

Annual Report 2015



ANNUAL REPORT 2015

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

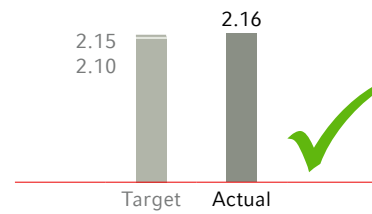
Dr Rolf Hollander, Chairman of the Board of Management of Neumüller CEWE COLOR Stiftung



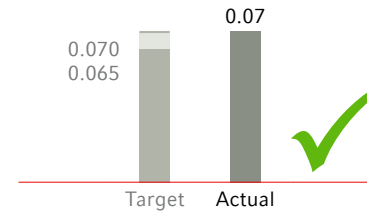
HIGHLIGHTS 2015

Targets for 2015 achieved

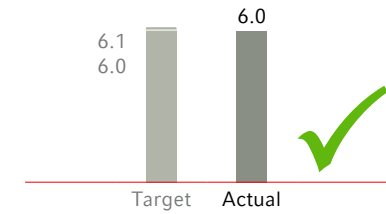
Digital prints *in billion units*



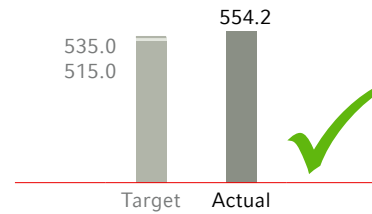
Prints from film *in billion units*



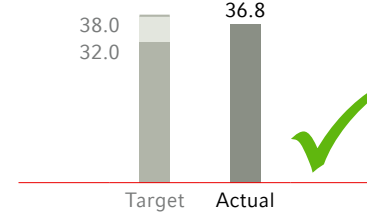
CEWE PHOTOBOOKS *in million units*



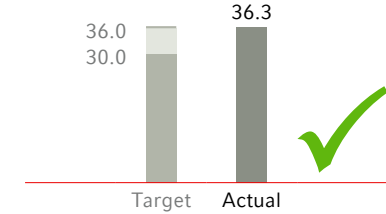
Turnover *in million euros*



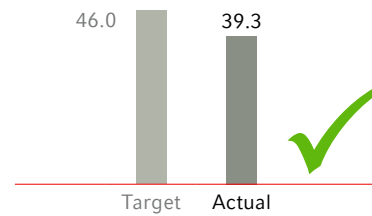
EBIT *in million euros*



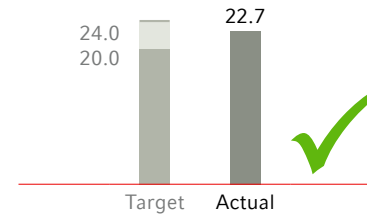
EBT *in million euros*



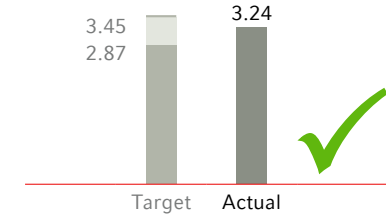
Investments *in million euros*



Earnings after taxes *in million euros*



Earnings per share *in euros/share*



Photofinishing sales

- ▶ Total volume of photos slightly exceeds expectations, with 2.23 billion photos
- ▶ 6.0 million CEWE PHOTOBOOKS, whose quality level continues to rise: +2.0 % on the previous year
- ▶ CEWE CALENDARS, CEWE CARDS and CEWE WALL ART reinforce the trend of higher-quality products
- ▶ 96.8 % of photos are digital
- ▶ More than 63 % of all photos are collected from retail stores

Photofinishing turnover

- ▶ Stronger share of CEWE brand products reinforces Photofinishing turnover
- ▶ Turnover per photo continues to increase: +10.3 % to 18.6 euro cents per photo
- ▶ Photofinishing turnover of 414.9 million euros exceeds turnover target for 2015: +7.5 % on previous year
- ▶ Fourth-quarter turnover realises strong growth of 12.4 % to 175.3 million euros

Photofinishing earnings

- ▶ For 2015 as a whole, further outstanding Christmas business leads to an EBIT figure of 40.4 million euros in the Photofinishing segment (2014: 39.4 million euros)
- ▶ Operating EBIT before extraordinary expenses even 4.0 million euros higher than in the previous year: 43.4 million euros
- ▶ Operating EBIT in Photofinishing segment exceeds expectations
- ▶ Fourth quarter delivers 97 % of Photofinishing's EBIT for the year as a whole
- ▶ Photofinishing's operating margin once again increases in 2015 as a whole and now amounts to 10.5 % (2014: 10.2 %).

Results in the Commercial Online Printing business unit

- ▶ Turnover target fulfilled for 2015: 77.8 million euros, +10.4 % (previous year: 70.5 million euros)
- ▶ Commercial Online Printing reaches operating profit threshold earlier than planned
- ▶ EBIT improves by 1.9 million euros

Retail results

- ▶ Retail turnover falls to 60.8 million euros (2014: 67.3 million euros) due to repositioning in Poland
- ▶ EBIT before restructuring costs in the Retail segment once again marginally positive: 0.1 million euros (2014: -2.9 million euros)

Consolidated profit and loss account

- ▶ Group turnover increases to 554.2 million euros
- ▶ All of the company's goals for 2015 achieved: Group EBIT of 36.8 million euros
- ▶ Fourth quarter once again provides more than 100 % of the annual EBIT figure: 41.0 million euros
- ▶ EBIT margin improves within the Group from 6.2 % (2014) to 6.6 % (2015)
- ▶ Normalised Group tax rate of 33.0 %
- ▶ Earnings per share at 3.24 euros (2014: 3.08 euros/share)

Balance sheet and financing

- ▶ Solid balance sheet: Equity ratio increases to a stable 52.7 %
- ▶ Operating net working capital rises to 50.2 million euros
- ▶ Solid financing structure, net cash position of 15.0 million euros

Cash flow

- ▶ Turnover-related decline in working capital in the previous year results in decrease in operating cash flow by comparison with previous year
- ▶ CEWE invests in growth
- ▶ Outstanding Christmas business results in growth in free cash flow for the 4th quarter

Return on capital employed

- ▶ Average capital employed increases to 211.1 million euros, due to acquisitions
- ▶ The earnings trend for the Photofinishing business unit has caused the ROCE to increase from 16.8 % to 17.4 %

CEWE – Europe's online printing and photo service

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

CEWE is a service partner for the leading brands on the European photography market. In 2015 the company developed and produced 2.2 billion photos, also in 6.0 million CEWE PHOTOBOOKS and photo gifts. "CEWE PHOTOBOOK" (Europe's leading photobook brand) and the company's other product brands CEWE CALENDARS, CEWE CARDS and CEWE WALL ART, easy-to-use ordering applications (PC, Mac and the mobile iOS, Android and Windows), our high level of expertise in digital printing, the benefits of scale offered by our efficient industrial production and logistics system, broad distribution via the Internet, 25,000 retailers and over 20,000 CEWE INSTANT PHOTO stations are the key competitive advantages of CEWE's Photofinishing business.

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

Through its brands CEWE-PRINT.de, Saxoprint and Viaprinto, CEWE is increasingly serving customers as an online printing service provider through printed advertising media which can be ordered online, such as flyers, posters, brochures, business cards etc.



CEWE at a glance

- 12** plants
- 24** European countries
- more than **50** years of success in Europe
- 3,400** employees
- 25,000** retailers supplied
- 6.0** million CEWE PHOTOBOOKS
- 2.2** billion photos produced
- over **20,000** CEWE INSTANT PHOTO stations
- over **35,000** tonnes of printed paper

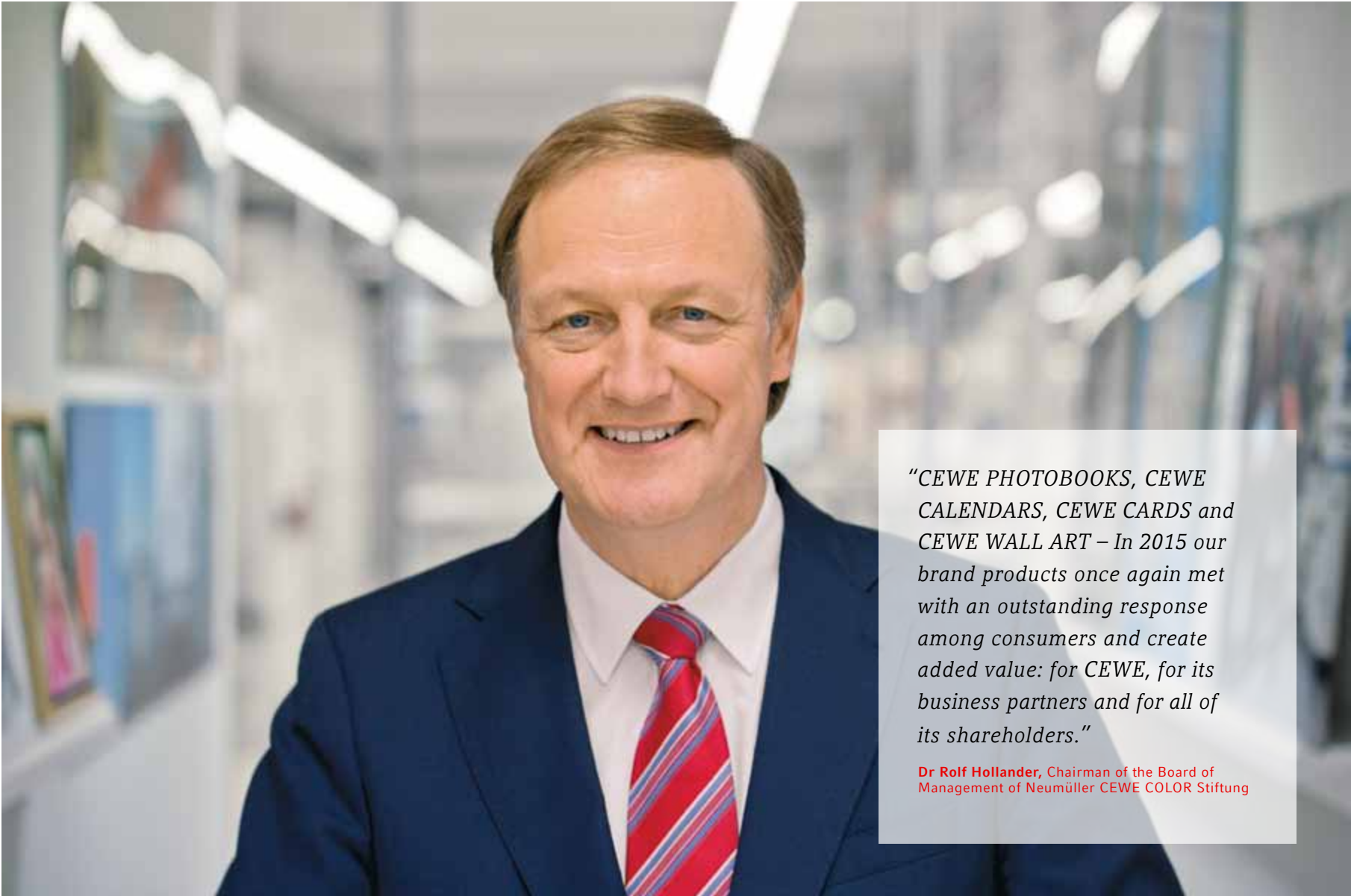


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"The positive long-term performance of the CEWE share provides me with security. As an employee, because I know that my employer is in good shape – and as a shareholder, because I have a direct stake in the company's success."

Marion Grunenberg, Assistant to the Management & Human Resources Management, CEWE shareholder



“CEWE PHOTOBOOKS, CEWE CALENDARS, CEWE CARDS and CEWE WALL ART – In 2015 our brand products once again met with an outstanding response among consumers and create added value: for CEWE, for its business partners and for all of its shareholders.”

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

Dear Shareholders,

“Christmas business: CEWE has once again delivered results”

... That was the gist of analysts’ reactions to the publication of our provisional figures in February. The work of CEWE’s entire Photofinishing team, which had spent the whole year preparing for this seasonal peak, has once again paid off.

All three of our business units contributed to our profit growth.

Even allowing for all of our extraordinary expenses, each business unit increased its profit: Photofinishing by 1.0 million euros, Commercial Online Printing by 1.9 million euros and Retail by 2.5 million euros. Overall, we have thus realised earnings growth of 4.2 million euros or 13 %. Your company has thus achieved a positive and solid performance. With an equity ratio of 52.7 %, its balance sheet also remains stable.

Photofinishing: Consumers deliberately opt for the CEWE brand

In Photofinishing, we have continued to develop our activities in the field of marketing, which was previously a new area for us. We are allocating even more resources here. We are increasingly associated with photography as a form of cultural expression: for nature, family, children’s, wedding and portrait photography. As well as photos from high-quality cameras, we are also producing an increasing number of photos from smartphones. CEWE is developing into a real photo brand with its CEWE PHOTOBOOK dynamo. Consumers like our products and deliberately choose our brand, also for calendars, wall art, greetings cards and photo gifts.

Brand profile rises to 70 %: CEWE PHOTOBOOK is the market standard

Not only is our brand's profile popular, our brand is also increasingly well-known. Our assessment in January 2016 showed that our level of unaided brand awareness in Germany had increased from 38 % in January 2015 to 44 %. Our aided brand awareness even increased from 60 % to 70 %. In most other European markets, we are not quite yet at the same level as in our German home market, but here too our brand profile is showing strong momentum.

Retail: back on track

In relation to the Retail sector, we had notified you of the need for a strong intervention in our activities in Poland. We have now followed through on this. For the past year, you will see some further restructuring expenses (0.6 million euros). However, leaving aside these expenses we already broke even in terms of our EBIT figure in 2015 (0.1 million euros). We achieved this through our hardware business (cameras, lenses etc.) alone. Our turnover and earnings from Photofinishing products which we realised in the same retail stores and through our websites are reported in the "Photofinishing" strategic business unit. Retail is thus once again on the right track.

Commercial Online Printing: already operationally profitable

In Commercial Online Printing, too, everyone has done a good job. Two years ago, we had said that Commercial Online Printing would be profitable in 2016. We can now say that, at an operational level, Commercial Online Printing was already profitable in 2015. Leaving aside for a moment depreciation on our customer base, our brand and our software as non-operational secondary effects that will decline over the next few years, the books are already showing an EBIT figure of 1.2 million euros! This is a nice trend.

A new business unit: "Other activities"

For increased transparency, the elements which we cannot directly allocate to any operational business unit (e.g. earnings from real estate, the structural costs of our legal form and perhaps a startup which serves different customers than those of our other business units) are now presented in the "Other activities" business unit. For instance, this includes the young and highly-promising company "futalis", which exactly fits with our requirements profile and whose value we will be able to significantly enhance thanks to our core competences.

The great uncertainty factor in the current year: value added tax on photo books

At the end of 2015, the European Commission's customs committee placed a rather premature Easter egg in our nest: Photo books were surprisingly reclassified from the reduced tax rate to the full tax rate. The aim was to standardise import value added tax throughout Europe. This is a goal which is easy enough to understand, but which entails unforeseen consequences: In Germany and three of the 25 other EU states, it has a direct impact on value added tax. For instance, our German value added tax act has a built-in "automatism": The German value added tax rate matches the EU's import value added tax classification. This rule was announced in early December 2015, with effect from December 25, 2015. No market participants known to us were previously consulted.

A photo book is still a book, and should remain subject to the 7% tax rate.

To put it very simply: It's not clear why a photo book is now suddenly no longer a book. Nothing has changed either in terms of consumers' perception, tax or the mode of production. And there is no difference between photo books and other books, in any comparison of the two. It would therefore be consistent to revise this value added tax increase.

And, as a matter of basic principle, the many small and medium-sized companies are not able to implement this reform in this way, given that it was unannounced and did not provide for any transitional period. A changeover requires time for implementation, so that more time is needed before it does perhaps come into force. No market participants were granted this time. For this reason, at the very least the market requires a transitional period.

Moreover, on behalf of our customers we are campaigning for the cancellation of this unwanted value added tax increase.

This hidden tax increase may have a significant impact on CEWE's earnings.

It's always unclear who ultimately bears this type of tax increase: the manufacturer? The retailer? The end-consumer? Or all of them together? At the present time, we are only just beginning to formulate an answer to this question – especially since the questions “whether” and “why” have not yet been clarified for us. We are therefore pursuing an intensive dialogue with our association, our business partners' associations and with the tax authorities. Today, we are unable to say that this move in Brussels is liable to reduce our EBIT by between 0 euros and a high seven-digit figure at the most. That is unsatisfactory. For we like to know in advance about factors which will affect our earnings, and how they will do so, so that we can take counter-measures. In this case, that is difficult. This is an unusual situation for us, caused by an unusual event.

2016 is once again a Photokina year: Come and visit us

We have a great project lined up for 2016: It's Photokina time again – from September 20–25 in Cologne. For us this is always a great opportunity to present new Photofinishing products and new software to an interested public. We once again have one of the biggest stands, where we will be giving special presentations virtually nonstop. All of our colleagues who are preparing for this event are looking forward to it and to the opportunity to engage in a direct dialogue with our consumers. Even colleagues who are not directly involved in this work enjoy attending, so as to find out about our company's progress and the industry's development at this leading trade fair. Please visit us at Stand 20 in Hall 4.2.

Dear shareholders, once again this year: Christmas has only just ended, and we're already looking ahead to this year's festive season. Your company has already announced at an innovation fair – also attended by consumers – the product and software innovations in 2016 which we will be presenting to you at Photokina and at Christmas time.

Allow yourself to be surprised. Lean back and enjoy our products and services – whether in Photofinishing, Retail or Commercial Online Printing: our teams are there to serve you!

Oldenburg, March 16, 2016

A handwritten signature in blue ink that reads "Rolf Hollander". The signature is written in a cursive, slightly slanted style.



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

REPORT OF THE SUPERVISORY BOARD

Dear shareholders, Dear friends of our company,

In the year under review, the Supervisory Board freely and thoroughly performed the tasks required of it by law, the company's corporate articles and the Supervisory Board's rules of procedure as well as the German Corporate Governance Code. In particular, we carefully and regularly monitored the work of the Board of Management and advised it on its management and its strategic development of the company and in case of key decisions.

Changes to the Supervisory Board and the Board of Management

The Supervisory Board underwent some personnel changes in the year under review. Due to the elections held on October 5, 2015, of the employees' representatives Mr Michael Brühl, Mr Udo Preuss and Mr Stefan Soltmann retired from the Supervisory Board. Since this time, the Supervisory Board has had the following new members: Mr Markus Schwarz (employees' representative), Mr Philipp Martens (trade union representative) and Dr Christina Debus (representative of the company's executives). The other employees' representatives were re-elected as members of the Supervisory Board.

Mr Andreas Heydemann and Mr Harald Pirwitz retired from the Board of Management of Neumüller CEWE COLOR Stiftung as of the end of the year under review. The Supervisory Board would like to thank them for their many years of successful service with our company.

Meetings of the Supervisory Board

The Supervisory Board met five times in the year under review: on February 11, 2015, on March 19, 2015 (balance sheet meeting), on June 3, 2015, on September 9, 2015 and on November 5, 2015.

In case of need, following its joint meetings with the Board of Management the Supervisory Board held further, internal meetings. Following the elections of the employees' representatives on October 5, 2015, at the internal meeting held on November 5, 2015 Ms Vera Ackermann was confirmed in office as the deputy chairwoman of the Supervisory Board.

Core issues dealt with by the Supervisory Board

The Board of Management notified us of the Group's turnover and earnings trends at every meeting of the Supervisory Board held in the year under review; it also commented on the Group's performance in the individual business units and reported on each segment's net assets and results of operations as well as the Group's liquidity position and compliance with credit covenants.

The Supervisory Board also considered specific issues such as occupational safety, retail and e-commerce in central and eastern Europe, mobile technology at CEWE, the internal audit system and the new statutory rules on the share of women appointed to management positions.

Finally, the Supervisory Board continuously reviewed the general partner's maintenance of an effective risk management system.

The Supervisory Board's meetings were once again very well attended. Only one member was absent from the meeting held on June 3, 2015, on grounds of illness.

Committees

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

At the internal meeting held on November 5, 2015, Mr Thorsten Sommer was confirmed as a member of the audit committee.

The audit committee met on March 18, 2015 and December 10, 2015, under the chairmanship of Ms Linner.

The meeting held on March 18, 2015 considered the financial statements and management reports of CEWE Stiftung & Co. KGaA and the Group, as well as the report on related parties. The chairman of the Board of Management and the Chief Financial Officer were present at this meeting. The audit committee also requested explanations from the auditor regarding the internal control system, risk management and compliance with corporate governance regulations. No risks jeopardising the company's continuing existence were apparent.

At its meeting held on December 10, 2015 the auditor outlined the internal control system, including the audit activities which it had already undertaken. The impending legal changes were also discussed, insofar as these might be relevant for the Supervisory Board in general or for the audit committee.

Corporate governance

In the year under review, the members of the Supervisory Board once again pursued intensive discussions regarding the German Corporate Governance Code, and the changes made to it in particular.

Following the elections of the employees' representatives on October 5, 2015, the Supervisory Board already fulfils the fixed quota of thirty per cent which will apply in future, since five out of its twelve members are female.

For the financial year 2015, the Board of Management and the Supervisory Board have submitted an updated declaration of conformity in accordance with § 161 of the German Companies Act (Aktiengesetz, AktG), which has been permanently available on the company's website since February 1, 2016. In addition, in the Board of Management's corporate governance report – which the Supervisory Board adopts as its own – the Board of Management reports on corporate governance at CEWE.

Quarterly reports

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

Conflicts of interest

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

Efficiency review

The efficiency review which was conducted by means of an anonymous questionnaire was discussed at the internal section of the Supervisory Board's meeting of February 11, 2015.

Annual financial statements and consolidated financial statements, audit

The annual financial statements of CEWE Stiftung & Co. KGaA and its management report have been prepared in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch, HGB), while the consolidated financial statements and the consolidated management report have been prepared in compliance with the International Financial Reporting Standards (IFRS), as applied in the European Union (EU) as well as the provisions of German law which apply in addition under § 315a (1) HGB.

BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg, (BDO), which was appointed as the auditor of the 2015 financial statements by the general meeting, audited the annual financial statements 2015 of CEWE Stiftung & Co. KGaA and also the consolidated financial statements and the management reports and issued an unqualified auditor's opinion for each of them. BDO conducted its audit in accordance with § 317 HGB and the German generally accepted standards for auditing of financial statements promulgated by Institut der Wirtschaftsprüfer in Deutschland e. V. (IDW) while also complying with the International Standards on Auditing (ISA).

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

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

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

Following a preliminary audit by the audit committee, the Supervisory Board audited and endorsed the annual financial statements and the consolidated financial statements of CEWE Stiftung & Co. KGaA as well as the accompanying management reports, and found that there were no grounds for objections. Following a discussion at its balance sheet meeting held on March 16, 2016, the Supervisory Board agreed to the general partner's proposal to the general meeting for approval of the annual financial statements of CEWE Stiftung & Co. KGaA and issued its consent for the general partner's proposal for the appropriation of profits, with the distribution of a dividend of 1.60 euros.

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Page 128 | Risk management system

Report on related parties

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

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

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

The auditor's audit report on the report on related parties has also been presented to all of the members of the Supervisory Board. These documents were available to the audit committee at its meeting held on March 15, 2016 and to the Supervisory Board at its balance sheet meeting held on March 16, 2016. Even after consultation with the auditor and the Board of Management following the final outcome of its audit, the Supervisory Board has not raised any objections in relation to the general partner's declaration at the end of its report on related parties. The Supervisory Board has approvingly noted the outcome of the auditor's audit of the report on related parties.

Thanks

On behalf of the Supervisory Board, I would like to thank all of CEWE's employees for their dedication. I should equally like to thank the members of the Board of Management, who have successfully guided the company through this period of ever-faster changing business models.

Finally, I would like to thank you, our shareholders, for the confidence which you have placed in our company.

Oldenburg, March 16, 2016

The Supervisory Board of CEWE Stiftung & Co. KGaA



Otto Korte, Chairman

INTERVIEW WITH DR ROLF HOLLANDER

Chairman of the Neumüller CEWE COLOR Stiftung

A year ago, we asked you a final question:

“What will 2015 be like?” Do you know what you said in response?

(Grins) “Better than 2014.” I’m sure you can give me a clearer answer than that?

Of course. You said: “If we’re not getting better every day, we’re not doing our job. That’s the CEWE principle. That is why we have improvements planned for all of our segments, and we are hard at work on delivering them.” In this context, what is your assessment of the year 2015 for CEWE?

We have achieved that goal, haven’t we? Increased earnings in all three segments: Photofinishing, Retail and Commercial Online Printing.

In Photofinishing, our Christmas business really did once again deliver the boost that we were looking for. The seasonal migration trend is very powerful and remains intact. Thanks to intensive marketing, process improvements, investments and flexible expansion of capacities, the preconditions are in place for us to catch the wave as much as possible.





How do you account for the fact that you recognised so much goodwill amortisation in the Photofinishing segment?

We like a stable balance sheet position and we don't like large goodwill positions. In France, we recognised goodwill amortisation because the present value of the future income of our company in that country is declining, since we still need to make large investments in our brand there. We also reduced the goodwill position for our new acquisition, DeinDesign. Its performance fell short of our expectations, soon after its purchase. We therefore logically took this step. Others might have hesitated here, since it is naturally unpleasant, but you must always face the truth. It doesn't help to gloss over things, and that's not part of our culture. We found here that this firm's organisational structure requires a significant amount of professionalisation. We still have a lot of work cut out for us, which is reflected in our expenses but also in our income. This actually resulted in a reduced figure for the impairment test.

But ... we wouldn't be CEWE if we hadn't got resolutely stuck in. We sent over a group of experts to provide support for virtually all of its functions, and they are looking after this still very young company. Their task is to get this firm on track for success.

And in Commercial Online Printing? Is it really possible to already speak of an "operating breakeven point"?

Absolutely. After all, it is only the amortisation resulting from the purchase price allocation for Saxoprint, in the amount of 2.1 million euros in 2015, which has pushed us down to an EBIT figure of -0.9 million euros. Without that, we would already be at +1.2 million euros. We have clearly reached the operating breakeven point.

And things are moving in the right direction. After all, an EBIT figure of -0.9 million euros is an improvement of 2 million euros. We are therefore sticking to our goal of ending 2016 in the black in Commercial Online Printing.

"Around" 80 million euros was the turnover goal for Commercial Online Printing for 2015. Have you achieved that, with the figure now published of 77.8 million euros?

Absolutely. It was not for nothing that we consistently referred to a goal of "around 80 million euros" throughout the year. We realised that it was only by chance that we would achieve a precision landing, and that we could therefore only give a rough indication here. This new market is growing more slowly than originally expected. The trend is not easy to predict – and we are not purchasing any market shares. We intend to develop stable customer relationships on a long-term basis.

We would indeed have got significantly closer to a growth rate generating a precise figure of 80 million euros

if we hadn't had that one-off factor relating to the elections in 2014. The "super election year" 2014, with the European elections in May, parliamentary elections in three German federal states and local elections in eleven federal states resulted in a real one-off upswing, particularly in the second quarter. That factor wasn't there in 2015, and we therefore noticed a growth dip, especially in the second quarter of 2015. However, in the third quarter of 2015 this was already no longer apparent and we had returned to our planned growth path.

2.2 billion photos produced
 over **35,000 tonnes** of printed paper
6.0 million CEWE PHOTOBOOKS

While we're on the subject of growth in Commercial Online Printing: Why is the market growing more slowly than originally envisaged?

At first glance, the changeover from "offline printing" – i. e. "normal", stationary printing firms – to online printing is comparable to the changeover from analogue to digital photography. We lived through the latter transition, and we saw how the change was more or less completed within the space of a decade – from 2000 to 2010. We therefore suddenly hit on the hypothesis that the changeover to online printing in the field of job printing – i. e. printing of corporate print products – might unfold over roughly the same timescale. However, today around ten years' later online printing accounts for approx. 20 % of the market. The trend is very constant and sustained, but even after ten years this certainly isn't the final stage of this market trend – even allowing for the fact that certain special formats will always remain covered by "offline print".

Why is this transformation of this market taking so long?

Based on the experience which we have now gained in the online printing market, we have here what the capital market would call a principal-agent problem.

A what?

That refers to a situation where the person deriving the benefit is not the same as the person who makes the decision. Let's take the field of photography: Here, things were different. Most of us remember taking photographs the analogue way. When digital technology arrived, we recognised all of the advantages which this offered us: immediate picture quality control on the camera's display. And the chance of taking another, improved shot if the first one didn't work out. When ordering photos, concentrating on the pictures you really want. The possibility of using photos immediately, in digital format, (including them in documents, sending them by e-mail) without needing to develop them first. And much more besides. That is why so many consumers invested in a

new digital camera, even though their old analogue camera generally still worked well. This changeover therefore unfolded relatively rapidly.

And what is now different with Commercial Online Printing?

First of all, this is not so much of a consumer issue. The media are therefore not reporting it as broadly, so that awareness of this new technology is not spreading nearly as quickly. That is one side of things.

And then there is that principal-agent problem. In Commercial Online Printing, the person who places the order is often not the same as the person who realises the benefit. Online printing orders are generally placed by companies of various sizes. Besides many other benefits, the key advantage which an online printing order offers over "offline printing" is the low price (price advantage of approx. 50 %). A cost centre owner or the head of a company, for instance, will notice this benefit. But the print order is triggered by an employee in the marketing department or by one of the company's secretarial staff. That person doesn't realise this benefit, but does see the potential advantages of using the printer in the next room, at a higher price. "Last time I arranged for the wrong document to be printed, and Miller's printers got rid of the wrong piece of printing and printed out the right document without telling my boss. And another time I was running late, but Miller's printers moved heaven and earth to deliver things on time." And maybe Mr Miller will also hand over a bottle of wine at Christmas. We are familiar with all of those arguments. We are also super-fast, and our customers can always contact us as printing partners by telephone. And we even actively point out potential problems with orders before we print... Potential customers don't learn all that if they don't give us a try.

But why are we nonetheless seeing continuous growth in the field of online printing?

Over the long term, the right solution is gaining ground – satisfied customers are faithful customers. Our existing customer base is an excellent growth platform. Word-of-mouth recommendations from satisfied customers help. And our advertising also helps. Generational transitions help above all: If a new person joins a marketing department who has completed a traineeship as a “digital and print media designer”, for instance, then this person will generally already be familiar with and have learned to appreciate online printing during his training. He will be pleased to provide his employer with an unexpected benefit on his very first day, by pointing out these potential cost savings, with at least the same level of quality and speed of delivery. The same effect may arise in case of generational transitions at the level of cost centre managers: the boss of a company hands over a business to his daughter. Outside work, she has already ordered a flyer for her volleyball club through an online printing firm, and she can’t believe the high prices that her company pays for printing services. She therefore tells her marketing department about online printing. This key factor of a generational transition suggests that the changeover to online printing will not unfold within the space of ten years – as in the photography sector – and will instead require the work lifespan of a generation. This development may therefore certainly take 20 to 30 years.

We think long term. We accept that.



OK. So the Photofinishing business unit is developing well. You have reported significant progress in the Retail segment. And in 2016 Commercial Online Printing is set to post positive figures instead of making a negative EBIT contribution. Are we now about to see CEWE reaping a big harvest?

(Laughs) We want to carry on harvesting, tomorrow and also the day after tomorrow. That's why we must always sow some of each year's harvest. Clever farmers have known that for thousands of years. Things are no different in the field of business management. Through our readiness to experiment and our desire to always think in terms of tomorrow and the day after tomorrow and to invest in the future. Just take our Photofinishing segment. Our first digital product was our "Photoindex", which we brought onto the market in 1994. In 1997, we introduced to the market the first ordering kiosk for digital photos in retail outlets. In 1998, the first website which customers could use to order digital photos. 6 years after our "Photoindex", in 2000, only between 1% and 2% of consumers had digital cameras, and we realised our first digital turnover. We had thus invested very early and were therefore ready when the market developed. Innovations take time. You can't rush things. All things come to he who waits. It's just the same in Commercial Online Printing: We pursued our first partnership discussions with market participants in 2006. Our first minor acquisition was in 2008. In 2010, we had the website viaprinto on the market, and in 2012 we gained the important offset printing sector through our acquisition of Saxoprint. Today, to a significant extent we are now an online printing firm, and as such we are on the right path.

What is the next step? Dogfood with "futalis"?

That is what some investors are asking, in astonishment. Let me explain that to you in just the same way as we do in investor meetings.

First of all: In ongoing developments in our core business of Photofinishing and in our growth business area of Commercial Online Printing we have likewise always taken up new ideas: In Photofinishing,

we are now managing relationships directly, right up to the consumer level – also for many of our business partners – and we have become a digital printing firm. In Commercial Online Printing, we have learned to deal with business customers and to market products and services to them – and I'd say we're continuing to learn things in that area. We're on the right track there.

So why something entirely different?

Commercial Online Printing was already essentially new for us. And that was a good thing, for you only achieve genuine growth through growth that entails innovations in neighbouring fields. "Adjacent growth". The path to innovations in Photofinishing (digital printing, CEWE PHOTOBOOK etc.) is not growth per se, but rather maintaining our core business through modernisation and thus "self-cannibalisation", quite frankly. We cannibalised ourselves in the analogue business. It was painful, but it was absolutely the right thing to do. Commercial Online Printing meant genuine growth in a new market, based on the core competences which we had and naturally continue to have today: online business, coping with "batch size 1" in terms of all of the relevant functions, and also brand-building. And to stick with your harvest metaphor: We must always keep looking for further fields where we can sow some of our seed, so as to harvest even more in future.

How do you seek out those fields?

Many other companies – very much also including SMEs – invest in a "search party", often in the form of an in-house venture capital fund. So they enter the market with venture capital, as a financier for startups. But to succeed in this business, you first need to find good startups. For that, you need to look at lots and lots of startups. That's a huge amount of work. And secondly you need to invest in a lot of startups, so as to spread your risk in line with the law of large numbers. Neither of those things is our job. That is why we work together with professional venture capital firms which perform precisely these

activities for us. If an investment is a good fit for us, we will look at it closely. If we find that the idea is promising and that we can contribute added value through our competences, we will invest in that company – together with the fund – with a limited amount of risk exposure. In case of initial successes, we will then acquire further stakes, so as to bring the company closer to us and (largely) integrate it.

How do you decide which field – i.e. which company – is right for you?

We look for companies where we can contribute as many of our core competences as possible. First of all, these should be businesses which mainly operate online; we are an Internet firm. Secondly, the company should also aim to produce “batch size 1”; this is the mega trend of “mass customisation” or “personalisation” which we are good at. Thirdly, this should involve products which offer a clear advantage. We don’t want to convince anyone through aggressive advertising, the product should be capable of exciting customers. Fourthly, it should be possible to build a strong brand on this basis; just as we did with CEWE PHOTOBOOK. Fifthly, ideally we can expand a business Europe-wide; we have a broad presence in virtually all of these markets. Sixthly, a startup may offer the opportunity to grow through our presence in retail outlets; we can thus contribute our long-standing relationships with key business partners.

So you can see that we have a clear tracking radar which guides us.

And futalis fits in there with dogfood?

It might sound strange but, yes, 100%! (1) Online business? Yes. (2) Mass customisation? Yes, the food is individually mixed for each dog (depending on its race, its age, the amount of exercise which it gets, medical details etc.). (3) Major product advantage? Yes, we are talking about a highly scientific solution (a spin-off company from the University of Leipzig, after all) which some vets say they had always been waiting for. (4) Brand-building potential? Yes, with that product

advantage, definitely. (5) Is internationalisation possible? Of course. Our European neighbours are also fond of their dogs. (6) Can retailers also play a role? Yes, e.g. for sales of supplementary food which can be used for treats.

