,182</b>

<b>EQUITY AND LIABILITIES</b>	<i>Figures in thousands of euros</i>	<b>2014</b>	2013
<b>Equity</b>			
Subscribed capital		19,240	19,240
Nominal value of treasury shares		-439	-1,835
<b>Issued capital</b>		<b>18,801</b>	<b>17,405</b>
Capital reserve		70,677	57,881
Retained earnings			
Statutory reserve		1,534	1,534
Reserve for treasury shares		439	1,835
Other retained earnings		98,398	77,903
		<b>100,371</b>	<b>81,272</b>
Unappropriated profits		20,866	20,457
		<b>210,715</b>	<b>177,015</b>
<b>Special item for investment subsidies</b>		<b>145</b>	<b>161</b>
<b>Accruals</b>			
Accruals for pensions and similar obligations		9,744	8,092
Tax accruals		2,142	578
Other accruals		24,427	24,190
		<b>36,313</b>	<b>32,860</b>
<b>Liabilities</b>			
Amounts owed to credit institutions		0	24,275
Payments received on account of orders		182	133
Trade payables		31,534	29,291
Amounts owed to affiliates		78,302	67,606
Liabilities to shareholders		0	95
Other liabilities		11,716	10,746
		<b>121,734</b>	<b>132,146</b>
		<b>368,907</b>	<b>342,182</b>

## MULTIPLE-YEAR OVERVIEW

### Consolidated profit and loss account for overall year

<i>Figures in millions of euros</i>	2007	2008	2009	2010	2011	2012	2013*	2014
Revenues	413.5	420.0	409.8	446.8	469.0	507.2	536.2	523.8
Increase/decrease in finished and unfinished goods	0.0	-0.1	0.0	0.0	0.0	0.1	0.3	0.2
Other own work capitalised	1.5	1.6	1.2	1.5	0.9	1.1	1.0	0.9
Other operating income	24.6	27.3	28.3	24.9	23.1	29.7	24.6	21.5
Material expenses	-154.6	-163.2	-154.7	-168.7	-173.6	-185.6	-190.0	-162.7
<b>Trading result</b>	<b>285.0</b>	<b>285.6</b>	<b>284.6</b>	<b>304.5</b>	<b>319.5</b>	<b>352.4</b>	<b>372.2</b>	<b>383.7</b>
Personnel expenses	-108.4	-105.0	-104.8	-100.6	-108.5	-122.4	-129.9	-135.9
Other operating expenses	-123.8	-127.9	-124.0	-138.1	-147.4	-163.9	-175.4	-181.7
<b>Earnings before depreciation and taxes (EBITDA)</b>	<b>52.8</b>	<b>52.8</b>	<b>55.9</b>	<b>65.9</b>	<b>63.6</b>	<b>66.1</b>	<b>66.8</b>	<b>66.1</b>
Amortisation of intangible assets, depreciation of property, plant and equipment	-38.5	-40.4	-37.2	-37.7	-33.5	-37.0	-37.9	-33.5
<b>Earnings before interest and taxes (EBIT)</b>	<b>14.3</b>	<b>12.4</b>	<b>18.7</b>	<b>28.2</b>	<b>30.1</b>	<b>29.1</b>	<b>28.9</b>	<b>32.6</b>
Financial income	—	—	—	—	—	—	0.3	0.2
Financial expenses	—	—	—	—	—	—	-2.2	-1.4
Financial result	-1.5	-1.7	-1.9	-1.8	-1.0	-2.2	-1.9	-1.2
<b>Earnings before taxes (EBT)</b>	<b>12.8</b>	<b>10.7</b>	<b>16.8</b>	<b>26.4</b>	<b>29.2</b>	<b>26.9</b>	<b>27.1</b>	<b>31.5</b>
Income taxes	-5.5	-2.5	-9.2	-11.7	-9.8	-7.3	-4.8	-10.1
Other taxes	-1.4	-1.1	-0.8	-0.9	-0.7	-0.8	—	—
<b>Earnings after taxes</b>	<b>5.9</b>	<b>7.0</b>	<b>6.7</b>	<b>13.7</b>	<b>18.6</b>	<b>18.8</b>	<b>22.3</b>	<b>21.4</b>

### Cash flow in overall year

<i>Figures in millions of euros</i>	2007	2008	2009	2010	2011	2012	2013*	2014
Cash flow from operating activities	52.6	34.8	36.5	53.0	61.4	51.4	48.3	71.2
Cash flow from investing activities	-41.9	-33.8	-26.6	-27.3	-31.0	-45.8	-35.1	-43.1
Free cash flow	10.7	1.0	9.9	25.6	30.4	5.5	13.1	28.1
Cash flow from financing activities	-18.1	2.3	-11.9	-10.8	-22.7	-23.2	-12.3	-14.5
Change in cash and cash equivalents	-7.4	3.3	-2.0	14.8	7.7	-17.7	0.8	13.6

\* The reference figures have been restated (cf. comments in section A).

