INTERIM REPORT Q1 Q2 2019

CEWE AT A GLANCE

26
EUROPEAN COUNTRIES

3,900
EMPLOYEES*

9
DISTRIBUTION OFFICES

18,000
CEWE PHOTOSTATIONS

14
PLANTS

6.18 MILLION
CEWE PHOTOBOOKS

2.23
BILLION PHOTOS PRODUCED

RETAILERS SUPPLIED
20,000

653.3 MILLION EUROS OF TURNOVER

* Average workforce in 2018 (FTE)

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

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

CEWE – EUROPE’S ONLINE PRINTING AND PHOTO SERVICE

CEWE supplies consumers with photos and digital print products via over-the-counter trade as well as Internet sales. CEWE is the service partner for the leading brands on the European photography market. In 2017, the company developed and produced 2.2 billion photos – including in approx. 6.2 million CEWE PHOTOBOOKS as well as photo gifts. CEWE PHOTOBOOK (Europe’s leading photo book brand) and the company’s other product brands CEWE CALENDARS, CEWE CARDS and CEWE WALL ART, easy-to-use ordering applications (PC, Mac and mobile iOS, Android and Windows), our high level of expertise in digital printing, the benefits of scale offered by our efficient industrial production and logistics system, broad distribution via the Internet, over 20,000 retailers supplied and over 18,000 CEWE PHOTOSTATIONS are the key competitive advantages of CEWE’s Photofinishing business.

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

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

HIGHLIGHTS Q2 2019

Photofinishing business unit

- Sales, turnover and profit completely on track
- Further strong sales growth for CEWE PHOTOBOOK, + 9,9 %: 1.232 million copies (Q2 2018: 1.121 million copies)
- Turnover per photo continues to increase: + 8.1 % to 21.46 euro cents per photo (Q2 2018: 19.85 euro cents)
- At 97.2 million euros, Photofinishing turnover exceeds previous year's level by 13.3 % (Q2 2018: 85.9 million euros)
- Despite WhiteWall transaction costs, Photofinishing EBIT better than in the same quarter in the previous year: – 1.2 million euros (Q2 2018: – 1.8 million euros)

Commercial Online Printing business unit

- Turnover increases slightly in second quarter, by 1.4 % to 25.0 million euros (Q2 2018: 24.7 million euros)
- LASERLINE's weak turnover trend due to price pressure in Germany in particular damp-ens Q2 growth for COP, Brexit effects continue to adversely affect UK business
- Q2 EBIT improved: – 1.1 million euros, compared to – 1.5 million euros in the same quarter in the previous year

Retail business unit

- In line with strategy, CEWE RETAIL reduces hardware turnover in second quarter to 10.6 million euros (Q2 2018: 12.4 million euros)
- Q2 EBIT traditionally negative in the second quarter due to seasonal factors: – 0.3 million euros (Q2 2018: – 0.2 million euros)

Consolidated profit and loss account

- Group turnover increases in second quarter by 8.1 % to 132.8 million euros (Q2 2018: 122.9 million euros)
- Despite transaction costs associated with the acquisition of WhiteWall, Q2 EBIT slightly higher than in the same quarter in the previous year: – 3.2 million euros (Q2 2017: – 3.6 million euros)

Asset and financial position

- 53.3 % equity ratio before balance sheet extension due to new leasing accounting
- Operating net working capital increases by 0.9 million euros in the second quarter, mainly due to acquisitions
- 57.6 million euros increase in net financial liability due to acquisitions as well as seasonal factors

Cash Flow

- Lower payments for other taxes boost cash flow from operating activities
- Net cash used in investing activities increases due to WhiteWall acquisition
- Free cash flow in the second quarter declines due to acquisitions in particular

Return on capital employed

- Average capital employed increased to 339.7 million euros, due to new leasing accounting (IFRS 16) as well as the acquisition of WhiteWall
- Positive earnings trend causes ROCE before IFRS 16 to increase to 18.0 %

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Erst An item of data only becomes an image when printed on a product or in a ***CEWE PHOTOBOOK.***

Selfies of CEWE employees taken at their workplace

Board of Management of Neumüller CEWE COLOR Stiftung as the general partner of CEWE Stiftung & Co. KGaA

Dear Shareholders,

Earnings + 2.2 million euros – your company is well on track to achieve its targets for the year

In the first six months of the year, your company CEWE has increased its earnings before interest and taxes (EBIT) by + 2.2 million euros on the previous year. Following last year's result of 53.7 million euros, we are thus well on track to achieve our target of a 2019 EBIT figure of between 51 and 58 million euros.

CEWE PHOTOBOOK achieves a strong first six months of the year: + 8.3 %

Following a first quarter which was already strong, CEWE PHOTOBOOK has once again boosted its growth rate in volume terms. In the first six months of the year, CEWE sold 197,000 more CEWE PHOTOBOOKS than in the same period in the previous year – this represents a growth rate of + 8.3 %. This is the highest ever volume of CEWE PHOTOBOOKS which CEWE has sold in the first six months of the year!

Key Photofinishing business unit contributes + 2.2 million euros of additional earnings to the company

Partly reflecting this positive trend for CEWE PHOTOBOOK, in the first six months of the year the Photofinishing business unit alone has increased its EBIT volume by 2.2 million euros and thus generated the overall company's earnings growth all on its own. This is a strong performance, particularly since quite significant acquisition costs were rec-ognised in the first half of the year for the "youngest" member of our family: WhiteWall. These costs were likewise covered by Photofinishing. All in all, the continuous develop-ment of products, technologies and the company's brand in Photofinishing clearly remains the right path for CEWE to take.

WhiteWall: positive initial integration measures

We notified you in our interim report for the first quarter that we had signed the pur-chase agreement, and the transaction has now been completed. Since June 1, 2019, WhiteWall has been part of CEWE. In particular, CEWE has thus successfully expanded its higher-end wall art portfolio through the gallery quality which WhiteWall is known for.

This top quality will be maintained. WhiteWall's plant in Frechen near Cologne will re-main the source of these top products. WhiteWall will continue to operate with its own brand and its own production facility. Naturally, there will be opportunities for coopera-tion in areas other than production (e. g. purchasing). These are already been exploited.

2019: CEWE is the photofinishing world champion for the third time

In the Photofinishing business unit, we are delighted to have picked up what is now our third "world championship title", the TIPA Award (Technical Image Press Association). We received this in April 2019 for our "hexxas" product: these hexagonal photo tiles provide an extraordinary format for collages or a series of pictures. hexxas transform personal photos into a stylish integral work of art. We are particularly delighted that a product independently developed by a team of CEWE employees, through an internal "hackathon", has been recognised through this prestigious award. We are very pleased with this award and also with how modern, "agile" work methods are bearing fruit at CEWE.

Incidentally, this is CEWE's third TIPA Award. WhiteWall has likewise already picked up two TIPA Awards for its top-quality wall art. The CEWE Group has thus now already won five TIPA Awards. This is more than any other company.

CEWE Photo Award: the world's largest photography competition

And we have hosted a competition ourselves: the CEWE Photo Award "Our world is beautiful". This competition featuring the most attractive photos, in a variety of categories, has been getting bigger and bigger for some years now. But we have now taken it forward to an en-tirely new level: a top-flight international jury (which includes the French star photogra-pher Yann Arthus-Bertrand as its chairman), with the jury meeting in Paris and a prize ceremony held in Vienna's highly impressive Natural History Museum. This is capped by the participants themselves: with 448,152 submissions from around the world, they make the CEWE competition "Our world is beautiful" the world's largest pho-tography competition. We are delighted with this!

Retail continues to successfully focus on its contribution to Photofinishing

We intend to reduce our photographic hardware retail activities (cameras, lenses, bags etc.) and to focus even more strongly on sales of photofinishing products via this channel. We successfully achieved this goal in the first six months of 2019: turnover from photo hardware was reduced by 9.7 %. Earnings nonetheless matched the previous year's level (with a negative result of – 0.7 million euros due to seasonal factors), while Photofinishing turnover via the Retail channel – which is reported in the Photofinishing business unit for strategic clarity – was once again increased. We're on the right track!

Commercial Online Printing boosts its turnover and earnings

Commercial Online Printing is performing strongly: in the first six months of the year, turnover increased by + 1.2 million euros and earnings by + 0.4 million euros. This trend would be even better if our 2018 acquisition, Laserline, were not suffering due to the price pressure on the market, which is having a negative impact on turnover and earnings. This goes to show that CEWE's core business areas in Commercial Online Printing, such as its main brand, Saxoprint, are developing very well.

10th consecutive dividend increase resolved

On the basis of these very positive developments, for the financial year 2018 we have once again increased our dividend, with a clear conscience. At our general meeting on June 5, 2019 you, our shareholders, agreed to this increase from 1.85 to 1.95 euros per share and thus resolved our tenth consecutive dividend in-crease. This is a very nice tradition which we would like to continue!

The general meeting: where the CEWE family comes together

All in all, our general meeting once again lived up to what we expect of it: a meeting of the CEWE family. We will never tire of emphasising that mutual understanding between the various shareholders in our company is highly important. Shareholders, employees and customers should be able to understand one another's perspective. That is the basis for them to be able to work together without any conflicts arising. This interest in one anoth-er was once again apparent in the discussions which unfolded. That's just the way it should be …

Enjoy the summer …

Many of our customers' "summer orders" were already included in the second quarter. Dear shareholders, please feel free to follow the example set by our other customers: lean back and enjoy the summer as well as CEWE's services, whether in Photofinishing, Commercial Online Printing or elsewhere. Your team is there for you.

… We will take care of Christmas

And we are naturally already working on our offering for the fourth quarter. In Photofin-ishing and in Commercial Online Printing, we once more expect to do the lion's share of our annual business in the fourth quarter of this year. All of CEWE is hard at work pre-paring for this. We aim to once again achieve our annual targets this year. The first six months of the year represent a clear step in the right direction.

Oldenburg, 13. August 2019

Christian Friege

CEWE SHARE

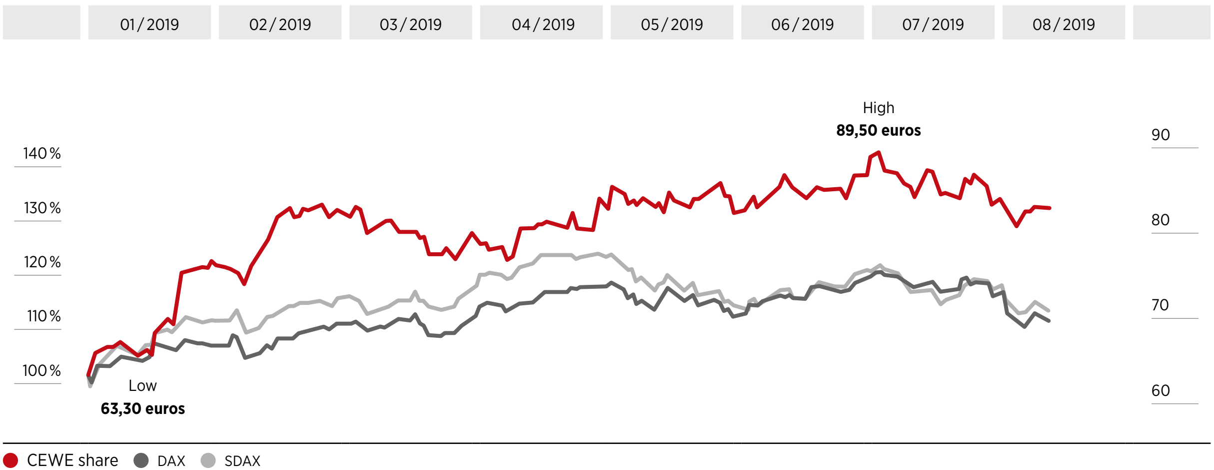
CEWE share registers growth in excess of 40 % in the first six months of 2019

In the second quarter of 2019, the CEWE share once again achieved strong growth: the company's share price climbed from 75.41 euros at the end of the first quarter to 87.00 euros at the end of the second quarter – a growth rate of 15.4 %. The CEWE share has posted a growth rate of 40.1 % since the start of the year, by comparison with its 2018 year-end price (62.10 euros) and has outperformed the SDAX and the DAX. The SDAX rose by just 4.1 % in the second quarter, but has registered a growth rate of 19.7 % since the start of the year. The DAX has reported similar growth rates of 7.6 % and 17.4 % respectively.

General meeting resolves tenth consecutive dividend increase

On June 5, 2019, CEWE's general meeting resolved a dividend increase to 1.95 euros per share conferring a dividend entitlement

CEWE share January 1, 2019 to August 6, 2019 *in euros*



for the financial year 2018 (dividend in the pre-vious year: 1.85 euros). This increase is the tenth consecutive dividend increase: since 2008, the dividend issued by CEWE has risen continuously, year-on-year, from 1.00 euros per share to the current figure of 1.95 euros.

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

On average, CEWE shares traded for around 1.0 million euros per day

In the first half of 2019, on average 12,481 CEWE shares were traded every day on Ger-man stock markets. This was somewhat lower than the level in the same period in the previous year (H1 2018: 14,515 shares per day). The CEWE share thus matched the general trend of a slight decline in trading volumes on German stock exchanges. In the first six months of 2019, the daily euro trading volume averaged 979,117 euros. The daily volume of CEWE shares traded continues to consistently match the level of around 1 million euros per day which influences the investment decisions of many institutional investors. This also makes the CEWE share attractive for other larger institutional investors on a long-term basis.

Overview of current analysts' assessments

	Analysts' assessment	Date
FMR Frankfurt Main Research AG	Hold	July 3, 2019
Warburg Research	Buy	July 2, 2019
GSC Research	Hold	May 20, 2019
Deutsche Bank	Hold	May 14, 2019
Baader Bank	Buy	May 13, 2019
Kepler Cheuvreux	Buy	May 13, 2019
Bankhaus Lampe	Buy	May 10, 2019
Berenberg Bank	Buy	Mar. 29, 2019
Oddo Seydler	Buy	Feb. 21, 2019

Analysts continue to have a consistently positive view of CEWE

All of the analysts who follow CEWE continue to concur in their positive analysis. Six ana-lysts are signalling “Buy” for the CEWE share and three “Hold”. The price targets of these analysts are between 84 and 100 euros. For an overview of these analysts and their rec-ommendations, please go to the Investor Relations sec-tion of CEWE's website (compa-ny.cewe.de).