Will futalis be huge next year? No. Will everything always go smoothly? No. Is a huge success 100% certain? No. But the on-site team is qualified and highly dedicated. We support them where we can.

How many other such startups do you aim to acquire for CEWE?

(Laughs) Lots of them would be nice, so as to generate as many options as possible for CEWE. But in all seriousness, we do have very clear limits, particularly as a medium-sized firm. The financial resources that we can commit to this field are not infinite and are highly restricted. The personnel resources which we can contribute from other divisions to provide short-term support are likewise limited. We must naturally pursue the ongoing development of our core business of Photofinishing as well as our growth business area of Commercial Online Printing with considerable momentum. And, not least, we must first of all find a startup which makes the best possible fit with our search criteria. We can only make larger investments as and when suitable opportunities appear. For this search process, too, it’s important not to rush things. All things come to he who waits.

Dr Hollander, many thanks for the interview.



SAXOPRINT

HUMAN TOUCH TO ONLINE PRINTING






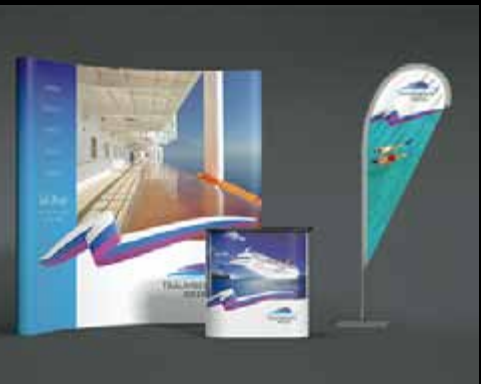
Today, you can print online.

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



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

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



www.saxoprint.co.uk

CEWE SHARE

Stock markets highly volatile in 2015

As in 2014, in the stock exchange year 2015 stock indexes were once again highly volatile due to a large number of external factors. After the DAX climbed to a peak of around 12,500 points, it suffered peak losses of more than 3,000 points before reaching just short of 10,800 points at the end of the year. With negative news such as terrorist attacks, declining growth in the emerging markets, suspensions of stock market trading in China, the US central bank's interest-rate hike, the Eurozone crisis which continued to smoulder and the uncertainty over the continuing flows of refugees, many events repeatedly had a negative impact on the stock markets in 2015. On the other hand, positive stock market factors were the weak euro (for exporters), low interest rates, declining energy costs and the intact overall global growth trend.

CEWE share continues to develop positively in 2015, at +6.0 %

On the basis of its 2014 year-end closing price (51.51 euros), in the period up to late December 2015 the CEWE share achieved growth of 3.10 euros to 54.61 euros (+6.0 %). In the same period, the DAX gained 9.6 % and the SDAX 26.6 %.

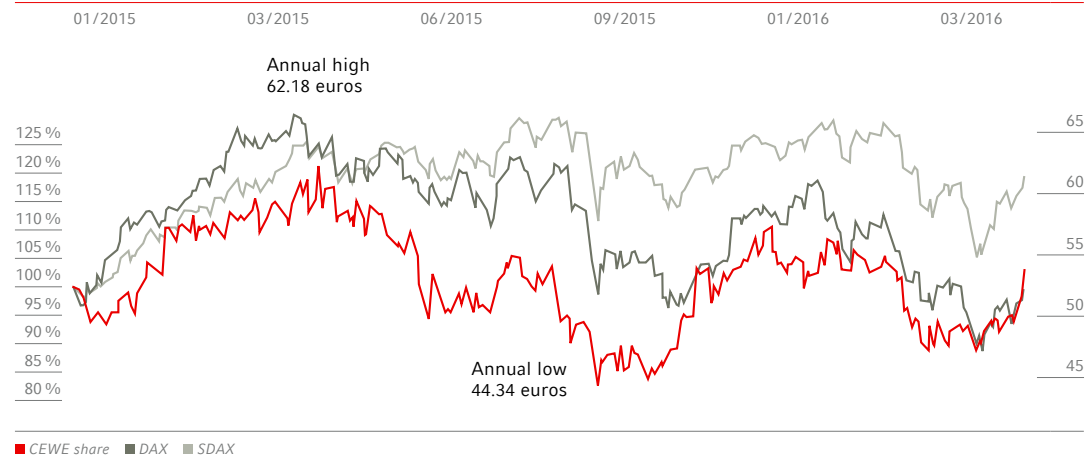
Dividend increased for sixth consecutive occasion

For CEWE, dividend continuity also means absolute dividend growth, year on year, provided that its balance sheet is sufficiently solid to allow for this. In 2015, CEWE was able to offer its shareholders a dividend of 1.55 euros per share, an increase for the sixth consecutive occasion. With this dividend, on the basis of the year-end price for 2014 shareholders also received a dividend yield of 3.0 %.

Key share information

Type of security	No-par value share
Market segment	Regulated market, PRIME STANDARD
Index	SDAX (from March 23, 2009)
ISIN	DE 0005403901
Symbol	CWC
Reuters	CWCG.DE
Bloomberg	CWC GR
Date of initial quotation	March 24, 1993
Number of shares	7,400,020 units
Daily volume (2015 average)	14,873 units
Annual peak in 2015	62.18 euros
Annual low in 2015	44.34 euros
Year-end price 2015	54.61 euros

CEWE share price in the period from Jan. 1, 2015 to Mar. 11, 2016 in euros



 www.cewe.de > Investor Relations >
The Share of CEWE > Analysts

CEWE shares traded with a daily volume of more than 800,000 euros in 2015

In the past year, CEWE shares changed hands every day for an average of 803,390 euros (2014: 871,018 euros per day). The key trading level of 1 million euros per day – which influences the investment decisions of many institutional investors – was thus once again exceeded on many trading days in the past year. Due to factors including the higher share price, the volume of shares traded was at 14,921 shares per day slightly lower than the previous year's level (2014: 16,793 CEWE shares per day). Overall in 2015, approx. 3.8 million CEWE shares were thus traded on German stock exchanges.

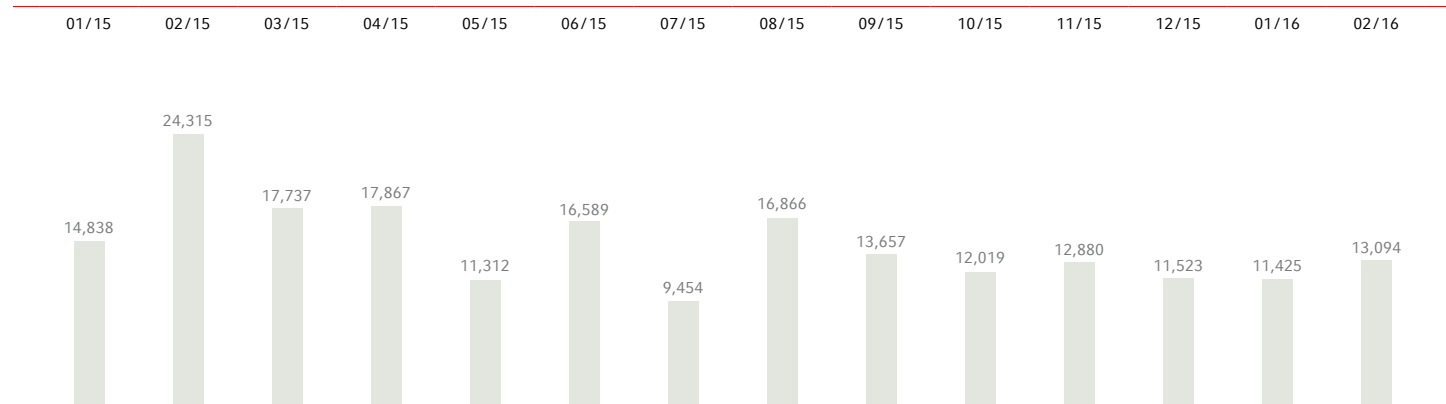
All analysts continue to have a consistently positive view of CEWE

The analysts who follow CEWE concur in their positive analysis and are signalling “buy” or “overweight” for CEWE shares. The detailed studies are available for downloading in the Investor Relations section of CEWE's website.

CEWE share is a permanent fixture on the SDAX

According to the “trading volume” criterion, in December 2015 CEWE was in 87th position (previous year: 74th position), and in terms of “market capitalisation” it was in 93rd position (previous year: 84th position). The CEWE share is thus a permanent fixture on the SDAX index, which normally features shares with a ranking of 110 or higher.

Average daily volume of shares traded in shares per day



Stable shareholder structure strengthens management's strategy

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

CEWE is there for its shareholders

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

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

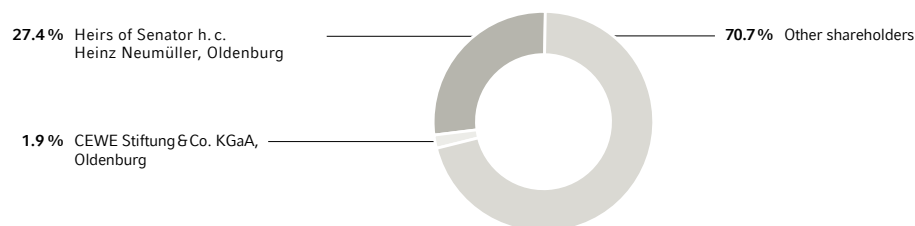
In 2015 the Board of Management and the Investor Relations team once again presented the company at a total of six capital market conferences and attended fourteen roadshow days in European and US financial centres. For details of the dates currently planned for 2016, please refer to the financial diary on the penultimate page of this report.

 <http://ir.cewe.de>

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Overview of current analysts' assessments	Analyst's assessment	Date
GSC Research	Buy	Mar. 03, 2016
Berenberg Bank	Buy	Feb. 29, 2016
Warburg Research	Buy	Feb. 26, 2016
Bankhaus Lampe	Buy	Feb. 25, 2016
Baader Bank	Buy	Feb. 25, 2016
BHF Bank	Overweight	Feb. 25, 2016
Deutsche Bank	Buy	Feb. 25, 2016
Oddo Seydler	Buy	Feb. 25, 2016
NordLB	Buy	Dec. 01, 2015

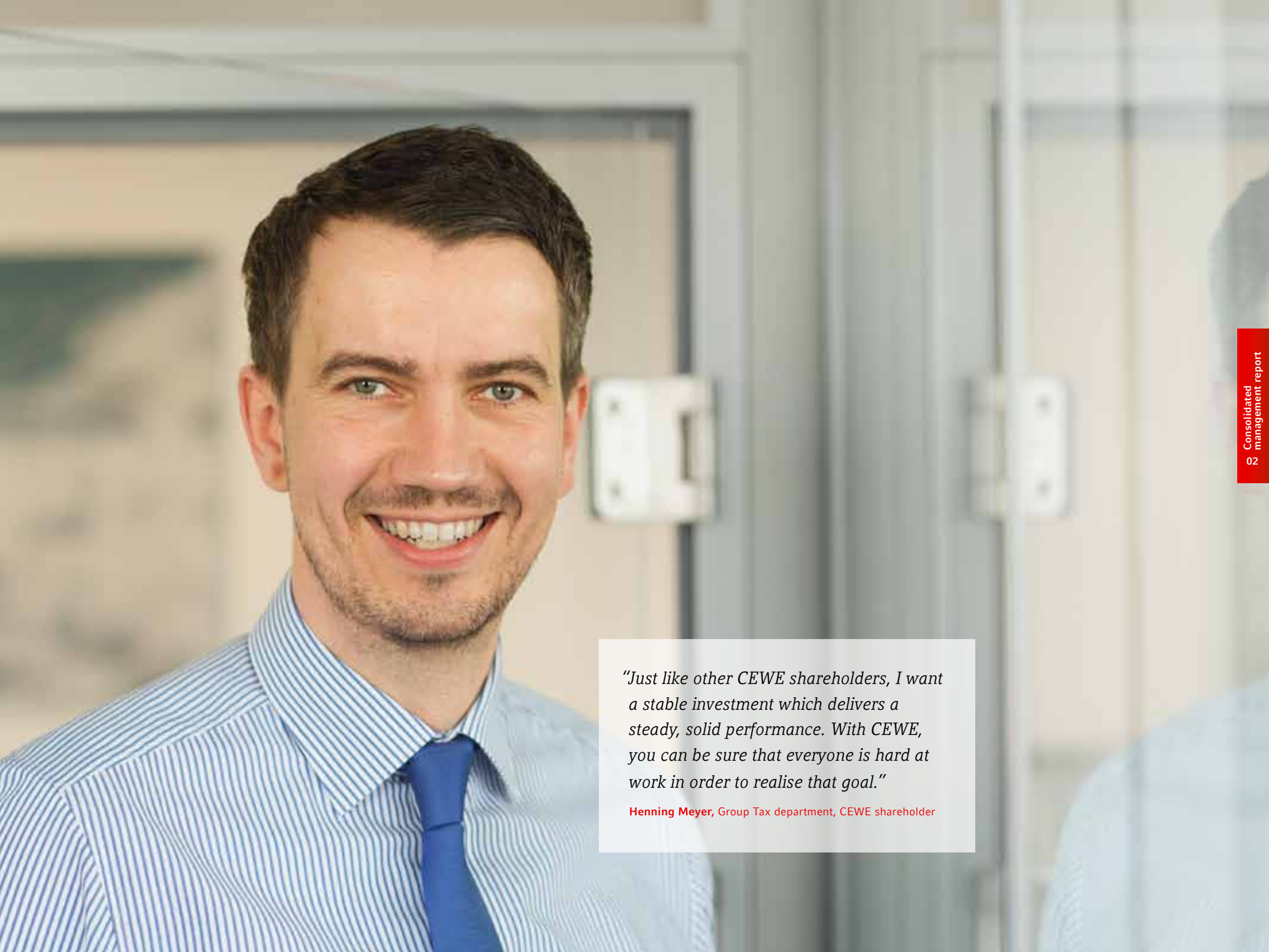
Shareholder structure (March 2016) as % (100 % = 7.4 million shares)



02

CONSOLIDATED MANAGEMENT REPORT

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"Just like other CEWE shareholders, I want a stable investment which delivers a steady, solid performance. With CEWE, you can be sure that everyone is hard at work in order to realise that goal."

Henning Meyer, Group Tax department, CEWE shareholder

BASIC INFORMATION ON THE GROUP

Business model

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

Photofinishing – CEWE's traditional core business

Photofinishing is the name we give to our photo products business. CEWE is the European market leader in photofinishing, previously based on analogue film and now replaced by digital data. CEWE creates very strong added value in this field. As raw materials, CEWE generally purchases paper and other products on which photos and other contents are printed. The company's traditional main products were individual photos, which are generally produced in CEWE laboratories using the silver and halide process or by means of dry printing at the sales outlets of its business partners. Individual photos may be of analogue or digital origin and may derive from a digital camera or a smartphone. Approx. 97 % of photos are now of digital origin and are printed on a large number of different products. Over the past ten years, CEWE PHOTOBOOK has established itself as the company's main product. CEWE has also rigorously expanded its product range, with other significant turnover generators now including CEWE CALENDARS, CEWE CARDS and CEWE WALL ART.

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

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

"CEWE RETAIL" segment handles important functions

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

Commercial Online Printing – the growth field

Since CEWE included CEWE PHOTOBOOK in its product range in 2005, the company has become one of the most modern and efficient digital printing firms in Europe. The books thus printed are sought after not only by consumers but also by businesses, which evidently appreciate the combination of product quality, ordering convenience, price, delivery times and the possibility of small print runs. Accordingly, in 2010 CEWE began to offer its Online Printing service in the form of a website www.viaprinto.de. This is usable not only with the company's CEWE PHOTOBOOK software but also with other common software formats. In 2012, CEWE acquired the Saxoprint Group, an online offset printing specialist. Through Saxoprint's offset printing, CEWE has established an attractive service for customers ordering large print runs of products (cewe-print.de and saxoprint.de). As well as its core market of Germany, CEWE is currently already active in ten other European countries in its Commercial Online Printing business unit.

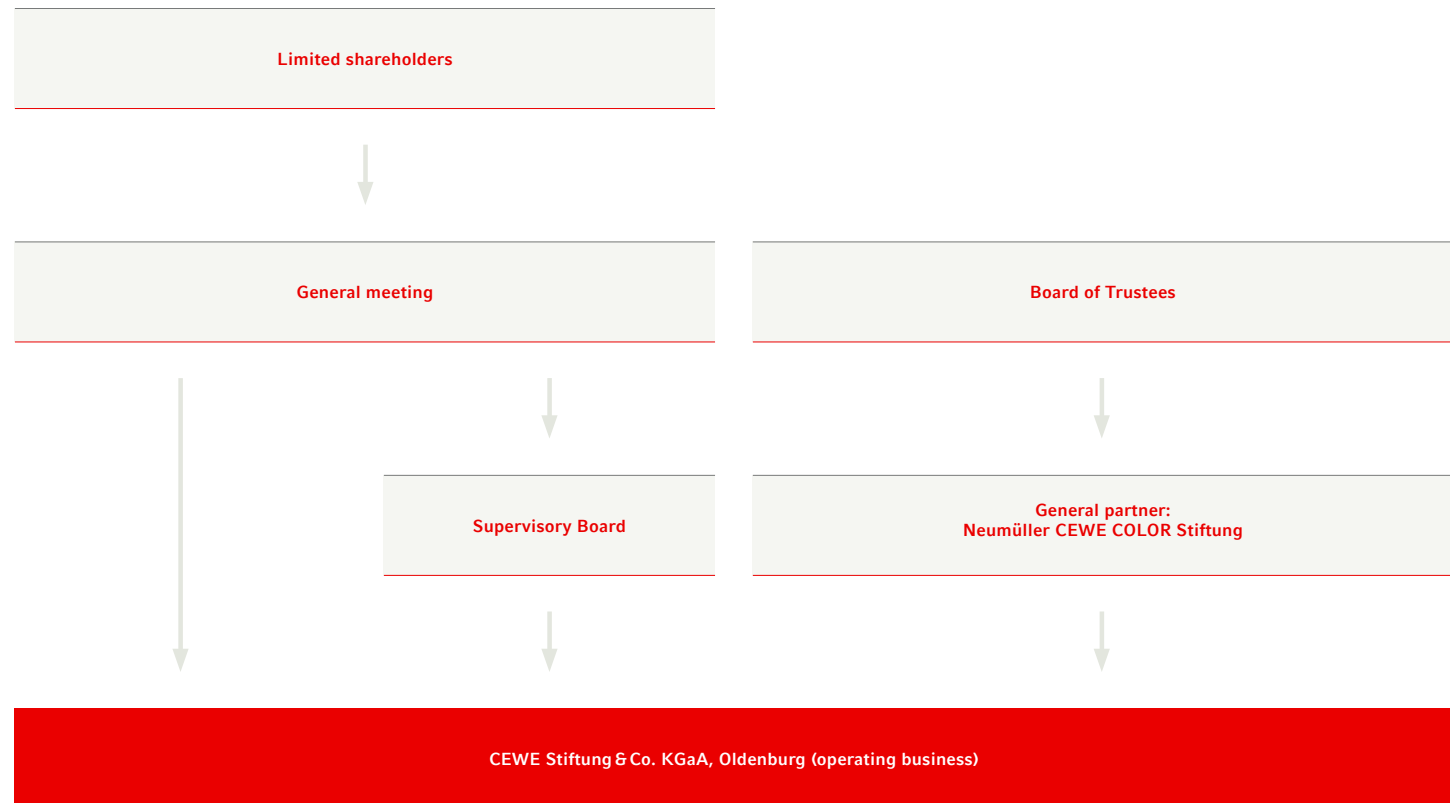
The depth of added value in Commercial Online Printing is very similar to Photofinishing. However, here CEWE does not provide software for the creation of printed products (unlike in the case of CEWE PHOTOBOOK, for instance). Customers order these Online Printing services directly from the companies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

Organisation and management system

Organisational structure

The CEWE business group has the following structure:

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Board of Management
and management



In 2015, Neumüller CEWE COLOR Stiftung was represented by eight members of the Board of Management and a managing director. The Group's remaining 3,411 staff were employed by CEWE Stiftung & Co. KGaA and the subordinate Group companies.

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


The legal form of a partnership limited by shares enables the CEWE Group to combine the typical strengths of capital market-oriented companies with those of family firms.

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

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

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

 Page 29 | Shareholder structure

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Board of Management
and management

 Page 67 | Results

CEWE operates through a total of 33 subsidiaries

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

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

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

Regular strategic planning: Economic forecast reflects identifiable trends

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

Inclusion of profit centre managers in planning

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

Investments on the basis of profitability calculations

Investments which consistently assume profitability calculations and which entail continuous as well as follow-up monitoring also form part of this planning.

Close monitoring through monthly target/actual comparisons

Every month, a target/actual comparison is implemented for the strategic business units and for each of the profit centres and for the CEWE Group as a whole. These target/actual comparisons enable close monitoring of goal achievement and an early response by the Board of Management and the management. At the same time, these and other operating figures of the production plants and the distribution companies are passed on to all of the managers of these profit centres, for internal benchmarking and discussion. The key financial figures used at CEWE are outlined in the “Goals and strategies” section.

Diverse and detailed management information systems

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

Clear meeting structure

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

Goals and strategies

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

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

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

A focus on long-term profit and enterprise value

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

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

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

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

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

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

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

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

Other important indicators: investments and earnings after tax

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

Earnings after tax (and earnings per share) may fluctuate strongly, particularly due to special tax factors which are analysed in the annual financial statements especially. Partly in view of its commitment to a sustainable role within the regional and national structures in which its plants are located, CEWE does not seek to increase its earnings after tax through extreme tax optimisation measures. Instead, it aims to achieve the normal tax rate and above all to stringently comply with applicable legal requirements.

Investments and earnings after tax are also presented in the "Highlights" section of the Annual Report in terms of a target/actual comparison and in the results; a forecast figure is notified for the following year. However, in case of investments this forecast is not a fixed target figure and instead serves as guidance in relation to the approximate value of the investment.

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

In every Annual Report, CEWE analyses its ROCE figure to determine the rate of return on its capital employed. For many years now, CEWE has achieved figures above the 10 % mark. Since CEWE's pre-tax capital cost rate has been clearly below 10 % for some years now, according to analysts' calculations in their research reports, CEWE is certainly delivering increasing value. In 2015, its ROCE was 17.4 % and thus higher than in the previous year (16.8 %). The long-term goal is an ROCE figure which clearly exceeds the capital costs.

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

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

Stable balance sheet: equity ratio as a further indicator

CEWE aims to ensure the company's continuous and sustainable development. Particularly during the phase of the analogue/digital transformation, the company once again learned to appreciate the benefit of a strong balance sheet. For instance, the indicators of a strong balance sheet include sufficient cash reserves, available lines of credit and a solid equity ratio. At the present time, CEWE considers its level of capitalisation to be stable, with an equity ratio of around 50 % or more. In CEWE's opinion, sufficient liquidity or sufficient lines of credit and an extremely solid equity capital position (also by comparison with the competition) not only boost the company's stability and resilience in the event of a crisis, they also enable it to purposefully exploit any strategic options which become available, such as attractive acquisition opportunities.

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

Target: as far as possible, stable dividend or even dividend growth

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

Corporate functions

Research and development

The brand identity of CEWE products remains highly dependent on the development of CEWE's innovative ordering applications. Thanks to such proprietary developments, CEWE has already successfully accomplished the transition from analogue film technology to digital printing technology and the company has frequently outpaced the competition in introducing its products to the market. A large number of test wins and awards in many countries bear out this capacity for innovation. CEWE's ordering applications once again picked up multiple awards in the year under review. Particularly notable are CEWE PHOTOBOOK's win in the test conducted by Germany's Stiftung Warentest consumer association – i. e. in relation to the CEWE PHOTOWORLD software package for computers – and the mobile version of CEWE PHOTOWORLD's win in Connect magazine's test.

CEWE currently has more than 140 employees working on the initial and ongoing development of software based-ordering options. This includes ordering software for home computers, mobile devices such as smartphones and tablets and also smart TVs in customers' living rooms, CEWE PHOTO STATIONS at the outlets of its business partners, online ordering functions and web design for our business partners' sites as well as the development of production software and operating the company's data acceptance platform. In its software development, CEWE makes use of agile software development and automated tests, for faster market launches of better-tested products and software features. In a proprietary mechanical and electrical device development process, prototypes are planned and built which external partners then subsequently duplicate for CEWE's plants. In 2015, the packaging processes for CEWE WALL ART were optimised. This simplifies the process for wrapping up products, and CEWE customers can unwrap them without any risk of damage.

Even back in the film age, a large number of patents for machinery and equipment helped CEWE to transform its technological, efficiency and innovation leadership into competitive advantages. Even now, CEWE develops its own production systems in order to increase its level of productivity and quality for print finishing and also shipping. Key achievements have also been patented.

Smartphones introduce innovations to the world of photography and the use of images

Growing use of smartphones and their increasingly high-quality cameras is also having a positive impact on CEWE. At CEWE, the increasing number of images generated by smartphones is more than making up for the decline in sales of so-called "compact cameras" – and thus the decrease in the volume of images in this category. During our peak week in December, more than 25 % (+78 %) of all of the image data processed by CEWE's plants derived from mobile devices. Photos created by smartphones or mobile telephones are now a natural part of photo orders. Together with images created using digital reflex cameras, they have become an integral component of storytelling with CEWE: Even now, every third CEWE PHOTOBOOK includes at least one image produced using a mobile device. This trend is continuing, with high growth rates. Users' enjoyment of their pictures is enhanced through the innovative functionalities such as attractive image filters, HDR images and photo editing apps which smartphones offer. Of the photos printed out on site at CEWE PHOTO STATIONS, almost every second image has been created using a smartphone.



CEWE recognised the potential of this market very early on and has developed suitable products. In 2005, in cooperation with Nokia CEWE already introduced the first-ever photo service for Nokia N series devices and firmly integrated this in the Symbian operating system. At photokina 2010, CEWE presented its first app for Apple's iOS operating system and its cewe phonealbum product. Since photokina 2012, iOS and Android users have been able to order photos, postcards and CEWE PHOTOBOOKS. These apps also enable users to transfer their pictures to CEWE's PHOTO STATIONS and to print them out on site. CEWE made further changes to CEWE POSTCARD in 2015. Since this time, increasing numbers of customers have sent holiday greetings with this app, which is extremely intuitive to use. These "single purpose apps", which are only used to market a single product, are highly successful. Ordering images and posters for Windows Phone is highly popular: The CEWE CALENDARS app was a big hit at Christmas. As well as continuing to develop CEWE PHOTOWORLD mobile for almost all of its products, in 2016 CEWE will bring onto the market other attractive apps for ordering individual products.

My CEWE PHOTOWORLD mobile

The My CEWE PHOTOWORLD mobile software has undergone continuous development since its launch at photokina 2012. The improvements implemented include the availability of products within this app and also, above all, its user-friendliness. For this purpose, CEWE continuously analyses feedback from consumers and the results of several usability tests and reacts to these findings by releasing new versions in app stores several times a year. Since photokina 2014, all of CEWE's ordering applications have been harmonised, both visually

and in terms of their user guidance systems. My CEWE PHOTOWORLD mobile's victory in "Android Apps" magazine's test reflects this development. The statement of grounds for its win noted: "The German photo giant CEWE's app is an 'all-round' photo app – but it is also great for creating photobooks."

My CEWE PHOTOWORLD

Consumers generally use our software "My CEWE PHOTOWORLD" to produce CEWE PHOTOBOOKS. This software is available for Windows, Mac and Linux. This software is used both by new and existing customers, who order dozens of products every year. The CEWE PHOTOBOOK assistant independently offers time-saving design proposals which consumers may choose to customise, page for page.

CEWE also offers a design service, where photos are selected by professionals and given a suitable layout. Users can then implement any desired changes through an Internet-based dialogue. Through this service, in cooperation with Aida and TUI outstanding cruise holidays can be captured in a CEWE PHOTOBOOK. Customers can also use an online software package to produce a CEWE PHOTOBOOK.

Integration of more than 1,000 sample images from other customers derived from the online platform is another step towards improved user friendliness. CEWE customers also discuss these sample images provided by other customers and find inspiration in them. An increased range of video tips has also been integrated, for improved support for users creating their current project. This includes the possibility of integrating videos by means of a QR code. Using the

CEWE PHOTOBOOK assistant, videos with a QR code can be fully automatically integrated in a suggested layout. This feature is increasingly popular. In response to many customer requests, CEWE is thus now offering a 30-year storage option as well as 3 and 15 years of storage.

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

COPS, the CEWE ONLINE PRINTING SYSTEM

The changeover to a responsive design – i. e. one which is optimised for various screen sizes – has generated further progress in the use of the company's online platform. Many customers use their portable devices to find out about the company's product range via the websites of our business partners which are operated by CEWE, but subsequently use our CEWE PHOTOWORLD software to place orders either immediately or at a later date. CEWE's websites also offer a large number of new products and services for ordering, such as its current range of premium cases for tablets and smartphones and a large number of new designs for CEWE CARDS and CEWE CALENDARS.

More than every third visit to our websites is made through a mobile device. For this reason, too, our product sites have once again been upgraded, to provide further space for the emotionality of these products and for the new brand elements developed by our marketing

department for CEWE WALL ART, CEWE CARDS and CEWE CALENDARS as well as our redesigned theme worlds.

The separate platform for CEWE PHOTOBOOK competitions is highly popular, both in terms of the level of participation and also the number of comments made on the books submitted. CEWE has thus established a further means of ensuring that its customers have fun with their photos and can share that fun with other people. This platform was introduced in 2015 not only in Germany but also in almost all of the countries supplied by CEWE. In 2016, this already highly successful platform will be made even more flexible for content and screen resolutions (responsiveness).

CEWE MYPHOTOS

CEWE MYPHOTOS was officially launched at the company's general meeting in June 2015. This new service makes it possible to store digital images securely in the cloud and to share, organise, edit and order them – anytime, anywhere and on any device. CEWE thus supplies an open ECO system allowing the exchange of images across all computer- and mobile-based operating systems. As an independent service provider, CEWE thus offers its customers a benefit which is not available from any closed-system hardware or software manufacturer.

- CEWE MYPHOTOS is a service for storing and organising photos. This service makes it possible to upload images easily and securely from any device to one of CEWE's data centres in Germany (e. g. in order to create space on a full-up mobile phone).
- CEWE MYPHOTOS is the specialist tool for arranging, editing and ordering photos and photo products.
- The photos stored on CEWE MYPHOTOS are available at any time and anywhere, on any device (PCs and laptops, smartphones, tablets, smart TVs, CEWE PHOTO STATIONS).
- CEWE MYPHOTOS supports multiple-platform devices, for all common operating systems (Windows, Mac OS, Linux/Android, iOS, Windows Phone). CEWE MYPHOTOS can also be used by means of desktop software, a browser and an app.
- CEWE MYPHOTOS is the common feature of all CEWE ordering channels.

This new service has been successfully rolled out with a first few business partners in Germany. Further German business partners are to follow. Its international rollout is also planned for 2016.

Further optimisation of high-performance back-end system

This year, the peak volume of orders at Christmas was once again higher than in the previous year. All of the above-mentioned applications deliver orders submitted to CEWE's back-end system. This back-end system is distributed across two independent and redundant data centres. From here, orders accepted are allocated to CEWE's production plants. During the peak hour for Christmas business, this platform accepted more than 550 orders per minute. On this date, CEWE achieved a new orders record, which exceeded the top result in the previous year by 12 %. To ensure rapid transmission of these volumes of data to the company's plants, the necessary additional servers were further optimised (virtualised) or re-installed in good time ahead of the season. CEWE has also hugely reduced its power use by means of virtualisation and new servers.

Marketing and distribution

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

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

Holistic marketing approach


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

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

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

- **High level of product and service quality:** CEWE PHOTOBOOK has established itself as Europe's most popular photobook since its launch on the market. Millions of customers trust in the quality of this bestselling product, which has gained multiple awards. The same is now true of the other brand products of CEWE, which in 2015 once again came out on top in a large number of tests implemented by independent organisations. The company's win in Stiftung Warentest's November 2015 test is especially noteworthy. Together with its partners Saturn and Müller, CEWE PHOTOBOOK clearly outranked the competition. CEWE also strongly emphasises the area of customer service – express delivery, its 100 % satisfaction guarantee, availability of its customer service seven days a week (during the Christmas period, even up to midnight) have long been standard at CEWE.

 www.cewe-fotobuch.de
www.cewe.de

 <https://cewe-photoworld.com/photobooks/examples>

- **Innovations at product and marketing levels:** Leading the way in terms of innovations is part of CEWE's DNA. This is true of marketing as much as it is of production and research & development. Identifying product innovations every year, preparing them for the market and subsequently marketing them to consumers is an important goal of CEWE's marketing. Marketing must also reflect consumers' changing habits and user behaviour. In particular, the Internet and mobile channels are increasingly important, while also undergoing a process of substantial change. Here too, through innovative marketing approaches CEWE consistently pursues a strategy of reflecting the wishes and habits of consumers particularly closely.
- **Customer focus:** The customer is the key priority at CEWE – both new and existing customers. The success of this focus is confirmed through the high level of customer satisfaction among purchasers of CEWE products. Both product innovations and marketing campaigns are closely aligned with the needs of CEWE's customers. In 2015, this focus became a key marketing theme. Customers provide authentic and convincing reports of their experience of using CEWE PHOTOBOOK. Cooperation with our business partners also emphasises this point. Overall, CEWE maintains an intensive customer dialogue through a wide range of points of contact, so as to be able to adequately respond to consumers' wishes at any time.
- **Ongoing development of the company's premium brand strategy:** CEWE's success over the last few years firmly reflects its creation of strong and valuable brands. The profile of CEWE brands is on the rise, and CEWE customers have a very positive view of them. Marketing and distribution at CEWE are committed to the development of these two aspects. CEWE's photography culture marketing performs an important task, by enabling an experience of the medium of photography encompassing all of its different aspects. This includes the company's sponsorship of well-known photography festivals such as "Horizonte Zingst" and its partnerships with leading cultural institutions in the field of photography such as Hamburg's Deichtorhallen "House of Photography". Support for photographers' exhibitions, workshops and photography competitions are important instruments which help to communicate the pleasure of photography and thus to strengthen the essence of the company's brand.
- **Consistent international execution of its brand and marketing strategy which has proved successful in Germany:** CEWE has been Europe's clear market leader in the field of photofinishing for many years, not only in Germany but also in many other markets. It aims to consolidate and to extend this position. The same strategic objectives are pursued as in the company's key German market, but with fine-tuning for the market in question.

CEWE has transferred its successful brand focus in the area of Photofinishing to the field of Online Printing. With its three strong Online Printing brands Saxoprint, cewe-print.de and viaprinto.de, CEWE remains successfully positioned in the still very young Online Printing market and has already achieved international growth.

IT

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

Further optimisation of IT

CEWE continued to develop its central IT systems in the financial year 2015. The core focus of its central IT system is its SAP system comprising the modules Financials (FI), Controlling (CO), Sales and Distribution (SD) and Consolidation (EC-CS) for Finance and Accounting, Materials Management (MM) for the field of Purchasing/Materials Management, Customer Service (CS), to provide support for repairs and maintenance of CEWE PHOTO STATIONS, and Customer Relationship Management (CRM) for continuous optimisation of target group-specific marketing as well as the service friendliness of the company's customer service.