## Consolidated profit and loss account for the fourth quarter

<i>Figures in millions of euros</i>	Q4 2007	Q4 2008	Q4 2009	Q4 2010	Q4 2011	Q4 2012	Q4 2013*	Q4 2014
Revenues	110.5	120.7	127.4	150.0	161.0	178.2	191.2	194.8
Increase/decrease in finished and unfinished goods	0.1	-0.1	0.0	0.0	0.0	-0.1	0.2	0.0
Other own work capitalised	0.4	0.0	0.2	0.3	-0.1	0.4	0.4	0.3
Other operating income	7.6	9.1	8.2	8.7	9.3	10.3	7.8	9.0
Material expenses	-41.1	-46.2	-44.7	-52.3	-54.4	-59.5	-56.0	-52.4
<b>Trading result</b>	<b>77.4</b>	<b>83.5</b>	<b>91.1</b>	<b>106.6</b>	<b>115.8</b>	<b>129.3</b>	<b>143.6</b>	<b>151.6</b>
Personnel expenses	-29.5	-24.7	-26.3	-27.5	-30.4	-34.2	-36.6	-40.3
Other operating expenses	-37.8	-40.5	-39.4	-48.3	-51.1	-56.6	-61.5	-65.1
<b>Earnings before depreciation and taxes (EBITDA)</b>	<b>10.1</b>	<b>18.3</b>	<b>25.4</b>	<b>30.9</b>	<b>34.3</b>	<b>38.5</b>	<b>45.4</b>	<b>46.3</b>
Amortisation of intangible assets, depreciation of property, plant and equipment	-10.0	-10.1	-9.8	-9.1	-8.5	-9.4	-11.8	-9.0
<b>Earnings before interest and taxes (EBIT)</b>	<b>0.1</b>	<b>8.2</b>	<b>15.7</b>	<b>21.8</b>	<b>25.8</b>	<b>29.1</b>	<b>33.6</b>	<b>37.3</b>
Financial income	—	—	—	—	—	—	0.1	0.1
Financial expenses	—	—	—	—	—	—	-0.9	-0.3
Financial result	-0.6	-0.5	-0.5	-0.3	-0.2	-0.4	-0.7	-0.2
<b>Earnings before taxes (EBT)</b>	<b>-0.4</b>	<b>7.7</b>	<b>15.2</b>	<b>21.5</b>	<b>25.6</b>	<b>28.7</b>	<b>32.9</b>	<b>37.1</b>
Income taxes	-0.3	-1.0	-5.3	-6.4	-7.2	-6.4	-5.1	-11.3
Other taxes	0.8	-0.2	-0.2	-0.2	-0.2	-0.2	—	—
<b>Earnings after taxes</b>	<b>0.1</b>	<b>6.6</b>	<b>9.8</b>	<b>14.8</b>	<b>18.1</b>	<b>22.1</b>	<b>27.7</b>	<b>25.8</b>

## Cash flow in the fourth quarter

<i>Figures in millions of euros</i>	Q4 2007	Q4 2008	Q4 2009	Q4 2010	Q4 2011	Q4 2012	Q4 2013*	Q4 2014
Cash flow from operating activities	—	—	24.2	22.2	37.7	48.5	41.1	48.3
Cash flow from investing activities	—	—	-4.0	-8.1	-22.0	-10.8	-10.7	-16.2
Free cash flow	—	—	20.2	14.1	15.7	37.7	30.4	32.1
Cash flow from financing activities	—	—	-20.9	-8.9	-3.9	-31.2	-24.1	-16.3
Change in cash and cash equivalents	—	—	-0.7	5.2	11.7	6.4	6.3	15.8

\*The reference figures have been restated (cf. comments in section A).