CEWE still solidly positioned in the SDAX

According to the “Trading volume” criterion, in June 2019 CEWE was in 149th position (December 2018: 156th position) and in terms of “Market capitalisation” it was in 142nd position (De-cember 2018: 160th position) in Deutsche Börse's ranking. By comparison with its ranking at the end of 2018, this represents an outstanding improvement of 7 (by trading volume) or 18 (by market capitalisation) places. The CEWE share has thus strengthened its position as a permanent fixture on the SDAX index, whose current struc-ture normally features shares with a ranking of 165 or higher.

Stable shareholder structure strengthens management's strategy

CEWE enjoys a high level of ownership stability thanks to its anchor investor, the heirs of Senator h. c. Heinz Neumüller (ACN Vermögensverwaltungsgesellschaft mbH & Co. KG), who hold 27.3 % of its shares.

CEWE is there for its shareholders

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

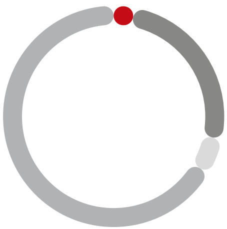
CEWE thus naturally also publishes all of its annual and interim reports and capital market information online at company.cewe.de. All analyst telephone conferences are imme-diately made available as webcasts and audiocasts on the CEWE website. All of the company's key presentations at conferences and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

http://ir.cewe.de

The Board of Management and the Investor Relations team present the company at key capital market conferences and attend road shows in European and US financial centres. For details of the dates currently planned for 2019, please refer to the financial diary on the penultimate page of this report.

Shareholder structure

as % (100 % = 7.4 million shares)



1.3 %	CEWE Stiftung & Co. KGaA, Oldenburg
27.3 %	Heirs of Senator h. c. Heinz Neumüller, Oldenburg
5.1 %	Union Investment Privatfonds GmbH
66.3 %	Other shareholders

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INTERIM CONSOLIDATED MANAGEMENT REPORT

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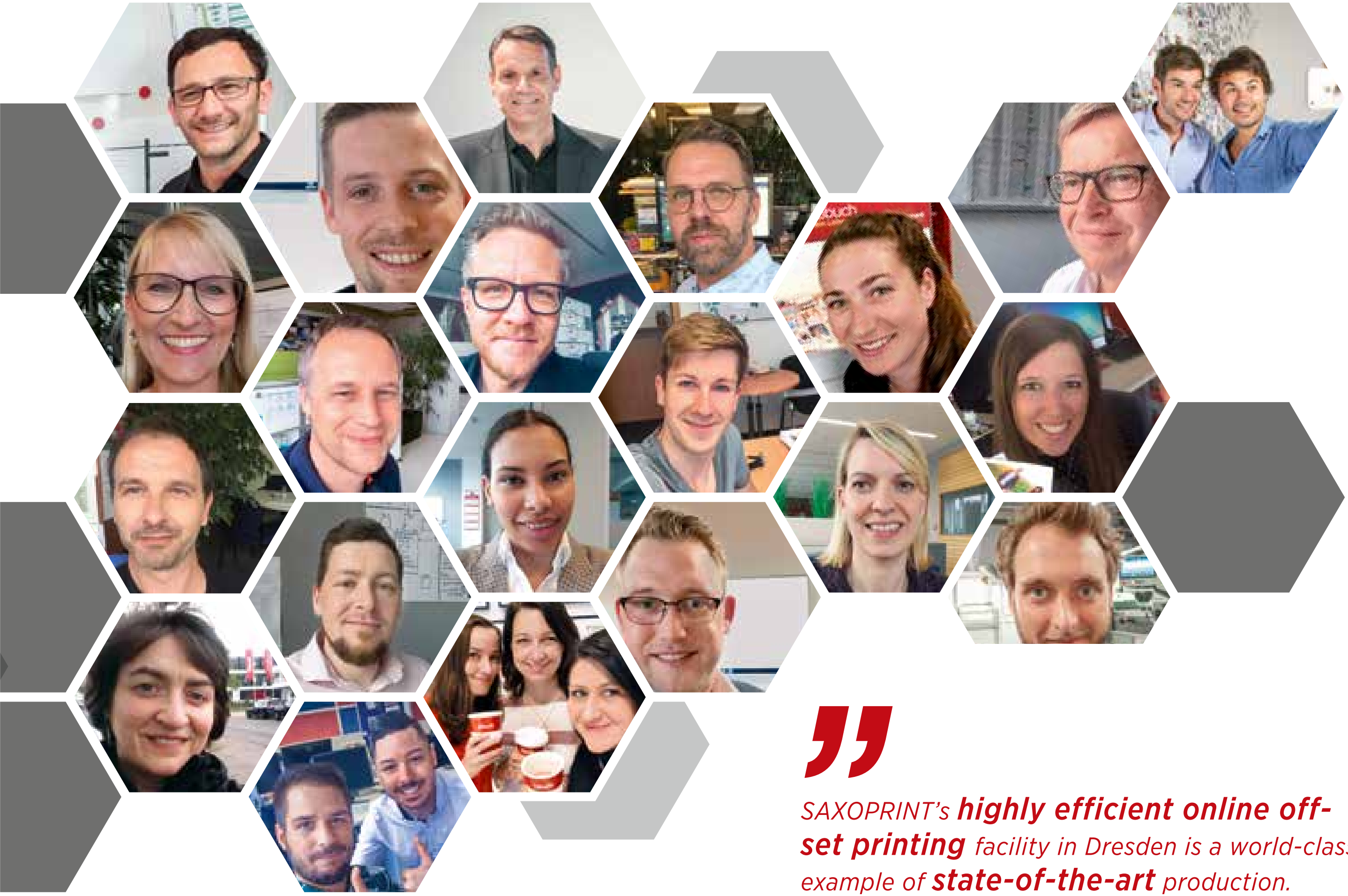


*SAXOPRINT's **highly efficient online offset printing** facility in Dresden is a world-class example of **state-of-the-art** production.*

Selfies of CEWE employees taken at their workplace.

BASIC INFORMATION ON THE GROUP

Business model

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

Photofinishing – CEWE's traditional core business unit achieves growth

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

CEWE RETAIL: proprietary hardware retail business unit handles important functions

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

Commercial Online Printing – a further key business area

CEWE is active in its Commercial Online Printing business unit through the production and marketing of printed advertising media via the distribution platforms SAXOPRINT, CEWE-PRINT.de, viaprinto and LASERLINE. The depth of added value in Commercial Online Printing is very similar to Photofinishing. However, CEWE provides less software here for the creation of printed products (unlike in the case of CEWE PHOTOBOOK, for instance).

For further details of CEWE's business model, please see pp. 32 ff. of its Annual Report 2018 or its website at company.cewe.de > Investor Relations > News & Publications > Business reports > Annual Report 2018.

ECONOMIC REPORT

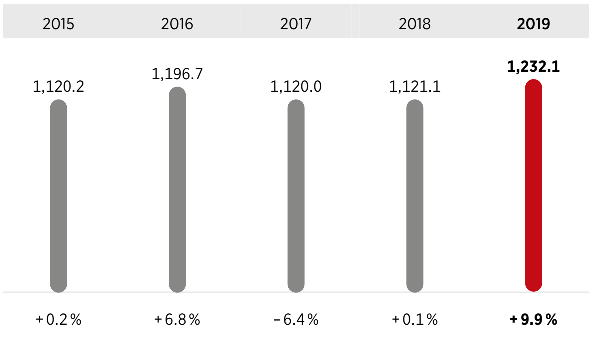
Photofinishing business unit

- **Sales, turnover and profit completely on track**
- **Further strong sales growth for CEWE PHOTOBOOK, + 9.9 %: 1,232 million copies (Q2 2018: 1,121 million copies)**
- **Turnover per photo continues to increase: + 8.1 % to 21.46 euro cents per photo (Q2 2018: 19.85 euro cents)**
- **At 97.2 million euros, Photofinishing turnover exceeds previous year's level by 13.3 % (Q2 2018: 85.9 million euros)**
- **Despite WhiteWall transaction costs, Photofinishing EBIT better than in the same quarter in the previous year: – 1.2 million euros (Q2 2018: – 1.8 million euros)**

CEWE PHOTOBOOK sales clearly exceed previous year's level

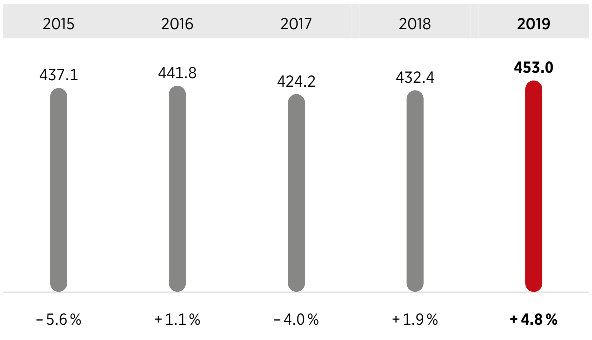
As in the first quarter, the number of CEWE PHOTOBOOKS sold has developed very posi-tively in the second quarter of 2019: with 1.232 million copies in the current quarter un-der review, the CEWE PHOTOBOOKS sales volume was a strong 9.9 % higher than the previous year's level (Q2 2018: 1.121 million copies). In the first six months of 2019, CEWE thus already sold 2.566 mil-lion books, which represents a growth rate of 8.3 % (H1 2018: 2.369 million copies).

Total number of CEWE PHOTOBOOKS Q2 *in thousand units*



Change on previous year

Total volume of photos Q2 *in millions of units*



Change on previous year

Photo gifts likewise post further sales growth

As well as CEWE PHOTOBOOKS, the Group's other value-added products such as CEWE CALENDARS, CEWE CARDS, CEWE INSTANT PHOTOS and further CEWE brand products have also achieved gains – in some cases, with clearly double-digit percentage growth rates – and thus supported the positive overall volume trend in the Photofinishing busi-ness unit, which is reflected in terms of the total number of photos produced.

Value-added products continue to strengthen Photofinishing turnover: turnover per photo increases by 8.1 % in Q2

In the quarter under review, CEWE brand and value-added products once again account-ed for an increased share of overall turnover. The trend of higher-quality photo products thus continues to strengthen the turnover trend. For all of CEWE's photo products, in the quarter under review turnover per photo rose by an outstanding 8.1%, from 19.85 euro cents per photo in the second quarter of 2018 to 21.46 euro cents per photo in the second quarter of 2019.

The overall trend for the first half of 2019 looks similarly positive: for this period, too, turnover per photo increased, by 4.3 % from 20.07 euro cents in the same six-month period in the previous year to 20.93 euro cents.

CEWE acquires wall art specialist WhiteWall

With business contributions in June 2019, CEWE's latest acquisition has also provided a positive contribution to the volume of turnover per photo: the wall art specialist WhiteWall has been a member of the CEWE Group since June 1, 2019.

Through this acquisition, CEWE has expanded into the upscale premium segment for wall art. WhiteWall's core business field is upscale, gallery quality wall art. WhiteWall has an outstanding reputation among professional and hobby photographers due to the excellent quality of its products. The brand is experiencing dynamic growth. As well as Germany, it is also active in many other European companies as well as the USA. CEWE plans to fur-ther develop the brand and its business. Even as a member of the CEWE Group, White-Wall will remain an independent brand with its own production operations. WhiteWall's customers will not therefore notice any changes.

CEWE has acquired from the vendor, Avenso GmbH, WhiteWall's brand and business ac-tivities, its production plant in Frechen as well as the four WhiteWall stores in Hamburg, Düsseldorf, Berlin and Munich, but not WhiteWall's LUMAS division and its galleries. WhiteWall will maintain its shop-in-shop presences in the LUMAS galleries in New York, Vienna, Zurich, Cologne, Frankfurt and Paris. WhiteWall will maintain its production facili-ty in Frechen near Cologne, which will also continue to produce LUMAS artworks.

CEWE acquired WhiteWall for a purchase price based on an enterprise value of 30 million euros. The transaction values the company at around 0.9 times the volume of turnover achieved in 2018 for the area of its business acquired. For the current financial year, CEWE's Board of Management expects this acquisition – including the related purchase price allocation and transaction costs – to initially have a negative EBIT effect of around one million euros. CEWE expects that this equity investment will provide a positive long-term contribution to the value of the company as a whole. The transaction has already been completed, with the approval of the competent antitrust authorities.

Photofinishing turnover increases to 97.2 million euros (+13.3 % on same quarter in pre-vious year)

At 97.2 million euros, Photofinishing turnover in the second quarter of 2019 is roughly 11.4 million euros higher than the turnover figure for the same quarter in the previous year of 85.9 million euros. The wall art specialist WhiteWall, which was included in the scope of consolidation as of June 1, 2019, provided a turnover contribution for the first time, with a low seven-digit figure.

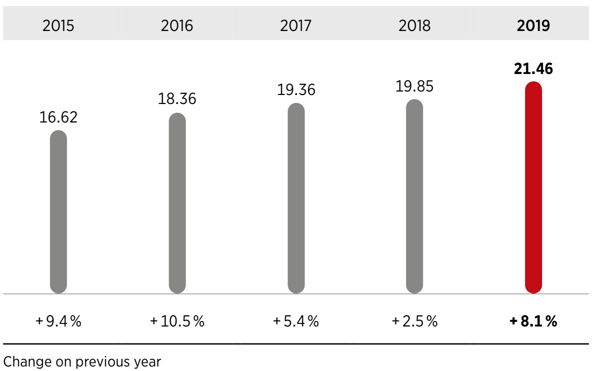
In its planning based on seasonal demand, CEWE had assumed Q2 Photofinishing turno-ver of between 88.4 to 94.3 million euros for the current quarter under review. The real-ised Photofinishing turnover figure of 97.2 million euros actually exceeds this range and thus confirms the expectations for the second quarter as well as for the goal for the year.

Over the first six months of 2019, the Photofinishing business unit realised turnover of 200.8 million euros – growth of 11.3 % by comparison with the previous year's turnover (H1 2018: 180.3 million euros). Cheerz (initially consolidated in February 2018) provided a small inorganic growth contri-bution in January 2019, while WhiteWall (initially consolidated in June 2019) did so in June 2019.

Despite WhiteWall transaction costs, Photofinishing earnings better than in the same quarter in the previous year

In the second quarter of 2019, the EBIT figure reported for the Photofinishing business unit amounts to – 1.2 million euros (Q2 2018: – 1.8 million euros; restated previous-year figure due to the finalisation of the purchase price allocation for Cheerz). The quarterly EBIT figure even improved despite the transaction costs which arose in the quarter under review for the acquisition of WhiteWall. This was a very strong second quarter in terms of operating activities.