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

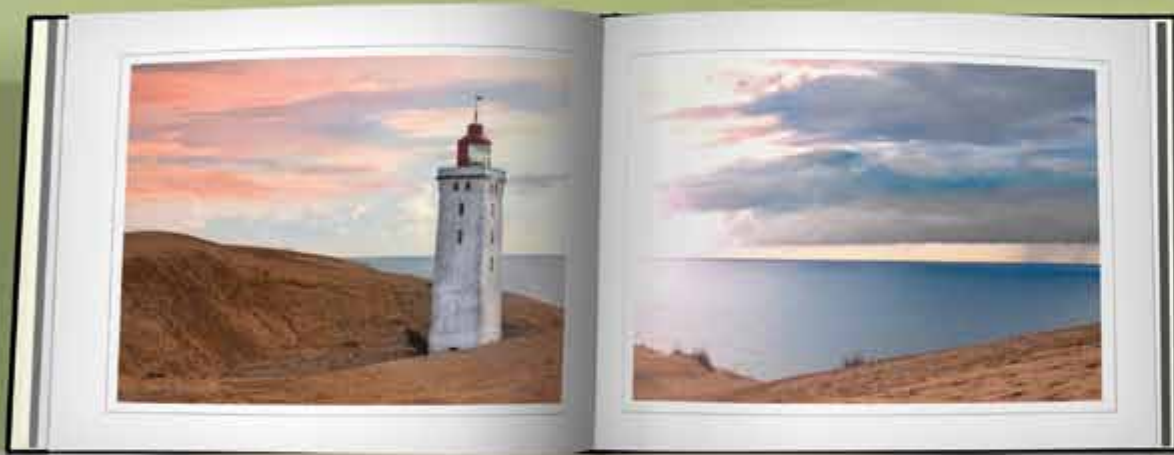
A combination of standard software which has been adjusted and optimised in-house as well as individual software which has been specially developed for CEWE enables particularly rapid and flexible fulfilment of customer requirements and thus offers CEWE a genuine competitive advantage.

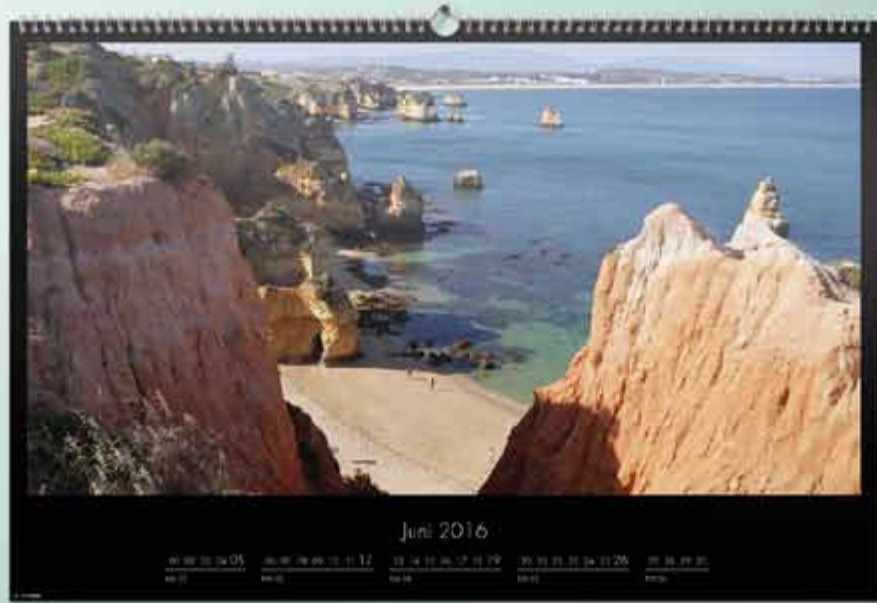
The environmental label "Blauer Engel Rechenzentrum" – which CEWE's Oldenburg data centre was awarded in 2013 for its particularly high level of energy efficiency and its low CO₂ emissions – was once again granted in 2015.

Another outstanding project was the completion of the company's SAP rollout for Saxoprint. Since June 2015, Saxoprint GmbH has also used CEWE's central SAP ERP system.

To simplify the process of collecting and organising information for the preparation of a sustainability report, CEWE procured an IT system from CR 360 which it launched in 2015.

My
cewe photobook
My Life







My
cewe wall art
Greatest Moments



Production

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

Improved production efficiency in the Photofinishing segment

In 2015, efficient use of installed equipment, avoidance of waste and a further reduction of turnaround times were the core priorities. Overall, the company continuously modernised the machinery at all of its plants and further optimised processes. In particular, modern dispatch facilities have been installed which make incorrect sorting almost impossible, thus further improving delivery quality. Besides quality assurance measures, the company's plants established the foundations for further reductions in turnaround times for core products.

CEWE also expanded its production capacities for its CEWE PHOTOBOOK product on photographic paper, in order to meet the increasing level of demand in Germany and other countries. The available number of pages increased to 114 pages. In addition, a large number of new photo products have been included in the company's production operations, such as framed CEWE WALL ART.

All eleven of CEWE's production plants for photo-based products are fully equipped with a uniform digital production structure and use the same IT infrastructure, whose capacity was further expanded in 2015. This enables CEWE to supply consumers and trade customers with digital photo services with a consistently high level of quality, with the shortest possible delivery times. Together with efficient processes at the company's plants, nearly 70 high-quality 4-colour digital printing machines of the three leading manufacturers ensure that CEWE PHOTOBOOKS, CEWE CALENDARS, CEWE WALL ART and CEWE CARDS can be produced in top quality, with a high standard of delivery reliability. With this high volume of machinery – which is unique in Europe – CEWE has sufficient capacities to cope flexibly with the distinct seasonal peak during the Christmas season. Combined with even more effective training for seasonal staff at all of our plants and the successful application of new production methods such as lean management and 5S, CEWE's plants have achieved an outstanding level of delivery service quality for our customers and business partners.

Despite the further significant increase in production volumes on the previous year, Christmas business in 2015 thus went entirely according to schedule.

Expansion in Commercial Online Printing

In 2015, CEWE optimised the capacities of its Dresden plant with its approx. 17,000 m² warehouses, to achieve shorter turnaround times and to increase production efficiency. CEWE was thus able to cope with the continuous growth in the offset printing sector and continued to supply its customers punctually and with a high level of quality. The company's activities at its Dresden offset plant focused on optimising the value chain in relation to efficient gang-run printing. Printing machines are increasingly operated with UV colours which enable rapid finishing thanks to an LED drying process, thus improving the overall quality of the printing product. For instance, in 2015 CEWE commissioned an eight-colour large-format printing machine with a perfecting system. The company thus now has four large-format printing machines at its Dresden plant, and another will be brought on line in the first quarter of 2016. As well as this expansion of printing facilities, a further key change related to the continuing automation of the company's finishing and shipping processes.

CEWE also expanded its range of services in the Commercial Online Printing segment. The company has also further expanded its product range in its existing product categories. The breadth of the company's portfolio has also increased e. g. through further calendar formats, stamps, post-it notes and other advertising products. Specialties such as special colours and gold and silver foil are also featured in the product range of all of the company's online printing portals, such as Saxoprint, cewe-print.de and viaprinto.de. Through its use of FSC®-certified paper and the option of climate-neutral printing, CEWE also promotes sustainability in its offset printing segment.

Personnel

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

Workforce

On average in 2015, the CEWE Group had 3,420 employees, of which 127 apprentices (previous year: 3,219).

Of this number, 2,298 employees or approx. 67 % (previous year: 2,145 or 67 %) worked at the Group's domestic plants and 1,122 employees or around 33 % (previous year: 1,074 or 33 %) at the CEWE Group's foreign plants.

Changes to collective wage agreement

The currently valid collective wage agreement is due to expire on May 31, 2017. The collective demographic agreement agreed as part of the last round of negotiations is now in force. Moreover, a collective bargaining agreement on the use of the demography-based amount was already concluded in 2014. It was agreed that this amount would be paid in to the company's pension scheme.

Occupational health and safety

Occupational health and safety is an important and integral aspect of employees' everyday work in the CEWE Group. As in previous years, CEWE registered a low level of sickness. At its German plants, this amounted to 3.6 % in 2015 (2014: 3.6 %), while the figure was 1.5 % (2014: 3.4 %) at its foreign plants. In 2015, 56 notifiable accidents and 22 commuting accidents were registered.

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

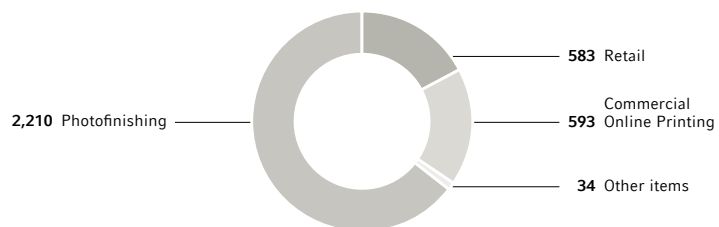
Volume of apprenticeships remains high

In 2015, CEWE trained 123 young people (2014: 125) in Germany for 13 different professions: industrial managers, warehouse logistics experts, photographers, electronics engineers for systems and equipment, mechatronics engineers, photographic media experts, IT experts for applications/system engineering, office managers and specialists for dialogue marketing, print finishing media technology and printing media technology as well as digital and print media designers. Students were also enrolled on its information systems course leading to a Bachelor of Science degree qualification. This continues to represent a volume of apprenticeships in excess of 5 % of all employees in Germany.

Positive cooperation

In the financial year 2015, the relationship with the works councils and the trade union represented at the company's plants, IG BC, was once again trusting and constructive. The Board of Management would like to thank all of the company's employees for their commitment and loyalty.

Average workforce of the CEWE Group in 2015 Number of employees



Average annual number of apprentices in Germany	2015	2014
Office administrator	1	4
Dual course of studies: media information technology	1	0
Dual course of studies: IT expert	14	14
Electronics engineer for systems and equipment	6	4
IT expert	12	10
Warehouse logistics expert	4	6
Photographer	3	2
Photographic media expert	6	7
Industrial manager	17	18
Dialogue marketing specialist	8	9
Media communication specialist	2	0
Mechatronics engineer	5	6
Digital & print media designer	11	10
Printing media technologist	15	17
Print finishing media technologist	18	18
Total number of apprentices in Germany	123	125

Logistics

The main task of logistics is ensuring the physical transfer of all image orders from the POS to the company's plants for processing and delivery of customers' orders within the notified delivery window. This includes not only the POS supply system but also, to an ever increasing extent, mailing of CEWE orders to the end-customer.

Continuous growth in volume of deliveries to end-customers

In 2015, the volume of direct deliveries to end-customers (mail-order shipments) by postal service providers continued to rise throughout Europe. The volume of shipments in the letter and package segments also continue to increase. Logistics is very well organised at all of the company's plants. It is thus well placed to cope with increasing shipment volumes.

CEWE is working towards the establishment of a sustainable delivery system through the GoGreen initiative of Deutsche Post DHL. By introducing DPD's "DPD Total Zero" programme and UPS' "Carbon Neutral Programme", the company took further steps to achieve a sustainable delivery system. CEWE thus now ships almost all of its letters and packages sustainably. CEWE pays one cent for each shipment and thus supports the goal of climate protection, since delivery-related CO₂ emissions are offset through climate protection projects all over the world.

POS delivery continues to contribute to CEWE's success

Delivery to our business partners' 25,000 POS throughout Europe remains an important unique selling point of CEWE.

The POS provides customers with the option of receiving their photo products at an alternative delivery address. This option remains highly popular with our customers, and we thus deliver much of the merchandise produced by CEWE to our business partners' various POS.

Bag orders continue to decline. Products such as CEWE PHOTOBOOK, CEWE CARDS and CEWE CALENDARS are increasingly ordered online and delivered to the POS by CEWE.



Purchasing and materials management

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

Central purchasing secures extension of cost/quality leadership position

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

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

Systematic management of purchasing potential and risks

Thanks to an even more uniform IT infrastructure in all of its business divisions, CEWE has comprehensive capabilities for identifying potential within each individual category as well as any risks within the scope of its portfolio. Thanks to specific planning, purchasing potential was once again realised in 2015 and purchasing risks minimised.

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

Central purchasing strengthens CEWE’s capacity for innovation

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

In 2015, CEWE successfully integrated and trained its partners in the field of “quality optimisation for CEWE PHOTOBOK” and “optimised material handling for shipping processes”. Particularly in relation to new technologies in the field of production/mechanical engineering, in 2015 CEWE optimised its process technology for existing suppliers and expanded and improved this system through new suppliers. New production processes and optimised procedures were successfully launched with innovative partners.

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



Process optimisation and transparency

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

Purchasing sustainability

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

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

In 2015, the company once again implemented its own supplier audits focusing on the issues of quality, product safety and social compliance (ban on child labour, high level of occupational safety/ active health protection) for Far Eastern suppliers, for imported material groups. In these audits, CEWE was able to once again verify compliance with sustainability requirements throughout the value chain.

Regional sourcing of material, wherever possible, is particularly critical for sustainability in the area of purchasing. In 2015, parts of our material groups for our kiosk systems were changed over to European sources.

Improved supply of materials through modern logistics processes

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

Finance

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

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

Modern accounting and balance-sheet preparation require continuous improvements

Quality, safety and efficiency are particularly important for the complex processes of accounting and balance-sheet preparation. Accordingly, CEWE is continuously seeking to realise improvements in its operating procedures. This includes both system-based document flow and archiving processes and individual requirements within the scope of the accounting system. Adjustments and changes to tax regulations and IFRS standards are closely monitored and implemented within the scope of internal guidelines and processes.

Market and CEWE's business models influence controlling activities

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

Finance division plays a role in defining new business models

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

ECONOMIC REPORT

Markets

Overall economic environment

World economy: subdued growth in the emerging markets, slight recovery in the developed countries

The global economy's growth rate continued to slow in the financial year 2015. While growth in the developing countries and the emerging markets weakened significantly according to figures from the International Monetary Fund (IMF), from 4.6 % in 2014 to 4.0 % in 2015 – mainly due to a decline in exports – growth in the developed markets was still at roughly the same level as in the previous year. In 2015, these countries realised growth of 1.9 %, compared to 1.8 % in the previous year. Overall, the IMF predicts growth of 3.1 % (2014: 3.4 %) for the world economy.

Besides the collapse in the price of crude oil – which had negative effects on the economies of oil-exporting countries while benefiting oil-importing countries – the interest-rate policy of the US central bank, the FED, likely influenced the overall economic trend. In line with expectations, at the end of 2015 the FED raised its key interest rate by 0.25 percentage points for the first time since the start of the financial crisis.

The German economy achieved very stable growth in the financial year 2015, even if this remained weaker than the growth trend for the world economy. In particular, this positive trend was due to increased domestic demand, financial reserves thanks to strong falls in commodities prices (particularly crude oil) and the rise in the volume of consumption. According to figures from the German Federal Statistical Office, in 2015 private consumer spending increased by 1.9 % on a price-adjusted basis, and government consumption expenditure even by 2.8 %. This was likely mainly due to the consumption expenditure associated with the influx of refugees.

According to the German Federal Statistical Office, the country's gross domestic product (GDP) over the year 2015 as a whole was 1.7 % higher than in the previous year. The IMF assumes economic growth of 1.5 % for Germany – Germany thus matched the European average. According to the IMF, the Eurozone achieved significantly more buoyant growth in the financial year 2015, compared to growth of just 0.9 % in 2014.

Inflation: Collapse in oil prices causes Eurozone inflation rate to fall below 1 %

The huge collapse in oil prices continued over the course of 2015. The price of a barrel of Brent crude oil fell by a further 35.2 %, from USD 57.56 at the end of 2014 to just USD 37.28 at the end of 2015. In the developed markets, this caused the level of inflation to fall to 0.3 %, compared to 1.4 % in the previous year. According to the ECB, in December 2015 inflation in the Eurozone was running at 0.2 % (December 2014: -0.2 %). As well as the price of oil, in the view of the central bank this trend was likely also attributable to the mild weather which dampened inflation for unprocessed food. In Germany, too, according to the German Federal Statistical Office in 2015 inflation averaged just 0.3 % (2014: 0.9 %), and was thus well below the ECB's target level of 2 %.

Exchange rate: Euro suffers a further loss of value

The ECB's monetary policy measures to stimulate economic growth – including large-scale purchasing of government bonds, a key interest rate which remains unchanged at 0.05 % and negative interest rates on European banks' deposits with the ECB – further weakened the euro against the leading trading currencies.

The euro's nominal effective exchange rate against the currencies of the euro area's 38 key business partners fell by 5.1 % in the assessment period from December 2014 to December 2015. Over the course of 2015, the single European currency lost around 7 % of its value against the US dollar.

Of the most important currencies for CEWE outside the Eurozone, the Norwegian crown gained 6 %, but the Polish zloty rose by just 0.3 %. Since CEWE registers turnover in these countries in their national currencies, the stronger euro exchange rate had a negative impact on its results of operations. The Czech crown – also one of the company's top three currencies – posted a slight trend in the opposite direction. It fell by 3 % over the course of the year. However, the euro also lost ground against the Swiss franc (-1 %) and the British pound (-1.6 %), even if these falls in value were significantly weaker than in the previous year (2014: CHF -2.1 %, GBP -6.6 %).

Photofinishing market

Popularity of fast smartphone photography continues to grow

Two trends have been apparent on the photography market over the past few years, which have both shaped and reinforced one another. On the one hand, the volume of mobile devices sold and used is on the increase. According to the market research company comScore, in 2015 there were more than 46 million smartphone users, an increase of 22 million (+91 %) on the previous year. There are also 31 million tablet users in Germany (source: eMarketer, 2015). One important aspect is that the technical features of the cameras installed in mobile devices are increasingly high-end. This contrasts with a 10 % to 15 % decline in sales of digital cameras in Europe (source: Prophoto, 2014).

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

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

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

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

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

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

Being online everywhere and at any time, so as to be able to share content and pictures – this trend also poses challenges for the imaging industry. The fact that ever more cameras are equipped with Wi-Fi and Android technology is merely one example of this. Moreover, many new apps offer comfortable and exciting functionalities for mobile photo editing and ordering. Online storage technology is another continuously growing area. For instance, this already enables the integration of videos in photobooks. Over the next few years, this area will undergo further expansion, permitting users to access all of their content such as films and photos across a range of different systems.

Online Printing market

Online printing growth continues

The report on the position of the German printing industry produced by the German Federal Printing and Media Association (Bundesverband Druck und Medien, BVDM) for the first half of 2015 indicated a decline in the sector's performance. Turnover of traditional printing firms with 50 or more employees fell by 2.2 % on the same period in the previous year. Turnover declined in all of the industry's segments, but newspaper printing once again suffered the strongest losses. The market for online printing firms which exclusively operate via the Internet realised further growth in 2015. In the first half of 2015, the funding climate improved for the overall industry. In 2016, this is also likely to generate a further increase in printing firms' investment activities which they had long neglected. The so-called "drupa effect" – the conclusion of purchase agreements at the International Trade Fair for Premedia/Print – is also likely to have a positive impact in 2016. (Source: Printing Industry Report, BVDM, November 2015)

In December 2015, the business forecast index for the next six months once again exceeded the level in the baseline year 2010. Moreover, with growth of 5.5 % on the previous year's level, it reached a high which it had last achieved 3.5 years ago. Boosted by anticipated employment growth, printing companies' outlook appears to have been improving for some time now. (Source: BVDM economic telegram, December 2015).

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

No discernible bottlenecks resulted in the relevant raw materials markets in the course of the financial year 2015. In particular, the availability of printing paper and printing plates was not jeopardised at any time. Prices of purchased merchandise and services remained stable.

Online Printing market: high barriers to market entry

Some new market participants appeared in the past financial year 2015. They mainly originated in traditional printing firms or in advertising agencies. However, in no cases did new market participants with their own production facilities emerge as a relevant competitor. CEWE was able to expand its market share in the relevant Online Printing market through its "CEWE-PRINT.de", "Saxoprint" and "Viaprinto" brands.

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

In the past financial year, relevant market participants implemented price adjustments in some cases. Despite market and growth potential which remains strong for all relevant market participants, in future the market is likely to remain characterised by price movements. This is particularly true of foreign markets, due to a price level which is in some cases higher there.

Retail market

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

Norway

Norway – which is one of the world's largest oil and gas exporters – is suffering due to the low price of oil. This country realises one fifth of its economic output through offshore oil production. The prospects for the Norwegian economy therefore clouded over in late 2014. In 2015, general economic growth on the mainland (excl. offshore industry) weakened and amounted to 1.3 %, compared to 2.3 % in the previous two years (source: dnb.no). At 4.6 %, unemployment reached its highest level in the past 10 years, but is distributed highly unevenly across the country. The oil industry's regions have been particularly badly affected (e. g. Rogaland). The Norwegian kroner lost ground against the euro due to falling oil prices (by 7.3 % on average in 2015, by comparison with 2014). Inflation is at 2.3 % (source: ssb.no).

In 2015, the level of real disposable income per capita increased by 2.8 % on the previous year. At approx. 30 thousand euros, it significantly exceeds the European average. Private consumption increased by 2.2 %, but consumer confidence was at a low level (source: dnb.no) – particularly in November and December, which are key months for the retail sector. This is weakening consumer spending.

Sweden

The Swedish economy is strongly export-oriented and is characterised by several large, globally-focused companies. The Swedish economy's current upturn has resulted in a decline in unemployment. Private consumption and housing construction investments are key drivers and have evidently been supported by the country's expansionary monetary policy. However, this expansionary monetary policy and the very low interest-rate environment do entail risks. Household debt has already increased, and real estate prices have also picked up strongly. Private consumer spending rose by 2.2 %. Unemployment was lower than in the previous year and amounted to 7.2 % (Dec. 2015, source: Eurostat), while gross domestic product grew by 3.3 % (the highest level of growth since 2010). Inflation was running at 0.9 %. Disposable income amounted to approx. 22 thousand euros. On average in 2015, the Swedish krona gained 1.4 % against the euro by comparison with 2014. (Source: dnb.no, konj.se, scb.se).

Poland

Strong domestic demand remains the growth engine of this country's economy, the sixth largest in Europe. Overall consumption expenditure was 3.2 % higher than in the previous year in 2015, while private household spending was 3.1 % higher than in the previous year. The unemployment rate was 7.1 % and was thus significantly lower than in the previous year (Dec. 2015, source: Eurostat). Turnover in the Polish retail sector rose by 0.9 % in 2015. Following long discussions with Polish and European trade associations, the Polish government approved a law for a special retail value added tax which is expected to come into force in 2016.

On average, the Polish zloty declined by 3 % against the euro in 2015. Inflation averaged –0.9 % in 2015. While households benefited from this deflation, it made it difficult for the retail sector to generate turnover growth, since in many cases companies still held large inventories at higher prices.

Purchasing power per head of population is just short of 5.8 thousand euros and thus 55 % lower than the European average. Since 2015, the statutory minimum wage has been 1,750 zloty (approx. 418 euros). (Sources: Narodowy Bank Polski, GUS – stat.gov.pl). The dominance of shopping centres is one peculiarity of the Polish retail market. There are currently more than 400 modern shopping centres in Poland. The level of new retail space created in 2015 was last matched in 2009. (source: JLL)

Czech Republic

The Czech Republic is now once again one of Europe's most buoyant economies. This upturn has been driven by domestic consumption as well as rising investments. The manufacturing sector is delighted with its strong order volumes. The construction industry is also enjoying growth. Moreover, since the government is providing increased funding for infrastructure projects, the outlook remains favourable. GDP grew by 4.6 % on the previous year, boosted by EU funding. Inflation averaged 0.3 % (its lowest level since 2003).

On average in 2015 the crown gained 3 % against the euro, having been strongly weakened in November 2013 by the Czech national bank's currency intervention. Unemployment amounted to 4.5 % (Dec. 2015, source: Eurostat). Retail turnover (excl. the automotive sector) increased by approx. 7 % in 2015. Purchasing power per head of population amounts to approx. 7.3 thousand euros.

Slovakia

Slovakia's economy is largely dependent on mechanical engineering and automobile manufacturing and is thus highly prone to fluctuations. The Slovak economy is currently being boosted by several different factors. The private and public sectors are demonstrating a strong investment propensity, private households are consuming more, and the construction industry is contributing to the country's growth trend for the first time in five years. In 2015, Slovakia's gross domestic product grew by more than 3 % and it was thus among the most dynamic Eurozone countries. Growth levels are expected to be even stronger in subsequent years. The average gross monthly wage level is approx. 600 euros in the retail sector and overall approx. 860 euros. Unemployment fell to 10.6 % (Dec. 2015, source: Eurostat). Incomes are distributed highly unevenly in Slovakia. In the capital, Bratislava, they roughly match the EU average, but overall they are only approx. 60 % of this level.

Results

Photofinishing business unit

Photofinishing trends

CEWE PHOTOBOOK's success story continues: CEWE's bestseller has realised continuous growth, with sales of 6.0 million units in 2015 alone. Moreover, at the end of 2015 CEWE already celebrated the landmark of reaching its 40 millionth CEWE PHOTOBOOK. In January 2015, its level of aided brand awareness amounted to 60 % (2014: 59 %) in Germany and thus continued to improve by comparison with the previous year (GfK).

Our new brands CEWE CARDS, CEWE WALL ART and CEWE CALENDARS also performed very strongly in 2015. Strong Christmas business in particular has delivered double-digit turnover growth. Within the scope of a consistent brand-building strategy, CEWE serves as the umbrella brand and is incorporated in the names of each of its brands. Brand elements such as the "CEWE wave", a colour scheme and typography ensure recognisability and trust among end-consumers.

Innovation and service

CEWE is the market leader, with many years of strong expertise in the field of photography. This photo service provider aims to offer a high-quality and comprehensive product range, with continuously new design elements (clip art, backgrounds, mounts etc.). Innovations in general and product innovations in particular played a very considerable role in 2015. New features successfully introduced in 2015 included a huge selection of smartphone cases, models/materials, chocolate advent calendars featuring premium Ferrero chocolate and gold/silver print and a special-effect print varnish for CEWE CARDS.

CEWE's quality commitment includes a strong service and customer focus. This encompasses a comprehensive customer service, a satisfaction guarantee for all CEWE brands and a range of ordering and collection options for its photo products. Speed and reliability of delivery are very important considerations for CEWE's customers. To ensure timely delivery even in case of time-critical orders, customers can use CEWE PHOTOBOOK's express service.

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

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

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

In 2015, these activities were once again honoured through top results in tests organised by prestigious specialist magazines. CEWE PHOTOBOOK's win together with CEWE's partners Saturn and Müller in the test conducted by Germany's Stiftung Warentest consumer association (11/2015 issue) was an excellent result in 2015. CEWE WALL ART and CEWE CALENDARS received an "outstanding" rating from DigitalPHOTO magazine (11/2015 and 12/2015 issues), to provide just a few examples.

An established name: CEWE PHOTOBOOK

CEWE PHOTOBOOK is Europe's most popular photobook. To satisfy our customers' high expectations, this brand product undergoes continuous development, to ensure its long-term market leadership. With over 40 options available, CEWE PHOTOBOOK offers the broadest product range, can now include up to 178 pages and can be assembled in many different ways. Various levels of paper quality and different covers and formats offer a suitable starting-point for every project and for every taste. CEWE PHOTOBOOK is notable for its user-friendly ordering software, which is available for the operating systems Windows, Mac and Linux. More than 5,000 designs and items of clip art and a variety of mounts, backgrounds and layouts are available during the editing process and provide lasting enhancements of products' value.

In 2015, CEWE once again lived up to its role as an innovation leader in the photofinishing industry. The market responded highly favourably to CEWE PHOTOBOOK Premium-Matt, which was subsequently expanded to include the options Compact Panorama and Square. Digitally printed CEWE PHOTOBOOKS can now be ordered with up

to 178 pages (previously 154 pages). The maximum number of pages for the photographic paper-based version of CEWE PHOTOBOOK has also increased, from 98 pages to 114.

Positive development: CEWE's new brands

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

CEWE WALL ART provides a perfect frame for special moments and lends rooms a personal atmosphere. This category is highly popular with our customers thanks to a choice of sizes, with pinpoint accuracy, and its excellent level of quality. This solid trend has also been reinforced through various innovations. The paper options Fine Art Matt and Silk Screen were added to the company's very strongly performing premium posters. Wood-mounted photos were also introduced. This product, which features sustainably grown real wood, is particularly popular with nature lovers.

CEWE CARDS express joy and appreciation for special occasions.

As well as product quality and a broad portfolio, high-quality designs are key to the success of this category. CEWE offers over 1,800 designs for a wide variety of occasions, such as Christmas, weddings, babies, birthdays etc. to suit the needs of consumers. In 2015, as well as hundreds of new designs based on the latest trends designs featuring gold/silver finishes and special-effect print varnish were introduced. These lend our beautiful CEWE CARDS a visible and tangible 3D effect. Our Classic card was introduced to round off our portfolio. This modern option is particularly suitable for invitations and save-the-date cards.

CEWE CALENDAR offers a suitable frame to record very special personal moments and to remember them every month or offer them as a gift for your nearest and dearest. The company's very broad product portfolio, the high level of quality and its very high standard of delivery reliability – even during the peak season in the run-up to Christmas – resulted in a very strong performance in 2015. Our premium wall calendar XXL (32 x 62 cm) adds a large format to our product range. This format is particularly suitable for very special panorama photos or photo collages. Its broad format is perfect for displaying sunrises, skylines and landscapes.

High-quality and stylish: new photo gifts and photos

With their individual photos, customers can create a unique character for their photo gifts. A comprehensive range caters to every possible wish (from magic mugs to puzzles, and from smartphone cases to advent calendars). In 2015, high-quality and trendy products have been added to CEWE's photo gift range.

Five new materials (Hard Case, Silicon Case, Tough Case, Sideflip and Downflip Bag) were added to the highly dynamic segment of individual smartphone cases. The choice of models was greatly expanded to include more than 200 different models. CEWE thus offers the largest product portfolio on the market.

Advent calendars are all the rage. High-quality chocolate advent calendars featuring Ferrero chocolates and children's chocolate were added to the company's product portfolio. A calorie-free photo advent calendar was also introduced, with a photo behind each door. These new products were an immediate hit with end-consumers.

CEWE in the mobile world

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

The CEWE PHOTOWORLD app is at the heart of the company's mobile applications. Once installed on your smartphone or tablet, you can design and order photo products either on the move or at home on your sofa. In 2015, a comprehensive software update was released for this app. CEWE CALENDARS can now also be produced as desk calendars, and postcards can be sent worldwide including not only the sender's own photo but also a personalised video message. Customers use the CEWE PHOTOWORLD app to send their individual postcards featuring personal photos and text digitally to CEWE, which then prints them out and posts them. This service is available no matter where in the world the sender is situated and for any destination for his or her card. The CEWE PHOTOWORLD app was selected as the best photo book app in a comparative test in APPS magazine (issue 12/2015).

Further CEWE applications include its CEWE POSTCARD and CEWE OPTIMIZE apps. The CEWE POSTCARD app is a small, self-standing app for sending postcards. Using the CEWE OPTIMIZE app, photos can be edited and optimised with just a few clicks. A self-standing CEWE CALENDAR app was introduced in 2015.

CEWE's marketing activities in Germany and other countries

In 2015, the company used all available channels for marketing activities with the goal of consistent communication for its brand family clustered around its crowd-puller CEWE PHOTOBOOK. These communication activities were adjusted for the international market, in view of local factors in individual countries.

In January, many customers choose to capture their nicest memories from the previous year in a CEWE PHOTOBOOK. To reinforce this trend and to acquire further new customers, in January 2015 CEWE was present on German TV for a period of four weeks for a second time.

In 2015 CEWE was also once again present at many thematically related trade fairs. From trade fairs in the field of photography via travel, wedding and book fairs to consumer fairs, CEWE demonstrated its products' versatility and pursued a dialogue with consumers.

A new campaign was launched for CEWE PHOTOBOOK customers in time for the important summer period. Customers invited cameras into their homes and spoke about the special occasions associated with CEWE PHOTOBOOKS and the experiences and the pleasure which they bring. These emotional stories were first broadcast on TV over the summer. They were also featured on the web, on CEWE's brand websites, and on the websites of CEWE's business partners. Online marketing activities served as a targeted means of widening the impact of this TV campaign via the web and social media channels, and contents from this campaign were also included in the company's newsletter. Adverts in specific print media were used by way of additional support of the campaign.

In November and December 2015, as part of this campaign customers talked about the joy of giving a CEWE PHOTOBOOK gift and presented their stories with strong emotional resonance. This "Christmas/giving" theme was featured and extended across all of CEWE's channels, with the aim of consistent 360° communication. Moreover, parallel ads were once again run together with the CEWE CALENDAR product group at this time.

Brand communication activities relating to CEWE PHOTOBOOK and CEWE CALENDAR also focussed on this period. From early November to mid-December 2015, the CEWE brand was placed in selected TV slots. In Germany alone, millions of gross contacts were realised during this period and the company reached much of its target group. Moreover, as part of its Christmas campaign for a period of five weeks CEWE appeared during the "best minute" slot ahead of ARD's "Tagesschau" and ZDF's "heute" news programmes. The company's Christmas TV advert focussed on CEWE PHOTOBOOK and also, in supplementary tandem adverts, on CEWE CALENDAR. Additional coverage was achieved e.g. by placing CEWE's Christmas key visual on a split-screen during RTL's review of the past year "2015! Menschen, Bilder, Emotionen". A print campaign also supported the company's Christmas campaign in many thematically related media. As in the summer campaign, a tailored mixture of PR measures in print and online media supported marketing activities during the Christmas period. The pegs used were customers' stories, CEWE's Christmas gift tips as well as the new products introduced in 2015.

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

CEWE also offers its customers genuine added value in the newsletter and print-mailing segment. In 2015, its customers once again regularly received information and inspiration relating to photography and special themes. Rounded off with product information as well as tips & tricks provided in text, image and video format, a growing number of recipients were supplied with special interest-related content. Customers' stories were naturally also featured through this channel.

Customers were likewise filmed in Austria, Switzerland, France and the Netherlands and placed on TV in various markets, in high-quality, target group-relevant settings offering broad coverage. Here too, customers' stories were presented with the goal of consistent communication, on all of the company's channels.

In some countries (such as the Benelux countries), as well as CEWE calendars CEWE WALL ART was also advertised on TV, through tag-ons.

The new CEWE PHOTOBOOK Christmas TV ads were used at Christmas in various European markets, on TV as well as online channels such as Youtube, with a high level of coverage, and were multiplied through various other measures such as social media activities, inserts in parcels, POS brochures and newsletters.

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

Core issues such as "travel" were also increasingly associated with the CEWE brand in foreign markets, thanks to CEWE's stand presence at travel fairs such as "Vakantiebeurs" held in Utrecht in January 2015, the "Salon de Tourisme" in March 2015 in Paris and the "Family Travel Show" which took place in London in October 2015.

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

The issue of "content" once again played a key role in the company's various markets in 2015. Newsletters, CEWE magazines and brochures, POS decorations and special TV reports were used to provide a wide range of tips on subjects relating to photography in general and to CEWE products in particular. For instance, at many of our laboratories customers were invited to participate in a live tour and to experience on site the production process for their personal gifts. In Prague, even more current and potential customers were able to experience this tour in virtual form, through a live TV broadcast.

CEWE photography competitions as an additional communication channel

Each CEWE PHOTOBOOK is a contemporary document and reflects people's enthusiasm for the medium of photography. In all of its European markets, CEWE offers a platform for this enthusiasm through a large number of photography competitions. Following its major success in 2010, the international photography competition "Europe is beautiful" took place in 2013, while the photography competition "Our world is beautiful" was held for the first time in 2014. Overall, participants from 19 European countries uploaded over 94,000 photos, rated and commented on them and shared them via social media channels – an impressive response. The awards ceremony was held and the overall winner was presented on September 2 at Hamburg's Deichtorhallen "House of Photography". The winners in each category were all invited to make the trip to Hamburg, where the CEWE Photo Award was handed over to the overall winner for the first time. The exhibition tied in with the competition also celebrated its premiere. As well as the six category winners, 42 other impressive competition entries were presented on the Deichtorhallen's plaza in the period up to October 9, 2015.

In Hungary, this exhibition has already been presented in the very special setting of Gödöllő Palace. Several winners' exhibitions have also been presented in other markets.

In 2014, CEWE launched a CEWE PHOTOBOOK competition in Germany through a platform specially created for this purpose for the first time. With almost 5,000 entries, this competition which ended in 2015 met with an impressive response and showcased a broad range of themes and compositions.