## MULTIPLE-YEAR OVERVIEW

### Consolidated balance sheet

<b>ASSETS</b> <i>Figures in millions of euros</i>	2007	2008	2009	2010	2011	2012*	2013*	2014
Property, plant and equipment	110.9	95.4	86.7	80.5	79.2	101.2	98.6	102.5
Real estate held as financial investments	0.0	3.2	5.3	4.8	4.8	4.5	4.3	5.0
Goodwill	5.3	10.3	10.3	9.1	9.1	28.5	25.4	25.4
Intangible assets	21.5	22.6	18.5	16.3	13.0	21.8	20.0	19.3
Financial assets	0.3	0.3	0.3	0.2	0.2	0.3	1.2	3.3
Non-current receivables from income tax refunds	3.7	3.3	3.0	2.9	2.6	2.1	1.6	1.1
Non-current receivables and assets	0.6	0.5	0.3	0.0	0.0	0.0	0.0	0.0
Non-current financial assets	0.0	0.0	0.0	0.3	0.3	0.4	1.5	2.9
Additional other non-current receivables and assets	0.0	0.0	0.0	0.1	0.3	0.2	0.2	0.2
Deferred tax assets	5.7	5.5	5.2	5.4	5.4	8.4	9.4	8.1
<b>Non-current assets</b>	<b>148.0</b>	<b>141.2</b>	<b>129.7</b>	<b>119.5</b>	<b>114.9</b>	<b>167.5</b>	<b>162.0</b>	<b>167.8</b>
Inventories	41.2	36.8	52.3	50.3	48.0	62.7	59.1	48.9
Inventories	55.8	54.3	66.5	72.0	77.9	72.2	88.8	84.3
Current trade receivables	3.3	5.8	1.1	1.2	1.0	1.6	2.1	1.8
Current receivables from income tax refunds	0.0	0.0	0.0	17.3	13.5	3.2	3.0	3.0
Current financial assets	9.5	10.9	8.7	3.7	4.1	4.7	3.8	4.9
Additional other current receivables and assets	7.1	10.1	8.2	23.4	30.8	13.4	14.0	27.7
	<b>116.8</b>	<b>118.0</b>	<b>136.9</b>	<b>167.8</b>	<b>175.2</b>	<b>157.7</b>	<b>170.8</b>	<b>170.5</b>
Assets held for sale	0.0	2.8	2.0	0.2	0.2	0.2	1.0	1.3
<b>Current assets</b>	<b>116.8</b>	<b>120.8</b>	<b>138.9</b>	<b>168.0</b>	<b>175.4</b>	<b>157.9</b>	<b>171.8</b>	<b>171.9</b>
	<b>264.8</b>	<b>262.0</b>	<b>268.6</b>	<b>287.5</b>	<b>290.3</b>	<b>325.4</b>	<b>333.9</b>	<b>339.6</b>

\*The previous-year figures have been restated in some cases (adjustment acc. IAS 8).

<b>EQUITY AND LIABILITIES</b> <i>Figures in millions of euros</i>	2007	2008	2009	2010	2011	2012*	2013*	2014
Subscribed capital	19.2	19.2	19.2	19.2	19.2	19.2	19.2	19.2
Capital reserve	56.2	56.2	56.2	56.2	56.2	56.2	56.6	69.3
Treasury shares at acquisition cost	-14.2	-16.4	-17.0	-17.6	-24.4	-23.9	-23.4	-8.5
Retained earnings and unappropriated profits	59.3	53.3	53.3	62.9	69.3	80.7	90.3	93.6
Third-party shares	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
<b>Equity</b>	<b>120.6</b>	<b>112.4</b>	<b>111.7</b>	<b>120.7</b>	<b>120.2</b>	<b>132.2</b>	<b>142.8</b>	<b>173.7</b>
Non-current special items for investment grants	0.7	0.6	0.5	0.4	0.3	0.0	0.0	0.0
Non-current accruals for pensions	9.7	9.7	9.7	10.0	12.6	17.4	17.9	21.9
Non-current deferred tax liabilities	5.7	2.3	1.7	1.8	0.6	4.1	3.3	2.8
Non-current other accruals	1.9	1.5	1.1	0.9	0.8	0.5	0.4	0.2
Non-current interest-bearing financial liabilities	10.4	14.5	26.1	24.1	16.7	23.5	4.2	2.7
Non-current financial liabilities	0.0	0.0	0.0	0.0	0.0	4.2	3.0	0.0
Non-current other liabilities	0.6	0.7	0.1	0.2	0.3	0.3	0.2	0.2
<b>Non-current liabilities</b>	<b>29.1</b>	<b>29.3</b>	<b>39.1</b>	<b>37.4</b>	<b>31.3</b>	<b>50.0</b>	<b>29.0</b>	<b>27.8</b>
Current special items for investment grants	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0
Current tax liabilities	2.9	3.0	3.7	4.7	5.6	3.0	4.2	4.5
Current other accruals	11.4	10.9	11.6	8.6	4.7	2.6	4.2	3.3
Current interest-bearing financial liabilities	10.2	20.8	6.5	6.6	7.4	8.0	26.1	1.6
Current trade payables	66.7	63.6	73.2	91.8	98.3	102.2	101.1	96.1
Current financial liabilities	0.0	0.0	0.0	1.3	1.1	4.5	3.9	3.6
Current other liabilities	23.9	21.8	22.7	16.3	21.6	22.9	22.6	29.1
<b>Current liabilities</b>	<b>115.1</b>	<b>120.2</b>	<b>117.7</b>	<b>129.4</b>	<b>138.7</b>	<b>143.2</b>	<b>162.0</b>	<b>138.1</b>
	<b>264.8</b>	<b>262.0</b>	<b>268.6</b>	<b>287.5</b>	<b>290.3</b>	<b>325.4</b>	<b>333.9</b>	<b>339.6</b>