Photofinishing turnover per photo Q2 *in euro cents*



In the quarter under review, non-operating depreciation resulting from the purchase price allocations of DeinDesign in the amount of 0.1 million euros (Q2 2018: 0.1 million euros) and Cheerz in the amount of 0.5 million euros (Q2 2018: 0.5 million euros) arose as a one-off factor. Adjusted for these one-off factors, at – 0.6 million euros the operating Q2 Photofinishing EBIT figure in the current quarter under review was a rounded 0.6 million euros better than the adjusted figure for the previous year (Q2 2018: – 1.2 million euros).

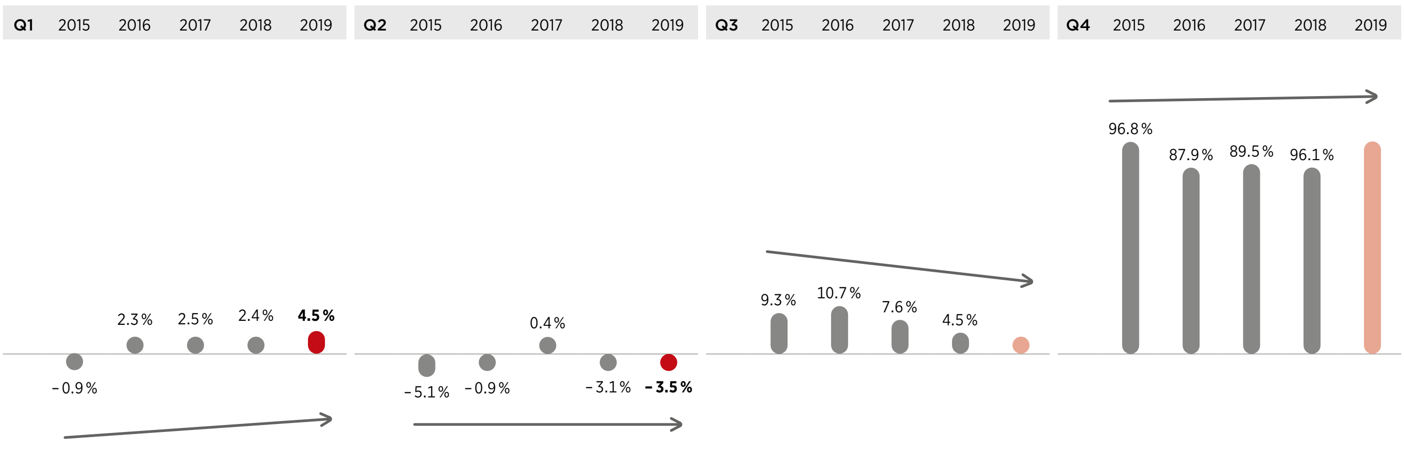
Photofinishing EBIT in the first six months of the year 2.2 million euros better than in the same period in the previous year

In the first six months of 2019, the result for CEWE's Photofinishing business unit im-proved by 2.2 million euros on the previous year with a reported EBIT figure of 1.8 million euros (H1 2018: – 0.4 million euros). This is a positive trend for the first six months of the year.

In the first half of the year, non-operating depreciation from the purchase price allocations of DeinDesign totalling 0.2 million euros (H1 2018: 0.2 million euros) and Cheerz totalling 1.0 million euros (H1 2018: 0.8 million euros) was recognised as a one-off factor. Adjusted for these one-off factors in the first half of the year, the operating EBIT figure for the first six months of 2019 amounts to 3.0 million euros, compared to an (adjusted) prior-year EBIT figure of 0.7 million euros. This represents an improvement of more than 2.3 million euros – and this is despite the transaction costs for the acquisition of WhiteWall which were funded through CEWE's operating activities: CEWE has achieved outstanding growth in its core Photofinishing business unit in the first six months of 2019.

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

Development of EBIT – seasonal breakdown *as %*



Commercial Online Printing business unit

- **Turnover increases slightly in second quarter, by 1.4 % to 25.0 million euros (Q2 2018: 24.7 million euros)**
- **LASERLINE's weak turnover trend due to price pressure in Germany in particular damp-ens Q2 growth for COP, Brexit effects continue to adversely affect UK business**
- **Q2 EBIT improved: – 1.1 million euros, compared to – 1.5 million euros in the same quarter in the previous year**

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

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

Further general information on Commercial Online Printing may be found on pp. 75 ff. of the Annual Report 2018.

Commercial Online Printing turnover increases slightly to 25.0 million euros in the second quarter

In the second quarter of 2019, the turnover of the Commercial Online Printing business unit increased from 24.7 million euros in the same quarter in the previous year to 25.0 million euros – a slight growth rate of 1.4 %. In particular, LASERLINE's weak turno-ver trend due to price pressure has dampened Q2 growth in the Commercial Online Print-ing business unit in general by a few percentage points. LASERLINE has been affected by the continuing price pressure in Germany due to its market and price positioning in par-ticular.

Moreover, the performance of the British market continues to prevent any stronger organ-ic growth for Commercial Online Printing. Since the Brexit decision, above all business in the UK has been characterised by exchange rate losses and declining demand.

In the first six months of 2019, the Commercial Online Printing business unit achieved a turnover figure of 50.2 million euros, a turnover growth rate of 2.4 % (H1 2018: 49.1 million euros).

Q2 EBIT 0.4 million euros higher than in same quarter in the previous year

With an EBIT figure of – 1.1 million euros, in the second quarter of 2019 the Commercial Online Printing business unit registered earnings which had improved by 0.4 million eu-ros (Q2 2018: – 1.5 million euros, restated previous-year figure due to the finalisation of the purchase price allocation for LASERLINE). This improvement would have been even stronger if LASERLINE in particular had not struggled due to weak turnover as a result of price pressure in Germany.

Non-operating expenses resulting from the purchase price allocations of SAXOPRINT and LASERLINE, each amounting to a rounded figure of 0.1 million euros, were a one-off factor in the quarter under review. In particular, these comprise amortisation on identified in-tangible assets. In the same quarter in the previous year, as well as these effects resulting from purchase price allocations (0.3 million euros) integration costs associated with the acquisition of LASERLINE also arose. These amounted to a rounded figure of 0.3 million euros. Adjusted for these one-off factors, Commercial Online Printing's EBIT in the second quarter of 2019 amounts to – 0.9 million euros (EBIT figure adjusted for this effect in the same quarter in the previous year, Q2 2018: – 0.9 million euros).

Overall in the first six months of the year 2019, Commercial Online Printing has achieved an EBIT figure of – 1.4 million euros, compared to – 1.8 million euros in the same period in the previous year. Adjusted for the one-off factors resulting from the purchase price allo-cations of SAXOPRINT and LASERLINE (– 0.3 million euros) earnings amount to – 1.1 million euros (comparable adjusted EBIT in H1 2018: – 0.9 million euros; adjusted for 0.5 million euros of effects due to purchase price allocations and 0.5 million euros for LASERLINE in-tegration costs).

Retail business unit

- **In line with strategy, CEWE RETAIL reduces hardware turnover in second quarter to 10.6 million euros (Q2 2018: 12.4 million euros)**
- **Q2 EBIT traditionally negative in the second quarter due to seasonal factors: – 0.3 million euros (Q2 2018: – 0.2 million euros)**

CEWE RETAIL is the distribution channel for photofinishing products

CEWE operates multichannel retailing in Poland, the Czech Republic, Slovakia, Norway and Sweden in the form of retail outlets and online shops. CEWE RETAIL offers its customers an attractive selection of cameras, lenses, accessories and services as well as CEWE's entire Photofinishing range.

Since its repositioning which was initiated in 2016, CEWE RETAIL has clearly focused on generating photofinishing business, i. e. the marketing of CEWE PHOTOBOOK, CEWE CALENDAR, CEWE WALL ART, CEWE CARDS and other photo gifts. The turnover and earnings contribution provided by this photofinishing product range is reported in the Photofinishing business unit. The Retail business unit only reports turnover and earnings from photo hardware business generated with cameras, lenses and other photo equipment. In future, CEWE will continue to develop this merchandise business while optimising margins and deliberately avoiding unprofitable turnover.

Further general information on CEWE RETAIL may be found on pp. 79 ff. of the Annual Report 2018.

CEWE RETAIL achieves turnover of 10.6 million euros in the second quarter of 2019

This deliberate abandonment of low-margin turnover had already continually reduced turnover in the Retail business unit in the past few quarters. At 10.6 million euros, Retail turnover in this quarter was once again lower than in the previous year, in line with CEWE's strategy as well as seasonal factors (Q2 2018: 12.4 million euros, – 14.6 %). Adjusted for currency effects, the decline is slightly lower at – 12.8 % (Q2 2019 currency-adjusted turnover: – 10.8 million euros). At the same time, Retail was able to once again increase its turnover from photofinishing products, which is reported in the strategic Photofinishing business unit.

The same picture applies for the figures for the first six months of the year: following de-clining turnover in the first quarter of 2019 for similar reasons, H1 2019 has ended with a turnover volume of 21.0 million euros, a decrease of 9.7 % (H1 2018: 23.3 million euros). Adjusted for currency effects, here too the decline is slightly lower at – 7.9 % (H1 2019 currency-adjusted turnover: 21.4 million euros).

Despite the decline in turnover, Q2 EBIT only slightly lower than previous year's level: – 0.3 million euros

With a figure of – 0.3 million euros, in the quarter under review the Retail business unit thus achieved a result which was slightly lower (88 thousand euros) than in the same quarter in the previous year (Q2 2018: – 0.2 million euros). The focus on a higher-margin pricing policy is continuing to pay off: even though turnover was reduced by 14.6 %, Retail ended the second quarter with only a very moderate decline in earnings. Due to the seasonal nature of business, this is traditionally a loss-making quarter.

In the first six months of 2019, the Retail business unit thus remained on track to achieve its EBIT targets for the year: – 0.7 million euros, compared to – 0.7 million euros in the first six months of 2018. The Retail business unit likewise realises its largest earnings contributions during the key Christmas business season in the fourth quarter.

Other Activities business unit

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

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

In the second quarter of 2019, CEWE realised turnover in the amount of 1.3 million euros (Q2 2018: 0.9 million euros) in its Other Activities business unit. This turnover is entirely attributable to futalis.

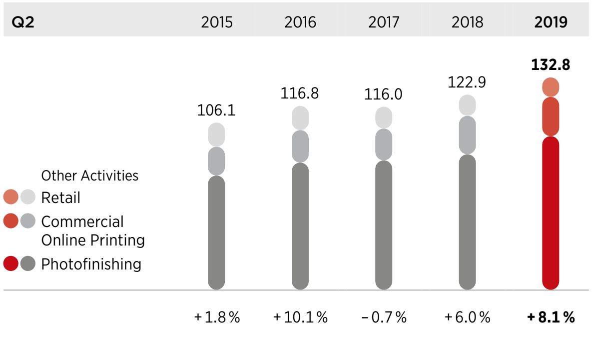
In the quarter under review, the EBIT contribution to consolidated income deriving from the expense items for structural and company costs and the result of real estate holdings and equity investments amounted to – 0.9 million euros (Q2 2018: – 0.6 million euros). This decrease is due to factors including slightly lower earnings from leasing of real estate as well as costs for the general meeting, some of which had been posted as of a later date in the previous year.

In the first six months of 2019, CEWE thus realised revenues in the amount of 2.6 million euros (H1 2018: 1.8 million euros) in its Other Activities business unit, all of which were provided by futalis. The Other Activities business unit provided a – 1.2 million euros earnings contribution to Group EBIT in this period (H1 2018: – 1.0 million euros).

Consolidated profit and loss account

- **Group turnover increases in second quarter by 8.1 % to 132.8 million euros (Q2 2018: 122.9 million euros)**
- **Despite transaction costs associated with the acquisition of WhiteWall, Q2 EBIT slightly higher than in the same quarter in the previous year: – 3.2 million euros (Q2 2017: – 3.6 million euros)**

Turnover *in millions of euros*



Change on previous year

Group turnover reaches 132.8 million euros in the second quarter

The turnover growth in the Photofinishing and Commercial Online Printing business units more than made up for the decline in turnover in the Retail business unit. In the second quarter of 2019, this resulted in Group turnover (1) of 132.8 million euros (Q2 2018: 122.9 million euros). It should be borne in mind that, with immediate effect, in line with IFRS 5 the CEWE Group turnover outlined here and any other P & L items above earnings after tax are shown without the Group company futalis, which is held for sale. However, this is still included in the Other Activities business unit within the scope of the segment reporting.

In the first six months of 2019, Group turnover amounted to 272.0 million euros, compared to 252.7 million euros in the previous year (+ 7.6 %). Here too, the picture is similar to the trend in the second quarter of the year: the Group's growth is based, above all, on organic growth for Photofinishing as well as slight growth for Commercial Online Printing.