CEWE supports photography as a form of cultural expression

CEWE is very firmly committed to supporting and preserving photography as a form of cultural expression. This photography service provider maintains partnerships with a large number of institutions in the field of photography, which enable an experience of the medium of

photography encompassing all of its different aspects. These include the German Photography Museum in Leipzig, CEWE's position as the main sponsor of the "Fürstenfelder Naturfototage", its premium partnership with "Erlebniswelt Fotografie Zingst" and its partnership with the "Oberstdorfer Fotogipfel" photography festival.

CEWE already established a partnership with Hamburg's Deichtorhallen/House of Photography at the end of 2013. Together with Europe's leading exhibition venue for photography, in 2015 CEWE realised various activities combining the worlds of art and everyday culture. These included the above-mentioned, prize-winning outdoor exhibition "Our world is beautiful", which was presented on the Deichtorhallen's plaza. This photography exhibition consisted of 40 large-scale 100x150cm images and displayed some of the submissions to CEWE's photography competition of the same name, which ran to more than 94,000 entries.

CEWE also supported committed photographers by enabling them to organise their own exhibitions. For instance, in a national park Norbert Rosing presented his fascinating large-format photos to an interested public as part of his "Wild Germany" project. This photography exhibition was realised in cooperation with National Geographic Germany.

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

CEWE is also demonstrating its commitment in the field of nature photography and nature conservation through its cooperation with the Bavarian ornithology association (Landesbund für Vogelschutz, LBV), in the form of a joint photography competition and a photography exhibition in Munich's Botanical Garden.

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

Photofinishing results

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

Seasonal migration remains intact

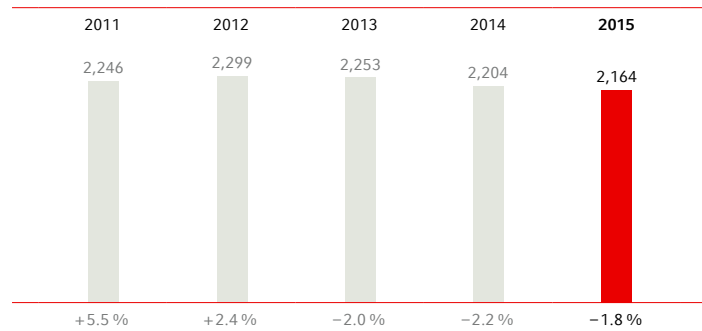
Digital products generate peak sales and particularly strong turnover and, above all, income in the fourth quarter. Many consumers appreciate CEWE PHOTOBOOKS, CEWE CALENDARS, CEWE CARDS and CEWE WALL ART as well as further photo gifts as Christmas presents. The seasonal profile of CEWE's business has thus shifted very significantly towards the end of the year. As the graphic on page 75 shows, this shift remains intact.

Growing share of value-added products

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

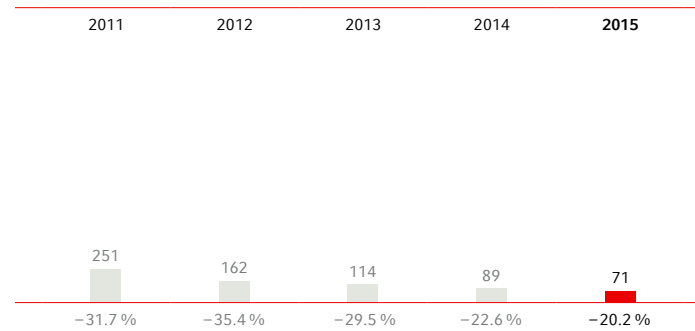
high-quality value-added products are compensating for some of this decrease. CEWE's product mix is thus increasingly shifting towards these value-added products: The share accounted for by the brand products CEWE PHOTOBOOK, CEWE CALENDARS, CEWE CARDS and CEWE WALL ART is continuously growing. These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

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



Change on previous year

Photos from film millions of units



Change on previous year

Photofinishing sales

- ▶ *Total volume of photos slightly exceeds expectations, with 2.23 billion photos*
- ▶ *6.0 million CEWE PHOTOBOOKS, whose quality level continues to rise: +2.0 % on the previous year*
- ▶ *CEWE CALENDARS, CEWE CARDS and CEWE WALL ART reinforce the trend of higher-quality products*
- ▶ *96.8 % of photos are digital*
- ▶ *More than 63 % of all photos are collected from retail stores*

Volume of photos slightly exceeds expectations

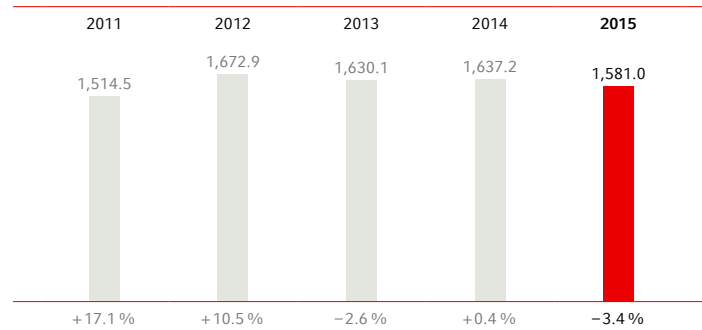
As a result of its move away from “mass” to “class”, for 2015 CEWE had expected a decline in its volume of photos to between 2.17 and 2.22 billion photos (between –6 % and –3 % on the previous year, 2014); as well as individual photo prints, this volume of photos also includes images forming part of other photo products, such as CEWE PHOTOBOOK, CEWE CALENDARS, CEWE CARDS, CEWE WALL ART and other value-added products. With 2.23 billion photos produced (–2.5 % on the previous year, 2014), CEWE even slightly exceeded this target, at the upper end of its predicted range.

The fourth quarter once again increased its share of the volume for the year as a whole. While the volume of photos declined in the first three quarters by –4.6 % (1.46 billion photos) in line with the seasonal migration, in the fourth quarter the volume actually increased, by +1.6 % to 776 million photos (Q4 2014: 763 million photos). As the graphic on page 75 shows, this marks the continuation of a long-term trend of a seasonal migration, with a rising volume share in the fourth quarter which now amounts to 34.7 %.

CEWE PHOTOBOOK sales achieve further growth of 2.0 %

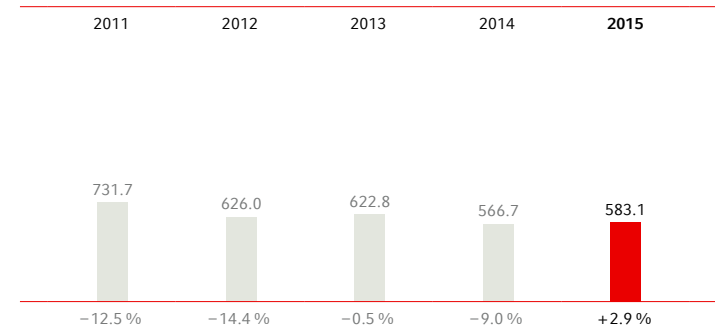
In the year under review, CEWE PHOTOBOOK’s sales growth remained positive: Overall, more than 6.0 million CEWE PHOTOBOOKS were sold (+2.0 % on the previous year, 2014), so that the planned target growth range of between +1 % and +3 % was thus reached. CEWE PHOTOBOOK’s growth was even stronger in terms of the level of turnover. This development was supported through the continuing shift towards CEWE PHOTOBOOKS with a larger number of pages and in bigger formats, as well as upselling measures such as gloss and matt surface finishing and the possibility of including videos in CEWE PHOTOBOOKS by means of a QR code.

Digital photo orders placed over the Internet millions of units



Change on previous year

Digital photo orders placed in retail outlets millions of units



Change on previous year

Of the total annual volume of CEWE PHOTOBOOKS sold, in 2015 customers purchased more than 39 % in the fourth quarter: 2.39 million books (Q4 2014: 2.26 million books). The brand product CEWE PHOTOBOOK has once again made a very significant contribution to the company's success.

All of CEWE's brands continue to gain ground

Sales of the company's other value-added products also continue to enjoy dynamic growth. During the year 2015 as a whole, the product groups CEWE CALENDARS, CEWE CARDS and CEWE WALL ART realised growth which in some cases reached double-digit rates.

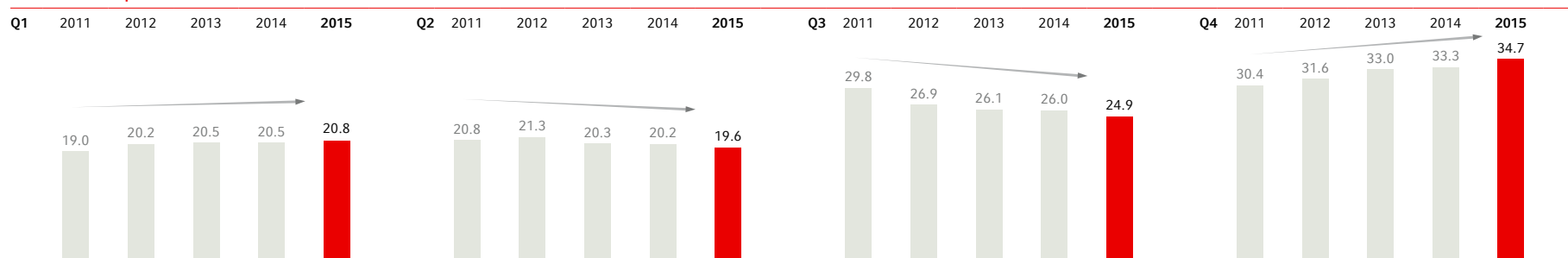
96.8 % of photos are digital

With the success of CEWE PHOTOBOOK and CEWE's other brands, digitalisation is thus increasingly approaching the 100 % mark. Following 96.1 % in 2014, in the year under review as many as 96.8 % of all photos were digital in origin. In 2015, the number of analogue photos from film declined slightly less strongly than expected, by -20.2 % to 70.7 million photos (target for 2015: between -27 % and -21 %). In the fourth quarter, the digital proportion of photos even amounted to 98.1 % (Q4 2014: 97.7 %).

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

The proportion of digital photos ordered via the Internet changed from 74.3 % in the previous year, 2014, to 73.1 % (1,581 million photos) in the year under review. The slight decline in the share of digital photos ordered over the Internet reflects the strong growth in the volume of photos printed out directly at the retail outlets of CEWE's business partners, at CEWE PHOTO STATIONS. 47.7 % of customers placing orders via the Internet opted to collect their completed orders from the retail outlets supplied by CEWE. 52.3 % chose home delivery by post. Customers thus collected overall more than 63 % of all photos (both analogue and digital, ordered via the Internet and over-the-counter, including the photos printed out at CEWE PHOTOSTATIONS in retail stores) at retail outlets of CEWE's trading partners. This confirms the strength of CEWE's "clicks and bricks" positioning, a strategic combination of physical outlets and the Internet: CEWE products can be purchased in retail stores, while photos can be collected from stores or sent to customers by post.

Total volume of photos – seasonal breakdown as %



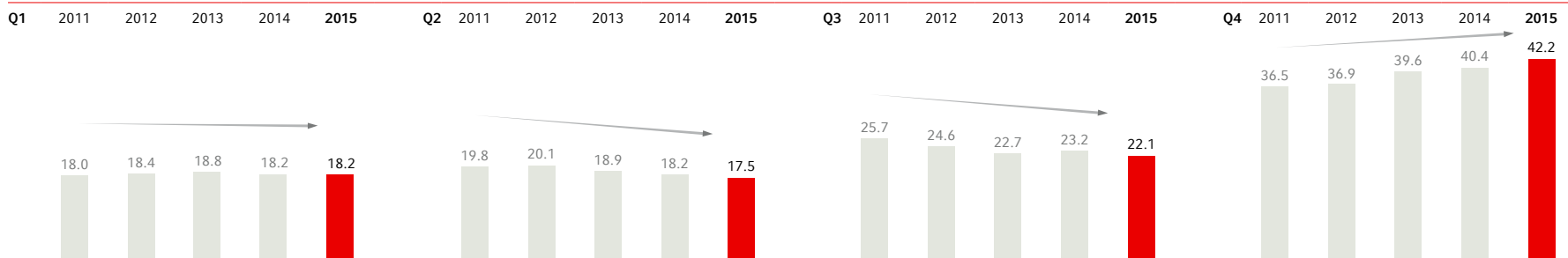
Photofinishing turnover

- ▶ *Stronger share of CEWE brand products reinforces Photofinishing turnover*
- ▶ *Turnover per photo continues to increase: +10.3 % to 18.6 euro cents per photo*
- ▶ *Photofinishing turnover of 414.9 million euros exceeds turnover target for 2015: +7.5 % on previous year*
- ▶ *Fourth-quarter turnover realises strong growth of 12.4 % to 175.3 million euros*

Value-added products continue to strengthen Photofinishing turnover

In 2015, CEWE brand products and value-added products once again accounted for an increased share of overall turnover. The trend of higher-quality photo products thus continues to strengthen the turnover trend. Turnover per photo once again rose in 2015: by 10.3 % from 16.8 euro cents per photo in 2014 to 18.6 euro cents per photo in the year under review. The fourth quarter of 2015 especially reinforced this positive trend: Turnover per photo also climbed in the key Christmas quarter, by 10.6 % from 20.4 euro cents in the same quarter in the previous year to 22.6 euro cents.

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



Photofinishing turnover clearly exceeds expected range

Due to this positive turnover per photo trend on account of higher-quality products, at 414.9 million euros Photofinishing turnover in 2015 clearly exceeded the figure for the previous year (2014: 386.0 million euros, +7.5 %). As a goal for 2015, CEWE had set a turnover target of between 386 million euros and 391 million euros. The realised Photofinishing turnover figure of 414.9 million euros thus clearly exceeds this range.

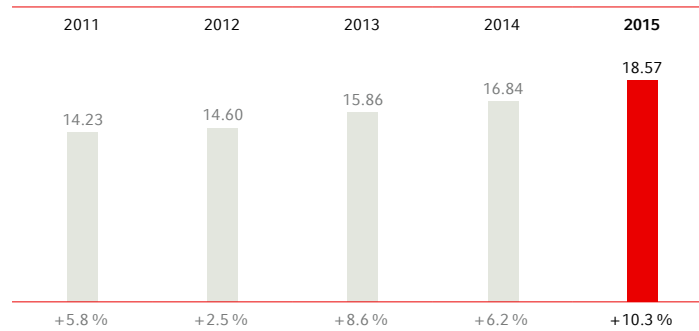
In 2015, Christmas business continued to gain in significance on the basis of the further growth in CEWE PHOTOBOOK's sales volume in the fourth quarter and the fourth quarter's increased volume share in general. In the key fourth quarter, turnover increased by 12.4 % from 156.0 million euros in the same quarter in the previous year to the current 175.3 million euros.

Sales targets <i>billions of units</i>	Target	Actual	Deviation*
Digital photos	2.10–2.15	2.16	+1.8 %
Photos from film	0.065–0.070	0.07	+4.7 %
Total volume of photos	2.17–2.22	2.23	+1.8 %
CEWE PHOTOBOOKS <i>millions of units</i>	6.0–6.1	6.0	*

* Calculated on the basis of the mean value for the planned target range

Q4 earnings <i>millions of units</i>	2015	2014	Change
Total volume of photos	775.7	763.4	+1.6 %
of which digital photos	761.2	745.6	+2.1 %
of which photos from film	14.5	17.8	-18.5 %
CEWE PHOTOBOOK	2.4	2.3	+5.7 %

Photofinishing turnover per photo *in euro cents*



Change on previous year

Photofinishing earnings

- ▶ For 2015 as a whole, further outstanding Christmas business leads to an EBIT figure of 40.4 million euros in the Photofinishing segment (2014: 39.4 million euros)
- ▶ Operating EBIT before extraordinary expenses even 4.0 million euros higher than in the previous year: 43.4 million euros
- ▶ Operating EBIT in Photofinishing segment exceeds expectations
- ▶ Fourth quarter delivers 97 % of Photofinishing's EBIT for the year as a whole
- ▶ Photofinishing's operating margin once again increases in 2015 as a whole and now amounts to 10.5 % (2014: 10.2 %).

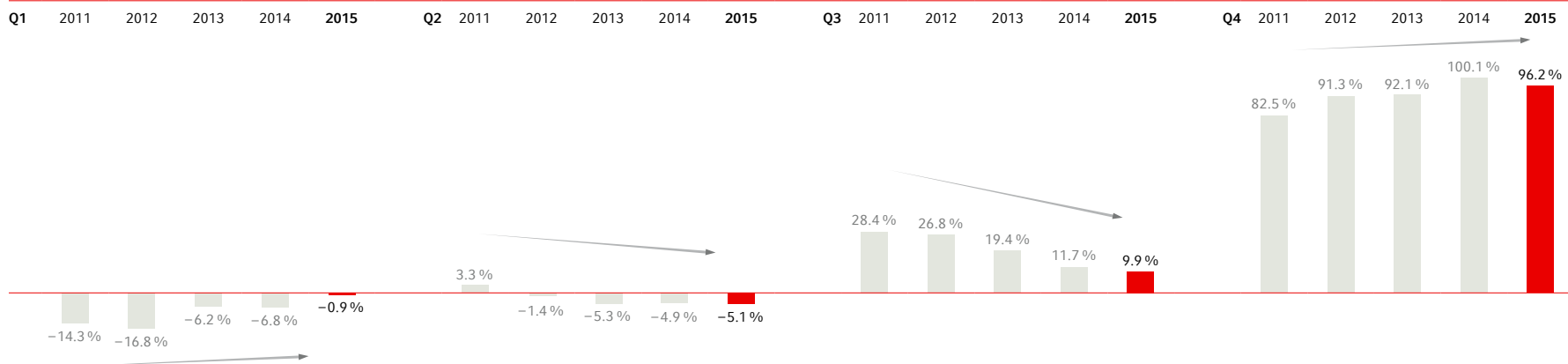
Back in the analogue era, CEWE realised the largest share of its annual profit in the holiday quarter (the third calendar quarter). At that time, the share of its annual profit delivered by the fourth quarter was almost zero. Due to the seasonal migration, the Christmas quarter (the fourth calendar quarter) now accounts for an even greater share of business: While the third quarter used to be the clear main quarter, with summer holiday photos, for many years now the seasonal peak has shifted to the fourth quarter, when CEWE PHOTOBOOK, CEWE CALENDARS, CEWE CARDS and CEWE WALL ART are in stronger than ever demand as Christmas gifts.

Photofinishing's operating EBIT exceeds expectations: 43.4 million euros in 2015 as a whole

With an operating EBIT figure before one-off items of 43.4 million euros, the Photofinishing business unit once again achieved earnings growth, following a prior-year EBIT figure of 39.4 million euros (+ 10.2 %). The Photofinishing business unit thus even exceeded its envisaged 2015 target range of between 35.5 million euros and 41.5 million euros, by 1.9 million euros.

In the first quarter of 2015, restructuring costs still arose as extraordinary expenses for the closure of a small customer service office at the Group's former photographic laboratory location in Dresden, in the amount of 0.4 million euros. Together with the goodwill amortisation recognised in the fourth quarter on two of the Group's Photofinishing companies, in the amount of 2.6 million euros, extraordinary expenses with a total volume of 3.0 million euros thus resulted in this business unit in the year under review. Even allowing for these one-off factors, the reported Photofinishing EBIT for 2015 in the amount of 40.4 million euros is still slightly higher (+2.4 %) than the figure for the previous year (2014: 39.4 million euros).

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



As well as these one-off items, the Photofinishing result also includes a loss in the volume of several hundred thousand euros resulting from CEWE's equity investment in the company "DeinDesign". At the start of the third quarter of 2015, CEWE acquired a majority stake in DeinDesign. Through its website www.deindesign.de, "DeinDesign" produces and distributes personalisable smartphone cases as well as skins to personalise many items of electronic equipment. The company's startup financing for "DeinDesign" is justified on the basis of a logical expansion of its current product portfolio (also for its other distribution channels), the market position which it has already achieved and the associated outlook.

Further growth in Photofinishing's operating EBIT margin

In 2015, the trend of a changing product mix for Photofinishing which has been intact for some years now – the replacement of individual photos with value-added photo products such as CEWE PHOTOBOOK, CEWE CALENDARS, CEWE CARDS and CEWE WALL ART plus other photo gift articles – once again resulted in a further rise in its operating EBIT margin (before the extraordinary expenses outlined above): 10.5 %, compared to 10.2 % in the previous year.

Fourth-quarter operating EBIT once again increased

In accordance with the increasing core volume of demand in the fourth quarter, income from the company's main business unit "Photofinishing" once again rose in the Christmas quarter. Operating EBIT before the above-mentioned extraordinary expenses climbed by 6.2 % in the fourth quarter and amounted to 41.9 million euros. The fourth quarter's share of total earnings in the Photofinishing segment in the year 2015 as a whole thus amounts to 97 %. This seasonal migration is most strongly apparent at the level of earnings, driven by increasing sales of higher-margin value-added products during the Christmas season.

Structural and company expenses, real estate and equity investments reclassified to "Other activities" business unit.

With immediate effect, CEWE will report its structural and company costs as well as the result of its real estate holdings and equity investments in its new business unit "Other activities". These positions

were previously allocated to the "Photofinishing" business unit, even though they were not exclusively related to Photofinishing in terms of costs and were not directly allocable to the Photofinishing segment in terms of business or products. The reference figures have been restated accordingly.

Structural and company costs mainly comprise the costs associated with the company's Supervisory Board and 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 futalis have been assigned to this new business unit, since its business activities cannot be allocated to CEWE's other business units. At the start of the third quarter of 2015, CEWE expanded into a majority interest the equity investment in futalis which it acquired some time ago. In its Q3 report, in line with its internal reporting it initially reported this within the "Photofinishing" business unit on grounds of materiality. 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 "Other activities" business unit, turnover amounted to 0.6 million euros (2014: 0.0 million euros) in the financial year 2015. In the past financial year, the EBIT contribution to the consolidated income/loss resulting from the expense items for structural and company costs and the result of real estate holdings and equity investments amounted to –2.2 million euros (2014: –1.0 million euros).

Clear terms for equity investments in young companies

With its promising equity investments in young companies, CEWE intends to continue its success story of developing new future business unit in line with its model for Commercial Online Printing. In particular, CEWE is interested in online business models which – just like CEWE – produce customised, high-quality products with a substantial customer benefit and thus build a strong brand, while offering the potential of developing CEWE's business in future. The company has formulated clear terms for this: CEWE must be able to provide added value for these equity investments through its core competences, but will initially only provide limited resources.

1,000 flyers

from
19,90 €*



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

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BEST IN PRINT

Commercial Online Printing business unit

Developments in the Commercial Online Printing business unit

CEWE-PRINT is the main brand for Commercial Online Printing

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

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

Through its brands CEWE-PRINT, Saxoprint and Viaprinto, in Commercial Online Printing CEWE is now active in 10 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. The aim is to exploit CEWE’s existing distribution structures in these countries, so as to

enter markets rapidly and successfully. CEWE decides on which of its Online Printing brands to market in each country in line with specific market conditions.

Commercial Online Printing widens product range

Envelopes, stickers, post-it notes and files were among the new products included in the company’s online printing portals in 2015. Moreover, further paper and format options have been added to the company’s standard product range. For instance, the company’s online printing portals already offer environmentally-friendly notepaper, business cards, flyers, greetings cards and folders consisting of recycled materials. Recycled paper is 100 % recycled waste paper.

Target group-oriented B2B marketing

The advertising tied in with Germany’s football Bundesliga which the company already launched in 2012 was supplemented in 2015 with target group-focused marketing in trade magazines and with partnerships focusing on the SME sector. In 2015, CEWE once again exploited the broad reach of this strategy in order to sharpen CEWE-PRINT’s brand profile. Its marketing agenda also includes targeting new customers through online advertising and maintaining relationships with existing customers by means of newsletters and mailings.



Results in the Commercial Online Printing business unit

- ▶ *Turnover target fulfilled for 2015: 77.8 million euros, +10.4 % (previous year: 70.5 million euros)*
- ▶ *Commercial Online Printing reaches operating profit threshold earlier than planned*
- ▶ *EBIT improves by 1.9 million euros*

Turnover achieves further double-digit growth in 2015 to reach planned level

In 2015 as a whole, turnover in the Commercial Online Printing business unit rose by 10.4 % on the previous year and totalled 77.8 million euros, compared to 70.5 million euros in the previous year. CEWE thus realised its turnover target in this business unit of approx. 80 million euros for 2015. Intensive marketing activities also supported this top-line growth in the past financial year.

Fourth quarter increases share of turnover to 22.8 million euros

The fourth quarter of 2015 also realised further strong growth (11.2 %), with turnover of 22.8 million euros compared to 20.5 million euros in the fourth quarter of the previous year. In Commercial Online Printing, too, the strongest month in terms of turnover falls in the fourth quarter: In November, many business customers are preparing for their Christmas business and increase their orders of printed advertising media.

Operating profit threshold reached earlier than planned

The result for the Commercial Online Printing business unit currently still includes non-operating expenses arising from scheduled depreciation on intangible assets identified within the scope of the purchase price allocation for the Saxoprint Group at that time. For the financial year 2015, these expenses totalled approx. 2.1 million euros. Adjusted for this non-operating effect associated with the purchase price allocation for Saxoprint's acquisition, Commercial Online Printing's EBIT for 2015 amounted to 1.2 million euros. Commercial Online Printing has thus reached the operating profit threshold one year earlier than planned.

Growth investments pay off: EBIT improves by 1.9 million euros

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

Development of turnover by segment <i>millions of euros</i>	2015	2014	Change
Photofinishing	414.9	386.0	+7.5 %
Retail	60.8	67.3	-9.6 %
Commercial Online Printing	77.8	70.5	+10.4 %
Other activities	0.6	0	—
Total	554.2	523.8	+5.8 %

EBIT by segment (prior to restructuring) <i>millions of euros</i>	2015	2014	Change
Photofinishing	40.8	39.4	+3.6 %
Retail	0.1	-2.9	—
Commercial Online Printing	-0.9	-2.9	+67.4 %
Other activities	-2.2	-1.0	-113 %
Total	37.8	32.6	+16.1 %

In the financial year 2015, personnel expenses for Commercial Online Printing increased slightly by comparison with the previous year. This absolute increase is attributable, on the one hand, to the increased volume of business and production and, on the other, to necessary wage and salary increases due to the adjustment in the minimum wage.

Despite these planned cost increases, the Commercial Online Printing business unit increased its EBIT contribution (incl. the charges resulting from the purchase price allocation for Saxoprint's acquisition) to consolidated income from –2.9 million euros in the previous year, 2014, to –0.9 million euros in the current period under review (+67.4 %): an improvement of approx. 1.9 million euros.

Fourth quarter delivers 7.0 % EBIT margin

As outlined above, the seasonal peak for Commercial Online Printing – with highly efficient utilisation levels for production facilities – likewise falls in the fourth quarter. With an EBIT figure of 1.6 million euros, this business unit has realised an increase of 1.9 million euros in its EBIT figure by comparison with the same quarter in the previous year (Q4 2014: –0.3 million euros): This represents an EBIT margin of 7.0 % for fourth-quarter turnover.

Commercial Online Printing will be profitable in 2016

Business development to date in Commercial Online Printing has confirmed CEWE's goal of ending 2016 with this business unit providing a positive EBIT contribution to consolidated income, even allowing for the expenses resulting from the purchase price allocation for Saxoprint's acquisition. The focus will thus continue to lie on profitable growth.

Retail business unit

Retail developments

CEWE RETAIL: Strong performance for core business, against the market trend, repositioning continued in Poland

In 2015, CEWE RETAIL maintained or even expanded its strong market position in Norway, the Czech Republic and Slovakia, since it was able to exploit the advantages resulting from a combination of attractive retail stores and its Internet business which has been established for many years now. In the year under review, the company continued to make extensive adjustments to its business model in Poland through repositioning: It significantly reduced its number of branches and modernised further stores.

CEWE RETAIL offers its customers an attractive selection of cameras, lenses, accessories and services as well as CEWE's entire Photofinishing range, not only in attractive locations in city centres and shopping centres but also over the Internet. The related turnover and earnings contribution provided by CEWE's photofinishing product range is reported in the Photofinishing business unit.

Retail results

- ▶ *Retail turnover falls to 60.8 million euros (2014: 67.3 million euros) due to repositioning in Poland*
- ▶ *EBIT before restructuring costs in the Retail segment once again marginally positive: 0.1 million euros (2014: –2.9 million euros)*

2015 turnover falls to 60.8 million euros, mainly due to the company's repositioning in Poland

CEWE RETAIL's large and attractive product range and its strong customer focus remained a key competitive factor in 2015. This business unit even posted turnover growth in its strongest market, Norway, and also in Slovakia. As expected, reflex camera business continued to decline, but additional turnover was realised through mirrorless system cameras and related interchangeable lenses. A consumer trend of high-quality compact cameras without an interchangeable lens is also apparent.

In the year under review, inefficient branches were closed in Poland as planned. Online turnover was unable to fully compensate for the decline in turnover resulting from these closures. As well as the market driven-decline in turnover for reflex cameras and low-cost compact cameras, the company's deliberate abandonment of this weak-margin branch turnover was the main factor which caused the total annual turnover of the Retail business unit – together with negative currency effects in the amount of 2.05 million euros – to decline to 60.8 million euros, all in all, which was thus lower than overall annual turnover for 2014 (2014: 67.3 million euros).

Retail EBIT before restructuring costs once again marginally positive

The repositioning of the Retail segment in Poland already had a positive effect in the past financial year: At 0.1 million euros, operating EBIT before restructuring costs was once again marginally positive, following a loss of –2.9 million euros in the previous year. In the first quarter of 2015, restructuring costs with a volume of 0.6 million euros had accrued in Poland. The reported EBIT figure incl. these one-off expenses was thus still marginally negative at –0.4 million euros.

While branch closures and the adjustment of the company's business model in Poland initially resulted in lower turnover and pro rata contribution margins in the past financial year, the resulting cost savings already provided a positive contribution to the earnings situation.

In addition, the general market decline for photo hardware retail activities in Poland and Norway and the manufacturers' associated cost-reduction programmes meant that the industry assumed lower marketing costs shares. Due to branch closures and the general market decline for reflex cameras and compact cameras, CEWE RETAIL also reduced its volume of purchasing from several hardware manufacturers and was thus able to improve its working capital (among other items) through a further reduction (albeit less pronounced than in the previous year) in its volume of inventory. Accordingly, several volume-dependent supplier bonuses also decreased. In previous years, these had positively affected the company's earnings situation.

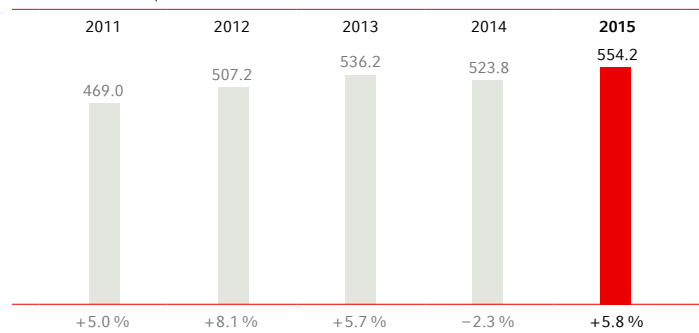
Consolidated profit and loss account

- ▶ Group turnover increases to 554.2 million euros
- ▶ All of the company's goals for 2015 achieved: Group EBIT of 36.8 million euros
- ▶ Fourth quarter once again provides more than 100 % of the annual EBIT figure: 41.0 million euros
- ▶ EBIT margin improves within the Group from 6.2 % (2014) to 6.6 % (2015)
- ▶ Normalised Group tax rate of 33.0 %
- ▶ Earnings per share at 3.24 euros (2014: 3.08 euros/share)

Group turnover increases to 554.2 million euros

In the financial year 2015, turnover growth in the Photofinishing and Commercial Online Printing business units greatly exceeded turnover in the Retail segment – which declined slightly – and thus also delivered turnover growth for the Group as a whole of 5.8 % by comparison with the previous year: Group turnover increased from 523.8 million euros in the financial year 2014 to 554.2 million euros in the year under review.

Turnover millions of euros



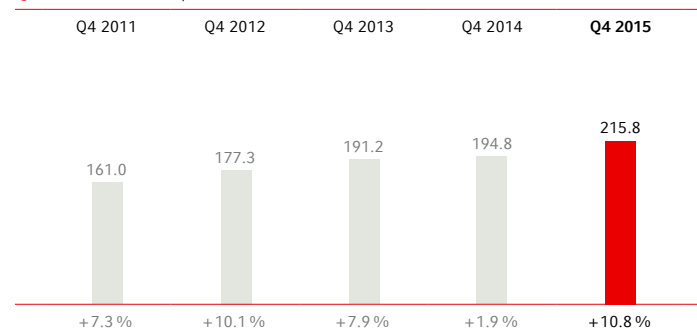
Change on previous year

Overall year 2015 millions of euros	Target	Actual	Deviation*
EBIT	32–38	36.8	+5.1 %
EBT	30–36	36.3	+10.1 %
Earnings after tax	20–24	22.7	+3.3 %
Earnings per share euro/share	2.87–3.45	3.24	+2.5 %

* Calculated on the basis of the mean value for the planned target range

This trend was also apparent in the fourth quarter. Outstanding Christmas business in the Photofinishing segment and strong growth in Commercial Online Printing very clearly more than made up for the slight decline in turnover in the Retail business unit: Group turnover increased from 194.8 million euros in the fourth quarter of 2014 to 215.8 million euros in the quarter under review. Strong growth of 10.8 %.

Q4 turnover millions of euros



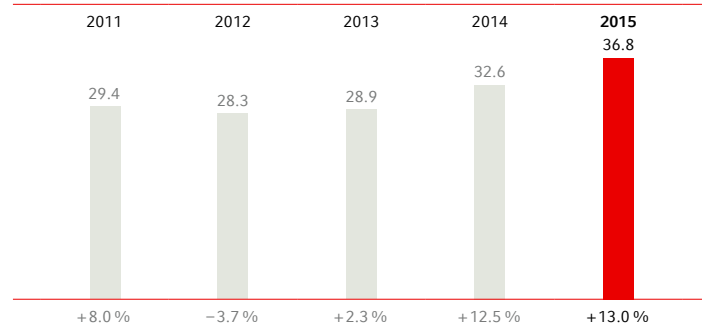
Change on previous year

All company targets fulfilled:**The key fourth quarter once again realises growth**

Photofinishing's continuing seasonal migration to the fourth quarter – which is outlined in the section of this report covering the Photofinishing business unit – and the start-up marketing investments for Online Printing had a clearly negative impact on the first three quarters. While CEWE reported a loss for this reason as of the end of the third quarter of 2015, as in previous years, it once again had great expectations of the fourth quarter. The fourth quarter of 2015 once again fully lived up to these expectations. Thanks to the contributions provided by the fourth quarter, CEWE achieved all of its targets.

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

The fourth quarter is highly significant for the company's annual EBIT figure due to the clear seasonal peak in the Photofinishing segment. In the quarter under review, the Group EBIT figure increased by 9.9 %, or 3.7 million euros, to 41.0 million euros. Through this strong contribution provided by the fourth quarter CEWE made up for the loss incurred in the first three quarters and generated an annual EBIT figure of 36.8 million euros (2014: 32.6 million euros).