\* The previous-year figures have been restated in some cases (adjustment acc. IAS 8).

## MULTIPLE-YEAR OVERVIEW

### Key indicators

<b>Volumes and employees</b>		2007	2008	2009	2010	2011	2012	2013	<b>2014</b>
Digital photos	<i>millions of units</i>	1,514.5	1,786.1	2,035.9	2,129.1	2,246.1	2,298.9	2,252.9	2,203.9
Photos from film	<i>millions of units</i>	1,277.3	828.9	558.3	367.7	251.3	162.3	114.4	88.6
Total volume of photos	<i>millions of units</i>	2,792	2,615	2,594	2,497	2,497	2,461	2,367	2,293
CEWE PHOTOBOOKS	<i>millions of units</i>	1.5	2.6	3.6	4.3	5.1	5.6	5.8	5.9
Employees	<i>converted to full-time equivalent</i>	3,124	2,921	2,742	2,681	2,823	3,305	3,228	3,219

<b>Income</b>		2007	2008	2009	2010	2011	2012	2013	<b>2014</b>
Turnover	<i>in million euros</i>	413.5	420.0	409.8	446.8	469.0	507.2	536.2	523.8
EBITDA	<i>in million euros</i>	52.8	52.8	55.9	65.9	63.6	66.1	66.8	66.1
EBITDA margin	<i>as % of turnover</i>	12.8%	12.6%	13.6%	14.7%	13.6%	13.0%	12.5%	12.6%
EBIT (before other taxes)	<i>in million euros</i>	14.3	12.4	18.7	28.2	30.1	29.1	29.7	33.5
EBIT margin (before other taxes)	<i>as % of turnover</i>	3.5%	2.9%	4.6%	6.3%	6.4%	5.7%	5.5%	6.4%
Restructuring expenses	<i>in million euros</i>	12.2	11.4	9.5	2.2	—	—	3.3	—
EBIT prior to restructuring (before other taxes)	<i>in million euros</i>	26.5	23.8	28.2	30.4	30.1	29.1	33.0	33.5
EBT (before other taxes)	<i>in million euros</i>	12.8	10.7	16.8	26.4	29.2	26.9	27.8	32.3
Earnings after taxes	<i>in million euros</i>	5.9	7.0	6.7	13.7	18.6	18.8	22.3	21.4
Other taxes	<i>in million euros</i>	-1.4	-1.1	-0.8	-0.9	-0.7	-0.8	-0.7	-0.9
EBIT (incl. other taxes)	<i>in million euros</i>	12.9	11.2	17.9	27.2	29.4	28.3	28.9	32.6
EBT (incl. other taxes)	<i>in million euros</i>	11.4	9.6	16.0	25.4	28.4	26.1	27.1	31.5