EBIT by business unit

in Mio. Euro	Q2 2015	Q2 2016	Q2 2017	Q2 2018	**Q2 2019**
Photofinishing	– 2.1	– 0.7	0.2	– 1.8	– 1.2
Retail	– 0.2	0.0	– 0.1	– 0.2	– 0.3
Commercial Online Printing	– 0.9	0.3	– 0.3	– 1.5	– 1.1
Other Activities	– 0.4	– 0.7	– 0.9	– 0.6	– 0.9
Group	**– 3.6**	**– 1.1**	**– 1.0**	**– 3.6**	**– 3.2**

Changes in individual P&L items largely reflect business trend

The decrease in other operating income (2) is mainly due to a value added tax refund posted in the same quarter in the previous year for past assessment periods, which was identified through a tax audit. The absolute cost of materials (3) has increased in line with the volume of business growth. At 30.4 %, the cost-of-sales ratio has not quite matched this trend (Q2 2018: 32.1 %). The absolute increase in personnel expenses (4) is attributable, in particular, to the initial consolidation of WhiteWall in June 2019, the hirings made by the French photo app specialist Cheerz which is enjoying strong growth as well as the exercise of

Consolidated profit and loss account

Continuing operations in millions of euros *in millions of euros*	Q2 2018	% of turnover	**Q2 2019**	**% of turnover**	Change as %	Change in millions of euros	
Revenues	**122.9**	**100 %**	**132.8**	**100 %**	**+ 8.1 %**	**+ 9.9**	(1)
Increase / decrease in finished and unfinished goods	- 0.3	- 0.3 %	- 0.1	- 0.1 %	- 60.1 %	+ 0.2	
Other own work capitalised	0.2	0.2 %	0.2	0.1 %	- 4.2 %	- 0.0	
Other operating income	7.9	6.4 %	4.9	3.7 %	- 37.9 %	- 3.0	(2)
Cost of materials	- 39.4	- 32.1 %	- 40.4	- 30.4 %	- 2.4 %	- 1.0	(3)
Gross profit	**91.3**	**74.3 %**	**97.4**	**73.3 %**	**+ 6.7 %**	**+ 6.1**	
Personnel expenses	- 41.0	- 33.4 %	- 44.3	- 33.3 %	- 7.9 %	- 3.2	(4)
Other operating expenses	- 44.0	- 35.8 %	- 43.1	- 32.5 %	+ 2.1 %	+ 0.9	(5)
EBITDA	**6.2**	**5.1 %**	**10.0**	**7.6 %**	**+ 61.6 %**	**+ 3.8**	
Depreciation	- 9.8	- 8.0 %	- 13.2	- 9.9 %	- 34.3 %	- 3.4	(6)
EBIT	**- 3.6**	**- 2.9 %**	**- 3.2**	**- 2.4 %**	**+ 12.7 %**	**+ 0.5**	
Financial income	0.5	0.4 %	0.2	0.1 %	+ 66.5 %	- 0.4	
Financial expenses	- 0.2	- 0.1 %	- 0.3	- 0.2 %	- 58.1 %	- 0.1	
EBT	**- 3.2**	**- 2.6 %**	**- 3.2**	**- 2.4 %**	**+ 0.3 %**	**+ 0.0**	
Income taxes	1.1	0.9 %	1.4	1.0 %	+ 25.1 %	+ 0.3	
Earnings after taxes from continuing operations	**- 2.2**	- 1.8 %	**- 1.9**	**- 1.4 %**	+ 13.2 %	+ 0.3	
Post-tax profit / loss for dis-continued operation	**- 0.5**	- 0.4 %	**- 0.2**	**- 0.2 %**	+ 50.5 %	+ 0.2	
Group earnings after taxes	**- 2.6**	- 2.1 %	**- 2.1**	**- 1.6 %**	+ 19.8 %	+ 0.5	

a stock option plan. The ratio of personnel expenses to turnover nonetheless matched the previous year’s level. Other operating expenses 5 have declined in absolute terms. The cost ratio has decreased to 32.5 % of turnover (Q2 2018: 35.8 %). In regard to the depreciation figure 6, at 9.9 % of turnover the depreciation ratio is higher than the previous year’s level, in line with expectations (Q2 2017: 8.0 %). This is due to the IFRS 16 accounting standard for leasing which came into force in 2019 and which requires the capitalisation and depreciation of leases. At CEWE, this has resulted in a balance sheet extension of around 65 million euros and a corresponding increase in the depreciation item in the profit and loss account in particular. Accordingly, other operating expenses have declined in the amount of the rental payments made for the leased assets. In addition to this IFRS 16 effect, in the current quarter under review depreciation has increased due to the higher basis for depreciation at Cheerz as well as the initial consolidation of WhiteWall.

Group EBIT improves by 0.5 million euros

The Group EBIT figure reported in the quarter under review has improved by approx. 0.5 million euros to – 3.2 million euros – despite the transaction costs for the acquisition of WhiteWall (Q2 2018: – 3.6 million euros, restated previous-year figure due to the finalisation of the purchase price allocation for LASERLINE and Cheerz as well as the IFRS 5 elimination of the “discontinued operation” futalis).

In the first half of 2019, the reported consolidated EBIT figure now amounts to – 0.9 million euros, compared to – 3.0 million euros in the same period in the previous year – this represents a solid first six months of the year, with a strong improvement in earnings.

Normalised Group tax rate of 31.3 %

Due to the negative EBT in the first half of the year, tax income amounts to approx. 0.8 million euros. The notional tax rate is thus 40.9 %. Adjusted for non-period effects of approx. 0.2 million euros, a normalised tax rate of 31.3 % applies (normalised tax rate for H1 2018: 30.7 %).

Employees

Increase in number of employees to 3,907

At the end of June 2019, the number of employees of the CEWE Group was at 3,907 higher than in the previous year (3,762 employees).

Much of the increase in personnel by comparison with the previous year has resulted due to the Group's recent acquisition: in its Photofinishing business unit, CEWE acquired the premium wall art specialist WhiteWall in June 2019. The increase in the Group's number of employees also reflected factors such as the hirings made by the photo app specialist Cheerz which is enjoying strong growth.

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

	H2 2018	**H2 2019**	Change
Photofinishing	2,416	2,615	+8.2%
Commercial Online Printing	734	724	–1.4%
Retail	545	509	–6.6%
Other Activities	67	59	–11.9%
Group	**3,762**	**3,907**	**+3.9%**

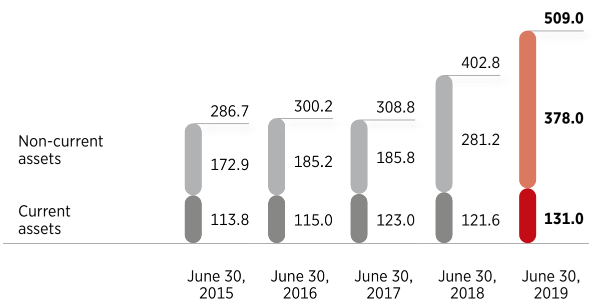
Asset and financial position

- 53.3 % equity ratio before balance sheet extension due to new leasing accounting
- Operating net working capital increases by 0.9 million euros in the second quarter, mainly due to acquisitions
- 52.7 million euros increase in net financial liability due to acquisitions as well as seasonal factors

The following comments on the balance sheet mainly refer to the development of the management balance sheet during the quarter under review. They are preceded by a section detailing general balance sheet trends by comparison with June 30, 2018.

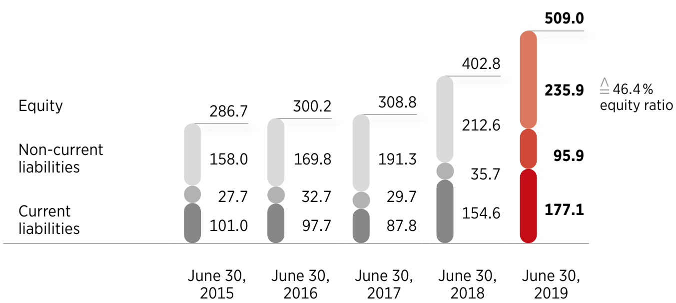
Balance sheet

Assets *in millions of euros*



Balance sheet

Equity and liabilities *in millions of euros*



Acquisition of WhiteWall and new leasing standard result in increased balance sheet total

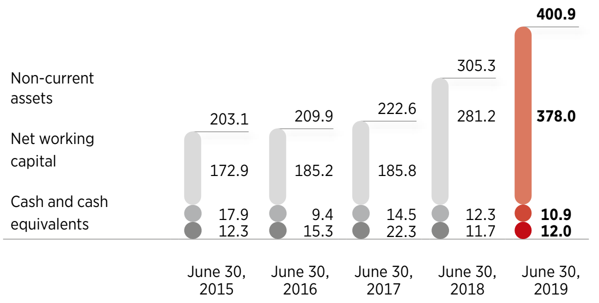
By comparison with the same point in the previous year, the balance sheet as of June 30, 2019 has mainly been shaped by the introduction of the new leasing accounting rules (IFRS 16) in the first quarter of 2019 as well as the acquisition of WhiteWall Media GmbH which is based in Frechen near Cologne. Non-current assets have thus increased by 96.8 million euros to 378.0 million euros. Of this amount, 65.6 million euros was attributable to the property, plant and equipment reportable as rights of use under leases in line with IFRS 16, while 27.6 million euros was attributable to the acquisition-related increase in goodwill. At the same time, current assets have increased by 9.3 million euros to 131.0 million euros. Of this amount, 6.2 million euros relates to WhiteWall's newly acquired business. The company's balance sheet total has thus increased by 106.1 million euros to 509.0 million euros.

53.3 % equity ratio before balance sheet extension due to new leasing accounting

Equity has increased by a total of 23.3 million euros by comparison with June 30, 2018 and amounts to 235.9 million euros. This mainly reflects positive comprehensive income for the past four quarters, in the amount of 37.9 million euros, less owner-related equity changes in the amount of – 14.5 million euros (almost exclusively the dividend distribution with a value of 14.5 million euros). Due to this 106.1 million euros balance sheet extension, the equity ratio amounts to 46.4 %. Without the approx. 66.2 million euros balance sheet extension due to IFRS 16 (leasing accounting), the equity ratio (thus comparable with the previous year) would amount to a strong 53.3 %. The Group's debt has increased by 82.8 million euros to 273.0 million euros, by comparison with June 30, 2018. This increase is mainly attributable to leasing liabilities, which amount to 65.6 million euros as of the reporting date. Liabilities in the amount of 8.1 million euros relate to the companies acquired in the past quarter. The remainder of the increase is chiefly due to pension accruals, tax accruals and other current liabilities. Due to this trend, non-current liabilities have increased by 60.2 million euros to 95,9 million euros while current liabilities have risen by 22.5 million euros to 177.1 million euros.

Management balance-sheet figures

Capital employed *in millions of euros*



Capital employed increases by 41.0 million euros in the quarter under review, mainly due to acquisitions

Since the start of the quarter, due to acquisitions in particular the volume of capital employed (1) has risen by 41.0 million euros. Non-current assets (2) have increased by 34.6 million euros and net working capital (3) by 7.5 million euros. Cash and cash equivalents (4) were reduced by 1.1 million euros to 12.0 million euros.

Capital employed

in millions of euros	Mar. 31, 2019	% of CE	**June 30, 2019**	**% of CE**	Change as %	Change in millions of euros	
Non-current assets	343.4	95.4 %	378.0	94.3 %	+ 10.1 %	+ 34.6	2
+ Net working capital	3.4	0.9 %	10.9	2.7 %	+ 222 %	+ 7.5	3
+ Cash and cash equivalents	13.1	3.6 %	12.0	3.0 %	– 8.2 %	– 1.1	4
Capital employed	**359.9**	**100 %**	**400.9**	**100 %**	**+ 11.4 %**	**+ 41.0**	1

Non-current assets

in millions of euros	Mar. 31, 2019	% of CE	**June 30, 2019**	**% of CE**	Change as %	Change in millions of euros	
Property, plant and equipment	218.2	60.6%	222.8	55.4%	+2.1%	+4.5	3
Investment properties	17.5	4.9%	17.4	4.3%	–0.6%	–0.1	
Goodwill	59.7	16.6%	87.3	21.7%	+46.2%	+27.6	2
Intangible assets	27.4	7.6%	28.9	7.2%	+5.5%	+1.5	4
Financial assets	7.0	1.9%	6.9	1.7%	–2.2%	–0.2	
Non-current financial assets	1.3	0.4%	1.3	0.3%	–1.1%	–0.0	
Non-current other receivables and assets	0.2	0.1%	0.2	0.1%	+3.4%	+0.0	
Deferred tax assets	12.1	3.4%	13.3	3.3%	+10.1%	+1.2	
Non-current assets	**343.4**	**95.4%**	**378.0**	**93.9%**	**+10.1%**	**+34.6**	1

The 34.6 million euros rise in non-current assets 1 is mainly attributable to the 27.6 million euros acquisition-related increase in goodwill 2. Property, plant and equipment 3 have increased by 4.5 million euros. Overall, CEWE has invested 5.6 million euros in digital printing and finishing, 0.8 million euros in offset printing and finishing, 1.4 million euros in point-of-sale presences, 0.4 million euros in IT infrastructure and 1.9 million euros in various items of property, plant and equipment. At 1,7 million euros, investments in intangible assets 4 mainly related to software.

Netto-Working Capital

in millions of euros	Mar. 31, 2019	% of CE	**June 30, 2019**	**% of CE**	Change as %	Change in millions of euros	
Operating net working capital	**34.0**	**9.4%**	**34.9**	**8.7%**	**+2.7%**	**+0.9**	7
– Other net working capital	–30.6	–8.5%	–22.6	–5.6%	+26.3%	+8.1	8
Net working capital	**3.4**	**0.9%**	**12.4**	**3.1%**	**+266%**	**+9.0**	6

The increase in net working capital 6 results from a minor acquisition-related increase in the operating net working capital 7 as well as the increase in other net working capital 8.

Operating net working capital

in millions of euros	Mar. 31, 2019	% of CE	**June 30, 2019**	**% of CE**	Change as %	Change in millions of euros	
Inventories	45.4	12.6%	45.6	11.3%	+0.4%	+0.2	(3)
+ Current trade receivables	42.0	11.7%	43.5	10.8%	+3.7%	+1.5	(5)
Operating gross working capital	**87.4**	**24.3%**	**89.1**	**22.1%**	**+2.0%**	**+1.7**	
– Current trade payables	53.4	14.8%	54.2	13.5%	+1.5%	+0.8	(7)
Operating net working capital	**34.0**	**9.4%**	**34.9**	**8.7%**	**+2.7%**	**+0.9**	(1)

Operating net working capital increases by 0.9 million euros in the second quarter, mainly due to acquisitions

During the quarter under review, the operating net working capital (1) increased by 0.9 million euros to 34.9 million euros, mainly due to acquisitions.

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

in days	June 30, 2018	Mar. 31, 2018	**June 30, 2018**	
Inventories	34	29	31	(4)
Current trade receivables	28	27	29	(6)
Current trade payables	40	34	36	(8)
Operating net working capital	22	22	23	(2)

The scope of operating net working capital (2) was thus at 23 days lower than the level of 22 days as of June 30, 2018. CEWE's volume of inventories (3) remained almost stable at 45.6 million euros during the quarter under review. The scope of inventories (4) has increased slightly from 29 days to 31 days – mainly due to the lower volume of turnover by comparison with the first quarter, as usual. Due to seasonal factors, trade receivables (5) have increased by 1.5 million euros to 43.5 million euros, mainly due to the receivables attributable to WhiteWall. Consequently, and due to lower turnover compared to the first quarter, the average payment period for trade receivables increased by two days to 29 days (6). Trade payables (7) decreased by 0.8 million euros to 34.9 million euros in the second quarter. Due to the lower volume of turnover by comparison with the first quarter, the accounts payable collection period (8) amounted to 36 days (previous quarter: 34 days).