Operating result (EBIT) millions of euros

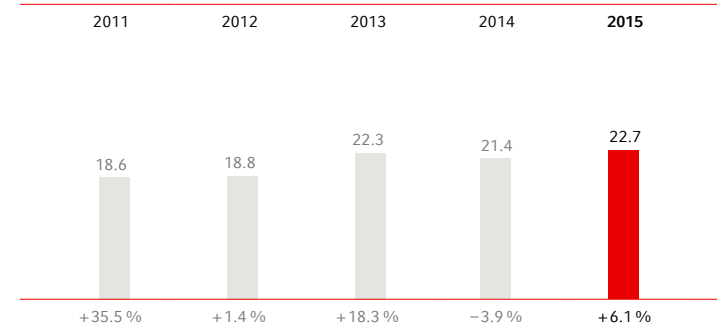
Change on previous year

EBIT target range for 2015 clearly realised

With its Group EBIT figure of 36.8 million euros, CEWE has clearly realised the upper end of its EBIT target range for 2015 of between 32 and 38 million euros.

Group EBIT margin improved from 6.2 % to 6.6 %

The improvement in earnings in all three of the company's business units – i. e. Photofinishing, Retail and Commercial Online Printing – also resulted in an overall improvement in the Group's EBIT margin: 6.6 %, compared to 6.2 % in the previous year, 2014.

Earnings after taxes millions of euros

Change on previous year

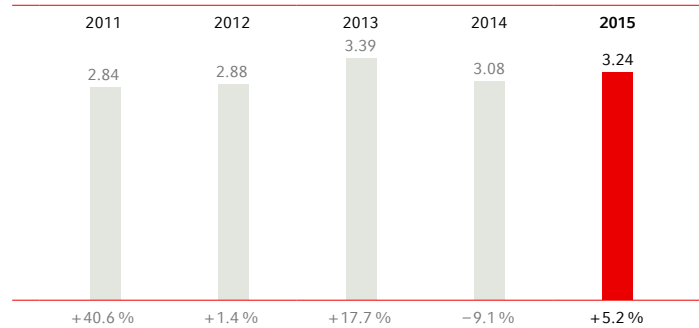
Uneven development of business units shapes P & L structure

The contributions which the various business units have provided to the profit and loss structure has varied in structural terms: In the key Photofinishing segment, the trend towards value-added products generally means a lower volume of material expenditure but an increasing volume of personnel expenses and other operating expenses. On growth-related grounds, Commercial Online Printing is accounting for a rising share of the consolidated profit and loss account. Commercial Online Printing is generally characterised by higher cost of materials and slightly lower personnel expenses and other operating expenses than in the Photofinishing business unit. On the other hand, Retail entails significantly higher cost of materials but lower personnel expenses and other operating expenses than in the other two business units. In terms of depreciation, due to the increased basis for depreciation in the Commercial Online Printing business unit depreciation is also increasing slightly for the Group as a whole. In the following discussion of the structure of the Group's profit and loss account, these effects are explained in reference to the key items.

Reduced other operating income made up for by operating strength

For all of these earnings comparisons, it should also be noted that in 2015 CEWE once again realised a lower volume of other operating income. In 2014, other operating income provided 21.4 million euros, while in 2015 this item totalled 19.6 million euros, a decline of approx. 1.8 million euros on the previous year.

Earnings per share in euros



Change on previous year

Material expense ratio falls to 29.3 % of turnover

The Group's material expense ratio decreased from 31.1 % (162.7 million euros) in the previous year, 2014, to 29.3 % (162.2 million euros) in the year under review. In the Photofinishing segment, the cost of materials ratio has generally declined due to increased demand for printed photo products and fewer photos produced using the silver and halide process. The repositioning of the company's Retail activities in Poland – with a slight overall decline in the Retail business unit's volume of business, which also offered a higher gross margin – likewise reduced the Group's cost of materials ratio. Growth in the Commercial Online Printing segment has had a slight offsetting effect. Moreover, as usual in the online printing sector the mail-order expenses for delivery of print products to the customer are reported here under cost of materials. For this reason too, cost of materials here are higher than in the Photofinishing segment and, amid rising turnover, they have had a slightly stronger impact on the average figure for the Group.

Q4 earnings <i>millions of euros</i>	2015	2014	Change
Earnings before interest and taxes (EBIT)	41.0	37.3	+9.9 %
Earnings before taxes (EBT) (incl. other taxes)	41.1	37.2	+10.5 %
Earnings after taxes	26.1	25.9	+1.0 %

Personnel expense ratio stable at 25.9 % of turnover

In relation to personnel expenses, two effects have jointly resulted in a generally slightly rising personnel expenses position: On the one hand, personnel expenses in the Commercial Online Printing growth business unit have increased, due to new hirings as well as minimum wage adjustments. On the other hand, the increased personnel requirements for the strategic functions of marketing and research and development are resulting in increased expenditure for this item. Considered in relation to the simultaneous increase in Group turnover, in the past financial year the personnel expense ratio remained stable at 25.9 % (2014: 25.9 %).

Other operating expenses increase slightly to 35.0 % of turnover

At 194.0 million euros, in absolute terms other operating expenses were 12.3 million euros higher than in the previous year (2014: 181.7 million euros). On the one hand, this was due to the additional expenditure for the development of business, particularly for marketing and for mail-order shipping. The share of Group turnover (which has also increased) accounted for by other operating expenses thus rose only slightly, from 34.7 % in the previous year to 35.0 % in the year under review.

Depreciation ratio increases slightly to 6.9 % of turnover, mainly due to extraordinary items

In particular, the goodwill amortisation recognised in the Photofinishing business unit resulted in an increase in the absolute amortisation amount in the financial year 2015. The depreciation ratio in the Group thus increased slightly, from 6.4 % in the previous year to 6.9 % in the year under review.

Financing expenditure continues to fall

At –0.5 million euros, the expenses associated with the financial result remain at a low level and have fallen even further (2014: –1.0 million euros). While the company's acquisition of Saxoprint in 2012 resulted in a short-term increase in financing requirements, due to the loans entered into in this respect, over the past few years financing expenditure has been continuously reduced through lower interest rates and through continued repayment of debts.

Normalised Group tax rate of 33.0 %

When considering the Group's tax position, for the past financial year 2015 it should be noted that the goodwill amortisation recognised in the Photofinishing business unit in the amount of approx. 2.6 million euros is not included in the calculation of the relevant taxable earnings, since this amortisation does not have any effect on taxes. Moreover, the negative earnings of Group companies consolidated for the first time (mainly futalis and DeinDesign) in the amount of approx. 1.7 million euros have resulted in an increased tax rate, since use of the related loss carryforwards will only have a positive impact on the tax rate in subsequent years. In addition, within the scope of the tax result for 2015 non-period items in the amount of approx. 0.2 million euros have also resulted in a slight increase in the Group's tax rate. Adjusted for these special balance-sheet items, a normalised tax rate of 33.0 % (2014: 32.0 %) applies.

The Group's tax rate for the reported EBT incl. all extraordinary items amounts to 37.4 % for the financial year 2015.

Earnings after tax of 22.7 million euros result in earnings per share of 3.24 euros

CEWE realised earnings after tax of 22.7 million euros (2014: 21.4 million euros) in the financial year 2015. Basic earnings per share accordingly amounted to 3.24 euros (2014: 3.08 euros).

Balance sheet and financing

- ▶ *Solid balance sheet: Equity ratio increases to a stable 52.7 %*
- ▶ *Operating net working capital rises to 50.2 million euros*
- ▶ *Solid financing structure, net cash position of 15.0 million euros*

The comments on CEWE's balance sheet and financing structure are mainly based on a comparison with the relevant figures as of December 31, 2014. Where necessary for a fuller picture, these figures are also compared with the situation as of September 30, 2015.

Balance sheet total 15.9 million euros higher than in the previous year, due to acquisitions

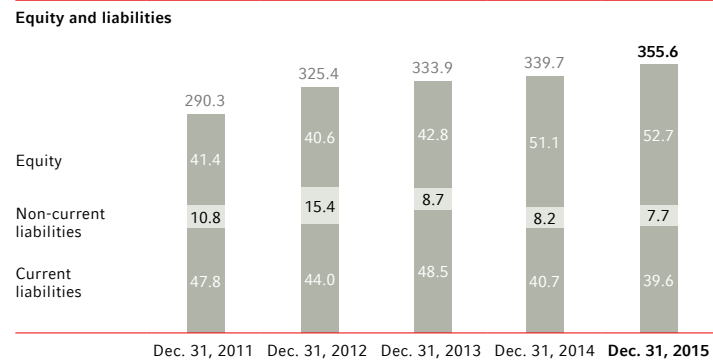
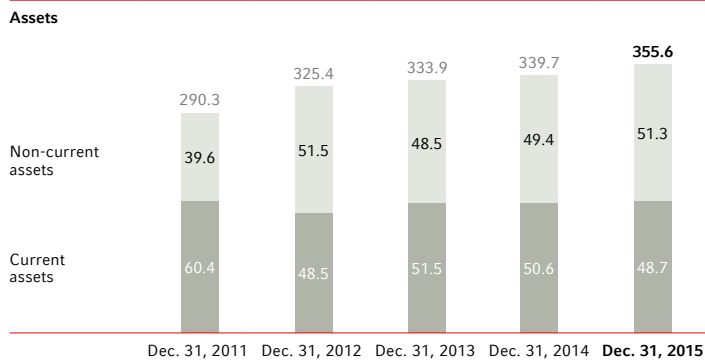
In the past financial year, the company's balance sheet total increased by 15.9 million euros to 355.6 million euros. This is due to acquisitions which have caused the company's goodwill – less non-scheduled amortisation – to increase by 12.1 million euros and also the structurally increasing weight of the non-current positions in the company's financial statements by comparison with its current assets, on account of the higher ratio of fixed assets to total assets for offset printing. Non-current assets have thus increased by 14.5 million euros to 51.3 % of the balance sheet total (previous year: 49.4 %), on account of a

nominal rise. The proportion of current assets (which has nominally increased by just 1.4 million euros) has declined to 48.7 % (previous year: 50.6 %). With regard to the origin of funds, CEWE's liabilities have increased by 2.3 million euros and account for 47.3 % (previous year: 48.9 %) of the balance sheet total. On the other hand, equity has increased by 13.6 million euros and the equity ratio has thus risen to 52.7 % (previous year: 51.1 %). The reasons for this trend are outlined in the following discussion of the management balance sheet.

Capital employed increases by 16.6 million euros, due to acquisitions

On December 31, 2015, the capital employed totalled 219.6 million euros and was thus 16.6 million euros higher than in the previous year. As outlined below, the non-current assets included in this figure increased by 14.5 million euros to 182.3 million euros. This was mainly due to acquisitions. In addition, operating net working capital has increased by 13.2 million euros to 50.2 million euros, while other net working capital amounts to –34.6 million euros and is thus –5.2 million euros lower than in the previous year. Cash and cash equivalents decreased by 6.0 million euros to 21.7 million euros.

Balance sheet figures millions of euros (total) and as % (proportion)



Increase in non-current investments, due to acquisitions

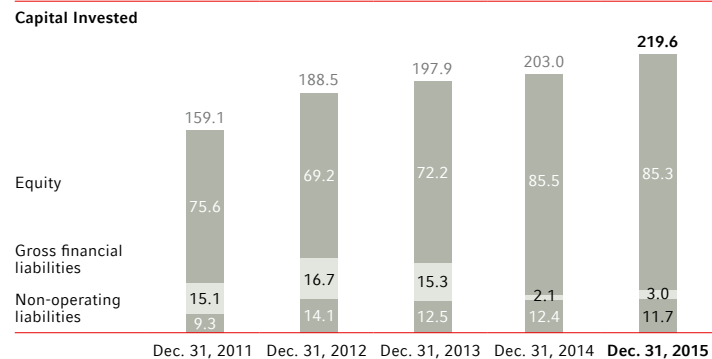
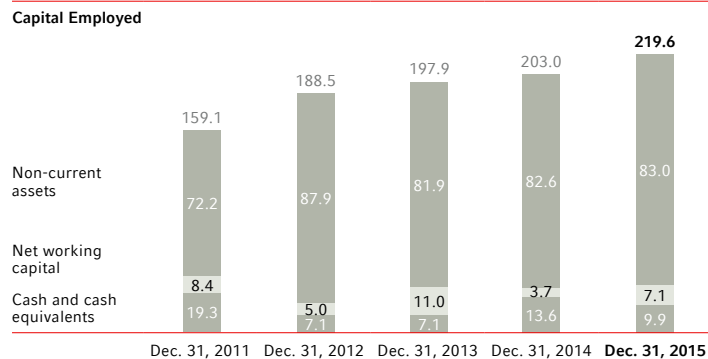
The rise in non-current assets by 14.5 million euros to 182.3 million euros is mainly attributable to an increase in CEWE's fixed assets (17.2 million euros to 172.6 million euros). Of this amount, 15.4 million alone related to the company's acquisitions of majority stakes in DeinDesign and futalis, including 14.7 million euros for goodwill; other fixed assets account for the remainder. The purchase price allocations required in this respect have not yet been finalised. Moreover, operational investments in the company's fixed assets amounted to 39.3 million euros, of which 34.6 million euros related to physical assets (property, plant and equipment and investment properties) and 4.7 million euros to intangible assets excluding purchases of customer bases. The company will thus undershoot its investment goal of 46.0 million euros. Of the investments in property, plant and equipment, 11.1 million euros related to point-of-sale presences, 6.3 million euros to digital printing and finishing, 6.1 million euros to offset printing and finishing, 4.2 million euros to the development of IT infrastructure and 6.4 million euros to various items of property, plant and equipment. Investments in financial assets totalled 2.7 million euros and relate to seed investments in

associated business activities, e. g. within the scope of the company's interest in the "High-Tech Gründerfonds" seed investor. Overall, at 42.8 million euros investments excluding company acquisitions were 8.6 million euros higher than the scheduled depreciation figure of 34.7 million euros. Within the scope of the regular impairment tests required by the IFRS for fixed assets, property, plant and equipment have undergone an unscheduled writedown of 0.6 million euros and intangible assets an unscheduled writedown of 0.3 million euros. Goodwill amortisation was also recognised in the Photofinishing business unit in this respect, in the amount of 2.6 million euros, as outlined in the "Results" section.

Operating net working capital rises to a stable 50.2 million euros

CEWE has thus increased its inventories year-on-year by 1.8 million euros to 50.7 million euros and its trade receivables by 6.2 million euros to 90.4 million euros. Inventories increased due to acquisitions and also a slight rise in stocks of photographic paper. The growth in Photofinishing turnover was a key factor in relation to the company's trade receivables, while the accounts receivable period improved. This was offset by the decrease in trade payables, by 5.2 million euros to

Management balance sheet figures millions of euros (total) and as % (proportion)



90.9 million euros, which likewise reflects the considerably reduced volume of purchasing in the Retail segment as well as the reversal of accruals no longer required for advertising costs subsidies. In line with the resulting increase in operating net working capital by 13.2 million euros to 50.2 million euros, the scope of operating net working capital has increased year-on-year from 17 days to 21 days by comparison with December 31, 2014.

Other net working capital provides stronger contribution to financing

On December 31, 2015, other net working capital amounted to –34.6 million euros (previous year: –29.5 million euros) and thus provided a stronger contribution to the Group's financing. While other gross working capital has decreased by –0.6 million euros – mainly due to accruals and deferrals and reduced transaction tax reimbursement claims – other current liabilities have risen by 4.6 million euros. The main reasons for this decrease are outlined in the "Cash flow" section.

Capital invested: Increase in equity reduces Group's debt

On December 31, 2015, the capital invested – whose value, by definition, was equivalent to the capital employed – totalled 219.6 million euros and was thus 16.6 million euros higher than in the previous year. The structure of the capital invested has changed: As outlined below, equity included in this figure increased by 13.6 million euros to 187.2 million euros. The Group's non-operating liabilities have increased slightly, by 0.5 million euros to 25.7 million euros. Gross financial liabilities increased by 2.5 million euros to 6.7 million euros.

Solid balance sheet: Equity ratio increases to 52.7 %

The dividend distribution in the amount of 11.1 million euros was more than made up for by the comprehensive income of 22.7 million euros. This mainly comprises earnings after taxes in the amount of 23.1 million euros and income and expenses not affecting net income as well as earnings relating to non-controlling interests in the amount of –0.4 million euros. Besides the dividend payment, the owner-related equity capital changes have been influenced by the sale of treasury shares in connection with company acquisitions, with a volume of 1.2 million euros, and by the Stock Option Plans in the amount of 0.4 million euros. Other sales of treasury shares amounted to 0.3 million euros. Overall, owner-related equity changes totalled –9.1 million euros. The company's equity ratio fluctuates over the course of the year and reaches its highest seasonal level as of the end of the year. The equity ratio increased from 51.1 % as of December 31, 2014 to 52.7 %.

Non-operating liabilities increase slightly, by 0.5 million euros

Non-operating liabilities have increased by 0.5 million euros, year-on-year, and thus remain almost unchanged at 25.7 million euros. As well as the 1.0 million euros increase in pension accruals, this includes a decline in deferred tax liabilities.

Solid financing structure: net cash position of 15.0 million euros

The Group's debt has increased overall year-on-year by 2.3 million euros to 168.4 million euros. This mainly reflects the slight increase in gross financial liabilities of 2.5 million euros. These now amount to 6.7 million euros (previous year: 4.2 million euros). Due to the seasonal profile of the company's business over the course of the year, as of the balance sheet date gross financial liabilities are always at their lowest level of the year. Net financial liabilities even increased by 8.4 million euros. Accordingly, on December 31, 2015 CEWE had a net cash position of 15.0 million euros.

Financial flexibility ensures strategic leeway

CEWE's existing credit facilities provide it with additional financial leeway. At the end of the year, the total credit line of the CEWE Group amounted to 116.2 million euros (previous year: 117.7 million euros). After deducting the total loan volume drawn down (6.7 million euros, previous year: 4.2 million euros) and allowing for the company's existing liquidity (21.7 million euros, previous year: 27.7 million euros), its liquidity potential totalled 131.2 million euros (previous year: 141.2 million euros). At the present time, there are no concrete plans for major individual investments or M & A projects, but this financing structure offers major strategic leeway. As well as drawn-down fixed rate loans (3.2 million euros, previous year: 4.2 million euros) and overdraft facilities (3.4 million euros, previous year: 0 euros), the company has long-term revolving credit lines which have been granted for up to five years as well as continuously renewed one-year lines whose overall purpose is financing of the company's liquidity requirements which fluctuate strongly in the course of a given year, due to seasonal factors; this ensures that CEWE is able to fulfil its payment obligations at all times.

All long-term credit commitments are subject to normal bank covenant agreements for an adjusted equity ratio of 22.5 % and net debt leverage of 3.0, in each case calculated as of the end of the financial year. No other significant collateral was provided. The agreement of these ratios also ensures adequate strategic leeway. The company regularly exceeded or undershot these conditions by large margins (equity covenant: 45.9 %, previous year: 45.8 %, and net debt leverage: -0.20 previous year: -0.36). Over the course of the year, these indicators followed the seasonal nature of the company's business and fluctuated accordingly. These loans have been granted subject to normal market terms. The CEWE Group's regular investment budget is fully financed out of its operating cash flow. As well as equalisation of liquidity in the course of the year, these credit facilities are also available for larger strategic measures.

Gold balance-sheet rule complied with

Overall, the stability of CEWE's balance sheet has once again been confirmed through the traditional gold balance-sheet rule: Even in case of a continuing high ratio of fixed assets to total assets, non-current assets (51.3 % of the balance sheet total, previous year: 49.4 %) are full covered by equity (52.7 %, previous year: 51.1 %) and by non-current liabilities (7.7 %, previous year: 8.2 %).

Cash flow

- ▶ *Turnover-related decline in working capital in the previous year results in decrease in operating cash flow by comparison with previous year*
- ▶ *CEWE invests in growth*
- ▶ *Outstanding Christmas business results in growth in free cash flow for the 4th quarter*

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

EBITDA increases by 13.8 % to 75.1 million euros

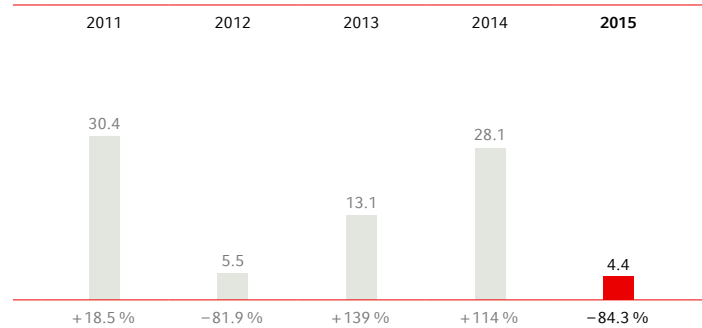
Due to an EBIT increase of 4.2 million euros to 36.8 million euros, non-cash depreciation with a volume of 38.4 million euros (2014: 33.5 million euros) was eliminated from CEWE's cash flow statement. The EBITDA figure thus amounted to 75.1 million euros (2014: 66.0 million euros). Other non-cash adjustments which have no effect on the cash flow from operating activities amount to 1.3 million euros (2014: -0.8 million euros).

Turnover-related increase in working capital results in decline in cash flow from operating activities

In the financial year 2015, the working capital-induced cash flow decreased by 20.8 million euros to -7.7 million euros and had a negative impact on cash flow from operating activities. In the previous year, this had had a positive impact of 13.0 million euros. Cash flow from operating activities thus decreased by 11.5 million euros (-16.2%) to 59.6 million euros, as outlined below.

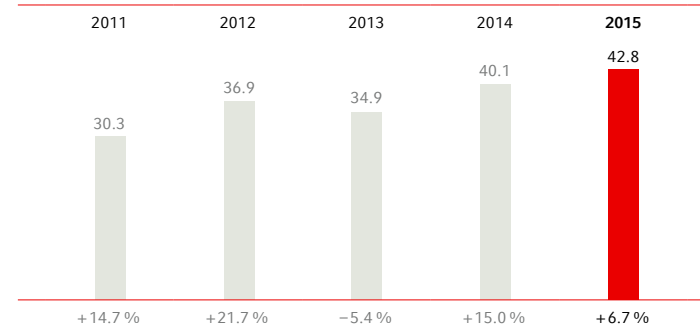
This negative factor was mainly attributable to operating net working capital which increased by 13.8 million euros in the year under review, having decreased by 8.9 million euros in the previous year. The inventories resulted in a cash flow disadvantage of 11.3 million euros. This is mainly attributable to the change in the volume of business in the Retail segment, which once again resulted in a decrease in inventories in the past financial year. However, this was significantly lower than in the previous year, so that overall in 2015 a slight increase in inventories resulted on account of the company's other business unit. By comparison with the previous year, Photofinishing turnover in the fourth quarter increased by 19.3 million euros (fourth quarter

Free cash flow millions of euros



Change on previous year

Investments millions of euros



Change on previous year

of 2014: 7.6 million euros). Trade receivables thus rose by 6.0 million euros in the year under review, having declined by 4.5 million euros in the previous year. This represents a cash flow disadvantage of 10.5 million euros. Trade payables decreased by 6.7 million euros in the past financial year, a slight cash flow disadvantage of 0.8 million euros by comparison with the previous year.

The other working capital mainly reflects the increase in the net value added tax payment burden due to high turnover in December, as in the previous year, and also the lower volume of other accruals reversed. The cash contribution thus increased by 1.9 million euros to 6.0 million euros.

The volume of income taxes paid through tax payments increased by 1.9 million euros in the year under review, thus totalling 9.1 million euros, since the loss carryforward from the change of legal form is now no longer having an impact.

Overall, the cash flow from operating activities amounted to 59.6 million euros and was thus 11.5 million euros lower than in the previous year.

CEWE invests in growth

At 38.3 million euros, the outflows due to investments in fixed assets were 2.8 million euros higher than in the previous year. The core areas of investment are outlined in the balance sheet chapter. It should be noted that cash outflows for investments do not occur at the same time as investment inflows. This accounts for the discrepancy between the two figures.

Outflows from the purchase of consolidated interests and acquisitions amounted to – 15.4 million euros in the past financial year (previous year: – 4.9 million euros). In addition, outflows of 2.3 million euros arose for financial assets (previous year: – 2.1 million euros) and inflows of 0.1 million euros from non-current financial instruments (previous year: – 1.3 million euros). Outflows for financial assets comprised seed capital invested in current and related business areas, as well as the company's support for the "High-Tech Gründerfonds" seed investor.

Inflows from the sale of property, plant and equipment in the amount of 0.6 million euros (previous year: 0.6 million euros) had a positive effect on cash flow from investing activities. Cash flow from investing activities thus amounted to – 55.2 million euros (previous year: – 43.1 million euros).

Acquisitions and working capital effects result in decline in free cash flow

Free cash flow amounted to 4.4 million euros, compared to 28.1 million euros in the previous year. This decline is attributable to the above-mentioned 11.5 million euros decrease in cash flow from operating activities and the 12.1 million euros acquisitions-related increase in the cash-out from investing activities.

Cash flow from financing activities amounts to –10.3 million euros

In 2015, cash flow from financing activities amounted to –10.3 million euros, a 4.1 million euros cash-out decrease on the previous year. On the one hand, payments to shareholders in the year under review, 2015, changed by 24.3 million euros to –11.3 million euros. This includes the cash flow resulting from the exercise of the Stock Option Plan 2010 in the amount of –0.3 million euros. In April of the previous year, 500,000 treasury shares were sold within the scope of an accelerated placement procedure. The gross proceeds for CEWE resulting from this issue amounted to approx. 26.8 million euros. On the other hand, inflows from financial liabilities resulted in the amount of 1.6 million euros, compared to a repayment volume of –26.1 million euros in the previous year arising from the issue proceeds of the treasury shares sold. Interest payments have thus continued to fall, to 0.7 million euros, a cash flow advantage of 0.7 million euros. On account of its financing structure, CEWE was able to fulfil its liquidity requirements at any time during the course of the year, as outlined in the section “Balance sheet and financing” (p. 90).

Outstanding Christmas business results in 5.8 million euros growth in free cash flow for the 4th quarter

In the fourth quarter of 2015, the company’s EBITDA increased by 7.5 million euros to 53.8 million euros. Its working capital-induced cash flow decreased by 8.5 million euros to –1.0 million euros. After deduction of tax payments in the amount of 4.6 million euros, cash flow from operating activities increased by 0.8 million euros to 49.1 million euros.

As in the previous year, in the fourth quarter of 2015 CEWE once again invested in the necessary expansion of its capacities (–10.7 million euros; previous year: –13.2 million euros). Moreover, payments were made with a volume of 0.4 million euros for companies acquired in previous financial years, while 0.3 million euros were invested in startup companies. The cash flow from investing activities thus amounted to –11.2 million euros (2014: –16.2 million euros), including inflows from the sale of fixed assets in the amount of 0.2 million euros.

The free cash flow reported for the fourth quarter accordingly totalled 38.0 million euros (2014: 32.1 million euros).

Return on capital employed

- ▶ Average capital employed increases to 211.1 million euros, due to acquisitions
- ▶ The earnings trend for the Photofinishing business unit has caused the ROCE to increase from 16.8 % to 17.4 %

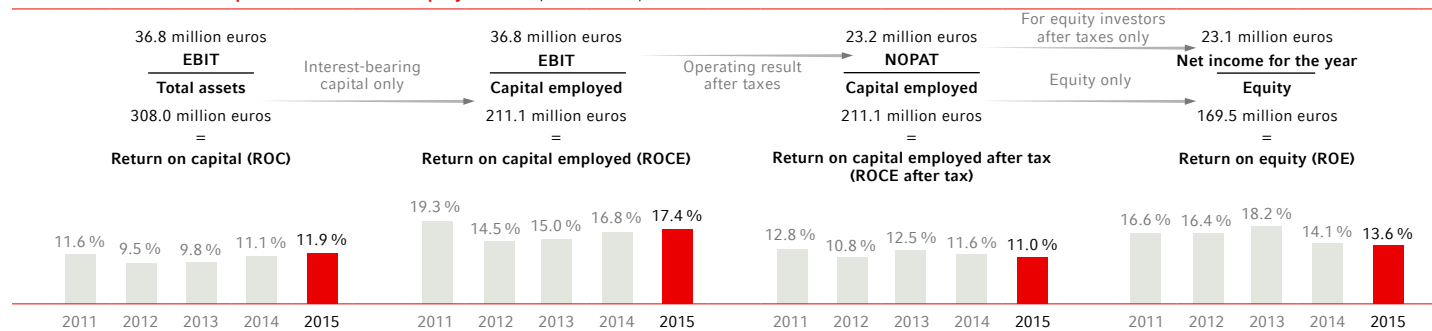
Average capital employed increases by 17.1 million euros to 211.1 million euros

As indicated in the balance sheet chapter, as of December 31, 2015, the capital employed figure was 219.6 million euros and thus 16.6 million euros higher than as of the end of the previous year. This mainly reflects CEWE's acquisitions in the past financial year and also the increase in non-current assets which has been apparent for some time now and which reflects increasingly equipment-intensive production operations. In 2015, the average level of capital employed calculated on the basis of the four quarterly reporting dates within a 12-month period amounted to 211.1 million euros and thus increased by 17.1 million euros by comparison with the same period in the previous year.

Page 85 | Consolidated profit and loss account

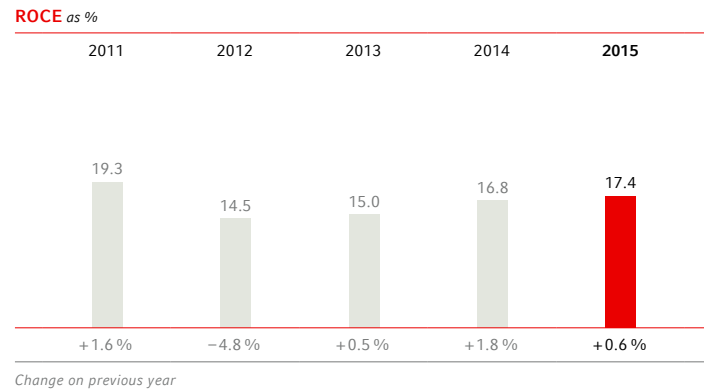
Page 90 | Balance sheet and financing

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



ROCE increases from 16.8 % to 17.4 %

The company's EBIT figure (see the section "Consolidated profit and loss account", p. 85) increased from 32.6 million euros to 36.8 million euros in 2015. In relation to the average level of capital employed, in 2015 the return on capital employed thus increased from 16.8 % to 17.4 %. As set out in the reporting on the company's business units, the Photofinishing business unit drives the Group's profitability through its strong earnings trend and enables targeted investments in the future. Despite the growth in the capital employed figure, the yield has further increased due to the strong rise in earnings for the EBIT figure.



Overall statement on the economic situation

On the basis of the Group's development in the financial year 2015, the Board of Management considers that its economic situation is positive.

The "Results" chapter includes a detailed discussion of developments in terms of turnover and earnings in the Group's various business units, its P&L structure, its balance sheet and financing structure and its cash flow and return on capital employed. Its volume, turnover and earnings targets were achieved or even exceeded.

In its core segment, Photofinishing, the company is not only successfully realising a product transition comprising the transfer to digital turnover of the low level of remaining turnover realised from analogue photos from film, for its digital turnover too by means of value-added products – CEWE PHOTOBOOK particularly – it has also successfully made up for the decline in laboratory-printed individual photos which is now underway. CEWE achieves a stronger level of value creation with these value-added products, which consumers purchase directly from CEWE in some cases. The company's preparations for its Christmas business over the course of the first ten months of each year entail very high "outlays". CEWE thus has the opportunity and also the basis to realise a slightly increased margin.

As outlined in the description of the related business model, Retail plays a key role in this trend, but not primarily in the photographic hardware retail segment. Instead, it serves as a photo marketing showcase for CEWE's business partners and in several countries as a distribution channel for Photofinishing products. It successfully performs this role, as documented by its turnover volume slightly in excess of 30 million euros. This turnover results from CEWE's photo products in its Photofinishing business unit and is accordingly recognised within this segment, which handles most of the related advertising activities. However, these products are sold through the websites or branches of CEWE's Retail business unit.

Accordingly, the earnings realised by the Retail business unit through hardware alone (cameras, lenses etc.) only partially reflect its actual results overall.

Commercial Online Printing is CEWE's third key area of business and growth field. This is a growing market segment in the major printing market, for which CEWE is already well positioned thanks to a number of areas of expertise which it has developed in Photofinishing: Online marketing, online ordering systems and order acceptance, processing of digital orders, digital printing production, mail-order shipping and the full range of support systems such as online payments, customer service through various communication channels etc. have formed part of CEWE's core competences in the area of Photofinishing for some years now. Through its acquisition of Saxoprint in 2012, CEWE added offset printing to CEWE's areas of expertise, to enable efficient production of large print runs. Commercial Online Printing has thus become a genuinely new business unit with a positive outlook for CEWE. Earnings in 2015 confirm this perspective: The goal for 2015 of turnover of approx. 80 million euros has been achieved (77.8 million euros, + 10.4 %). Before items associated with Saxoprint's purchase price allocation, Commercial Online Printing already realised a positive operating result, with an adjusted EBIT figure of 1.2 million euros.

At the start of 2016, CEWE's business development matched the Board of Management's expectations and confirmed the targets which it had indicated for the financial year 2016 in its "Report on expected developments" chapter. A significant cause of uncertainty concerning the Group's EBIT trend in 2016 is the rate of value added tax levied on photo books in Germany, Austria and a few other countries. This is outlined in the report on expected developments.

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 Sustainability report

PDF download at:
[http://company.cewe.de/en/
company/sustainability.html](http://company.cewe.de/en/company/sustainability.html)

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nachhaltigkeit@cewe.de

Sustainability

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

CEWE was one of the first SDAX companies to establish a sustainability report, in which it has now documented its activities every year for the past seven years. It does so in compliance with the current guidelines of the Global Reporting Initiative. The latest guideline (GRI G4) – which CEWE implemented last year – places a stronger emphasis on materiality in reporting and comprises both new and updated reporting requirements in relation to issues of management, ethics, integrity, the supply chain, anti-corruption activities and greenhouse gas emissions. Moreover, this year's report has been reviewed by the auditor BDO AG, Wirtschaftsprüfungsgesellschaft, Hamburg, for the second time. The Board of Management member Mr Andreas F. L. Heydemann was responsible for these activities. He also chairs the sustainability coordination group, which comprises all of CEWE's areas of competence. The goal is thus to anchor issues of sustainability at every level of the company and to integrate them as a fixed element in all of its activities. As in previous years, the sustainability report for 2015 will be presented at this year's general meeting. Accordingly, individual areas are only briefly covered in the following section of this Annual Report. You may obtain a printed copy of the German or English report by sending an e-mail to: nachhaltigkeit@cewe.de. You can also download CEWE's sustainability reports and films at <http://company.cewe.de/en/company/sustainability.html>.

Corporate responsibility

Responsibility in line with the model of a corporate good citizen

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

Integrity, honesty and responsibility also shape its daily activities in relation to its workforce of approx. 3,200 employees. Its compliance rules for the fulfilment of codes of conduct, laws and regulations have been defined for all of the countries in which it operates.

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

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

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

Economic responsibility

Capital growth through efficiency and responsibility

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

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

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

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

Quality management

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

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

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

It maintains a high level of photographic processing and electrophotographic digital printing procedures, to ensure uniform colour quality throughout the company. For this purpose, CEWE continuously develops its process review mechanisms. For ink-jet printing, twelve-

colour systems are used with pigment-based inks which guarantee a maximum colour space, improved shades and optimum stability.

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

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

The company's efforts to achieve the highest levels of quality were confirmed by its win in the "photo books" category in the test conducted by the German consumer association Stiftung Warentest (11/2015 issue).

Materials and product safety

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

Environmental responsibility

CEWE expresses its environmental policy succinctly: “Save energy, protect water, use resources sparingly, ensure occupational safety”. This covers all of the key environmental impacts of CEWE’s activities. The company is focusing on improvements in individual areas. Implementation of these goals and environmental responsibility have been underpinned by the introduction of the environmental management system DIN EN ISO 14001. The company’s headquarters in Oldenburg have been certified since 2011, as have its German photo laboratory and digital printing plants in Freiburg, Mönchengladbach and Munich since early 2013. In 2015, CEWE successfully established and integrated the energy management system DIN EN ISO 50001 at all of its German plants. It was punctually awarded the related certification at the end of the year.