<b>Capital</b>		2007	2008	2009	2010	2011	2012	2013	<b>2014</b>
Total assets	<i>in million euros</i>	264.8	262.0	268.6	287.5	290.3	325.4	333.9	339.6
Capital employed (CE)	<i>in million euros</i>	160.0	162.6	157.4	164.8	159.1	190.2	197.9	203.1
Equity	<i>in million euros</i>	120.6	112.4	111.7	120.7	120.2	132.2	142.8	173.7
Equity ratio	<i>as % of the balance sheet total</i>	45.5%	42.9%	41.6%	42.0%	41.4%	40.6%	42.8%	51.1%
Net financial liabilities	<i>in million euros</i>	13.6	25.2	24.3	7.4	-6.7	18.1	16.3	-23.5
ROCE (previous 12 months)	<i>as % of average capital employed</i>	8.5%	7.6%	11.7%	17.7%	19.3%	14.6%	15.0%	16.9%

<b>Cash flow</b>		2007	2008	2009	2010	2011	2012	2013	2014
Gross cash flow	<i>in million euros</i>	44.4	47.5	44.0	51.4	52.1	55.9	60.2	54.8
Net cash used in investing activities	<i>in million euros</i>	35.5	33.3	27.4	26.4	30.3	33.8	35.3	35.4
Net cash flow	<i>in million euros</i>	8.9	14.1	16.5	25.1	21.8	22.1	24.9	19.4
Cash flow from operating activities	<i>in million euros</i>	52.6	34.8	36.5	53.0	61.4	51.4	48.3	71.2
Cash flow from investing activities	<i>in million euros</i>	-41.9	-33.8	-26.6	-27.3	-31.0	-45.8	-35.1	-43.1
Free cash flow	<i>in million euros</i>	10.7	1.0	9.9	25.6	30.4	5.5	13.1	28.1

<b>Share</b>		2007	2008	2009	2010	2011	2012	2013	2014
Number of shares (nominal value: 2.60 euros)	<i>units</i>	7,380,020	7,380,020	7,380,020	7,380,020	7,380,020	7,380,020	7,380,020	7,400,020
Earnings per share (diluted)	<i>in euros</i>	0.83	1.02	1.00	2.02	2.84	2.87	3.36	3.06
Year-end price	<i>in euros</i>	27.00	14.05	22.60	33.35	31.39	31.04	42.75	51.51
Dividend per share	<i>in euros</i>	1.20	1.00	1.05	1.25	1.40	1.45	1.50	1.55*
Dividend yield on year-end price	<i>as %</i>	4.44 %	7.12 %	4.64 %	3.75 %	4.46 %	4.67 %	3.51 %	3.00 %*

\* Dividend proposal presented by the Board of Management and the Supervisory Board to the general meeting on June 3, 2015

## PRODUCTION PLANTS AND DISTRIBUTION BRANCHES

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General map with all locations

 Sales contact person  
<http://company.cewe.de/de/unternehmen/vertrieb.html>

### Germany

**CEWE Stiftung & Co. KGaA**  
Meerweg 30–32  
D–26133 Oldenburg  
Tel. +49 (0) 4 41/4 04–0  
Fax +49 (0) 4 41/4 04–421

**CEWE Stiftung & Co. KGaA**  
Oskar-von-Miller-Strasse 9  
D–82110 Germering (Munich)  
Tel. +49 (0) 89/8 40 07–0  
Fax +49 (0) 89/8 40 07–30

**CEWE Stiftung & Co. KGaA**  
Erftrasse 40  
D–41238 Mönchengladbach  
Tel. +49 (0) 21 66/8 53–0  
Fax +49 (0) 21 66/8 53–109

**CEWE Stiftung & Co. KGaA**  
Freiburger Strasse 20  
D–79427 Eschbach (Freiburg)  
Tel. +49 (0) 76 34/5 05–0  
Fax +49 (0) 76 34/5 05–250

**CEWE Stiftung & Co. KGaA**  
Otto-Hahn-Str. 21  
D–48161 Münster  
Tel. +49 (0) 25 34/5 81 69–0  
Fax +49 (0) 25 34/5 81 69–20

**Saxoprint GmbH**  
Enderstrasse 92c  
D–01277 Dresden  
Tel. +49 (0) 351/20 44 300  
Fax +49 (0) 351/20 56 747

### Abroad

**Japan Photo Holding  
Norge A/S**  
Flåtestadtveien 3  
N–1416 Oppegård (Oslo)  
Tel. +47/66 82 26–60  
Fax +47/66 82 26–70