Operating net working capital

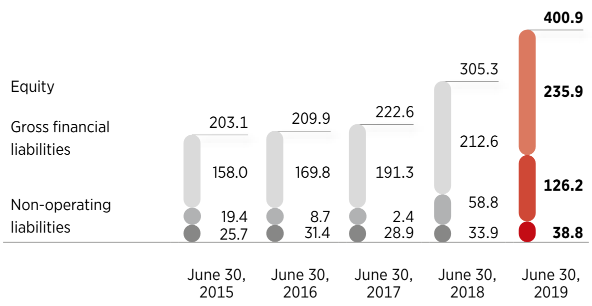
in millions of euros	Mar. 31, 2019	% of CE	**June 30, 2019**	**% of CE**	Change as %	Change in millions of euros	
Non-current assets held for sale	0.0	0.0%	2.9	0.7%	—	+2.9	3
+ Current receivables from income tax refunds	7.2	2.0%	12.1	3.0%	+66.8%	+4.8	2
+ Current financial assets	2.8	0.8%	3.6	0.9%	+28.1%	+0.8	
+ Other current receivables and assets	10.4	2.9%	11.3	2.8%	+8.6%	+0.9	4
Other gross working capital	**20.4**	**5.7%**	**29.8**	**7.4%**	**+46.2%**	**+9.4**	
– Current tax liabilities	8.1	2.3%	8.1	2.0%	–0.3%	–0.0	
– Current other accruals	4.3	1.2%	3.9	1.0%	–9.6%	–0.4	
– Current financial liabilities	10.2	2.8%	11.8	3.0%	–16.5%	–1.7	5
– Current other liabilities	28.4	7.9%	29.4	7.3%	+3.3%	+0.9	4
– Liabilities classified as held for sale	0.0	0.0%	0.7	0.2%	—	+0.7	3
Other current liabilities	**51.0**	**14.2%**	**53.9**	**13.4%**	**+5.6%**	**+2.8**	
Other net working capital	**–30.6**	**–8.5%**	**–24.0**	**–6.0%**	**+21.5%**	**+6.6**	1

Other net working capital continues to contribute to financing

Seit dem 31. März 2019 ist das sonstige Netto-Working Capital 1 um 6.6 Mio. Euro gestiegen trägt aber weiterhin mit –24,0 Mio. Euro zur Finanzierung bei. This growth is attributable to various key factors: as of the reporting dates for interim financial statements, income tax prepayments are capitalised in the balance sheet as current receivables from income tax refunds 2 and eliminated from tax expenses shown in the profit and loss account, so that only deferred tax expenses are reported in the profit and loss account in the interim consolidated financial statements. These deferred tax expenses are calculated on the basis of the earnings of the Group companies since the start of the year. Der Anstieg der kurzfristigen übrigen Verbindlichkeiten betrifft Sachverhalte wie sonstige Steuern, Rückstellungen für ausstehenden Urlaub und andere Abgrenzungspositionen. Dieser Anstieg wird durch den Anstieg der kurzfristigen übrigen Forderungen und Vermögenswerte zum Teil kompensiert. In addition, since June 30, 2019 CEWE has reported all of the assets and liabilities 3 of the Group company futalis GmbH as held for sale. Current financial liabilities include, among others, the purchase price liability recognised in connection with the WhiteWall acquisition.

Management balance-sheet figures

Capital invested *in millions of euros*



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

On June 30, 2019, the capital invested – identical with the capital employed – totalled 400.9 million euros and was thus 97.1 million euros higher than in the previous year. This increase was primarily attributable to the 67.4 million euros rise in gross financial liabilities to 126.2 million euros due to the liabilities from leasing which were recognised without a retrospective adjustment for the first time on January 1, 2019, as well as the 23.3 million euros increase in equity to 235.9 million euros. Non-operating liabilities have increased by 6.4 million euros to 40.3 million euros.

Capital Invested

in Mio. Euro	Mar. 31, 2019	% of CE	**June 30, 2019**	**% of CE**	Change as %	Change in millions of euros	
Equity	**254.9**	**70.8%**	**235.9**	**58.6%**	**-7.4%**	**-18.9**	3
Non-current accruals for pensions	29.6	8.2%	33.0	8.2%	+11.5%	+3.4	5
+ Non-current deferred tax liabilities	3.3	0.9%	2.6	0.6%	-21.5%	-0.7	
+ Non-current other accruals	0.4	0.1%	0.6	0.2%	+50.0%	+0.2	
+ Non-current financial liabilities	1.6	0.4%	2.0	0.5%	+30.5%	+0.5	
+ Non-current other liabilities	0.6	0.2%	0.6	0.1%	+2.2%	+0.0	
Non-operating liabilities	**35.4**	**9.8%**	**38.8**	**9.7%**	**+9.5%**	**+3.5**	4
Non-current interest-bearing financial liabilities	1.0	0.3%	1.5	0.4%	+43.2%	+0.4	
+ Non-current liabilities from leasing	53.5	14.9%	55.7	13.9%	+4.1%	+2.2	
+ Current interest-bearing financial liabili-ties	5.9	1.6%	59.1	14.7%	+904%	+53.2	
+ Current liabilities from leasing	9.2	2.6%	10.0	2.5%	+8.2%	+0.8	
Gross financial liabilities	**69.6**	**19.3%**	**126.2**	**31.5%**	**+81.2%**	**+56.6**	2
Capital invested	**359.9**	**100%**	**400.9**	**100%**	**11.4%**	**+41.0**	1

In the quarter under review, the volume of capital invested (1) increased by 41.0 million euros. The following components contributed to this: the increase in gross financial liabilities (2) resulted due to borrowing to fund the acquisition of WhiteWall and for seasonal financing of business activities. Equity (3) has declined by 18.9 million euros, mainly due to the dividend paid in the amount of 14.5 million euros. Non-operating liabilities (4) increased by 3.4 million euros to 38.8 million euros mainly due to the allocation to the pension accruals (5) which became necessary on account of the further interest rate trend.

Net financial liabilities

in millions of euros	Mar. 31, 2019	% of CE	**June 30, 2019**	**% of CE**	Change as %	Change in millions of euros	
Gross financial liabilities	**69.6**	**19.3%**	**126.2**	**31.5%**	**+81.2%**	**+56.6**	
– Cash and cash equivalents	**13.1**	**3.6%**	**12.0**	**3.0%**	**–8.2%**	**–1.1**	(2)
Net cash position (-)/ net financial liabilities (+)	**56.5**	**15.7%**	**114.2**	**28.5%**	**102.0%**	**+57.6**	(1)

Akquisitions- und saisonbedingter Anstieg der Netto-Finanzschuld um 57,6 Mio. Euro

Net financial liability (1) increased by 57.6 million euros to 114.2 million euros in the quarter under review. On the one hand, this reflects the normal liquidity trend: the cash and cash equivalents position is maximised as of December 31 of each year and subsequently run down over the course of the year due to operational expenditure, investments and dividends. In every second quarter of the year, the dividend is distributed to the shareholders. On the other hand, purchase price payments in the amount of 30.0 million euros were made for the acquisition of WhiteWall. A slight decrease (–1.1 million euros) in cash and cash equivalents (2) to 12.0 million euros was a further factor.

Cash Flow

- Lower payments for other taxes boost cash flow from operating activities
- Net cash used in investing activities increases due to WhiteWall acquisition
- Free cash flow in the second quarter declines due to acquisitions in particular

Cash flow from operating activities

in Mio. Euro		Q2 2018	**Q2 2019**	Change as %	Change in millions of euros	
EBITDA		6.2	10.0	+ 61.6 %	+ 3.8	3
+/–	Non-cash factors	1.0	– 3.2	—	– 4.2	4
+	Decrease in operating net working capital	3.3	2.1	– 36.4 %	– 1.2	5
–	Increase in other net working capital	– 4.7	– 0.9	—	+ 5.6	2
–	Taxes paid	– 5.4	– 5.0	+ 7.8 %	+ 0.4	
+	Interest received	0.2	0.0	– 94.1 %	– 0.2	
=	**Cash flow from operating activities**	**0.7**	**4.9**	**+ 626 %**	**4.2**	1

Lower payments for other taxes boost cash flow from operating activities

In the second quarter of 2019, at 4.9 million euros cash flow from operating activities 1 was 4.2 million euros higher than in the same period in the previous year (0.7 million euros). The cash flow from operating activities is mainly supported by a significantly lower increase in other net working capital 2 (+ 5.6 million euros by comparison with the same quarter in the previous year). While the tax liabilities item (value added tax and income tax) was reduced in the previous year, it remained virtually unchanged in the quarter under review. The positive effect of the stronger income situation 3 (+ 3.8 million euros compared to the same quarter in the previous year) is being eroded by non-cash factors 4 and the operating net working capital 5, which made a lower contribution to the cash flow from operating activities (by 1.2 million euros) mainly on account of the increase in inventories and receivables due to the acquisition of WhiteWall's business.

Cash flow from investing activities

	in millions of euros	Q2 2018	**Q2 2019**	Change as %	Change in millions of euros	
–	Outflows from investments in fixed assets	– 12.6	– 10.8	14.2%	1.8	3
–	Outflows from purchases of consolidated interests / acquisitions	– 1.0	– 32.0	>– 1.000%	– 31.1	2
–	Outflows from investments in financial assets	2.9	0.0	—	– 2.9	4
+ / –	Inflows (+) / outflows (–) from investments in non-current financial instruments	0.0	0.0	—	0.1	
+	Inflows from the sale of property, plant and equipment and intangible assets	0.3	0.9	215%	0.6	
=	**Cash flow from investing activities**	**– 10.5**	**– 41,9**	**– 300%**	**– 31.4**	1

Net cash used in investing activities increased due to the acquisition of WhiteWall

In the second quarter, net cash used in investing activities 1 increased by – 31.4 million euros to – 41.9 million euros. This mainly reflects the impact of the acquisition of WhiteWall as well as the exercise of purchase options for further shares in Cheerz, in the total amount of – 32.0 million euros 2. Since investment measures are not always spread out evenly over the course of the year, the cash used for investments dropped by 1.8 million euros 3 by comparison with the same quarter in the previous year. This positive effect is being neutralized by the fact that the positive inflow resulting from the sale of an investment in a start-up company 4 has not recurred.

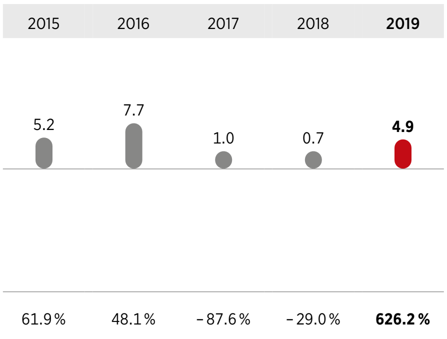
Free cash flow in the second quarter declines due to acquisitions in particular

Due to the increase in cash flow from operating activities to 4.9 million euros and the substantial increase in cash outflows from investments to – 41.9 million euros, free cash flow decreased by – 27.2 million euros to – 37.0 million euros.

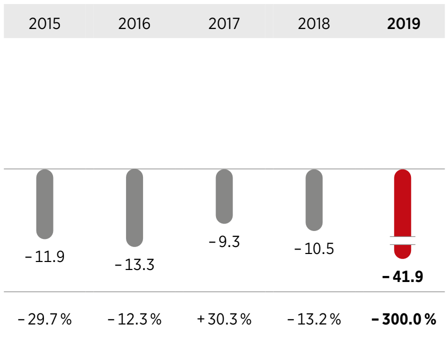
Lower net cash used in investing activities, which was reduced due to the investment timing, and lower payments made for acquisitions push up free cash flow in the first six months of the year

Free cash flow in the first half of 2019 increased by 17.0 million euros to – 51.6 million euros. The net cash used in investing activities was reduced by 13.6 million euros to – 45.9 million euros in the first six months of the year. This is attributable to the 9.1 million euros decline in cash outflows from investments in fixed assets to – 14.7 million euros, which was due to the investment timing. Cash outflows for acquisitions were 6.3 million euros lower since the purchase prices payable for WhiteWall and Cheerz in 2019 were lower than the purchase prices for Cheerz and Laserline in the previous year. The cash flow from operating activities improved by 3.4 million euros, primarily on account of the company's earnings and reduced tax payments.

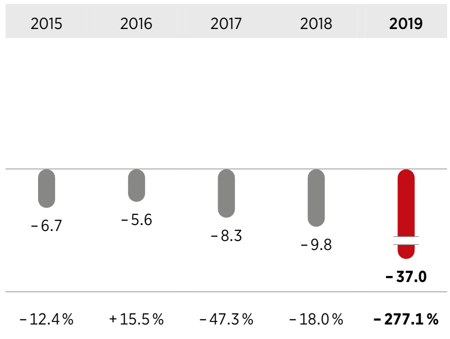
Cash flow from operating activities Q2 *in millions of euros*



Net cash used in investing activities Q2 *in millions of euros*



Free cash flow Q2 *in millions of euros*



Return on capital employed

- **Average capital employed increased to 339.7 million euros, due to new leasing accounting (IFRS 16) as well as the acquisition of WhiteWall**
- **Positive earnings trend causes ROCE before IFRS 16 to increase to 18.0 %.**

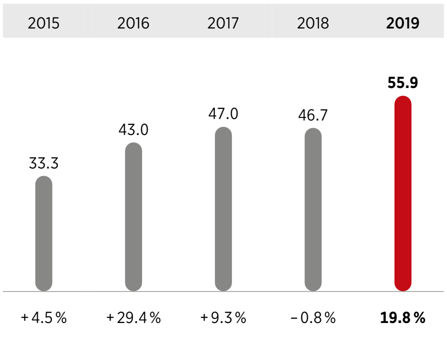
Average capital employed increased to 339.7 million euros, due to new leasing accounting (IFRS 16) as well as acquisitions

As of June 30, 2019, the capital employed figure was 400.9 million euros and thus 41.0 million euros higher than as of March 31, 2019. On June 30, 2019, at 339.4 million euros the average volume of capital employed – calculated on the basis of the four quarterly reporting dates within a given 12-month period – was 59.9 million euros higher than in the previous year. As well as the changes resulting due to IFRS 16, this figure is dominated by the acquisitions made in the first quarter of 2018 and the second quarter of 2019.

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

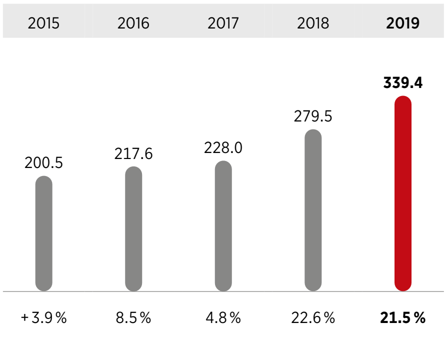
The return on capital employed (ROCE) – a ratio indicating the return on capital – has decreased from 16.7 % to 16.5 % since June 30, 2018. The value of 16.5 % reflects a twelve-month EBIT figure of 55.9 million euros and an average volume of capital employed of 339.4 million euros.