Saving energy and our carbon dioxide footprint

CEWE first participated in the Carbon Disclosure Project (www.cd-project.net) in 2005 and has subsequently done so every year since 2010. The 350 largest public limited companies in Germany, Austria and Switzerland (“DACH”) publish their carbon dioxide emissions through this project. Due to the high level of quality and the transparency of its published figures, in 2015 CEWE was selected as a DACH index leader in the “Other German companies” segment, with a disclosure score of 100 %.

The direct (scope 1) CO₂ emissions caused by CEWE in 2014 amounted to 3,017 t, while indirect emissions (scope 2) totalled 10,417 t. In overall terms, they are thus similar to the levels in the previous year. Turnover-related CO₂ emissions amount to less than 25 t per 1 million euros of turnover. On the other hand, CO₂ emissions which are not caused by business activities but are affected by them (scope 3) – e. g. due to the supply of goods and delivery logistics – are significantly higher.

Accordingly, the company’s energy saving management programme not only focuses on internal processes but also considers optimisation of supplier and distribution logistics. Examples of this include the company’s participation in the climate-neutral postal delivery service of Deutsche Post DHL GoGreen and UPS’ Carbon Neutral scheme for CO₂-neutral mail-order shipping. A further example was the company’s implementation of a Green IT strategy in cooperation with the universities of Oldenburg, Osnabrück and Göttingen.

The company’s efforts have resulted in the grant of a “Blauer Engel” award for its new data centre at its Oldenburg headquarters. The company established its Green IT system in line with the latest ecological criteria and commissioned it in early 2012. This has reduced power consumption and thus also scope 2 CO₂ emissions by approx. 150 t/a. The company’s data centre was once again recertified in 2015.

In 2014, at its Eschbach (Freiburg) and Germering (Munich) plants, the company installed and commissioned two photovoltaic systems with a total peak output of 250 kW. In 2015, CEWE achieved CO₂ emissions savings here amounting to a good 100 t (scope 2).

Conserving water

CEWE uses water for the photographic development of film and photographic paper. The conservation of water requires its economical use. In 2015, CEWE used around 2.2 l of water per m² of photographic paper. This represents a reduction of 60 % on the reference year, 2002. CEWE’s successful efforts to achieve the lowest possible environmental impact for its waste water discharge volume are also worthy of mention. The central analysis laboratory at the company’s Oldenburg plant continuously monitors all relevant waste water values for all of the company’s laboratory sites.

Ressourcen schonen und produktionsintegrierter Umweltschutz

The company's Oldenburg plant also analyses samples from the photographic developing baths at all of CEWE's plants. As well as a comparison of this analytical process review with a sensitometric process review – which examines the photographic properties of radiation-sensitive materials and the various steps in the photography process – compositions are calculated for all of the company's recycling processes. This enables recycling of photo chemicals while maintaining a consistently high level of quality. CEWE achieves average recycling levels here of 89 %.

Ensuring occupational safety

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

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

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

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

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

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

Social responsibility

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

CEWE's employees

In 2015, around 48 % of the company's workforce were female in Germany (previous year: 49 %; all of the figures in this section refer to CEWE's German plants). The high level of employee satisfaction is represented in terms of the level of fluctuation, which amounted to 8.6 % in 2015 (previous year: 7.5 %). In 2015, the average length of service with the company was 10.5 years (previous year: 11.6 years). There are thus a large number of anniversaries to celebrate every year: In 2015, 165 employees reached anniversary milestones in their service with the company. A significant number of them have been with CEWE for more than 25 years.

In the past year, CEWE was once again the largest employer and training provider in the photography industry. In the past financial year, in Germany the company had 120 apprentices for 13 different professions (previous year: 125). This continues to represent a volume of apprenticeships in excess of 5 % of all employees in Germany.

CEWE FORUM

Advanced training is fun, it inspires employees and it promotes satisfaction and self-confidence. CEWE's advanced training programme also reflects its capacity for innovation. There were thus many good reasons to offer the company's employees its extensive training programme, CEWE FORUM, for a third consecutive year. This is designed to ensure that the company's employees enjoy this training while developing their skills in line with the company's guiding principles and performing their work roles confidently and with a sense of satisfaction. The CEWE FORUM is open to executives as well as specialist staff of CEWE. Our common goal is to ensure the greatest possible level of commercial success for CEWE. To achieve this goal, the range of seminars has been drawn up in line with the company's key principles, enabling executives at every level and also specialist staff to develop their expertise and exchange their individual insights in specially designed seminars.

Talent management – CEWE’s junior management programme

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

The first year group was launched back in 2011 and successfully completed this programme in mid-2013. The fourth year group is now in progress and is enthusiastically pursuing 9 modules over a period of 13 months. During this time participants are also supervised by the members of the Board of Management, in joint meetings and discussion groups such as “fireside evenings”.

Leadership – setting an example

In 2013, the company launched CEWE’s Leadership Programme which consists of two-day workshops attended by 20-strong groups of executives, regardless of hierarchy or the locations of their plants. We seek to strengthen the level of compliance with the company’s leadership mission, to sensitise our executives’ to their own leadership behaviour and to identify priorities for their personal development as well as broader options. CEWE’s Leadership Programme is entirely consistent with the guiding principles of CEWE’s leadership mission. In 2015, the company once again held two leadership training sessions which CEWE executives attended.

Holistic healthcare

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

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

Health day – maintaining a dialogue with employees

A few years ago CEWE established its health day as part of the company’s health management programme. Since this time, this day has been held every year at the company’s headquarters in Oldenburg.

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

In 2015, the company’s health day covered the theme of “exercise and the musculoskeletal system”. At least 206 employees attended at least one event at this health day. In addition to events held in the marquee, the day also included introductory courses and presentations. In particular, checkups such as those offered through the “healthy spinal column” campaign vehicle, introductory yoga and mindfulness courses and specialist presentations on topics such as elastic therapeutic taping were highly popular.

Seminars and lectures

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

Occupational safety

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

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

Career and family

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

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

However, parents require childcare support above all for non-every-day situations. School holidays are one such situation: Schools and childcare facilities close down, and employees' annual leave is not enough to cover all of their children's holidays. To ease the burden on its employees during this special situation, for the last two years CEWE has offered a two-week childcare support service during the summer holidays. A total of 80 children of CEWE employees attended this programme during the two-week period in 2015. In cooperation with the "Spielefeuerwehr" children's entertainment company, they planned a great stage show and also visited their parents' workplace where they made a "happy video".

By way of a further improvement in the compatibility of its employees' careers and their family needs, on July 2, 2014 CEWE opened its own large-scale day-care facility "cewelino". This new company childcare service offers CEWE employees a total of ten places for children under the age of three on the CEWE site, from Monday to Friday. This facility has everything to suit the needs of small children. It includes a pleasant outdoor area with toys and exercise activities as well as a child-friendly indoor area which caters to all of the needs of children under the age of three.

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

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

Social responsibility

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

Social commitment

The company’s social projects focus on families and children in crisis situations. As well as the Philipp Lahm Foundation, CEWE’s partners include institutions for the disabled, hospices for children and adolescents and medical centres. In 2014 CEWE expanded its partnership with SOS Children’s Villages, with the participation of various plants throughout Europe. 12 CEWE plants have now established partnerships. While CEWE’s plants in Germering, Eschbach and Mönchengladbach support regional children’s villages, the company’s Oldenburg plant also focuses on Ghana and sponsors the children’s village in Kumasi as well as the associated school. CEWE also participates in current emergency projects in addition to these

partnerships. Following the devastating recent earthquake in Nepal, the company made a financial donation in support of Nepalese staff, enabling SOS Children's Villages to provide local emergency assistance. In 2015, CEWE donated a total amount of 250,000 euros to the organisation. Around 550,000 euros were contributed to a wide range of SOS projects in the period from 2013 to 2015.

Sponsorship of culture

CEWE actively contributes to cultural diversity at the locations of its plants by sponsoring cultural projects and cultural institutions. A particular area of focus is sponsorship of photography as a form of cultural expression. CEWE is a partner of well-known photography festivals. It also organises and supports prestigious photography competitions such as the "Internationale Naturfototage" in Fürstentfeldbruck and the environment-themed photography festival "horizonte zingst".

The company also made its mark in 2015 through its premium partnership with Hamburg's Deichtorhallen institution. The high point was the culmination of CEWE's international photography competition "Our world is beautiful", which set a new milestone with more than 94,000 entries. Two exciting premieres took place last September at the Deichtorhallen: The first ever CEWE Photo Award was handed over to the overall winner of the competition. At the same time, CEWE launched its major outdoor exhibition on the Deichtorhallen's plaza, featuring a selection of images from the competition.

Education and support for young people

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

Sport sponsorship

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

EVENTS AFTER THE BALANCE SHEET DATE

Events of particular significance after the balance sheet date

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

FORECAST, OPPORTUNITIES AND RISK REPORT

Risk report

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

Management's overall assessment of risks and opportunities

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

As of December 31, 2015 no significant risks apply. At the present time, individual risks – or risks arising in conjunction with others – are unlikely to impair the net assets, financial position and results of operations of the CEWE Group in a manner which jeopardises its existence.

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

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

Strategic risks

Our core business units Photofinishing and Retail, our growth area Commercial Online Printing and our area focusing on the development of options for future business units all entail strategic risks.

Within the scope of our core business, the key strategic risks comprised the technology and innovation risk (medium-level risk), risks associated with the Retail segment (medium-level risk) and the risk associated with investing in core business-related startups (low-level risk). In response to the changing nature of mobile devices and the growing importance of the Internet as an ordering channel, CEWE has reinforced its programming and development capacities in this area. By concentrating its development activities in-house, CEWE is seeking to widen its lead over the competition. CEWE is seeking to respond to declining Retail turnover in the area of hardware (camera sales) – in the case of Fotojoker in Poland especially – by means of new web shops. Investments in core business-related startups such as Dein Design are further measures to support our core business over the medium and long term. The management of our company monitors and reviews these investments very closely.

Online printing risk is a further strategic risk in our growth segment. Price opportunities are consistently exploited and turnover opportunities identified on the basis of permanent market price analyses, and appropriate measures are implemented to achieve our defined growth objectives.

The risk of investing in startups (in this case, futalis) is typical of this development phase and is a strategic risk associated with the development of options for future business units. The management likewise monitors and reviews these investments very closely.

Operating risks

The market for films and analogue photos now accounts for less than 2.5 % of total turnover and continues to decline. The large volume of digital cameras has not resulted in an increase in the printing volume for individual digital photos, since many digital photos are kept on hard drives and are not printed out on photographic paper. With its product CEWE PHOTOBOOK and other value-added products such as CEWE CALENDARS, CEWE CARDS and CEWE WALL ART, the CEWE Group expects to achieve a further increase in its printing volume for these products. CEWE's immediate printing volume at the POS has also increased. In the Internet, as of the end of the year the company had once again increased its volume of calendars and cards – nonetheless, in principle there is a risk here of declining turnover.

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

CEWE is also well placed in its growth field of Online Printing, with CEWE-PRINT, Saxoprint and viaprinto. As outlined in the "Online Printing segment" section, this business unit is enjoying strong growth.

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

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

The significance of major customers continues to rise due to increasing concentration within the Retail segment. The fact that CEWE's five largest customers account for a turnover share of less than 28 % with their individual distribution channels should be positively emphasised by comparison with other companies. Nonetheless, a medium-level risk still applies in relation to the loss of major customers. This is offset by an increasing share of direct business with consumers in several of CEWE's markets.

In the area of environmental risk, which is regularly monitored by means of internal checks at all of the company's production plants, once again no violations of environmental standards were reported in 2015; this risk is classified as low.

The CEWE Group depends on a large number of IT systems. The ongoing integration of IT systems in the company's business processes enhances the status of IT. Dependency on the availability and quality of data poses a medium level of risk potential. The non-availability of commercial or technical IT systems and applications may directly affect production or the company's logistics department. To minimise these risks, the CEWE Group has stable and generally redundant IT systems for specific users, back-up procedures, virus and access protection systems, encryption systems and integrated IT infrastructures

and applications which are standardised through the Group. In the past financial year, the Group's commercial and technical IT systems were once again audited by external audit firms, to achieve further improvements in IT security and for increased efficiency.

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

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

Thanks to the support of a large number of transport companies, the logistics risk is seen as limited.

Financial risks

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

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

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

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

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

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

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

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

Legal risks

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

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

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

Report on opportunities

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

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

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

Opportunities whose realisation is probable have been factored into CEWE's corporate planning and outlook for 2016. The following report on opportunities therefore concentrates on events which may potentially result in a positive deviation from these planning figures.

Opportunities in the Photofinishing segment

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

Opportunities in the Retail segment

CEWE operates around 146 stores through its own Retail operations in Norway, Sweden, Poland, the Czech Republic and Slovakia. In the past two years, CEWE has changed over its web shops in Norway, Sweden and Poland to IBM WebSphere Commerce. With further optimisation of these applications and increased distribution of this solution, CEWE sees potential opportunities for further increases in turnover and income in the online segment.

Opportunities in the Commercial Online Printing segment

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

Tax opportunities

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

Report on expected developments

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Three different components of long-term business development:

(1) Photofinishing brand-building

In the Photofinishing segment, CEWE continues to focus on expanding its CEWE PHOTOBOOK brand – positioned in the premium segment – in all of the other European countries supplied by CEWE as well as its core markets of Germany, Switzerland and Austria. Since 2013, other product brands – CEWE CALENDARS, CEWE CARDS and CEWE WALL ART – have now been marketed with the same positioning alongside the well-established CEWE PHOTOBOOK. The goal is to exploit the positive consumer response to CEWE PHOTOBOOK and its strong brand profile for the benefit of these other product groups. The advantages relating to product differentiation that are associated with the performance and quality standards maintained by the CEWE brand will be progressively exploited with respect to a growing product portfolio. This will also raise advertising efficiency and allow CEWE products to be “pre-sold” to consumers – a system that also benefits CEWE’s business partners.

(2) Commercial Online Printing growth

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

(3) Development of options for future business units

Through targeted equity investments in young companies, CEWE intends to continue to develop new future business units in line with its model for Commercial Online Printing. Above all, for potential investments CEWE is interested in online business models which – just like CEWE – produce customised, high-quality products with a substantial customer benefit and thus build a strong brand, while offering the potential of developing CEWE’s business in future. Particularly through its interest in the “High-Tech Gründerfonds” (HTGF II) seed investor launched by the German government, CEWE gains a good overview of startups and potential investments. CEWE is already building the foundations for its next wave of development, following the current growth spurt which is being driven by Commercial Online Printing. The start of this process is CEWE’s investments in the German government’s risk capital fund for young technology companies and also the Cap-namic fund. To start off with, these investments are limited. However, if a company’s development is promising and it fits well with CEWE, CEWE may increase its shareholding. The first example of this is futalis, a company in which CEWE acquired a majority stake in July 2015.

Continuing focus on Europe

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

Ongoing work on technological foundations

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

Constant innovation also includes products and services

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

IMF predicts Eurozone growth of 1.7 % for 2016 and 2017

After the International Monetary Fund (IMF) had predicted economic growth of 3.6 % for 2016 in the autumn of 2015, in a January 2016 update its analysts revised their model downwards. This was mainly due to the economic trend in the emerging markets, particularly Brazil and the oil-exporting countries of the Middle East, which realised weaker-than-expected growth levels. While the IMF continues to expect a decline to 6.3 % in 2016 and 6.0 % in 2017 (2015: 6.9 %) for China, it has lowered its outlook for Brazil by 2.5 percentage points and for Saudi Arabia by 1 percentage point. Accordingly, it has revised its overall growth forecast for the developing countries and the emerging markets to 4.3 % in 2016 and 4.7 % in 2017 – 0.2 percentage points lower than previously. The IMF now expects global economic growth of 3.4 % in 2016 and 3.6 % in 2017. For the developed countries, the IMF predicts growth of 2.1 % in 2016 and 2017 (2015: 1.9 %). At 2.6 %, US economic growth is expected to roughly match the previous year's level (2015: 2.5 %), while in the IMF's view the Eurozone's recovery should remain intact, with growth of 1.7 % in 2016 and 2017 (2015: 1.5 %). At 2.6 %, US economic growth is expected to roughly match the previous year's level (2015: 2.5 %), while in the IMF's view the Eurozone's recovery should remain intact, with growth of 1.7 % in 2016 and 2017 (2015: 1.5 %). The Eurozone's growth will likely be driven by strong momentum associated with the pronounced fall in the price of crude oil, high private consumer spending due to an improved labour market situation, rising wages but also the influx of refugees as well as very favourable financing terms, which should compensate for a potential decline in net exports. At 1.7 %, economic growth in Germany will match the average European level in 2016 and 2017 (2015: 1.5 %).

The IMF's analysts see risks for the global economy above all in a stronger-than-expected growth slowdown in China, a more restrictive interest-rate policy in the USA and the current geopolitical tensions, which might have negative effects on world trade and the financial markets but also on tourism, for instance.

The weak price of oil and an exchange rate-related decline in prices of consumer goods in the emerging markets will likely keep euro area inflation low. The IMG predicts an inflation level in the developed countries of 1.1 % in 2016 and 1.7 % in 2017, compared to just 0.3 % in 2015. In its overall economic projection, the ECB likewise assumes a new round of rising inflation, which may reach 1.6 % in 2017. For 2017, too, these two forecasts are still considerably short of the ECB's target level of 2 %.

Assessment of CEWE's management regarding the overall economic conditions

Europe's overall economic environment has continued to improve, even though to date there are no signs of strong growth in 2016 and 2017. In CEWE's key central European markets, the trend of a moderate rise in private consumer spending is likely to continue, since real disposable incomes should pick up further due to rising real wages and low inflation and the situation on the labour markets should improve slightly. In Germany, private consumption will remain the key growth engine for the economy, but in our view the level of correlation with demand for CEWE products remains slight.

In view of the moderate growth momentum and the low price pressure due to energy prices in particular, the European Central Bank (ECB) is likely to continue to support the economy through its expansionary monetary policy measures. Debt financing terms for companies are therefore unlikely to deteriorate. However, due to its extremely solid financing structure, with an equity ratio in excess of 50 %, CEWE is capable of financing both organic and inorganic growth through its own resources. Its strong profitability, the dynamic growth of its future business unit, Commercial Online Printing, and the company's dividend yield and dividend continuity are arguments which support the CEWE share, particularly during phases of low interest-rate levels. The management does not expect the company's outstanding receivables to result in any significant burdens since receivables from business partners are largely hedged through loan insurance policies.

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

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

Photofinishing will remain stable, slight growth possible

CEWE is encouraging value-added products' growing market share in order to offset the decline of photos produced by means of the traditional chemical silver and halide process. Aside from the well-advanced decline in analogue photos printed from film, this also encompasses the decrease in individual photos from digital files. Thanks to CEWE PHOTOBOOK, the European market leader, as well as its other value-added products and its strong Internet expertise, CEWE is in an excellent position to actively promote this change and conceivably even to benefit from it. The upshot of this is that the trend of value-added products should continue to strengthen Photofinishing in 2016 and offers the prospect of at least fairly stable margins.

Seasonal migration to the fourth quarter likely to remain intact

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

Retail continues to focus on earnings growth

While the Retail segment provided a turnover contribution of slightly more than 30 million euros for the Photofinishing business unit through sales of CEWE photo products in the past financial year, CEWE's management continues to see a need to further improve this business unit's result in 2016, which was already improved in 2015 through the repositioning of the company's Retail activities in Poland.

CEWE's Retail business unit is responsible for making the necessary adjustments in line with a weak market trend (e. g. due to the decline in the reflex camera market). Accordingly, CEWE will continue to tackle the Retail business unit from two different angles: Costs will be further adjusted in line with the turnover trend, while turnover will be supported through targeted measures. In principle, the management expects that in 2016 it will be able to further improve the profitability of the Retail segment, so as to maintain this marketing channel for CEWE photo products. Turnover and earnings for these photofinishing products – which CEWE distributes through its own retail operations – are reported in the Photofinishing business unit.

Growth in Commercial Online Printing is independent of the economic situation

At CEWE, Commercial Online Printing offers the customer a series of advantages: Increased quality from state-of-the-art large-scale printing plants, whose consistent quality is generally superior to stationary printing firms, and also time savings thanks to user-friendly Internet ordering, fast production and rapid delivery. Customers are also able to produce low-price and demand-oriented small print runs, using CEWE's digital printing capacities. Consumers are keen to realise these advantages regardless of the overall economic situation, perhaps even more so in difficult economic times. In 2016, the management therefore once again expects the Commercial Online Printing segment to deliver a further pronounced positive trend in turnover which will be largely independent of the economic situation.

Commercial Online Printing to provide positive contribution to consolidated income

The marketing expenses necessary for the development of Commercial Online Printing had previously had a significant impact on this business unit's profit and loss account and resulted in a negative operating result. CEWE exploited the strong profitability of its established Photofinishing business unit for rapid and steadfast expansion of its high-potential Commercial Online Printing business unit. Moreover, the result for the Commercial Online Printing business unit currently still includes non-operating expenses which must be recognised in accordance with IFRS rules on account of the purchase price allocation for the company's acquisition of Saxoprint (for the financial year 2016, approx. 1.8 million euros overall). Most of this special charge will begin to peter out in late 2016, following a depreciation period of five years, and will considerably improve the company's earnings situation. For the year 2016, due to the turnover level now achieved CEWE's management is even more confident that Commercial Online Printing will provide a positive contribution to the Group's EBIT.

Unclear value-added tax situation for photo books

CEWE is currently campaigning for the value added tax increase from 7 % to 19 % which may have come into effect from December 25, 2015 on photo books in Germany and Austria to be cancelled or at least mitigated through a transitional arrangement. This higher value added tax rate is attributable to a decision made by the EU's Customs Code Committee, which has allocated photo books to a new customs tariff (source: <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32015R2254>). Since value added tax law in Germany and Austria refers to these EU customs tariffs, this EU decision has thus unintentionally resulted in an increase in the national rate of value added tax. In the Netherlands, the United Kingdom and many other countries, photo books are either not taxed at all or else subject to the reduced tax rate.

Due to the lack of clarity over value added tax on photo books as of the date of the auditors' certificate for this report, CEWE's annual planning for 2016 assumes an unchanged rate of value added tax on photo books.

Goal for 2016 CEWE Group			Change on previous year
Digital photos	2.05 to 2.15	billion units	-5 % to -1 %
Photos from film	0.050 to 0.055	billion units	-29 % to -22 %
Total volume of photos	2.10 to 2.21	billion units	-6 % to -1 %
CEWE PHOTOBOOKS	6.10 to 6.15	million units	+1 % to +2 %
Investments *	48	millions of euros	—
Turnover	555 to 575	millions of euros	-0 % to +4 %
EBIT	38 to 44	millions of euros	+3 % to +20 %
Earnings before taxes (EBT)	37 to 43	millions of euros	+2 % to +18 %
Earnings after tax	25 to 29	millions of euros	+11 % to +29 %
Earnings per share	3.53 to 4.10	euros/unit	+9 % to +27 %

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

Earnings target range in 2016: +6 million euros

Assuming an unchanged rate of value added tax on photo books, on average Group turnover will increase slightly in 2016, from 554.2 million euros in the previous year, 2015, to between 555 million euros and 575 million euros. The turnover trend in Photofinishing will be roughly stable or pick up slightly, while turnover in the Retail segment will be more or less constant and Commercial Online Printing will achieve further turnover growth. Following 77.8 million euros in 2015 (+ 10.4 %), the management considers turnover of approx. 86 million euros to be achievable in Commercial Online Printing in 2016. CEWE continues to pursue the goal of realising a positive earnings contribution in Commercial Online Printing in 2016.

Assuming an unchanged value added tax situation for photo books, in 2016 EBIT will fall within a range of between 38 million euros and 44 million euros, the EBT figure will amount to between 37 million euros and 43 million euros and earnings after tax to between 25 million euros and 29 million euros.

This corresponds to an increase in each operating result channel of approx. 6 million euros on the goals for 2015.

Possible EBIT disadvantage due to value added tax on photo books: up to a high seven-digit EUR figure

All of this planning assumes an unchanged value added tax situation for photo books, in Germany (currently 7 % instead of 19 %) and Austria (currently 10 % instead of 20 %) especially. Since it is not certain at the time of preparation of this Annual Report whether a hoped-for transitional arrangement will be enacted, whether this new rule will be adjusted or, if it does come into effect, how strongly it will affect CEWE's earnings, CEWE's management is currently obliged to assume that it will have an impact on turnover and EBIT in 2016 of between 0 euros and a high seven-digit figure at the most. CEWE's management will probably be able to narrow down this range once the above-mentioned uncertainties have been clarified.

Minimum goal of dividend continuity

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

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

Corporate governance report

CEWE largely complies with the stringent German standards

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

The Board of Management and the Supervisory Board have long subscribed to the principles of modern corporate governance. In view of the significance of these principles for investors, customers and employees especially, the Board of Management member Mr Andreas F. L. Heydemann served as CEWE’s corporate governance officer in the period from early 2009 up to the end of 2015. He was succeeded in this role as of January 1, 2016 by Mr Oliver Thomsen, the head of the company’s Legal department, who reports directly to the Board of Management and the Supervisory Board.

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

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

We regularly monitor implementation of the Corporate Governance Code within our company and adjust our related policies in line with current developments. On its website <http://ir.cewe.de/cgi-bin/show.ssp?companyName=cewe&language=English&id=6000> CEWE

Stiftung & Co. KGaA transparently sets out its approach in relation to corporate governance principles.

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

Declaration of compliance in accordance with § 161 of the German Companies Act (Aktiengesetz, AktG) for the financial year 2015

The Board of Management of the general partner of CEWE Stiftung & Co. KGaA, Neumüller CeWe Color Stiftung, and the Supervisory Board of CEWE Stiftung & Co. KGaA declare that since they presented their last declaration of compliance in February 2015 they have complied with the recommendations of the German Corporate Governance Code government commission, as notified by the German federal ministry of justice and consumer protection in the official section of the German Federal Gazette (Bundesanzeiger), as amended on June 24, 2014 and May 5, 2015, following their publication on June 12, 2015, and will continue to do so, with the following exceptions:

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

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

Standard limit for period of membership on the Supervisory Board (deviation from item 5.4.2 (2))

Fixing a standard period of membership would disproportionately restrict the statutory right of shareholders and employees to appoint their representatives to the Supervisory Board. Such a commitment would also make it more likely that the company would lose members who are able to make a particularly strong contribution thanks to their many years of industry and company expertise.

Board of Management and Supervisory Board and their relationship

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

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

The competences of the Supervisory Board are also laid down in its rules of procedure. A key task of the Supervisory Board is its review of the company's quarterly reports, its auditing of the annual financial statements and the consolidated financial statements of CEWE Stiftung & Co. KGaA and its preparation of the resolution to be passed by the general meeting for approval of the annual financial statements. The members of the Supervisory Board of CEWE Stiftung & Co. KGaA are appointed in accordance with the provisions of the German Code-termination Act (Mitbestimmungsgesetz, MitbestG). The shareholders' representatives currently serving on the Supervisory Board were elected at the general meeting held on June 5, 2013, subject to the proviso that their term of office would begin upon registration of the change of legal form. Their term of office thus began on October 1, 2013, through the registration implemented as of this date. The necessary six employees' representatives on the Supervisory Board were appointed by court order for the period up to October 5, 2015, in accordance with the decision of October 29, 2013, pursuant to § 104 (2) and (3) AktG in conjunction with § 278 (3) AktG. Following the completion of the employees' elections to the Supervisory Board, the office of the court-appointed members ended upon expiry of October 5, 2015. Since October 6, the Supervisory Board has had six members appointed by company's employees.

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

Diversity

Items 4.1.5., 5.1.2. and 5.4.1. of the German Corporate Governance Code, as amended on May 5, 2015, deal with the issue of diversity in terms of appointments to the Supervisory Board, the Board of Management and the company's executives. Within the scope of sound corporate governance, the management and the Supervisory Board of CEWE Stiftung & Co. KGaA have considered this issue in detail:

Makeup of the Supervisory Board

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

- The Supervisory Board of CEWE Stiftung & Co. KGaA traditionally comprises members with international experience.
- None of the members of the current Supervisory Board of CEWE Stiftung & Co. KGaA have any conflicts of interest.
- An age limit is stipulated for the members of the Supervisory Board of CEWE Stiftung & Co. KGaA in § 2.1. of the rules of procedure; however, a standard period of membership is not specified.

The Supervisory Board includes two female representatives of the shareholders and three female representatives of the employees. The company has thus complied with the new statutory requirement of 30 % female representation on its Supervisory Board. While fulfilling applicable statutory requirements, in any future nominations the Supervisory Board will also appropriately consider whether candidates have the necessary skills, competences and technical experience which are required for service on the Supervisory Board.

Makeup of the Board of Management

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

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

Appointments to management positions

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

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

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

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

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

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

This resolution remains valid for appointments to management positions.

Shareholders and general meeting

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

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

The most recent general meeting of CEWE Stiftung & Co. KGaA took place on June 3, 2015.

Report on remuneration

In regard to the remuneration received by the Board of Management and the Supervisory Board in the financial year 2015, we refer to our detailed report on remuneration, which is included as a component of the consolidated management report on pages 134 ff.

Disclosures regarding stock option plans

The 2010 Stock Option Plan approved by CEWE COLOR Holding AG through the resolution passed by its general meeting held on June 30, 2005 expired on May 31, 2015. On the basis of the resolution passed by the general meeting on June 4, 2014, on September 1, 2014 the Board of Management approved the Stock Option Plan (SOP 2014), as did the Supervisory Board of CEWE Stiftung & Co. KGaA on September 10, 2014 and the Board of Trustees of the managing partner Neumüller CEWE COLOR Stiftung on September 11, 2014. In the year under review, a Stock Option Plan (SOP 2015) was approved with the same structure (Board of Management's resolution of August 17, 2015, Supervisory Board's resolution of September 9, 2015, Board of Trustees' resolution of September 8, 2015). These options were offered at the highest level of the Group's management, in Germany and other countries, at a premium of 0.50 euros per option. Overall, in the Stock Option Plan 2015 10,800 options were awarded to the members of the Board of Management (SOP 2014: 10,800) and 92,920 options to the company's other executives (SOP 2014: 102,150). Upon expiry of the four-year waiting period, the options may only be exercised if the closing auction prices of the CEWE share in Deutsche Börse AG's Xetra trading system have reached at least 120 % of the underlying price on ten consecutive stock exchange trading days. Each Stock Option Plan has a term of five years.

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The key details of the Stock Option Plans are as follows:

Key details of the Stock Option Plans 2014 and 2015	Start of term	End of waiting period	End of term	Underlying price in euros	Performance target in euros
SOP 2014	January 1, 2015	December 31, 2018	December 31, 2019	53.00	63.60
SOP 2015	January 1, 2016	December 31, 2019	December 31, 2020	52.00	62.40

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Transparent communication

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

Shareholdings of the Board of Management and the Supervisory Board

On December 31, 2015, the shares held by all of the members of the Board of Management and the Supervisory Board in CEWE Stiftung & Co. KGaA amounted to 63,299 of the total shares issued by the company. 62,550 shares are held by members of the Board of Management and 749 shares are held by members of the Supervisory Board.

Disclosures regarding directors' dealings

Under § 15a of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG), persons holding management positions (in particular, members of the Board of Management and the Supervisory Board and certain employees with management responsibilities) and their close associates are required to disclose their dealings for own account in shares or related financial instruments, insofar as the total securities transactions which a person with management responsibilities and his close associates enter into equal or exceed an amount of not less than 5,000.00 euros in a given calendar year. Details of notifiable securities transactions entered into in the year under review, 2015, and up to the present day are provided on the company's website www.cewe.de.

Accounting and auditing

BDO AG, Wirtschaftsprüfungsgesellschaft, Hamburg, has been appointed as the auditor for the annual accounts and for the semi-annual financial report 2015 of CEWE Stiftung & Co. KGaA for the past financial year. The auditor will notify the chairman of the Supervisory Board immediately of any grounds for bias or disqualification arising in the course of the audit. Moreover, the auditor will immediately report on any key incidents and findings resulting during its audit which are of material significance for the tasks of the Supervisory Board. The auditor will also notify the Supervisory Board in the event of it discovering in the course of its audit facts which are not compatible with the declaration of compliance submitted by the Board of Management and the Supervisory Board in accordance with § 161 AktG.

Compliance

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

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

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

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

Risk management system

Goals and strategy of the risk management system

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

Organisation and structure of the risk management system

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

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

Key features of the internal control system

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

- Dual-control principle
- Signature guidelines
- IT authorisation concept
- Separation of functions
- Integrated reporting

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

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

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

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

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

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

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

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

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

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

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

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

ACQUISITION-RELATED DISCLOSURES

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

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

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

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

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

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

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

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

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

There are no shares conferring special rights.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

REPORT ON REMUNERATION

In accordance with applicable legal requirements (§§ 285 clause 1 number 9, 289 (2) number 5, 314 (1) number 6 and 315 (2) number 4 of the German Commercial Code) and the recommendations of the German Corporate Governance Code (GCGC), as amended on May 5, 2015, the report on remuneration sets out the basic features of the remuneration system for the Board of Management of Neumüller CEWE COLOR Stiftung as the general partner of CEWE Stiftung & Co. KGaA and its Supervisory Board. The individual remuneration packages of the members of the Board of Management and Supervisory Board are also presented and commented on. In the year under review and the previous year, no external remuneration expert was consulted for an assessment of the appropriateness of the remuneration received by the Board of Management and the Supervisory Board.

The group of members of the Board of Management subject to reporting obligations comprises the Board of Management of Neumüller CEWE COLOR Stiftung as the general partner and sole managing director of CEWE Stiftung & Co. KGaA.

Remuneration of the Board of Management Remuneration system

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

Elements of the Board of Management's remuneration system

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

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

In terms of its annual and multiple-year shares (bonus I and bonus II), the bonus is based on earnings before taxes (EBT) as well as depreciation on property, plant and equipment and amortisation on intangible assets of the CEWE Group. Overall, it is limited to a maximum of 100 % of the fixed remuneration in a given year. Moreover, this only includes bonus shares which are relevant for depreciation purposes and which have been earned through earnings before tax (earned depreciation). A multiple-year assessment basis for the variable remuneration components is established in that only 80 % of

the calculated bonus share is paid out to the member of the Board of Management in the next year following the relevant financial year (bonus I). The 20 % remaining amount (bonus II) is credited to an account held by a personal bonus bank. This bonus bank balance is retained for the multiple-year term of the contract of the respective member of the Board of Management. It attracts interest at a rate of 5.0 % p. a. and will be paid out at the end of the period, including this credited interest. Negative earnings before tax which exceed the level of annual depreciation will result in a negative bonus amount that will be deducted from the personal bonus bank account of the respective member of the Board of Management. Accordingly, the final balance of the bonus bank account upon expiry of the term of the Board of Management member's contract will only be paid out in case of a positive balance. In the event of the premature retirement of the respective member of the Board of Management, pro rata payment rules apply. Extraordinary developments (such as the disposal of shares in the company and the realisation of hidden reserves) are not included in the calculation of bonus I and bonus II. In the event of a deterioration in the position of CEWE Stiftung & Co. KGaA, Neumüller CEWE COLOR Stiftung may reduce these amounts appropriately, if their continued grant would otherwise be unreasonable.