**Japan Photo Sverige AB**  
Norra Hamngatan 40  
S–41106 Göteborg  
Tel. +46/31 61 94–90  
Fax +46/31 61 94–91

**CEWE Nordic ApS**  
Segaltvej 16  
DK–8541 Skødstrup (Århus)  
Tel. +45/86/99 14 22  
Fax +45/86/99 24 33

**CEWE AG**  
Hochbordstrasse 9  
CH–8600 Dübendorf (Zürich)  
Tel. +41/1/8 02 90–30  
Fax +41/1/8 02 90–40

**CEWE Stiftung & Co. KGaA**  
Colerusgasse 24/1  
A–1220 Wien  
Tel. +43/644 33 61 42 0

**CEWE Belgium N. V.**  
Generaal De Wittelaan 9/b9  
B–2800 Mechelen  
Tel. +32/3/4 51 92–00  
Fax +32/3/4 58 06–17

**CEWE Nederland B. V.**  
Industrieweg 73  
NL–8071 CS Nunspeet  
Tel. +31/3 41/25 53–55  
Fax +31/3 41/25 53–33

**CEWE S. A. S.**  
La Tour Asnières  
4 avenue Laurent Cély  
F–92600 Asnières sur Seine (Paris)  
Tel. +33/1/80 21 04–50  
Fax +33/1/80 21 04–48

**CEWE S. A. S.**  
Z. A. de la Croix Rouge  
F–35770 Vern sur  
Seiche (Rennes)  
Tel. +33/2/99 04 85–85  
Fax +33/2/99 04 85–89

**CEWE S. A. S.**  
Z. A. E. des Trois Ponts  
F–34690 Fabrègues (Montpellier)  
Tel. +33/4/67 07 01–80  
Fax +33/4/67 07 01–90

**CEWE Sp. z o.o.**  
ul. Strzelecka 11  
PL–47230 Kedzierzyn-Kozle  
Tel. +48/77/40 63–000  
Fax +48/77/40 63–025

**Fotojoker Sp. z o.o.**  
ul. Strzelecka 11  
PL–47230 Kedzierzyn-Kozle  
Tel. +48/77/4 06 32 00  
Fax +48/77/4 06 32 01

**CEWE COLOR, INC**  
2125 Center Ave, Suite 507  
Fort Lee, NJ 07024  
Tel. +1/631/773 85 24

**CEWE COLOR a. s.**  
Kloknerova 2278/24  
CZ–14800 Prague 4  
Tel. +420/2/72 07 11 11  
Fax +420/2/72 93 73 46

**CEWE COLOR a. s.**  
Galvaniho 716  
SK–82104 Bratislava  
Tel. +421/2/68 20 44–11  
Fax +421/2/68 20 44–23

**CEWE**  
Magyarország Kft.  
Béke út 21–29  
H–1135 Budapest  
Tel. +36/1/4 51 10 88  
Fax +36/1/2 38–07 09

**CEWE Ltd.**  
Unit 4, Spartan Close  
Titan Business Centre  
Tachbrook Park  
UK–Warwick CV 34 6 RR  
Tel. +44/19/26 46 3–100  
Fax +44/19/26 46 3–101

**CEWE Zagreb d. o. o.**  
Jurisiceva 24  
HR–10000 Zagreb  
Tel. +36/1/451 10 88  
Fax +36/1/238 07 09

**CEWE PRINT S. r. l.**  
Via Monte di Pietà 21  
I–20121 Milan

## FINANCIAL DIARY

(dates currently scheduled)

<b>March 25, 2015</b>	Publication of the Annual Report 2014
<b>March 25, 2015</b>	Balance sheet press conference and analysts' conference, Frankfurt am Main
<b>April 16, 2015</b>	Deutschlandkonferenz Bankhaus Lampe, Baden-Baden
<b>May 12, 2015</b>	Publication of the Interim Report Q1 2015
<b>June 03, 2015</b>	2015 General Meeting Weser-Ems-Halle, Oldenburg
<b>August 11, 2015</b>	Publication of the Interim Report Q2 2015
<b>September 17, 2015</b>	CEWE Capital Market Day, Dresden
<b>November 12, 2015</b>	Publication of the Interim Report Q3 2015
<b>November 24, 2015</b>	German Equity Forum, Frankfurt

 You will also find upcoming dates and events on the Internet at [www.cewecolor.com](http://www.cewecolor.com)



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## IMPRINT

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Phone: +49 (0) 4 41/404-22 88

Fax: +49 (0) 4 41/404-421

[IR@cewe.de](mailto:IR@cewe.de)