12-month EBIT H1
in millions of euros



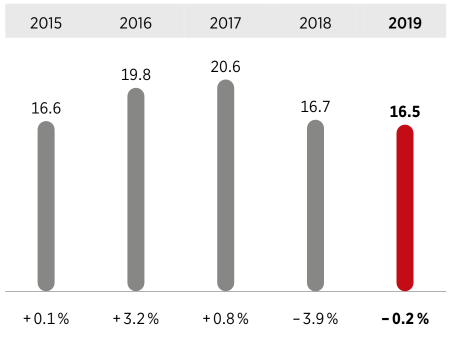
Change on previous year

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



Change on previous year

ROCE H1
as %



Change on previous year

FORECAST, OPPORTUNITIES AND RISK REPORT

Risks and opportunities

The consolidated management report for the financial year 2018 outlines the key risks and opportunities associated with the envisaged development of the CEWE Group. Ongoing systematic risk monitoring and control measures implemented by the Group's risk management have not identified any risks which, individually or collectively, are liable to jeopardise the Group's status as a going concern. You will find further information on pp. 102 ff. of the Annual Report 2018.

Forecast for 2019

As of the preparation of this interim consolidated management report, there have not been any changes in relation to the key statements provided in the company's Annual Report 2018 concerning its long-term business development, market focus, innovation, its assessment of the overall economic conditions and the company's far-reaching independence from economic trends (cf. pp. 107 ff. of the Annual Report 2018). Our assessments of the development of our three business units Photofinishing, Retail and Commercial Online Printing likewise continue to apply as before (cf. pp. 109 ff. of the Annual Report 2018).

EBIT earnings target range in 2019: + 4 million euros

Group turnover will increase in 2019, from 653.3 million euros in the previous year, 2018, to between 675 million euros and 710 million euros. The turnover trend for the core Photofinishing business unit will improve slightly, supplemented by turnover growth resulting from the company's Cheerz equity investment as well as the additional growth momentum provided by the wall art specialist WhiteWall, CEWE's latest acquisition.

Turnover in the Retail business unit will remain more or less constant or else decrease slightly, while Commercial Online Printing will achieve further slight organic turnover growth in most markets, once again with the possible exception of the British market.

Despite the negative EBIT contributions which are still expected due to the Group's equity investment in Cheerz and also (mainly on account of the transaction costs) due to the acquisition of WhiteWall, Group EBIT in 2019 will fall within a range of between 51 million euros and 58 million euros, while the EBT figure will amount to between 50.5 million euros and 57.5 million euros and earnings after tax to between 35 million euros and 39 million euros. This corresponds to an increase of approx. 4 million euros in the scope of the EBIT results by comparison with the goals for the previous year, 2018.

CEWE's Board of Management expects the ROCE figure to pick up again slightly in 2019. In 2018, the acquisitions increased the average capital employed used for the ROCE calculation but have not yet provided any positive earnings contribution, which has reduced the ROCE figure reported in overall terms.

Goal for 2018 CEWE Group

			Change on previous year
Photos	2.22 to 2.26	billion photos	+ 0 % to + 2 %
CEWE PHOTOBOOK	6.24 to 6.31	million copies	+ 1 % to + 2 %
Investments *	approx. 55	millions of euros	
Turnover	675 to 710	millions of euros	+ 3 % to + 9 %
EBIT	51 to 58	millions of euros	– 5 % to + 8 %
Earnings before taxes (EBT)	50.5 to 57.5	millions of euros	– 5 % to + 8 %
Earnings after tax	35 to 39 **	millions of euros	– 5% to + 9%
Earnings per share	4.74 to 5.40	euros	– 6 % to + 7 %

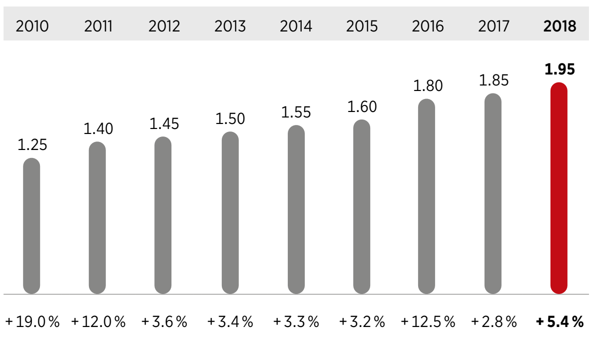
* Operational investments excl. possible investments in expansion of the Group's volume of business, e. g. corporate acquisitions or purchasing of customer bases
** Due to rounding reasons, the interval has not changed

The operational investments planned for 2019 (i. e. excluding investments for acquisitions and other unplanned effects resulting from specific opportunities) will amount to approx. 55 million euros.

Minimum goal of dividend continuity

In general, CEWE pursues the goal of dividend continuity. Where this appears appropriate in view of the company's economic situation and the available investment opportunities, this entails at least constant dividends and ideally absolute dividend growth. This policy clearly focuses on the absolute dividend value, with the payout ratio as a secondary element.

Dividend
in euros



GLOSSARY

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

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

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

Capital employed (CE)
Net working capital plus non-current assets and cash and cash equivalents

Capital invested (CI)
Equity plus non-operating liabilities and gross financial liabilities

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

EBIT
Earnings before interest and taxes

EBITDA
Earnings before interest, taxes, depreciation and amortisation

EBT
Earnings before taxes

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

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

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

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

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

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

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

Gross working capital
Current assets without cash and cash equivalents

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

Liquidity ratio
Ratio of cash and cash equivalents versus the balance sheet total

Net cash flow
Gross cash flow less investments

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

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

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

NOPAT
EBIT less income taxes and other taxes

Operating net working capital
Inventories plus current trade receivables less current trade payables

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

Other gross working capital
Assets held for sale, current receivables from income tax refunds, other current financial assets and other current receivables and assets

Other net working capital
Other gross working capital less other current liabilities

Other operating cash flows
Changes resulting from taxes paid as well as proceeds from interest received

P & L
Profit and loss account

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

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

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

Working capital-induced cash flow
Changes resulting from net working capital

03

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

*With the TIPA Award which it received in 2019, CEWE has now been recognised as the **"Best Photo Print Service Worldwide"** for the third time.*

Selfies of CEWE employees taken at their workplace.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for H1 2019 of CEWE Stiftung & Co. KGaA

Figures in thousands of euros	Q2 2018	**Q2 2019**	Change	H1 2018	**H1 2019**	Change
Continuing operations						
Revenues	122,932	132,840	8.1 %	252,669	271,994	7.6 %
Decrease in finished and unfinished goods	– 338	– 135	60.1 %	– 407	– 343	15.7 %
Other own work capitalised	192	184	– 4.2 %	375	336	– 10.4 %
Other operating income	7,909	4,911	– 37.9 %	11,834	9,556	– 19.2 %
Cost of materials	– 39,404	– 40,368	– 2.4 %	– 76,448	– 78,766	– 3.0 %
Gross profit	**91,291**	**97,432**	**6.7 %**	**188,023**	**202,777**	**7.8 %**
Personnel expenses	– 41,040	– 44,275	– 7.9 %	– 82,480	– 88,432	– 7.2 %
Other operating expenses	– 44,032 *	– 43,109	2.1 %	– 89,009 *	– 89,333	– 0.4 %
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**6,219**	**10,048**	**61.6 %**	**16,534**	**25,012**	**51.3 %**
Amortisation of intangible assets, depreciation of property, plant and equipment	– 9,829 *	– 13,199	– 34.3 %	– 19,542 *	– 25,866	– 32.4 %
Earnings before interest and taxes (EBIT)	**– 3,610**	**– 3,151**	**12.7 %**	**– 3,008**	**– 854**	**71.6 %**
Financial income	529	177	– 66.5 %	630	195	– 69.0 %
Financial expenses	– 167	– 264	– 58.1 %	– 666	– 518	22.2 %
Financial result	**362**	**– 87**	**—**	**– 36**	**– 323**	**– 797 %**
Earnings before taxes (EBT)	**– 3,248**	**– 3,238**	**0.3 %**	**– 3,044**	**– 1,177**	**61.3 %**
Income taxes	1,093 *	1,367	25.1 %	1,159 *	809	– 30.2 %
Earnings after taxes from continuing operations	**– 2,155**	**– 1,871**	**13.2 %**	**– 1,885**	**– 368**	**80.5 %**
Post-tax profit / loss for discontinued operation	– 463	– 229	– 50.5 %	– 839	– 601	– 28.4 %
Group earnings after taxes	**– 2,618**	**– 2,100**	**– 19.8 %**	**– 2,724**	**– 969**	**– 64.4 %**
Earnings per share from continuing operations (in euros)						
undiluted	– 0.30	– 0.26	13.5 %	– 0.26	– 0.05	80.5 %
diluted	– 0.30	– 0.26	13.0 %	– 0.26	– 0.05	80.4 %

Figures in thousands of euros	Q2 2018	**Q2 2019**	Change	H1 2018	**H1 2019**	Change
Earnings per share for discontinued operation (in euros)						
undiluted	–0.06	–0.03	50.5 %	–0.12	–0.08	28.4 %
diluted	–0.06	–0.03	50.3 %	–0.12	–0.08	27.9 %
Group earnings per share (in euros)						
undiluted	–0.37 *	–0.29	19.8 %	–0.38 *	–0.14	64.4 %
diluted	–0.36 *	–0.29	19.3 %	–0.37 *	–0.13	64.2 %

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for H1 2019 of CEWE Stiftung & Co. KGaA

Figures in thousands of euros	Q2 2018		**Q2 2019**		Change	H1 2018		**H1 2019**		Change
Group earnings after taxes		**–2,618**		**–2,100**	**19.8 %**		**–2,724**		**–969**	**64.4 %**
Difference resulting from currency translation	–501		–920		–83.6	–504		–227		55.0 %
Amounts which may be reclassified to the profit and loss account in future periods		**–501**		**–920**	–83,6		**–504**		**–227**	55.0 %
Actuarial profits / losses	–441		–3,122		–608 %	–441		–3,122		–608 %
Income taxes on income and expenses not affecting net income	—		995		—	136		995		632 %
Other comprehensive income from equity instruments measured at fair value	–421		–273		35.2 %	688		–273		—
Other comprehensive income not subsequently reclassified to the profit and loss account		**–862**		**–2,400**	**–178 %**		**383**		**–2,400**	**—**
Other comprehensive income		**–1,363**		**–3,320**	–144 %		**–121**		**–2,627**	—
Comprehensive income		**–3,981**		**–5,420**	–36.1 %		**–2,845**		**–3,596**	–26.4 %

CONSOLIDATED BALANCE SHEET

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

ASSETS

Figures in thousands of euros	June 30, 2018	Mar. 31, 2019	**June 30, 2019**	Change by comparison with Mar. 31, 2019	Change by comparison with Jun. 30, 2018
Property, plant and equipment	154,534*	218,212*	222,759	2.1%	44.1%
Investment properties	17,834	17,530	17,421	−0.6%	−2.3%
Goodwill	59,718*	59,718*	87,325	46.2%	46.2%
Intangible assets	29,263*	27,365*	28,857	5.5%	−1.4%
Financial assets	7,556	7,006	6,850	−2.2%	−9.3%
Non-current financial assets	884	1,293	1,279	−1.1%	44.7%
Non-current other receivables and assets	371	234	242	3.4%	−34.8%
Deferred tax assets	11,067*	12,072*	13,287	10.1%	20.1%
Non-current assets	**281,227**	**343,430**	**378,020**	**10.1%**	**34.4%**
Inventories	47,028	45,392	45,570	0.4%	−3.1%
Current trade receivables	39,175	41,986	43,523	3.7%	11.1%
Current receivables from income tax refunds	10,687	7,226	12,050	66.8%	12.8%
Current financial assets	2,568	2,777	3,557	28.1%	38.5%
Other current receivables and assets	9,011	10,402	11,292	8.6%	25.3%
Cash and cash equivalents	11,749	13,103	12,027	−8.2%	2.4%
	120,218	**120,886**	**128,019**	**5.9%**	**6.5%**
Assets classified as held for sale	1,404	0	2,937	—	109%
Current assets	**121,622**	**120,886**	**130,956**	**8.3%**	**7.7%**
Assets	**402,849**	**464,316**	**508,976**	**9.6%**	**26.3%**

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

EQUITY AND LIABILITIES

Figures in thousands of euros	June 30, 2018	Mar. 31, 2019	**June 30, 2019**	Change by comparison with Mar. 31, 2019	Change by comparison with Jun. 30, 2018
Subscribed capital	19,240	19,240	19,240	–	–
Capital reserve	74,031	73,903	74,478	0.8%	0.6%
Treasury shares at acquisition cost	–7,757	–6,917	–6,917	–	10.8%
Retained earnings and unappropriated profits	127,066 *	168,630*	149,126	–11.6%	17.4%
Total equity attributable to the shareholders of CEWE KGaA	**212,580**	**254,856**	**235,927**	**–7.4%**	**11.0%**
Non-current accruals for pensions	28,110	29,569	32,967	11.5%	17.3%
Non-current deferred tax liabilities	3,504*	3,310*	2,599	–21.5%	–25.8%
Non-current other accruals	0	414	621	50.0%	–
Non-current interest-bearing financial liabilities	1,791	1,017	1,456	43.2%	–18.7%
Non-current liabilities from leasing	0	53,506	55,680	4.1%	–
Non-current financial liabilities	1,617*	1,552*	2.025	30.5 %	25.2%
Non-current other liabilities	680	579	592	2.2%	–12.9%
Non-current liabilities	**35,702**	**89,947**	**95,940**	**6.7%**	**169%**
Current tax liabilities	4,796*	8,129*	8,104	–0.3%	69.0%
Current other accruals	3,221	4,303	3,888	–9.6%	20.7%
Current interest-bearing financial liabilities	56,998	5,887	59,087	904%	3.7%
Current liabilities from leasing	0	9,220	9,979	8.2%	–
Current trade payables	55,664	53,379	54,171	1.5%	–2.7%
Current financial liabilities	10,981*	10,158*	11,837	16.5 %	7,8 %
Current other liabilities	22,907*	28,437*	29,378	3.3 %	28,2 %
	154,567	**119,513**	**176,444**	**47.6 %**	**14,2 %**
Liabilities classified as held for sale	0	0	665	–	–
Current liabilities	**154,567**	**119,513**	**177,109**	**48.2 %**	**14.6 %**
Equity and liabilities	**402,849**	**464,316**	**508,976**	**9.6%**	**26.3%**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for H1 2019 of CEWE Stiftung & Co. KGaA

Figures in thousands of euros	**Subscribed capital**	**Capital reserve**	Generated Group equity
As of Jan. 1, 2018	**19,240**	**73,071**	**154,535**
Comprehensive income	**0**	**0**	**– 2,724**
Dividend paid out	0	0	– 13,289
Sale of treasury shares	0	270	0
Stock option plans	0	690	0
Owner-related equity changes	**0**	**960**	**– 13,289**
As of Jun. 30, 2018	**19,240**	**74,031**	**138,522**
As of Jan. 1, 2019 prior to restate-ment	**19,240**	**75,334**	**179,344**
Comprehensive income	**0**	**0**	**– 1,242**
Dividend paid out	0	0	– 14,080
Stock option plans	0	– 856	0
Owner-related equity changes	**0**	**– 856**	**– 14,080**
As of Jun. 30, 2019	**19,240**	**74,478**	**164,022**