Stock option plans were established in 2010, 2014 and 2015 in which currently active members of the Board of Management were permitted to participate. The purpose of this was to establish a further long-term, performance-related remuneration component. All of these stock option plans (SOP 2010, SOP 2014 and SOP 2015) had (and have) essentially the same terms. Participation in these plans and the volume of options purchased were subject to the discretion of the members of the Board of Management, up to a maximum total. Specifically, the following details apply (cf. page 125):

These plans have a term of five years. The option may be first exercised upon expiry of a waiting period of four years. Currently serving members of the Board of Management may acquire up to 1,200 options

for the SOP 2014 and SOP 2015; for the SOP 2010, a maximum limit of 8,500 option rights applied. An amount of 0.50 euros is payable for each option. The underlying price, the performance target and the fair value according to IFRS 2.10ff. for these three plans are as follows for the participating members of the Board of Management:

Option	<i>Figures in euros</i>	SOP 2015	SOP 2014	SOP 2010
Underlying price		52.00	53.00	27.00
Performance target		62.40	63.60	31.05
Fair value		9.16	7.10	6.39

The four-year lockup period specified in the terms of the 2010 Stock Option Plan expired on May 31, 2014. From June 1, 2014, option holders were able to exercise their options for a period of one year, within specified exercise windows. This applied up to the end of the term for the 2010 Stock Option Plan on May 31, 2015. In the financial year 2010, the members of the Board of Management participated by purchasing a total of 54,000 stock options; of this amount, 46,000 options had been exercised by December 31, 2014. The remaining 8,000 rights were exercised by May 31, 2015. All of the members of the Board of Management fully participated in the SOP 2014 and SOP 2015 plans, in line with their respective entitlements.

The company has taken out a group financial loss liability insurance policy for all of the members of the Board of Management, the managing directors and the executives of the CEWE Group, both in Germany and in other countries. This policy is concluded or extended annually. This insurance covers the personal liability risk in the event of this group of persons being sued for financial losses resulting from their activities (D & O insurance). Cover for the members of the Board of Management and the Supervisory Board of CEWE Stiftung & Co. KGaA complies with the requirements of the German Act on the Appropriateness of Management Board Remuneration. The policyholder thus bears 10 % of a potential loss, up to one-and-a-half times his or her fixed

annual remuneration. The individual member of the Board of Management is free to arrange additional cover privately, on his or her own account. Insurance cover also applies through a special criminal law insurance policy for all of the company's employees (total annual expenditure: 52 thousand euros, previous year: 52 thousand euros). The company's statutory representatives and the members of its supervisory body are also jointly insured against any violations which they commit, or are alleged to have committed, in the performance of their duties. The company has also taken out an accident insurance policy (total annual expenditure: 6 thousand euros, previous year: 3 thousand euros) for all of its executives. This includes all of the members of the Board of Management.

Individual remuneration of the Board of Management for 2015

In addition to applicable accounting principles, the following presentation of the remuneration paid out in the financial year 2015 also reflects the recommendations of the German Corporate Governance

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

The total remuneration granted for the members of the Board of Management of Neumüller CEWE COLOR Stiftung for the performance of its tasks within the parent company and the subsidiaries, as fixed gross and variable remuneration in the financial year 2015, amounts to a total of 4,192 thousand euros (previous year: 4,009 thousand euros). The breakdown of these payments is as follows for the individual members of the Board of Management:

Remuneration granted	Figures in euros	Dr Rolf Hollander Chairman of the Board of Management of Neumüller CEWE COLOR Stiftung				Dr Reiner Fageth Head of Technology and R & D, Neumüller CEWE COLOR Stiftung				Carsten Heitkamp Head of German Plants, Neumüller CEWE COLOR Stiftung			
		2014	2015	Min. 2015	Max. 2015	2014	2015	Min. 2015	Max. 2015	2014	2015	Min. 2015	Max. 2015
Fixed gross remuneration													
Fixed remuneration	480,000	480,000	480,000	480,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000
Side benefits	21,892	22,550	22,550	22,550	11,235	11,281	11,281	11,281	10,733	10,779	10,779	10,779	10,779
Total fixed gross remuneration	501,892	502,550	502,550	502,550	251,235	251,281	251,281	251,281	250,733	250,779	250,779	250,779	250,779
Variable remuneration													
One-year variable remuneration	219,765	246,194	0	384,000	65,544	73,426	0	192,000	65,544	73,426	0	192,000	192,000
Multiple-year variable remuneration													
Bonus bank	56,973	78,582	0	96,000	17,940	23,289	0	48,000	17,314	23,501	0	48,000	48,000
Stock Option Plan 2010–2015	4,526	8,520	0	0	3,195	8,520	0	0	0	8,520	0	0	0
Total variable remuneration	281,264	333,296	0	480,000	86,679	105,235	0	240,000	82,858	105,447	0	240,000	240,000
Pension expenses	197,000	2,000	2,000	2,000	132,000	203,000	203,000	203,000	188,000	191,000	191,000	191,000	191,000
Total remuneration (GCGC)	980,156	837,846	504,550	984,550	469,914	559,516	454,281	694,281	521,591	547,226	441,779	681,779	681,779

Remuneration granted	Figures in euros	Andreas F. L. Heydemann Head of IT and Legal, Neumüller CEWE COLOR Stiftung to December 31, 2015				Dr Olaf Holzkämper Head of Finance and Controlling, Neumüller CEWE COLOR Stiftung				Thomas Mehls Head of Marketing and Acquisitions, Neumüller CEWE COLOR Stiftung			
		2014	2015	Min. 2015	Max. 2015	2014	2015	Min. 2015	Max. 2015	2014	2015	Min. 2015	Max. 2015
Fixed gross remuneration													
Fixed remuneration		201,667	201,667	201,667	201,667	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000
Side benefits		18,231	18,277	18,277	18,277	11,289	11,972	11,972	11,972	12,981	12,178	12,178	12,178
Total fixed gross remuneration		219,898	219,944	219,944	219,944	251,289	251,972	251,972	251,972	252,981	252,178	252,178	252,178
Variable remuneration													
One-year variable remuneration		65,544	73,426	0	161,333	65,544	73,426	0	192,000	65,544	73,426	0	192,000
Multiple-year variable remuneration													
Bonus bank		17,940	23,289	0	40,333	17,940	23,289	0	48,000	17,940	23,713	0	48,000
Stock Option Plan 2010–2015		4,526	8,520	0	0	4,526	8,520	0	0	0	8,520	0	0
Total variable remuneration		88,010	105,235	0	201,667	88,010	105,235	0	240,000	83,484	105,659	0	240,000
Pension expenses		162,000	198,000	198,000	198,000	151,500	205,500	205,500	205,500	196,000	200,000	200,000	200,000
Total remuneration (GCGC)		469,908	523,179	417,944	619,611	490,799	562,707	457,472	697,472	532,465	557,837	452,178	692,178

Remuneration granted	Figures in euros	Harald H. Pirwitz Head of Distribution, Neumüller CEWE COLOR Stiftung to December 31, 2015				Frank Zweigle Head of Administration, Neumüller CEWE COLOR Stiftung				Total Remuneration granted Board of Management of Neumüller CEWE COLOR Stiftung			
		2014	2015	Min. 2015	Max. 2015	2014	2015	Min. 2015	Max. 2015	2014	2015	Min. 2015	Max. 2015
Fixed gross remuneration													
Fixed remuneration		225,000	225,000	225,000	225,000	48,000	48,000	48,000	48,000	1,914,667	1,914,667	1,914,667	1,914,667
Side benefits		13,813	14,144	14,144	14,144	2,079	2,405	2,405	2,405	102,253	103,586	103,586	103,586
Total fixed gross remuneration		238,813	239,144	239,144	239,144	50,079	50,405	50,405	50,405	2,016,920	2,018,253	2,018,253	2,018,253
Variable remuneration													
One-year variable remuneration		65,544	73,426	0	180,000	0	0	0	0	613,029	686,750	0	1,493,333
Multiple-year variable remuneration													
Bonus bank		17,940	23,925	0	45,000	0	0	0	0	163,987	219,588	0	373,333
Stock Option Plan 2010–2015		4,526	8,520	0	0	1,598	8,520	0	0	22,898	68,160	0	0
Total variable remuneration		88,010	105,871	0	225,000	1,598	8,520	0	0	799,914	974,498	0	1,866,667
Pension expenses		166,000	201,000	201,000	201,000	0	0	0	0	1,192,500	1,200,500	1,200,500	1,200,500
Total remuneration (GCGC)		492,823	546,015	440,144	665,144	51,677	58,925	50,405	50,405	4,009,333	4,193,251	3,218,753	5,085,420

Fixed remuneration for the members of the Board of Management in office as of December 31, 2015 will remain unchanged for the terms of their respective contracts. Mr Zweigle is exclusively granted fixed remuneration; he is not a beneficiary of a bonus bank scheme or of a pension commitment as is normally granted for Board of Management members. With effect as of January 1, 2014, Mr Thomas Mehls and Mr Carsten Heitkamp were appointed to the Board of Management of Neumüller CEWE COLOR Stiftung. Side benefits include the costs or the benefit in money's worth associated with provision of a company car, the conclusion of insurance policies and temporary housing and relocation costs.

In the year under review, the variable, performance-related remuneration for the active members of the Board of Management totalled 973 thousand euros and was thus 22.0 % higher than in the previous year (800 thousand euros). This includes the paid-out bonus shares (bonus I). For the one-off variable remuneration, the amounts granted relate to the financial year in which the preconditions were fulfilled for the actual remuneration entitlements (in this case, earnings before tax and depreciation amounts). The members of the Board of Manage-

ment will only receive amounts calculated on this basis in the following year. As multiple-year variable remuneration, they comprise the share of bonus bank contributions (bonus II) as well as the expenses registered in the waiting period for the stock option plans pursuant to IFRS 2.10ff., due to initial measurement of share-based remuneration; the fair value as of the grant date is key in this respect. None of the members of the Board of Management has received third-party payments in relation to their service. The remuneration of the members of the Board of Management of Neumüller CEWE COLOR Stiftung for the financial year 2015 which is paid out in 2016 (bonus I) will amount to 687 thousand euros and thus exceed the figure for 2015 (613 thousand euros) by 12.0 %.

A total of 220 thousand euros (previous year: 165 thousand euros) has been paid over to the bonus bank accounts, i. e. the accounts holding the remuneration comprising bonus II. As of December 31, 2015, the bonus bank accounts of the members of the Board of Management (including the contractually stipulated amount of interest) have the following balances:

Bonus bank (excl. interest) in euros	Start balance Jan. 1, 2014	Amount paid out 2014	Amount added 2014	End balance Dec. 31, 2014	Amount added 2015	Amount paid out 2015	End balance Dec. 31, 2015
Dr Rolf Hollander	230,136	56,973	0	287,109	78,582	-293,702	71,989
Dr Reiner Fageth	68,637	18,384	-70,021	17,000	23,289	0	40,289
Carsten Heitkamp	5,451	17,314	0	22,765	23,501	0	46,266
Andreas F. L. Heydemann	68,637	18,384	-70,021	17,000	23,289	0	40,289
Dr Olaf Holzkämper	68,637	18,384	-70,021	17,000	23,289	0	40,289
Thomas Mehls	10,902	17,627	0	28,529	23,713	0	52,242
Harald H. Pirwitz	16,353	17,940	0	34,293	23,925	0	58,218
Frank Zweigle	0	0	0	0	0	0	0
Total active members of the Board of Management	468,753	165,006	-210,063	423,696*	219,588	-293,702	349,582*

* Reported as current other liabilities

The indicated payout amounts for bonus bank balances include the contractually stipulated amount of interest plus discounting in the event that an individual obligation applies for a period of more than twelve months. Including interest, Dr Rolf Hollander received 293,702 thousand euros; in the previous year, Dr Reiner Fageth, Mr Andreas F. L. Heydemann and Dr Olaf Holzkämper each received 70,021 euros within the scope of these payments.

The following table shows the inflow of cash in or for the financial year 2015 as a result of fixed remuneration, side benefits, one-year, variable remuneration and multiple-year variable remuneration as well as pension expenses. In deviation from the remuneration set out above which was granted for the past financial year, this table indicates the actual remuneration granted in previous years and received in the financial year 2015.

In the financial year 2015, the total remuneration which the active members of the Board of Management of Neumüller CEWE COLOR Stiftung received as fixed and variable components totalled 4,375 thousand euros (previous year: 4,907 thousand euros). The considerably higher figure for the previous year reflects the fact that significant portions of the Stock Option Plan 2010 were exercised and paid out in the financial year 2014. Of the total fixed gross remuneration, the amounts received match the values granted (see above). The breakdown of these payments is as follows for the individual members of the Board of Management:

	<i>Figures in euros</i>	Dr Rolf Hollander Chairman of the Board of Management of Neumüller CEWE COLOR Stiftung		Dr Reiner Fageth Head of Technology and R & D, Neumüller CEWE COLOR Stiftung		Carsten Heitkamp Head of German Plants, Neumüller CEWE COLOR Stiftung, since January 1, 2014		Andreas F. L. Heydemann Head of IT and Legal, Neumüller CEWE COLOR Stiftung	
		2014	2015	2014	2015	2014	2015	2014	2015
Remuneration derived									
Fixed gross remuneration									
Fixed remuneration		480,000	480,000	240,000	240,000	240,000	240,000	201,667	201,667
Side benefits		21,892	22,550	11,235	11,281	10,733	10,779	18,231	18,277
Total fixed gross remuneration		501,892	502,550	251,235	251,281	250,733	250,779	219,898	219,944
Variable remuneration									
One-year variable remuneration		213,267	219,765	63,606	65,544	18,202	65,544	63,606	65,544
Multiple-year variable remuneration									
Bonus bank 2010–2012		0	0	70,021	0	0	0	70,021	0
Bonus bank 2010–2014		0	293,702	0	0	0	0	0	0
Stock Option Plan 2010–2015		136,936	112,604	137,741	29,832	0	0	235,195	0
Other items		0	0	0	0	0	0	0	0
Total variable remuneration		350,203	626,071	271,368	95,376	18,202	65,544	368,822	65,544
Pension expenses		197,000	2,000	132,000	203,000	188,000	191,000	162,000	198,000
Total remuneration (GCGC)		1,049,095	1,130,621	654,603	549,657	456,935	507,323	750,720	483,488

Dr Olaf Holzkämper Head of Finance and Controlling, Neumüller CEWE COLOR Stiftung		Thomas Mehls Head of Marketing and Acquisitions, Neumüller CEWE COLOR Stiftung, since January 1, 2014		Harald H. Pirwitz Head of Distribution, Neumüller CEWE COLOR Stiftung		Frank Zweigle Head of Administration, Neumüller CEWE COLOR Stiftung		Total Remuneration derived Board of Management of Neumüller CEWE COLOR Stiftung	
2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
240,000	240,000	240,000	240,000	225,000	225,000	48,000	48,000	1,914,667	1,914,667
11,289	11,972	12,981	12,178	13,813	14,144	2,079	2,405	102,253	103,586
251,289	251,972	252,981	252,178	238,813	239,144	50,079	50,405	2,016,919	2,018,253
63,606	65,544	42,404	65,544	63,606	65,544	0	0	528,296	613,029
70,021	0	0	0	0	0	0	0	210,064	0
0	0	0	0	0	0	0	0	0	293,702
159,945	76,464	0	0	207,525	30,148	82,357	0	959,699	249,048
0	0	0	0	0	0	0	0	0	0
293,572	142,008	42,404	65,544	271,131	95,692	82,357	0	1,698,060	1,155,779
151,500	205,500	196,000	200,000	166,000	201,000	0	0	1,192,500	1,200,500
696,361	599,480	491,385	517,772	675,943	535,836	132,436	50,405	4,907,479	4,374,532

The remuneration received from the 2010 Stock Option Plan in 2014 results from the exercise of options. Nach Upon expiry of the waiting period, from June 1, 2014 these options were exercisable for a period of one year; the term of the SOP 2010 ended on May 31, 2015. The terms of these options and the resolutions passed by the Board of Management and the Supervisory Board permitted the exercise of these options in the form of a privileged share purchase as well as a cash settlement. Insofar as the option of a cash settlement has been

selected, CEWE Stiftung & Co. KGaA has directly fulfilled the payment claims of the option holders; these amounts have been duly declared for tax purposes. If the option of a privilege share purchase has been selected, the due purchase prices have been settled up promptly and in full.

The following situation applies in terms of the options exercised within the scope of the SOP 2010:

Options exercised 2010 Stock Option Plan Active members of the Board of Management	Number of options Dec. 31, 2014 units	Exercise in 2015 Shares purchased units	Exercise in 2015 Cash settlement units	Number of options Dec. 31, 2015 units	Exercise in 2015 Shares purchased units	Exercise in 2015 Shares purchased in euros	Exercise in 2015 Cash settlement in euros	Exercise in 2015 Total in euros
Dr Rolf Hollander	3,500	0	3,500	-3,500	0	0	112,604	112,604
Dr Reiner Fageth	1,000	-300	-700	-1,000	0	8,820	21,012	29,832
Carsten Heitkamp	0	0	0	0	0	0	0	0
Andreas F. L. Heydemann	0	0	0	0	0	0	0	0
Dr Olaf Holzkämper	2,500	-500	-2,000	-2,500	0	14,425	62,039	76,464
Thomas Mehls	0	0	0	0	0	0	0	0
Harald H. Pirwitz	1,000	0	-1,000	-1,000	0	0	30,148	30,148
Frank Zweigle	0	0	0	0	0	0	0	0
Total active members of the Board of Management	8,000	-800	-200	-8,000	0	23,245	225,803	249,048

Options exercised 2010 Stock Option Plan Active members of the Board of Management	Number of options Dec. 31, 2013 units	Exercise in 2014 Shares purchased units	Exercise in 2014 Cash settle- ment units	Number of options Dec. 31, 2014 units	Exercise in 2014 Shares purchased units	Exercise in 2014 Shares purchased in euros	Exercise in 2014 Cash settlement in euros	Exercise in 2014 Total in euros
Dr Rolf Hollander	8,500	-1,625	-3,375	-5,000	3,500	43,550	93,386	136,936
Dr Reiner Fageth	6,000	-700	-4,300	-5,000	1,000	18,760	118,981	137,741
Carsten Heitkamp	0	0	0	0	0	0	0	0
Andreas F. L. Heydemann	8,500	0	-8,500	-8,500	0	0	235,195	235,195
Dr Olaf Holzkämper	8,500	-2,000	-4,000	-6,000	2,500	49,265	110,680	159,945
Thomas Mehls	0	0	0	0	0	0	0	0
Harald H. Pirwitz	8,500	0	-7,500	-7,500	1,000	0	207,525	207,525
Frank Zweigle	3,000	-750	-2,250	-3,000	0	20,100	62,257	82,357
Total active members of the Board of Management	43,000	-5,075	-29,925	-35,000	8,000	131,675	828,024	959,699

None of the members of the Board of Management has received third-party payments in relation to their service.

Commitments to the members of the Board of Management in the event of the termination of their office

The members of the Board of Management have vested pension rights. The value of their pension entitlements amounts to two forty-fifths of the last fixed remuneration paid, for each year of their service on the

Board of Management of Neumüller CEWE COLOR Stiftung. Overall, their respective pension entitlements are limited to two-thirds of their most recent fixed remuneration. The structure of the pension scheme applies equally for all of the members of the Board of Management of Neumüller CEWE COLOR Stiftung and thus likewise for the members of the Board of Management who were newly appointed as of January 1, 2016, Dr Christian Friege and Patrick Berkhouwer.

In principle, the commitments entered into do not include provision for dependants. However, provision has been made for the dependants of Dr Rolf Hollander, Dr Reiner Fageth and Dr Olaf Holzkämper. This is cost-neutral from an actuarial point of view, through a reduction in old-age benefits by comparison with the arrangements which apply in principle. The service cost for pensions in 2015 is as follows, subject to an actuarial interest rate of 2.0 % (previous year: 2.10 %) and use of the projected unit credit method in accordance with the IFRS.

In addition to the company's commitments to the Board of Management, Dr Hollander and Mr Heydemann will receive old-age pensions as part of the company's pension scheme, on the basis of a direct commitment upon their retirement from the company at the age of 65 or higher. This includes provision for dependants amounting to 50 % of their respective pensions. Dr Fageth, Dr Holzkämper and Mr Harald Pirwitz will receive financially equivalent old-age pensions within the scope of the company's pension scheme, out of an employer-financed support fund. Reinsurance cover applies for these direct commitments and for support fund commitments in the form of insurance contracts.

Pensions of the Board of Management of Neumüller CEWE COLOR Stiftung <i>thousands of euros</i>	2015				2014			
	Vested pension entitlements	Pension entitlements Dec. 31, 2015	Service cost for pensions	Provision for pension liabilities	Vested pension entitlements	Pension entitlements Dec. 31, 2014	Service cost for pensions	Provision for pension liabilities
Members of the Board of Management of Neumüller CEWE COLOR Stiftung								
Dr Rolf Hollander (Chairman)	0	312	0	6,790	45	312	195	6,477
Patrick Berkhouwer ¹	—	—	—	—	—	—	—	—
Dr Reiner Fageth	9	34	201	644	10	25	130	413
Dr Christian Friege ¹	—	—	—	—	—	—	—	—
Carsten Heitkamp (since January 1, 2014)	10	21	191	397	11	11	188	188
Andreas F. L. Heydemann ² (to December 31, 2015)	19	97	196	1,611	10	78	160	1,517
Dr Olaf Holzkämper	10	25	202	566	7	15	148	333
Thomas Mehls (since January 1, 2014)	10	21	200	421	11	11	196	196
Harald H. Pirwitz ³ (to December 31, 2013)	10	110	196	1,894	9	100	161	1,957
Frank Zweigle	0	0	0	0	0	0	0	0
Total active members of the Board of Management	68	620	1,186	12,323	103	552	1,178	11,081
Total retired members of the Board of Management	—	—	—	2,145	0	103	0	2,041
Total for CEWE Stiftung & Co. KGaA	—	—	—	14,468	103	655	1,178	13,122

¹ Members of the Board of Management since January 1, 2016

² Plus past service cost in the amount of -160 thousand euros due to an employee released from his work duties and a contractual amendment upon retirement

³ Plus past service cost in the amount of -292 thousand euros due to a contractual amendment upon retirement

Finally, for Dr Rolf Hollander, Dr Reiner Fageth, Mr Andreas F. L. Heydemann, Dr Olaf Holzkämper and Mr Harald Pirwitz as part of the company's pension scheme the company has also concluded life insurance policies with a capital payment in the event of premature death as provision for dependants or, in case of survival, as an old-age pension, with an insured sum of 38 thousand euros. The related

annual expenses for each member of the Board of Management amount to 1 thousand euros (previous year: 1 thousand euros). No loans or advance payments have been granted. Moreover, nor has the company entered into any contingent liabilities for the benefit of the members of the Board of Management.

	2015			2014		
	Vested pension entitlements	Pension entitlements Dec. 31, 2015	Service cost for pensions	Vested pension entitlements	Pension entitlements Dec. 31, 2014	Service cost for pensions
Company's pension scheme <i>in thousands of euros</i>						
Members of the Board of Management of Neumüller CEWE COLOR Stiftung						
Dr Rolf Hollander (Chairman)	0.0	3.0	2.0	0.0	3.0	2.0
Dr Reiner Fageth	0.0	3.0	2.0	0.0	3.0	2.0
Carsten Heitkamp (since January 1, 2014)	0.0	0.0	0.0	0.0	0.0	0.0
Andreas F. L. Heydemann (to December 31, 2015)	0.0	3.0	2.0	0.0	3.0	2.0
Dr Olaf Holzkämper	0.0	3.0	3.5	0.0	3.0	3.5
Thomas Mehls (since January 1, 2014)	0.0	0.0	0.0	0.0	0.0	0.0
Harald H. Pirwitz (to December 31, 2015)	0.0	3.0	5.0	0.0	3.0	5.0
Frank Zweigle	0.0	0.0	0.0	0.0	0.0	0.0
Total active members of the Board of Management	0.0	15.0	14.5	0.0	15.0	14.5
Dr Michael Fries (to December 31, 2013)	—	1.1	—	0.0	1.1	0.0
Felix Thalmann (to December 31, 2013)	—	1.6	—	0.0	1.6	0.0
Total retired members of the Board of Management	0.0	2.7	0.0	0.0	2.7	0.0
Total for CEWE Stiftung & Co. KGaA	0.0	17.7	14.5	0.0	17.7	14.5

The following arrangements apply in the event of the premature termination of the contracts of the members of the Board of Management: In case of dismissal for good cause, their contracts will have been terminated as of the date of dismissal. In case of a dismissal which is not made for good cause or which is made on grounds lying outside of the responsibility of the member of the Board of Management, his fixed remuneration will be paid up to the end of the term of his contract. Pro rata payment rules apply for the payment of any positive bonus bank balance. Dr Rolf Hollander will also receive a one-off settlement in the amount of one year's salary or a lower pro rata amount if he begins to draw his pension at an earlier moment in time. The company has not concluded any compensation agreements with the members of the Board of Management to cover the event of a takeover offer (§ 315 (4) no. 9; cf. page 131).

Finally, a post-contractual non-compete clause has been agreed for all of the members of the Board of Management. Where applicable, for a maximum period of two years the members of the Board of Management will receive half of the contractual benefits which they have most recently received from Neumüller CEWE COLOR Stiftung, for each year for which this non-compete clause applies for them (non-competition compensation). This compensation will be paid out monthly in instalments.

Harald Pirwitz and Andreas F.L. Heydemann retired from the Board of Management as of December 31, 2015. In accordance with the provisions of his employment contract, the company's contract with Mr Harald Pirwitz expired as scheduled as of the end of the year. For a period of two years, he will receive monthly non-competition compensation under a post-contractual non-compete clause. On the basis of the past financial year, he is entitled to a bonus I in the amount of 13 thousand euros, which will be paid out in March 2016. Mr Pirwitz is also entitled to payment of the bonus bank (bonus II) which is then due (including the contractually stipulated interest) and which is expected to amount to 60 thousand euros. This will be paid out in June 2016. In accordance with the terms of the stock option plans, Mr Pirwitz will keep his options under the 2014 and 2015 plans. Mr Pirwitz is expected to begin to draw pension benefits under the company's direct commitment

to him as a member of the Board of Management in the year 2018. Mr Heydemann was released from his work duties for the financial year 2016 up to the end of his contractual term of office on December 31, 2016. The company is satisfying his entitlements, in particular his salary, bonuses I and II and side benefits. For the years 2017 and 2018, Mr Heydemann will receive monthly non-competition compensation under a post-contractual non-compete clause. Mr Heydemann will begin to draw pension benefits under the company's direct commitment to him as a member of the Board of Management in the year 2019.

With effect as of January 1, 2016, Mr Patrick Berkhouwer and Dr Christian Friege were appointed to the Board of Management of Neumüller CEWE COLOR Stiftung.

Remuneration of the Supervisory Board

The Supervisory Board consists of twelve members. The remuneration of the members of the Supervisory Board is stipulated in the company's corporate articles and comprises a fixed component and three variable components. The fixed gross remuneration amounts to 6,000.00 euros per annum. The chairman of the Supervisory Board receives twice this amount and the deputy chairman receives one-and-a-half times this amount. Each Supervisory Board member also receives an attendance fee of 1,000.00 euros for each meeting attended. These amounts are payable upon expiry of the financial year.

Each Supervisory Board member additionally receives performance-related and dividend-linked annual remuneration. Performance-related remuneration is determined on the basis of the undiluted earnings per limited partner's share, calculated according to the IFRS rules, and amounts to 250.00 euros for each 0.05 euros portion of earnings exceeding earnings of 0.25 euros per limited partner's share. The dividend-linked remuneration is calculated as follows: If a dividend of more than 0.25 euros per limited partner's share is resolved, the remuneration will amount to 500.00 euros for each 0.05 euros portion of the dividend which exceeds the dividend of 0.25 euros per limited partner's share. Here too, the chairman of

the Supervisory Board receives twice the performance-related and dividend-linked remuneration and the deputy chairman one-and-a-half times this amount. For each member of the Supervisory Board, this remuneration is payable ten days after the general meeting which approves the acts of the Supervisory Board for the financial year in question. Supervisory Board members who have only served

on the Supervisory Board for part of the financial year will receive remuneration pro rata temporis.

The following remuneration has been paid over to the members of the Supervisory Board:

	2015 ¹							2014 ²						
	Fixed remuneration in thousands of euros	Attendance fees in thousands of euros	Performance-related remuneration in thousands of euros	Dividend-linked remuneration in thousands of euros	Total remuneration in thousands of euros	Shareholdings units	Options units	Fixed remuneration in thousands of euros	Attendance fees in thousands of euros	Performance-related remuneration in thousands of euros	Dividend-linked remuneration in thousands of euros	Total remuneration in thousands of euros	Shareholdings units	Options units
Supervisory Board remuneration, shareholdings, options														
Supervisory Board of CEWE Stiftung & Co. KGaA														
Otto Korte (Chairman)	12.0	7.0	28.0	26.0	73.0	0	0	12.0	7.0	30.0	25.0	74.0	0	0
Prof Dr Hans-Jürgen Appelrath	6.0	5.0	14.0	13.0	38.0	0	0	6.0	4.5	21.3	17.7	49.5	0	0
Prof Dr Christiane Hipp	6.0	5.0	14.0	13.0	38.0	0	0	6.0	5.0	15.0	12.5	38.5	0	0
Corinna Linner	6.0	7.0	14.0	13.0	40.0	0	0	6.0	7.0	15.0	12.5	40.5	0	0
Dr Joh. Christian Jacobs (to February 28, 2013)	0.0	0.0	0.0	0.0	0.0	0	0	0.0	0.0	2.5	2.1	4.6		
Prof Dr Michael Paetsch	6.0	5.0	14.0	13.0	38.0	0	0	6.0	4.0	15.0	12.5	37.5	0	0
Dr Hans-Henning Wiegmann	6.0	5.0	14.0	13.0	38.0	0	0	6.0	5.0	11.3	9.4	31.6	0	0
Subtotal	42.0	34.0	98.0	91.0	265.0	0	0	42.0	32.5	110.0	91.7	276.2	0	0
Vera Ackermann (Deputy Chairwoman)	9.0	6.0	21.0	19.5	55.5	0	0	9.0	6.0	3.8	3.1	21.9	0	0
Michael Bühl (to October 5, 2015)	4.5	4.0	14.0	13.0	35.5	218	1,500	6.0	5.0	2.5	2.1	15.6	210	750
Dr Christine Debus (since October 6, 2015)	1.5	1.0	0.0	0.0	2.5	200	600	—	—	—	—	—	—	300
Angelika Eßer	6.0	5.0	14.0	13.0	38.0	498	0	6.0	5.0	2.5	2.1	15.6	26	0
Philipp Martens (since October 6, 2015)	1.5	1.0	0.0	0.0	2.5	0	0	—	—	—	—	—	—	—
Udo Preuss (to October 5, 2015)	4.5	4.0	14.0	13.0	35.5	20	0	6.0	5.0	2.5	2.1	15.6	20	0
Markus Schwarz (since October 6, 2015)	1.5	1.0	0.0	0.0	2.5	17	0	—	—	—	—	—	—	—
Stefan Soltmann (to October 5, 2015)	4.5	4.0	14.0	13.0	35.5	0	0	6.0	4.0	2.5	2.1	14.6	0	0
Thorsten Sommer	6.0	7.0	14.0	13.0	40.0	34	600	6.0	7.0	2.5	2.1	17.6	26	300
Subtotal	39.0	33.0	91.0	84.5	247.5	987	2,700	39.0	32.0	16.3	13.5	100.8	282	1,350
Supervisory Board of CEWE Stiftung & Co. KGaA	81.0	67.0	189.0	175.5	512.5	987	2,700	81.0	64.5	126.3	105.2	377.0	282	1,350

¹ Fixed remuneration and attendance fees for 2015, payable after the end of the financial year in 2016
Performance-related and dividend-linked remuneration for the financial year 2014, payable 10 work days after the general meeting in 2015

² Fixed remuneration and attendance fees for 2014, payable after the end of the financial year in 2015
Performance-related and dividend-linked remuneration for the financial year 2013, payable 10 work days after the general meeting in 2014

CEWE Stiftung & Co. KGaA reimburses the members of the Supervisory Board any value-added tax payable on their remuneration. The above amounts are exclusive of value-added tax. None of the members of the Supervisory Board has received or been granted third-party payments in relation to their service. Finally, none of the members of the Supervisory Board has been granted or paid remuneration or benefits for personal services, in particular advisory or mediation services.

The members of the Supervisory Board are also covered by the company's D & O insurance policy. A deductible of 10 % of the possible damage has been agreed for them, up to a total amount of one-and-a-half times their fixed Supervisory Board remuneration. No loans or advance payments have been granted to members of the Supervisory Board. Nor has the company entered into any contingent liabilities for their benefit.

Remuneration of previous members of the Board of Management and the Supervisory Board

Remuneration of retired members of the Board of Management

Andreas F. L. Heydemann and Harald Pirwitz retired from the Board of Management as of December 31, 2015; the details of their remuneration thus refer to the period of their service as active members of the Board of Management. In the year under review, from the date of his retirement on December 31, 2013 Dr Michael Fries received contractually agreed non-competition compensation of slightly less than 11 thousand euros per month, up to and including June 2014. The two retired members of the Board of Management Dr Fries and Mr Thalmann received variable remuneration in 2014 for the financial year 2013, including any bonus bank balances falling due, including the contractually stipulated interest on the latter. The bonus bank accounts of retired members of the Board of Management developed as follows:

Bonus bank for resigned members of the Board of Management	<i>in euros</i>	Start balance Jan. 1, 2014	Allocations 2014	Amount paid out 2014	End balance Dec. 31, 2014	Allocations 2015	Amount paid out 2015	End balance Dec. 31, 2015
Dr Michael Fries		51,006	19,062	-70,068	0	0	0	0
Felix Thalmann		86,780	36,864	-123,644	0	0	0	0
Total retired members of the Board of Management		137,786	55,926	-193,712	0	0	0	0

Amounts excl. interest; the amounts paid out in 2014 incl. interest are indicated in the following table "Remuneration derived"

Finally, the stock options exercised by these persons were settled up. In detail, these two former members of the Board of Management received the following overall remuneration:

	<i>Figures in euros</i>	Dr Michael Fries Former member of the Board of Management of Neumüller CEWE COLOR Stiftung, to December 31, 2013				Felix Thalmann Former member of the Board of Management of Neumüller CEWE COLOR Stiftung, to December 31, 2013				Total remuneration granted retired members of the Board of Management of Neumüller CEWE COLOR Stiftung			
		2014	2015	Min. 2015	Max. 2015	2014	2015	Min. 2015	Max. 2015	2014	2015	Min. 2015	Max. 2015
Remuneration granted													
Fixed gross remuneration													
Fixed remuneration	64,331	0	—	—	0	0	—	—	64,331	0	—	—	
Side benefits	0	0	—	—	0	0	—	—	0	0	—	—	
Total fixed gross remuneration	64,331	0	—	—	0	0	—	—	64,331	0	—	—	
Variable remuneration													
One-year variable remuneration	0	0	—	—	0	0	—	—	0	0	—	—	
Multiple-year variable remuneration													
Bonus bank	0	0	—	—	0	0	—	—	0	0	—	—	
Stock Option Plan 2010 – 2015	4,526	0	—	—	1,331	0	—	—	5,858	0	—	—	
Total variable remuneration	4,526	0	—	—	1,331	0	—	—	5,858	0	—	—	
Pension expenses	0	0	—	—	0	0	—	—	0	0	—	—	
Total remuneration (GCGC)	68,858	0	—	—	1,331	0	—	—	70,189	0	—	—	

	Dr Michael Fries Former member of the Board of Management of Neumüller CEWE COLOR Stiftung, to December 31, 2013		Felix Thalmann Former member of the Board of Management of Neumüller CEWE COLOR Stiftung, to December 31, 2013		Total remuneration derived retired members of the Board of Management of Neumüller CEWE COLOR Stiftung	
	<i>Figures in euros</i>					
Remuneration derived	2014	2015	2014	2015	2014	2015
Fixed gross remuneration						
Fixed remuneration	64,331	0	0	0	64,331	0
Side benefits	0	0	0	0	0	0
Total fixed gross remuneration	64,331	0	0	0	64,331	0
Variable remuneration						
One-year variable remuneration	63,606	0	118,168	0	181,774	0
Multiple-year variable remuneration						
Bonus bank 2010–2013	70,068	0	123,644	0	193,712	0
Stock Option Plan 2010–2015	235,195	0	69,175	0	304,370	0
Other items	0	0	0	0	0	0
Total variable remuneration	368,869	0	310,987	0	679,856	0
Pension expenses	0	0	0	0	0	0
Total remuneration (GCGC)	433,201	0	310,987	0	744,188	0

The indicated payout amounts for bonus bank balances include the contractually stipulated amount of interest. For both Mr Felix Thalmann and Dr Michael Fries, the cash inflow resulting from the

settlement of the 2010 Stock Option Plan has derived from cash settlement of these options. In detail, these persons exercised these options as follows in the previous year:

Stock Option Plan 2010 – retired members of the Board of Management	Number of options <i>Units</i>	Exercise in 2014 Shares purchased <i>Units</i>	Exercise in 2014 Cash settlement <i>Units</i>	Exercise in 2014 Total <i>Units</i>	Number of options Dec. 31, 2014 <i>Units</i>	Exercise in 2014 Cash settlement <i>in euros</i>
Dr Michael Fries	8,500	0	-8,500	-8,500	0	235,195
Felix Thalmann	2,500	0	-2,500	-2,500	0	69,175
Total retired members of the Board of Management	11,000	0	-11,000	-11,000	0	304,370

Pension commitments and pensions paid to former members of the Board of Management

For former members of the Board of Management of the old CEWE COLOR Holding AG and Neumüller CEWE COLOR Stiftung, as of December 31, 2015 the company had made pension accruals in the amount of 7,162 thousand euros (previous year: 7,414 thousand euros). Pension payments for the financial year 2015 amounted to 495 thousand euros (previous year: 491 thousand euros). With effect as of April 1, 2007, the pension commitments for the former members of the Board of Management who had already retired as of this date were transferred to CEWE COLOR Versorgungskasse e.V., Wiesbaden. They are included in the consolidated financial statements. The company's pension commitments for the other retired members of the Board of Management were maintained in the form of a direct commitment. The company has not granted any loans, advance payments and contingent liabilities for former members of the Supervisory Board and the Board of Management of Neumüller CEWE COLOR Stiftung, the old CEWE COLOR Holding AG or the current CEWE Stiftung & Co. KGaA.