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### Publisher

CEWE Stiftung & Co. KGaA

Meerweg 30-32

D-26133 Oldenburg

Phone: +49 (0) 4 41/404-0

Fax: +49 (0) 4 41/404-421

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

[info@cewe.de](mailto:info@cewe.de)

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### Auditor of the consolidated financial statements

BDO AG

Wirtschaftsprüfungsgesellschaft

Fuhlentwiete 12

D-20355 Hamburg

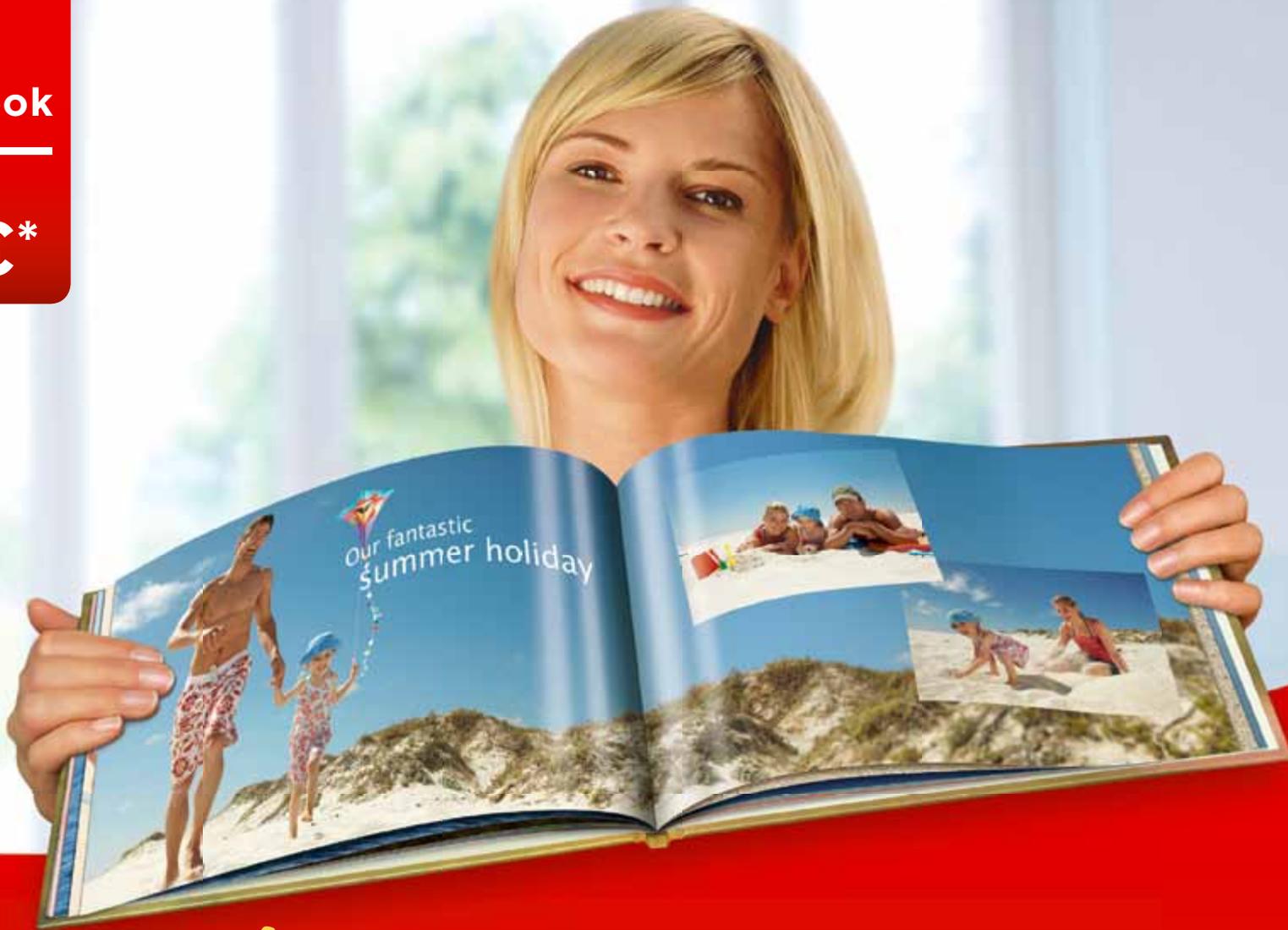






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