Special item for stock option plans	Compen-sating item from currency translation	Income taxes not affecting net income	**Retained earnings and unappropriated profits**	**Total**	**Treasury shares at acquisition cost**	**Equity attributable to shareholders of CEWE KGaA**
-10,332	**-4,575**	**3,572**	**143,200**	**235,511**	**-7,940**	**227,571**
-441	**-504**	**136**	**-3,533**	**-2,845**	**0**	**-2,845**
0	0	0	-13,289	-13,289	0	-13,289
0	0	0	0	270	183	453
0	0	0	0	690	0	690
0	**0**	**0**	**-13,289**	**-12,329**	**183**	**-12,146**
-10,773	**-5,079**	**3,708**	**126,378**	**220,337**	**-7,757**	**212,580**
-11,189	**-5,220**	**3,867**	**166,802**	**261,376**	**-7,176**	**254,200**
-3,122	**-227**	**995**	**-3,596**	**-3,596**	**0**	**-3,596**
0	0	0	-14,080	-14,080	0	-14,080
0	0	0	0	-856	259	-597
0	**0**	**0**	**-14,080**	**-14,936**	**259**	**-14,677**
-14,311	**-5,447**	**4,862**	**149,126**	**242,844**	**-6,917**	**235,927**

CONSOLIDATED CASH FLOW STATEMENT

for H1 2019 of CEWE Stiftung & Co. KGaA

Angaben in TEuro	Q2 2018		**Q2 2019**		Change as %	
EBITDA		**6,219**		10,048		**61.6 %**
+ / – Non-cash factors		**1,039**		**– 3,208**		**—**
+ Decrease (+) in operating net working capital		3,348		2,130		– 36.4 %
– Increase (–) in other net working capital (excl. income tax items)		– 4,711		– 933		—
– Taxes paid		– 5,441		– 5,014		7.8 %
+ Interest received		221		13		– 94.1 %
= Cash flow from operating activities		**675**		**4,902**		**626 %**
– Outflows from investments in fixed assets		– 12,626		– 10,838		14.2 %
– Outflows from purchases of consolidated interests / acquisitions		– 961		– 32,019		>– 1,000 %
– Outflows from investments in financial assets		2,852		0		—
+ / – Inflows (+) / outflows (–) from investments in non-current financial instruments		– 49		14		—
+ Inflows from the sale of property, plant and equipment and intangible assets		292		919		215 %
= Cash flow from investing activities		**– 10,492**		**– 41,924**		**– 300 %**
= Free cash flow		**– 9,817**		**– 37,022**		**– 277.1 %**
– Dividends paid	– 13,289		– 14,080		– 6.0 %	
– Stock option plans	0		– 411		—	
= Outflows to shareholders		– 13,289		– 14,491		– 9.0 %
+ / – Inflows from change in financial liabilities		19,640		49,702		153 %
– Interest paid		– 167		– 50		70.1 %
+ Other financial transactions		53		162		206 %
= Cash flow from financing activities		**6,237**		**35,323**		**466 %**
Cash and cash equivalents at the start of the reporting period		**15,377**		**13,103**		**– 14.8 %**
+ / – Exchange-rate-related changes in cash and cash equivalents		– 48		623		—
+ Cash flow from operating activities		675		5,490		713 %
– Cash flow from investing activities		– 10,492		– 42,512		– 305 %
+ / – Cash flow from financing activities		6,237		35,323		466 %
= Cash and cash equivalents at the end of the reporting period		**11,749**		**12,027**		**2.4 %**

H1 2018		**H1 2019**		Change as %	
	16,534		25,012		**51.3%**
	3,474		**-2,979**		**—**
	9,703		-2,624		—
	-28,901		-15,589		46.1%
	-10,323		-9,609		6.9%
	317		28		-91.2%
	-9,196		**-5,761**		**37.4%**
	-23,838		-14,690		38.4%
	-38,327		-32,019		16.5%
	2,522		-151		—
	-490		-26		—
	654		999		52.8%
	-59,479		**-45.887**		**22.9%**
	-68,675		**-51,648**		**24.8%**
-13,289		-14,080		-6.0%	
0		-1,312		—	
	-13,289		-15,392		-15.8%
	55,471		50,310		-9.3%
	-666		-93		86.0%
	53		162		206%
	41,569		**34,987**		**-15.8%**
	38,772		**28,061**		**-27.6%**
	83		627		655%
	-9,196		-5,173		43.7%
	-59,479		-46,475		21.9%
	41,569		34,987		-15.8%
	11,749		**12,027**		**2.4%**

SEGMENT REPORTING BY BUSINESS UNIT*

for Q2 2019 of CEWE Stiftung & Co. KGaA

Figures in thousands of euros		Photofinishing	Retail	Commercial Online Printing	Other Activities	**CEWE Group*** **
External revenues	2019	**97,229**	**10,619**	**24,992**	**1,325**	**132,840**
	2018	85,850	12,429	24,654	956	122,932
External revenues, adjusted for currency effects	2019	**97,686**	**10,838**	**24,906**	**1,325**	**133,430**
	2018	85,850	12,429	24,654	956	122,932
EBIT	2019	**– 1,169**	**– 300**	**– 1,074**	**– 878**	**– 3,151**
	2018	– 1,779 **	– 212	– 1,481 **	– 601	– 3,610

* Segment reporting by business unit is part of the selected notes.
** The reference figures have been restated, as outlined on page 63 ff.
*** With immediate effect, in line with IFRS 5 the CEWE Group is shown without the Group company futalis, which is held for sale. However, this is still included in the Other Activities business unit.

Comments on the business units

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

SEGMENT REPORTING BY BUSINESS UNIT *

for H1 2019 of CEWE Stiftung & Co. KGaA

Figures in thousands of euros		Photofinishing	Retail	Commercial Online Printing	Other Activities	**CEWE Group *** **
External revenues	2019	**200,756**	**20,999**	**50,239**	**2,579**	**271,994**
	2018	180,318	23,267	49,085	1,839	252,669
External revenues, adjusted for currency effects	2019	**201,265**	**21,418**	**50,109**	**2,579**	**272,792**
	2018	180,318	23,267	49,085	1,839	252,669
EBIT	2019	**1,799**	**– 657**	**– 1,432**	**– 1,204**	**– 854**
	2018	– 365 **	– 686	– 1,803 **	– 992	– 3,008

* Segment reporting by business unit is part of the selected notes.
** The reference figures have been restated, as outlined on page 63 ff.
*** With immediate effect, in line with IFRS 5 the CEWE Group is shown without the Group company futalis, which is held for sale. However, this is still included in the Other Activities business unit.

Comments on the business units

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- Other Activities comprises holding / structural costs (mainly Supervisory Board and IR costs), real estate, futalis.

SELECTED NOTES

Corporate information

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

Principles for the preparation of the interim consolidated financial statements as of June 30, 2019

The interim consolidated financial statements of CEWE KGaA as of June 30, 2019 have been prepared in accordance with the International Financial Reporting Standards (IFRS) applicable on the reporting date and the interpretations of the International Accounting Standards Board (IASB) to be applied in the European Union. These interim financial statements contain all data and information required according to IAS 34 for abridged interim financial statements.

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

IFRS applied for the first time in the financial year

In January 2016 the IASB published its new leasing accounting standard, IFRS 16 (Leases), which replaces IAS 17 (Leases) as well as the related interpretations. The new standard is applicable for financial years beginning on or after January 1, 2019. This introduces a uniform leasing accounting model for lessees, which requires the reporting of assets for granted rights of use as well as corresponding lease liabilities. A distinction between operating leases – where assets and liabilities are not reported – and finance leases no longer applies for lessees. However, IFRS 16 includes options providing for exemptions for the recognition of short-term leases as well as low-value leasing assets. For lessors, as with the previous standard IAS 17 the distinction between operating leases and finance leases continues to apply. According to IFRS 16, subleases must be classified on the basis of the right of use resulting from the sublease vis-à-vis the head lease.

CEWE has applied IFRS 16 for the first time retrospectively as of January 1, 2019, without restating the previous-year figures. In this regard, CEWE has made use of various options or simplifications as of the changeover date for leases where a CEWE company is a lessee. As of the date of initial application, no new assessment has been made as to whether an agreement constitutes or includes a lease. For agreements previously classified as operating leases, as of the date of initial application CEWE has recognised the lease liability at the present value of the outstanding lease payments, subject to discounting at the applicable incremental borrowing rate of interest as of the date of initial application. In principle, the right of use for the leased asset will be measured as of the date of initial application in the amount of the lease liability, adjusted for lease payments reported as assets or liabilities.

Initial direct costs will not be included in the measurement of the right of use for the leased asset at the date of initial application. The current state of knowledge as of the date of initial application is taken into consideration when making discretionary judgements.

CEWE has exercised the option to exclude intangible assets and short-term leases beginning after December 31, 2018 from the scope of IFRS 16.

Within the scope of the initial application of IFRS 16 as of January 1, 2019, additional lease liabilities have been recognised in the amount of 64.9 million euros. This has resulted in a corresponding increase in net financial indebtedness.

The main effects on the individual balance sheet items which were reported as of December 31, 2018 in accordance with the previously applicable rules are as follows:

Restated opening balance sheet as of January 1, 2019

Figures in thousands of euros	December 31, 2018	Restatement IFRS 16	**January 1, 2019**
Assets			
Property, plant and equipment	160,242	65,307	225,549
Equity and liabilities			
Non-current other accruals	0	407	407
Non-current interest-bearing financial liabilities	1,148	– 65	1,083
Non-current liabilities from leasing	0	55,449	55,449
Current interest-bearing financial liabilities	2,665	– 21	2,644
Current liabilities from leasing	0	9,537	9,537

As of June 30, 2019, the property, plant and equipment item included rights of use relating to leasing assets with a value of 65.6 million euros.

In relation to the consolidated profit and loss account, instead of the expenses for operating leases previously recognised within the scope of the operating result depreciation of rights of use and interest expenses for lease liabilities have been reported in accordance with IFRS 16. An analogous effect applies for the cash flow statement: due to the application of IFRS 16 reduced outgoing payments in relation to operating business have generally resulted in an improvement in the operating cash flow, while the repayment portion of the lease payments and the interest expense have been included as components of the cash flow from financing activities.

The weighted average incremental borrowing rate of interest for leases first reported as of the date of initial application is 0.9 %.

With the exception of the outlined changes, these accounting, valuation and recognition policies and consolidation methods were applied to the semi-annual financial report as of June 30, 2019, without any significant changes in relation to December 31, 2018. These policies and methods are detailed in the consolidated financial statements as of December 31, 2018. Nor have the fundamental principles and methods of estimation for the semi-annual financial report changed in comparison to previous periods. The reference figures were adjusted accordingly due to the finalization of the purchase price allocations as of December 31, 2018. The reference figures for the tax items were adjusted pursuant to IAS 8 due to the correction of error outlined in the Annual Report as of December 31, 2018.

Scope of consolidation

Apart from CEWE KGaA, the condensed interim consolidated financial statements as of June 30, 2019 include domestic and foreign companies over which CEWE KGaA has a direct or indirect controlling interest.

As of June 30, 2019, apart from CEWE KGaA as the parent company, the scope of consolidation includes 11 German and 22 foreign companies. The pension commitments transferred to CEWE COLOR Versorgungskasse e. V., Wiesbaden, also continue to be included in the consolidated financial statements. Insofar as this pension fund is unable to meet its obligations on the basis of its own resources, resources are provided by CEWE KGaA. Bilder-planet.de GmbH, Cologne, has not been included in the scope of consolidation due to its economic insignificance, since its balance sheet total represents only 0.00 % of the consolidated balance sheet total and its revenue 0.00 % of total Group revenue.

In the second quarter of 2019, CEWE acquired a majority stake in WhiteWall Media GmbH, which is based in Berlin as well as Frechen near Cologne. WhiteWall's core business field is upscale, gallery quality wall art. WhiteWall has an outstanding reputation among professional and hobby photographers due to the excellent quality of its products. The brand is experiencing dynamic growth. As well as Germany, it is also active in many other European companies as well as the USA. CEWE plans to further develop the brand and its business. Even as a member of the CEWE Group, WhiteWall will remain an independent brand with its own production operations. WhiteWall's customers will not therefore notice any changes. CEWE expects that this equity investment will provide a positive long-term contribution to its market position as well as the value of the company as a whole. A purchase price of 32.9 million euros was agreed, of which to date 30.0 million euros has been paid in cash and cash equivalents. To date, the purchase price allocation has been implemented on a provisional basis and may be subject to changes before being finalised. A temporary figure of 27.6 million euros has been recognised as goodwill, which has been assigned to Photofinishing.

Acquired assets and liabilities

Figures in thousands of euros	WhiteWall
Goodwill	27,606
Non-current assets	7,914
Current assets	4,248
Non-current liabilities	– 3,763
Current liabilities	– 3,098
Net assets	**32,907**
Purchase price	**32,907**
Assumed cash and cash equivalents	– 203
Purchase price liabilities	– 2,658
Net outflow for acquisitions	**30,046**

Since their initial consolidation, the assumed activities have contributed 1.7 million euros to the Group's turnover and – 0.2 million euros to earnings after taxes. If the acquisitions had already been included in the scope of consolidation as of January 1, 2019, the Group's turnover would have increased by a further 8.3 million euros and earnings after taxes by 0.3 million euros.

Discontinued operations

The subsidiary futalis GmbH has been reported as a discontinued operation and classified as held for sale for the first time as of June 30, 2019, on the basis of a concrete intention to sell as well as approval from the relevant bodies. The fair value has been determined on the basis of the most probable purchase offer. Futalis GmbH had not previously been reported in the assets held for sale section or classified as a discontinued operation. The previous-year figures in the consolidated profit and loss account have been restated accordingly, so as to present this discontinued operation separately from continuing operations.

The earnings generated by futalis GmbH are shown in the consolidated profit and loss account as a post-tax loss for the discontinued operation:

Post-tax loss for discontinued operation

Figures in thousands of euros	H1 2018	**H1 2019**
Revenues	1,839	2,579
Expenses	– 2,794	– 3,374
Post-tax loss for discontinued operation	– 955	– 795

Seasonal effects on business activities

Please see the notes in the interim consolidated management report regarding seasonal and economic effects on the interim consolidated financial statements as of June 30, 2019.

Key business transactions

No events affecting the statement of financial position, the income statement or the cash flow which are significant on account of their nature, size or frequency have occurred in the period to June 30 of the current financial year.

Events following the reporting date

No events which are significant on account of their nature, size or frequency have occurred since June 30, 2019.

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

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

Equity

On December 31, 2018, CEWE Stiftung & Co. KGaA, Oldenburg, held 103,944 no-par value shares as treasury shares. In addition, CEWE COLOR Versorgungskasse e. V., Wiesbaden, held 112,752 no-par value shares of the company on the same date. The latter were required to be included in the consolidated financial statements by way of adjustment, so that as of the reporting date December 31, 2018 a total of 216,696 no-par value shares were reportable as treasury shares in the consolidated financial statements of CEWE KGaA.

On June 30, 2019, CEWE KGaA's treasury shares portfolio pursuant to § 71 of the German Stock Corporation Act (AktG) amounted to 91,210 no-par shares (total amount: 2,986 thousand euros, average purchase price: 32.74 euros / share; previous year: 121,702 no-par shares, 3,985 thousand euros, 32.74 euros / share) and for the Group a total of 203,962 no-par shares (total amount: 6,759 thousand euros, average purchase price: 33.14 euros / share, previous year: 234,454 no-par shares, 7,757 thousand euros, 33.09 euros / share).

As of June 30, 2019, the share capital of CEWE KGaA was unchanged on December 31, 2018 at 19,240 thousand euros, divided up into 7,400,020 shares. Changes in equity are described in the consolidated statement of changes in equity and relevant explanations are provided in the "Balance sheet and financing" chapter of the interim consolidated management report.

Financial instruments

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

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

Notes on the segment reporting

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

Contingent liabilities

Contingent liabilities resulted from the grant of suretyships and guarantees for third parties, possible litigation risks and other issues and amounted to 965 thousand euros (end of the same quarter in the previous year: 1,155 thousand euros).

Seite 17 ff.
Geschäftsfelder

Seite 48
Konzern-Gewinn- und Verlustrechnung

Seite 50 f.
Bilanz und Finanzierung

Seite 54 f.
Cash Flow

Transactions with related parties

The members of the Board of Management and the Supervisory Board and the heirs of Senator h. c. Heinz Neumüller, Oldenburg, and the affiliates of the heirs are defined as related parties of the CEWE Group. Transactions with related parties occurred in the second quarter of 2019. Key transactions relate to individual commercial tenancies concluded between the Group and affiliates of the heirs of Senator h. c. Heinz Neumüller, Oldenburg. There has not been any significant change in the nature or scope of these transactions by comparison with the consolidated financial statements as of December 31, 2018.

Earnings per share from continuing operations

Figures in thousands of euros	Q2 2018	**Q2 2019**	H1 2018	**H1 2019**
Earnings after taxes	– 2,155	– 1,871	– 1,885	– 368
Weighted average number of shares, undiluted *(in units)*	7,165,566	7,194,034	7,164,393	7,189,660
Undiluted earnings per share *(in euros)*	**– 0.30**	**– 0.26**	**– 0.26**	**– 0.05**
Consolidated profits after minority interests	– 2,155	– 1,871	– 1,885	– 368
Weighted average number of shares, diluted *(in units)*	7,165,566	7,194,034	7,164,393	7,189,660
Diluting effect of stock options issued	107,370	65,789	106,502	54,888
Diluted earnings per share *(in euros)*	**– 0.30**	**– 0.26**	**– 0.26**	**– 0.05**

Earnings per share from discontinued operations

Figures in thousands of euros	Q2 2018	**Q2 2019**	H1 2018	**H1 2019**
Earnings from discontinued operations	–463	–229	–839	–601
Weighted average number of shares, undiluted *(in units)*	7,165,566	7,165,566	7,165,566	7,165,566
Undiluted earnings per share *(in euros)*	**–0.06**	**–0.03**	**–0.12**	**–0.08**
Consolidated profits after minority interests	–463	–229	–839	–601
Weighted average number of shares, diluted *(in units)*	7,165,566	7,165,566	7,165,566	7,165,566
Diluting effect of stock options issued	107,370	65,789	106,502	54,888
Diluted earnings per share *(in euros)*	**–0.06**	**–0.03**	**–0.12**	**–0.08**

Group earnings per share

Figures in thousands of euros	Q2 2018	**Q2 2019**	H1 2018	**H1 2019**
Earnings after taxes	–2,618	–2,100	–2,724	–969
Weighted average number of shares, undiluted *(in units)*	7,165,566	7,165,566	7,165,566	7,165,566
Undiluted earnings per share *(in euros)*	**–0.37**	**–0.29**	**–0.38**	**–0.14**
Consolidated profits after minority interests	–2,618	–2,100	–2,724	–969
Weighted average number of shares, diluted *(in units)*	7,165,566	7,165,566	7,165,566	7,165,566
Diluting effect of stock options issued	107,370	65,789	106,502	54,888
Diluted earnings per share *(in euros)*	**–0.36**	**–0.29**	**–0.37**	**–0.13**

STATEMENT FROM THE COMPANY'S LEGAL REPRESENTATIVES

To the best of our knowledge, we hereby confirm that the condensed interim consolidated financial statements provide a true and fair view of the Group's net assets, financial position and results of operations in line with applicable accounting principles for interim reporting and that the interim consolidated management report presents a fair review of the development and performance of the business and the position of the Group, while describing the key risks and opportunities associated with the Group's envisaged development in the remainder of the financial year.

Oldenburg, August 13, 2019
CEWE Stiftung & Co. KGaA

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

Dr Christian Friege
(Chairman of the Board of Management)

Patrick Berkhouwer

Dr Reiner Fageth

Carsten Heitkamp

Dr Olaf Holzkämper

Thomas Mehls

Frank Zweigle

AUDITOR’S REVIEW REPORT

CEWE Stiftung & Co. KGaA

We have reviewed the condensed interim consolidated financial statements of CEWE Stiftung & Co. KGaA, Oldenburg, comprising the balance sheet, the profit and loss account, the statement of comprehensive income, the cash flow statement, the statement of changes in equity and selected explanatory notes, together with the interim consolidated management report of CEWE Stiftung & Co. KGaA, Oldenburg, for the period from January 1, 2019 to June 30, 2019, that are part of the semi-annual financial report pursuant to § 37w of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG). The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim consolidated management report in accordance with the requirements of the WpHG applicable to interim consolidated management reports, is the responsibility of the company’s management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim consolidated management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and of the interim consolidated management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer – IDW). Those standards require that we plan and perform the review such that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and that the interim consolidated management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim consolidated management reports. A review is limited primarily to questioning of company employees and analytical assessments and therefore does not provide the level of assurance attainable in an audit of financial statements. Since, in accordance with our engagement, we have not performed an audit of financial statements, we cannot issue an auditor’s report.

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

Hamburg, August 13, 2019

BDO AG
Wirtschaftsprüfungsgesellschaft

Sabath	Härle
Auditor	Auditor

04

FURTHER INFORMATION

Page reference Reference to table or graphic Internet reference Supplementary information

In 2017, 90 % of smartphone users already used their phone's camera / video function. This trend means that ***the number of images is on the rise,*** *with a significant increase in the level of interest and enthusi-asm for photos.*

Selfies of CEWE employees taken at their workplace

MULTI-YEAR OVERVIEW

Key indicators

Volumes and employees

		Q2 2013	Q2 2014	Q2 2015
Digital photos	in millions of units	451.6	440.1	418.4
Photos from film	in millions of units	30.0	23.1	18.7
Total volume of photos	in millions of units	482	463	437
CEWE PHOTOBOOKS	in thousands of units	1,093.8	1,118.1	1,120.2
Employees (average)	converted to full-time equivalent	3,077	3,173	3,213
Employees (as of the reporting date)	converted to full-time equivalent	3,089	3,177	3,199

Income

		Q2 2013	Q2 2014	Q2 2015
Turnover	in millions of euros	112.9	104.2	106.1
EBITDA	in millions of euros	4.5	4.5	5.0
EBITDA margin	as % of turnover	4.0	4.3	4.7
EBIT	in millions of euros	– 4.1	– 3.6	– 3.6
EBIT margin	as % of turnover	– 3.6	– 3.4	– 3.4
Restructuring expenses	in millions of euros	1.0	0.0	0.0
EBIT prior to restructuring	in millions of euros	– 3.1	– 3.6	– 3.6
EBT	in millions of euros	– 4.3	– 4.0	– 3.7
Earnings after taxes from continuing opera-tions	in millions of euros	– 4.1	– 2.9	– 2.4
Group earnings after taxes	in millions of euros	– 4.1	– 2.9	– 2.4

Capital

		Q2 2013	Q2 2014	Q2 2015
Total assets	in millions of euros	282.5	273.6	286.7
Capital employed (CE)	in millions of euros	190.5	188.5	203.1
Equity	in millions of euros	108.6	147.2	158.0
Equity ratio	as % of the balance sheet total	38.4	53.8	55.1
Net financial liabilities	in millions of euros	44.0	4.7	7.1
ROCE (previous 12 months) *	as % of capital employed	13.3	16.5	16.6

Q2 2016	Q2 2017	Q2 2018	**Q2 2019**	H1 2013	H1 2014	H1 2015	H1 2016	H1 2017	H1 2018	**H1 2019**
427.2	412.2	421.9	444.0	914.4	891.1	868.9	898.8	840.6	879.8	943.0
14.7	12.0	10.5	9.0	53.4	41.1	32.8	25.5	21.2	18.5	16.4
442	424	432	453	968	932	902	924	862	898	959
1,196.7	1,120.0	1,121.1	1,232.1	2,195.4	2,259.7	2,279.9	2,474.4	2,279.1	2,369.1	2,566.0
3,305	3,421	3,745	3,801	3,105	3,160	3,251	3,319	3,446	3,757	3,806
3,301	3,411	3,762	3,907	3,089	177	3,199	3,301	3,411	3,762	3,907

Q2 2016	Q2 2017	Q2 2018	**Q2 2019**	H1 2013	H1 2014	H1 2015	H1 2016	H1 2017	H1 2018	**H1 2019**
116.8	116.0	122.9	132.8	221.1	207.2	212.9	236.0	234.6	252.7	272.0
8.4	7.6	6.2	10.0	7.0	8.4	9.8	18.0	16.7	16.5	25.0
7.2	6.5	5.1	7.6	3.2	4.1	4.6	7.6	7.1	6.5	9.2
-1.1	-1.0	-3.6	-3.2	-10.7	-7.8	-7.1	-0.5	-0.4	-3.0	-0.9
-0.9	-0.9	-2.9	-2.4	-4.8	-3.8	-3.3	-0.2	-0.2	-1.2	-0.3
0.2	0.0	0.0	0.0	3.3	0.0	1.0	0.2	0.0	0.0	0.0
-0.9	-1.0	-3.6	-3.2	-7.4	-7.8	-6.1	-0.3	-0.4	-3.0	-0.9
-1.2	-1.1	-3.2	-3.2	-11.3	-8.5	-7.4	-0.6	-0.4	-3.0	-1.2
-0.8	-0.8	-2.2	-1.9	-10.2	-7.2	-6.1	-0.4	-0.3	-1.9	-0.4
-0.8	-0.8	-2.6	-2.1	-10.2	-7.2	-6.1	-0.4	-0.3	-2.7	-1.0

Q2 2016	Q2 2017	Q2 2018	**Q2 2019**	H1 2013	H1 2014	H1 2015	H1 2016	H1 2017	H1 2018	**H1 2019**
300.2	308.8	402.8	509.0	–	–	–	–	–	–	–
210.5	224.0	305.3	400.9	–	–	–	–	–	–	–
170.5	192.7	212.6	235.9	–	–	–	–	–	–	–
56.8	62.4	52.8	46.4	–	–	–	–	–	–	–
-6.6	-19.9	47.0	114.2	–	–	–	–	–	–	–
19.7	20.5	16.7	16.5	–	–	–	–	–	–	–

MULTI-YEAR OVERVIEW

Key indicators

Cash flow

		Q2 2013	Q2 2014	Q2 2015
Cash flow from operating activities	in millions of euros	0.2	3.2	5.2
Cash flow from investing activities	in millions of euros	–9.0	–9.1	–11.9
Free cash flow	in millions of euros	–8.8	–5.9	–6.7
Cash flow from financing activities	in millions of euros	8.2	4.8	4.2
Change in cash and cash equivalents	in millions of euros	–0.5	–1.1	–2.4

Share

		Q2 2013	Q2 2014	Q2 2015
Number of shares (nominal value: 2.60 euros)	in units	7,380,020	7,400,020	7,400,020
Group earnings per share				
undiluted	in euros	–0.62	–0.41	–0.34
diluted	in euros	–0.62	–0.41	–0.34

Q2 2016	Q2 2017	Q2 2018	**Q2 2019**	H1 2013	H1 2014	H1 2015	H1 2016	H1 2017	H1 2018	**H1 2019**
7.7	1.0	0.7	4.9	-3.1	12.2	4.2	23.8	-0.6	-9.2	-5.8
-13.3	-9.3	-10.5	-41.9	-13.0	-12.9	-23.4	-19.5	-14.8	-59.5	-45.9
-5.6	-8.3	-9.8	-37.0	-16.1	-0.7	-19.1	4.3	-15.4	-68.7	-51.6
-6.9	-13.3	6.2	35.3	13.9	-0.4	3.8	-10.9	-10.7	41.6	35.0
-12.6	-21.7	-3.6	-1.7	-2.2	-1.1	-15.4	-6.6	-26.0	-27.1	-16.7

Q2 2016	Q2 2017	Q2 2018	**Q2 2019**	H1 2013	H1 2014	H1 2015	H1 2016	H1 2017	H1 2018	**H1 2019**
7,400,020	7,400,020	7,400,020	7,400,020	7,380,020	7,400,020	7,400,020	7,400,020	7,400,020	7,400,020	7,400,020
-0.11	-0.11	-0.37	-0.29	-1.55	-1.05	-0.85	-0.05	-0.05	-0.38	-0.14
-0.11	-0.11	-0.36	-0.29	-1.54	-1.05	-0.85	-0.05	-0.05	-0.37	-0.13

FINANCIAL DIARY

(dates currently scheduled)

Sep. 24, 2019	Berenberg & Goldman Sachs German Corporate Conference 2019, Munich
Sep. 25, 2019	Baader Investment Conference 2019, Munich
Nov. 13, 2019	Publication of the Interim Report Q3 2019
Nov. 13, 2019	Press release for the Interim Report Q3 2019
Nov. 25, 2019	German Equity Forum 2019, Frankfurt

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