The company has not paid any remuneration for old members of the Supervisory Board.

Reimbursement of expenses and liability remuneration of the general partner

As its general partner, Neumüller CEWE COLOR Stiftung is entitled to receive reimbursement from CEWE Stiftung & Co. KGaA or for CEWE Stiftung & Co. KGaA to bear any expenses resulting in connection with its management activities, including remuneration and pension payments for its executive bodies. For salary payments, this is handled by means of the accelerated procedure; i. e. CEWE Stiftung & Co. KGaA pays the individual members of the Board of Management their salaries directly. In addition, for its management activities and to cover its personal liability Neumüller CEWE COLOR Stiftung receives annual remuneration – irrespective of any profit or loss – in the amount of 50,000 euros plus any value-added tax applicable; for the previous year, 2014, its entitlement likewise totalled 50,000 euros.

MANAGEMENT DECLARATION

Management report

This management declaration under § 289a of the German Commercial Code includes the declaration of conformity in accordance with § 161 of the German Companies Act, relevant details of corporate governance practices beyond the scope of applicable statutory requirements, a description of the procedures of the Board of Management and the Supervisory Board and the makeup and procedures of their committees. This also includes details of the stipulations under § 76 (4) as well as male and female appointments to the Supervisory Board. Pursuant to item 3.10 of the German Corporate Governance Code (the Code), this management declaration of CEWE Stiftung & Co. KGaA includes the company's corporate governance (corporate governance report).

The German Corporate Governance Code has been drawn up for public limited companies. Since it thus does not cover the legal form of a partnership limited by shares (Kommanditgesellschaft auf Aktien, KGaA), CEWE Stiftung & Co. KGaA has decided to apply the Code so as to reflect the interests of the limited shareholders while remaining true to the spirit of the Code.

Compliance declaration under § 161 of the German Companies Act

For the full text of the company's compliance declaration under § 161 AktG, please see pages 122ff. of this Annual Report or the company's website <http://ir.cewe.de/cgi-bin/show.ssp?companyName=cewe&language=English&id=6020>

Relevant disclosures on management practices

CEWE Stiftung & Co. KGaA is aware of its social responsibility, which it considers to be an important factor in the company's long-term success. The CEWE Group has an established tradition of conducting its business affairs in compliance with national and international legislation as well as generally acknowledged ethical principles. In this respect, the CEWE Group has developed a mission statement which sets out its corporate culture, which is characterised by integrity, trustworthiness and responsibility. The basic values and principles of this mission statement may be viewed online at <http://company.cewe.de/en/company/compliance/mission-statement.html>.


CEWE Stiftung & Co. KGaA has also summarised its key principles in a code of conduct which is based on ethical values and related business principles that reflect integrity and loyalty. This code of conduct applies for all of the Group's employees and requires compliance with the following operating principles:

Our activities are defined by integrity and lawful behaviour

We pursue appropriate business relationships, which are free of any dishonest practices.

We avoid any conflicts between the interests of the CEWE Group and private interests. We will not tolerate any abuse of employees' positions for personal advantage, for the benefit of third parties or to the detriment of the CEWE Group.

 Pages 122 ff. | Compliance declaration

 <http://company.cewe.de/en/company/compliance/code-of-conduct.html>

 www.bme.de/Compliance

 <http://company.cewe.de/en/company/compliance/mission-statement.html>

Further information on our code of conduct is publicly available on the following website:

<http://company.cewe.de/en/company/compliance/code-of-conduct.html>

CEWE Stiftung & Co. KGaA also supports the principles of the compliance initiative of the German Association Materials Management, Purchasing and Logistics (Bundesverband Materialwirtschaft, Einkauf und Logistik e. V., BME). Further information on the principles of the BME is available at www.bme.de/Compliance.

Procedures of the management and the Supervisory Board and makeup and procedures of the Supervisory Board's committees

Due to the provisions of the German Companies Act, the corporate articles of CEWE Stiftung & Co. KGaA and the rules of procedure of the company's various committees, rules are in place at CEWE Stiftung & Co. KGaA for its management and for supervision of its management which comply with the requirements of the Code. The company fulfils the Code's requirement of protection for investors bearing entrepreneurial risk.

Management

The general partner Neumüller CEWE COLOR Stiftung holds 20,000 no-par value bearer shares in the share capital of CEWE Stiftung & Co. KGaA and thus approx. 0.27 %, while the limited shareholders hold the remainder of the shares. The general partner Neumüller CEWE COLOR Stiftung (the management) manages the company's business through its Board of Management as well as its managing directors appointed as special representatives pursuant to § 30 of the German Civil Code (Bürgerliches Gesetzbuch, BGB) in accordance with applicable legislation, the corporate articles of CEWE Stiftung & Co. KGaA and its own corporate articles and also the rules of procedure for its Board of Management. Due to its unlimited personal liability, Neumüller CEWE COLOR Stiftung has a considerable interest in the orderliness and efficiency of the business activities of CEWE Stiftung & Co. KGaA, which it accordingly encourages. The Board of Management of Neumüller CEWE COLOR Stiftung passes resolutions at its meetings, which are held at least four times a year. Each member of the


Board of Management of Neumüller CEWE COLOR Stiftung notifies the other members in good time of important events and transactions within his area of business. Specific tasks are assigned to individual members of the Board of Management by means of a schedule of responsibilities.

The tasks handled by the management include preparation of the annual financial statements of CEWE Stiftung & Co. KGaA and the Group and approval of the Group's quarterly and semi-annual financial statements. The management also ensures compliance with statutory, official and internal regulations and ensures that all of the companies of the CEWE Group comply with these regulations. The management notifies the Supervisory Board regularly, promptly and comprehensively regarding any strategy, planning, business development, risk position, risk management and compliance issues which are relevant for the company and thus comprehensively complies with its reporting obligation. In addition, the management reports regularly, promptly and comprehensively – both in writing and orally – on any matters which are of material significance for the company. Further details are stipulated in the rules of procedure for the Board of Management and the Supervisory Board and in the corporate articles of Neumüller CEWE COLOR Stiftung.

Supervisory Board

The management notifies the Supervisory Board of the course of business and the company's position at least once a quarter. The management also notifies the Supervisory Board at least once per year regarding the annual planning and the company's strategy. The members of the Board of Management of Neumüller CEWE COLOR Stiftung are invited to attend the meetings of the Supervisory Board, unless the Supervisory Board resolves otherwise in an individual instance. At each of its meetings, the Supervisory Board systematically discusses the following issues:

- Corporate governance
- Compliance
- The company's risk situation

 Page 15 | Report of the Supervisory Board

 Page 122 | Corporate governance

The Supervisory Board and the Board of Trustees are involved in key decisions of the Board of Management early on. The management and the Supervisory Board also regularly discuss issues of strategy and planning as well as current business developments outside of these meetings. The Supervisory Board maintains regular contact with the management, so as to obtain early notification of the company's current business development as well as significant business transactions. The Supervisory Board regularly assesses whether conflicts of interest may apply for members of the Board of Management of Neumüller CEWE COLOR Stiftung in relation to the work which they perform for CEWE Stiftung & Co. KGaA.

At CEWE Stiftung & Co. KGaA, in the period under review an audit committee performed the tasks assigned to it under the rules of procedure approved by the overall Supervisory Board. The Supervisory Board and its committees regularly undergo an efficiency review of their own and incorporate the findings in their future activities.

For further information, please refer to the report of the Supervisory Board (pages 122ff. of this Annual Report and online at <http://ir.cewe.de/cgi-bin/show.ssp?companyName=cewe&language=English&id=3030>) and the corporate governance report (pages 120ff. of this Annual Report and online at <http://ir.cewe.de/cgi-bin/show.ssp?companyName=cewe&language=English&id=6000>).

Board of Trustees of Neumüller CEWE COLOR Stiftung

Some of the tasks which are performed by a public limited company's supervisory board are handled by Neumüller CEWE COLOR Stiftung at CEWE, specifically by the Board of Trustees of Neumüller CEWE Color Stiftung. Accordingly, the details of the Board of Trustees are outlined below.

The Board of Trustees has six members.

The Board of Trustees advises and supervises the Board of Management. It keeps up-to-date regarding the affairs of Neumüller CEWE COLOR Stiftung and CEWE Stiftung & Co. KGaA and may inspect and audit the commercial books and other documents of the company

and also its assets for this purpose. According to § 7 (2) of the corporate articles of CEWE Stiftung & Co. KGaA, the management requires the consent of the Supervisory Board for certain transactions beyond the scope of normal business. The corporate articles of Neumüller CEWE COLOR Stiftung also stipulate the consent of the Board of Trustees for certain extraordinary measures enacted by the management. The Board of Trustees is convened as required, but meets at least four times a year.

The general meeting of CEWE Stiftung & Co. KGaA

The annual general meeting of CEWE Stiftung & Co. KGaA took place on June 3, 2015 in Oldenburg. 60.6 % of the share capital was present here, which represents a stable level of participation. In particular, the annual general meeting passes resolutions regarding the approval of the annual financial statements, appropriation of unappropriated profits, approval of the acts of the members of the management and the Supervisory Board and the appointment of the auditor. The general meeting is also entitled to resolve amendments to the corporate articles. The limited shareholders of CEWE Stiftung & Co. KGaA exercise their rights at the general meeting. They may exercise their voting rights in person or through a proxy appointed either by themselves or by the company. All documents and information for impending general meetings (including summaries of the shareholders' rights) will also be made available on our website.

Corporate governance report

In the financial year 2015, the management and the Supervisory Board of CEWE Stiftung & Co. KGaA pursued intensive discussions regarding the issue of corporate governance and the German Corporate Governance Code in particular. Corporate governance entails the management and supervision of companies on the basis of a sense of responsibility and with the goal of long-term value creation. For this reason, we not only comply with almost all of the recommendations, but also with the proposals included in the Code. The rules and principles of the Code also determine the corporate policies of CEWE Stiftung & Co. KGaA.

On the quota targets

Since the company does not have any Board of Management pursuant to § 278 AktG, the provision laid down in § 111 (5) AktG concerning the makeup of the Board of Management does not apply for the company. Contrary to the statutory requirements, no target quota has been specified for the Board of Management.

At the first management level below the top management level, as of May 1, 2015 when the statutory targets came into force the company had 45 employees, of whom 5 were women. This represents a ratio of 11 %. The management has resolved a target ratio of 20 % which is to be achieved by June 30, 2017. At its second management level, on the same date the company had 101 employees, of whom 30 were

women. The management has resolved a target ratio of 35 % which is to be achieved by June 30, 2017. In the period under review, these goals were not yet achieved on account of the existing employment law framework as well as the business group's organisational structure.

The Supervisory Board has 12 members, of whom half are appointed by the company's shareholders and half by its employees. The shareholders have appointed two female members and the employees have appointed three female members. The members appointed by the shareholders have resolved to fulfil the prescribed women's quota independently of the employees' representatives, who have made the same commitment themselves. The statutory targets have thus been fulfilled.

Final declaration by the Board of Management of the general manager on the report on relationships with affiliates

The status of Neumüller CEWE COLOR Stiftung as the general manager of CEWE Stiftung & Co. KGaA means that, in principle, CEWE Stiftung & Co. KGaA is dependent on Neumüller CEWE COLOR Stiftung within the meaning of § 17 AktG. Since no control agreement has been concluded with Neumüller CEWE COLOR Stiftung in accordance with § 291 AktG, as the management body of CEWE Stiftung & Co. KGaA pursuant to § 312 AktG the Board of Management of the general partner Neumüller CEWE COLOR Stiftung has prepared a report on relationships with affiliates. At the end of this report, the Board of Management has presented the following declaration:

"We hereby declare that our company has received an appropriate consideration for each of the legal transactions listed in this report on relationships with affiliates, in accordance with the circumstances known to us as of the execution of these transactions. No measures have been implemented or waived at the instigation or in the interest of the controlling company or an affiliate."

Transactions with related parties

Neumüller CEWE COLOR Stiftung is the company's managing partner. It does not have any interest in the company's capital. Neumüller CEWE COLOR Stiftung has concluded a contract with CEWE Stiftung & Co. KGaA regulating its management duties as managing partner and the assumption of expenses. Under this contract, Neumüller CEWE COLOR Stiftung is to be reimbursed for any expenses arising in connection with its management activities, particularly those incurred by its Board of Management, its management and its Board of Trustees.

Neumüller CEWE COLOR Stiftung is also entitled to receive appropriate annual remuneration, irrespective of any profit or loss, for its management and representational duties and for the assumption of its personal liability risk.

The Group has entered into several commercial tenancy agreements with the community of heirs whose executor is Mr Otto Korte, member of the Supervisory Board.

Oldenburg, March 16, 2016

CEWE Stiftung & Co. KGaA

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



Dr Rolf Hollander
(Chairman of the Board of Management)



Patrick Berkhouwer



Dr Reiner Fageth



Dr Christian Friege



Carsten Heitkamp



Dr Olaf Holzkämper



Thomas Mehls



Frank Zweigle

BOARD OF MANAGEMENT AND MANAGEMENT

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

Page 232 | Structure and executive bodies

<http://company.cewe.de/en/company/corporate-structure/board-of-management.html>



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



Patrick Berkhouwer
Member of the Board of Management
of Neumüller CEWE COLOR Stiftung
Responsible for Foreign Markets and Expansion



Dr Reiner Fageth
Member of the Board of Management
of Neumüller CEWE COLOR Stiftung
Responsible for Technology and Research and Development



Dr Christian Friege
Member of the Board of Management
of Neumüller CEWE COLOR Stiftung
Responsible for German and Foreign Distribution



Carsten Heitkamp
Member of the Board of Management
of Neumüller CEWE COLOR Stiftung
Responsible for the German Plants, Personnel,
Logistics and Materials Management



Dr. Olaf Holzkämper
Member of the Board of Management
of Neumüller CEWE COLOR Stiftung
Responsible for Finance & Controlling, Business Development,
Investor Relations and On-Site Finishing



Thomas Mehls
Member of the Board of Management
of Neumüller CEWE COLOR Stiftung
Responsible for German and Foreign Marketing, Online Photo Service,
CEWE-PRINT, Viaprinto, New Business Acquisition and Sustainability



Frank Zweigle
Member of the Board of Management
of Neumüller CEWE COLOR Stiftung
Responsible for the Administrative Activities
of Neumüller CEWE COLOR Stiftung

GLOSSAR

i Please note:

Where digital photos are referred to in this financial report, figures include CEWE PHOTOBOOK prints and images in photo gifts.

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

Borrowed capital

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

Capital employed (CE)

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

Capital invested (CI)

Equity plus non-operating liabilities and gross financial liabilities

Days working capital

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

The gross cash flow less investments

Net financial liabilities

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

Net working capital

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

CONSOLIDATED FINANCIAL STATEMENTS

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"It is important to me to be directly involved in the success of my company, CEWE. That is why I am not only an employee, but also a shareholder. This way, I get twice the enjoyment from my company's success."

Martina Rütemann, Shipping/Logistics, CEWE shareholder

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the financial year 2015 of CEWE Stiftung & Co. KGaA

<i>Figures in thousands of euros</i>	2015	2014*	Change	Notes
Revenues	554,191	523,779	5.8 %	C 26
Increase/decrease in finished and unfinished goods	398	176	126 %	
Other own work capitalised	858	903	-5.0 %	
Other operating income	19,582	21,374*	-8.4 %	C 27
Cost of materials	-162,182	-162,653	0.3 %	C 28
Gross profit	412,847	383,579	7.6 %	
Personnel expenses	-143,748	-135,859*	-5.8 %	C 29
Other operating expenses	-193,967	-181,682	-6.8 %	C 30
Earnings before interest, taxes, depreciation and mortisation (EBITDA)	75,132	66,038	13.8 %	
Amortisation of intangible assets, depreciation of property, plant and equipment	-38,354	-33,482*	-14.6 %	C 31
Earnings before interest and taxes (EBIT)	36,778	32,556	13.0 %	
Financial income	412	381*	8.1 %	C 33
Financial expenses	-871	-1,418	38.6 %	C 33
Financial result	-459	-1,037	55.7 %	
Earnings before taxes (EBT)	36,319	31,519	15.2 %	
Income taxes	-13,587	-10,099	-34.5 %	C 34
Earnings after taxes	22,732	21,420	6.1 %	
of which attributable to non-controlling interests	-364	0	—	
of which attributable to the shareholders of CEWE KGaA (consolidated income/loss)	23,096	21,420	7.8 %	
Earnings per share (in euros)				
undiluted	3.24	3.08	5.2 %	C 35
diluted	3.24	3.07	5.3 %	C 35

* The reference figures have been restated (cf. comments in section A).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year 2015 of CEWE Stiftung & Co. KGaA

<i>Figures in thousands of euros</i>	2015	2014*	Change	Notes
Earnings after taxes	22,732	21,420	6.1 %	
of which attributable to non-controlling interests	-364	0	—	
of which attributable to the shareholders of CEWE KGaA	23,096	21,420	7.8 %	
Difference resulting from currency translation	186	-1,631	—	A5
Amounts which may be reclassified to the profit and loss account in future periods	186	-1,631	—	
Actuarial losses	-345	-2,903	88.1 %	D 56, D 57
Income taxes on income and expenses not affecting net income	128	865	-85.2 %	
Amounts not reclassified to the profit and loss account	-217	-2,038	89.4 %	
Other comprehensive income	-31	-3,669	99.2 %	
of which attributable to the shareholders of CEWE KGaA	-31	-3,669	95.7 %	
Comprehensive income	22,701	17,751	27.9 %	
of which attributable to non-controlling interests	-364	0	—	
of which attributable to the shareholders of CEWE KGaA	23,065	17,751	29.9 %	

* The reference figures have been restated (cf. comments in section A).

CONSOLIDATED BALANCE SHEET

as of December 31, 2015 of CEWE Stiftung & Co. KGaA

ASSETS	<i>Figures in thousands of euros</i>	Dec. 31, 2015	Dec. 31, 2014*	Jan. 1, 2014*	Change	Notes
Property, plant and equipment		108,556	102,539	98,562	5.9 %	D 36
Investment properties		5,132	4,954	4,277	3.6 %	D 37
Goodwill		37,417	25,360	25,360	47.5 %	D 38
Intangible assets		17,244	19,327*	19,969	-10.8 %	D 39
Financial assets		4,259	3,264	1,153	30.5 %	D 40
Non-current receivables from income tax refunds		536	1,071	1,557	-50.0 %	D 41
Non-current financial assets		1,648	2,933	1,543	-43.8 %	D 42
Non-current other receivables and assets		390	213	179	83.1 %	D 42
Deferred tax assets		7,160	8,141	9,438	-12.1 %	D 43
Non-current assets		182,342	167,802	162,038	8.7 %	
Inventories		50,679	48,887	59,131	3.7 %	D 45
Current trade receivables		90,430	84,269	88,768	7.3 %	D 46
Current receivables from income tax refunds		1,141	1,759	2,127	-35.1 %	D 47
Current financial assets		2,494	3,040	2,960	-18.0 %	D 48
Other current receivables and assets		5,672	4,917	3,793	15.4 %	D 49
Cash and cash equivalents		21,679	27,665	14,031	-21.6 %	D 50
		172,095	170,537	170,810	0.9 %	
Non-current assets held for sale		1,157	1,331	1,010	-13.1 %	D 44
Current assets		173,252	171,868	171,820	0.8 %	
Assets		355,594	339,670	333,858	4.7 %	

*The reference figures have been restated (cf. comments in section A).

EQUITY AND LIABILITIES	<i>Figures in thousands of euros</i>	Dec. 31, 2015	Dec. 31, 2014*	Jan. 1, 2014*	Change	Notes
Subscribed capital		19,240	19,240	19,240	—	D 51
Capital reserve		70,223	69,332	56,643	1.3 %	D 54
Treasury shares at acquisition cost		-7,454	-8,511	-23,391	12.4 %	D 55
Retained earnings and unappropriated profits		105,580	93,587*	90,263*	12.8 %	D 56
Total equity attributable to the shareholders of CEWE KGaA		187,589	173,648	142,755	8.0 %	
Non-controlling interests		-362	0	0	—	E 71
Equity		187,227	173,648	142,755	7.8 %	
Non-current accruals for pensions		22,940	21,941	17,917	4.6 %	D 57
Non-current deferred tax liabilities		2,088	2,796	3,280	-25.3 %	D 58
Non-current other accruals		174	242	350	-28.1 %	D 59
Non-current interest-bearing financial liabilities		1,767	2,655	4,212	-33.4 %	D 60
Non-current financial liabilities		0	0	3,000	—	D 61
Non-current other liabilities		516	205	234	152 %	D 62
Non-current liabilities		27,485	27,839	28,993	-1.3 %	
Current tax liabilities		7,111	4,451	4,180	59.8 %	D 63
Current other accruals		2,938	3,298	4,196	-10.9 %	D 64
Current interest-bearing financial liabilities		4,907	1,560	26,111	215 %	D 65
Current trade payables		90,882	96,100	101,077	-5.4 %	D 66
Current financial liabilities		346	3,611	3,863	-90.4 %	D 67
Current other liabilities		34,698	29,163*	22,683*	19.0 %	D 68
Current liabilities		140,882	138,183	162,110	2.0 %	
Liabilities		355,594	339,670	333,858	4.7 %	

* The reference figures have been restated (cf. comments in section A).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

of CEWE Stiftung & Co. KGaA

<i>Figures in thousands of euros</i>	Subscribed capital	Capital reserve	Generated Group equity	Special item for Stock Option Plans
As of Jan. 1, 2014 (as previously reported)	19,240	56,643	95,019	1,266
Change of method *	—	—	-64	—
As of Jan. 1, 2014 (after restatement)	19,240	56,643	94,955	1,266
Comprehensive income	—	—	21,420*	—
Dividend paid out	—	—	-10,646	—
Sale of treasury shares	—	12,689	—	—
Stock option plans	—	—	-2,656	-1,125
Other equity changes	—	—	—	—
Owner-related equity changes	—	12,689	-13,302	-1,125
As of Dec. 31, 2014 (after restatement)/Jan. 1, 2015	19,240	69,332	103,073	141
Comprehensive income	—	—	23,096	—
Dividend paid out	—	—	-11,067	—
Sale of treasury shares	—	—	—	—
Stock option plans	—	308	136	-141
Other equity changes	—	583	—	—
Owner-related equity changes	—	891	-10,931	-141
As of Dec. 31, 2015	19,240	70,223	115,238	—

* The reference figures have been restated (cf. comments in section A).

Actuarial profits and losses	Compensating item from currency translation	Income taxes not affecting net income	Retained earnings and unappropriated profits	Total	Treasury shares at acquisition cost	Total equity attributable to the shareholders of CEWE KGaA	Non-controlling interests	Group equity
-5,934	-2,285	2,261	90,327	166,210	-23,391	142,819	—	142,819
—	—	—	-64	-64	—	-64	—	-64
-5,934	-2,285	2,261	90,263	166,146	-23,391	142,755	—	142,755
-2,903	-1,631	865	17,751	17,751	—	17,751	—	17,751
—	—	—	-10,646	-10,646	—	-10,646	—	-10,646
—	—	—	—	12,689	14,149	26,838	—	26,838
—	—	—	-3,781	-3,781	—	-3,781	—	-3,781
—	—	—	—	—	731	731	—	731
—	—	—	-14,427	-1,738	14,880	13,142	—	13,142
-8,837	-3,916	3,126	93,587	182,159	-8,511	173,648	—	173,648
-345	186	128	23,065	23,065	—	23,065	-364	22,701
—	—	—	-11,067	-11,067	—	-11,067	—	-11,067
—	—	—	—	0	311	311	—	311
—	—	—	-5	303	—	303	—	303
—	—	—	—	583	746	1,329	2	1,331
—	—	—	-11,072	-10,181	1,057	-9,124	2	-9,122
-9,182	-3,730	3,254	105,580	195,043	-7,454	187,589	-362	187,227

CONSOLIDATED CASH FLOW STATEMENT

for the financial year 2015 of CEWE Stiftung & Co. KGaA

Notes E72

<i>Figures in thousands of euros</i>	2015	2014 (after restatement)	Restatements*
EBIT	36,778	32,556	-80
+ Depreciation	38,354	33,482	14
= EBITDA	75,132	66,038	-66
+/- Non-cash factors	1,298	-765	0
+/- Decrease (+)/increase (-) in operating net working capital	-13,756	8,866	0
+ Decrease in other net working capital (excluding income tax items)	6,023	4,152	66
= Working capital and tax-induced cash flow	-7,733	13,018	66
- Taxes paid	-9,138	-7,296	0
+ Interest received	73	173	0
= Other operating cash flows	-9,065	-7,123	0
= Cash flow from operating activities	59,632	71,168	0
- Outflows from investments in fixed assets	-38,262	-35,442	0
- Outflows from purchases of consolidated interests/acquisitions	-15,364	-4,883	0
- Outflows from investments in financial assets	-2,317	-2,064	0
+/- Inflows (+)/outflows (-) from investments in non-current financial instruments	137	-1,294	0
+ Inflows from the sale of property, plant and equipment and intangible assets	579	579	0
= Cash flow from investing activities	-55,227	-43,104	0
= Free cash flow	4,405	28,064	0
- Dividends paid	-11,067	-10,646	0
+ Sales of treasury shares	94	26,838	0
- Stock Option Plans	-296	-3,156	0
= +/- Outflows to shareholders	-11,269	13,036	0
+/- Inflows (+)/outflows (-) from change in financial liabilities	1,639	-26,108	0
- Interest paid	-721	-1,418	0
+ Other financial transactions	15	7	0
= Cash flow from financing activities	-10,336	-14,483	0
Cash and cash equivalents at the start of the reporting period	27,665	14,031	0
+/- Exchange rate-related changes in cash and cash equivalents	-55	53	0
+ Cash flow from operating activities	59,632	71,168	0
- Cash flow from investing activities	-55,227	-43,104	0
- Cash flow from financing activities	-10,336	-14,483	0
= Cash and cash equivalents at the end of the reporting period	21,679	27,665	0

*The reference figures have been restated (cf. comments in section A).

2014 (as previously reported)	Deviation as %
32,636	13.0 %
33,468	14.6 %
66,104	13.8 %
-765	—
8,866	—
4,086	45.1 %
12,952	—
-7,296	-25.2 %
173	-57.8 %
-7,123	-27.3 %
71,168	-16.2 %
-35,442	-8.0 %
-4,883	-215 %
-2,064	-12.3 %
-1,294	—
579	—
-43,104	-28.1 %
28,064	-84.3 %
-10,646	-4.0 %
26,838	-99.6 %
-3,156	90.6 %
13,036	—
-26,108	—
-1,418	49.2 %
7	114 %
-14,483	28.6 %
14,031	97.2 %
53	—
71,168	-16.2 %
-43,104	-28.1 %
-14,483	28.6 %
27,665	-21.6 %

SEGMENT REPORTING BY BUSINESS UNIT*

for the financial year 2015 of CEWE Stiftung & Co. KGaA

		Photofinishing	Retail	Commercial Online Printing	Other activities	CEWE Group
External revenues	2015	414,945	60,821	77,807	618	554,191
	2014	386,011	67,299	70,469	—	523,779
External revenues, adjusted for currency effects	2015	413,119	62,870	76,685	618	553,292
	2014	386,011	67,299	70,469	—	523,779
EBIT prior to restructuring	2015	40,804	121	-934	-2,209	37,782
	2014	39,400**	-2,941**	-2,868**	-1,035	32,556
Restructuring	2015	-439	-565	—	—	-1,004
	2014	—	—	—	—	—
EBIT after restructuring	2015	40,365	-444	-934	-2,209	36,778
	2014	39,400**	-2,941**	-2,868**	-1,035**	32,556
Scheduled depreciation	2015	25,432	1,745	7,139	417	34,733
	2014	23,963**	1,605***	7,245	348**	33,161
Non-scheduled depreciation	2015	3,621	—	—	—	3,621
	2014	94	227	—	—	321

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

** The figures for the previous year have been restated (cf. comments in section A).

*** In the previous year, 214 thousand euros of depreciation for retail wear and tear were reported in the Photofinishing business unit.

Comments on the business units

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

NOTES

A. General disclosures

1 | Corporate information

CEWE Stiftung & Co. KGaA (hereinafter: CEWE KGaA), is a stock market-listed partnership limited by shares (Kommanditgesellschaft auf Aktien, KGaA) under German law and is seated in Germany.

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

These consolidated financial statements and the consolidated management report for the financial year 2015 have been prepared by the Board of Management of CEWE KGaA and submitted to and duly published in the German Federal Gazette (Bundesanzeiger).

2 | Principles for the preparation of the consolidated financial statements

The consolidated financial statements of CEWE KGaA for the year under review from January 1, 2015 to December 31, 2015 have been prepared in compliance with the International Financial Reporting Standards (IFRS) effective as of the reporting date and the interpretations of the International Accounting Interpretation Committee (IFRIC), as applied in the EU, as well as the supplementary rules prescribed by § 315a (1) of the German Commercial Code (Handelsgesetzbuch, HGB).

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

- Amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40 through “Annual improvements to the IFRS cycle 2011–2013” (published on December 12, 2013)
- IFRIC interpretation 21 “Levies” (published on May 20, 2013)

The first-time adoption of these standards has not had any significant effect on the Group’s net assets, financial position and results of operations.

The following IFRS endorsed in EU law had been issued up to the balance sheet date but are only mandatorily applicable in subsequent reporting periods:

Amendment/ standard	Date of publication	Date of endorsement within the scope of EU law	Date of adoption (EU)
Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)	November 21, 2013	December 17, 2014	February 1, 2015
Annual improvements to the IFRS cycle 2010–2012	December 12, 2013	December 17, 2014	February 1, 2015
Bearer Plants (Amendments to IAS 16 and IAS 41)	June 30, 2014	November 23, 2015	January 1, 2016
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	May 6, 2014	November 24, 2015	January 1, 2016
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	May 12, 2014	December 2, 2015	January 1, 2016
Annual improvements to the IFRS cycle 2012–2014	September 25, 2014	December 15, 2015	January 1, 2016
Disclosure Initiative (Amendments to IAS 1)	December 18, 2014	December 18, 2015	January 1, 2016
Equity Method in Separate Financial Statements (Amendments to IAS 27)	August 12, 2014	December 18, 2015	January 1, 2016

The following standards and interpretations and amendments of existing standards which have also been issued by the IASB are not yet mandatorily applicable in the consolidated financial statements as of December 31, 2015. They will become applicable following their adoption within the scope of the EU's endorsement of the IFRS.

Amendment/standard	Date of publication	Expected endorsement within the scope of EU law	Date of adoption
IFRS 9 Financial Instruments	July 24, 2014	1st half of 2016	January 1, 2018
IFRS 14 Regulatory Deferral Accounts	January 30, 2014	Suspended	January 1, 2016
IFRS 15 Revenue from Contracts with Customers	May 28, 2014	1st quarter of 2016	January 1, 2018
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	September 11, 2014	Not yet decided	January 1, 2016
Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)	December 18, 2014	1st quarter of 2016	January 1, 2016

Insofar as any further new standards which are not yet valid for 2015 may be adopted voluntarily, the Group has not made use of this option. The future effects on the Group's net assets, financial position and results of operations resulting from implementation of the standards issued as of the reporting date but not yet mandatorily applicable are still being reviewed. Several standards may necessitate additional notes. The new standards will be adopted in the EU upon completion of the endorsement procedure.

Correction of error

In the year under review, the following error was corrected in line with IAS 8:

In line with the classification of underlying financial instruments, changes resulting from revised parameters are shown as financial income. In the previous year, this was reported under other operating income. This has affected the reference figures – which have been restated accordingly – but not the result (C 27, C 33).

Revision of methods

In the year under review, methods were revised in line with IAS 8 as follows:

Within the scope of the balance-sheet treatment of a portion of the bonuses due on a long-term basis for members of the Board of Management of CEWE KGaA, this was previously fully recognised in the results for the period and thus carried as a liability. This affects other current liabilities as well as personnel expenses. Since the financial year 2015, these tranches have only been recognised upon expiry of the term of office of the respective member of the Board of Management. The previous year's figures have been restated accordingly (C 29, D 68).

In this Annual Report, segment reporting by business unit has been restated. For the first time, activities which cannot be allocated to any other business unit are reported as "Other activities". The previous-year figures for the segment reporting have been restated accordingly (E 74).

Finalisation of purchase price allocation

As outlined on page 175, a purchase price allocation was completed. The figures for 2014 have been restated. The intangible assets have thus increased by 52 thousand euros. This item accordingly has a total value of 2,552 thousand euros. The amortisation amount increased by 14 thousand euros to 51 thousand euros (C 27, C 31, D 39).

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

		Dec. 31, 2014		Jan. 1, 2014	
	<i>Figures in thousands of euros</i>	Change of method	Finalisation of purchase price allocation	Total change	Change of method
Balance sheet					
Intangible assets		—	37	37	—
Retained earnings and unappropriated profits		–42	37	–5	–64
Current other liabilities		42	—	42	64
Total assets		—	37	37	—
<hr/>					
2014					
Consolidated profit and loss account					
Other operating income		–139	—	51	–88
Personnel expenses		—	22	—	22
Depreciation		—	—	–14	–14
EBIT		–139	22	37	–80
Financial income		139	—	—	139
Earnings after taxes		—	22	37	59
<hr/>					
2014					
Consolidated statement of comprehensive income					
Comprehensive income			22	37	59
Earnings per share (in euros)					
undiluted			0.00	0.00	0.01
diluted			0.00	0.00	0.01

The consolidated financial statements have been prepared on the basis of historical cost. Historical cost is generally based on the fair value of the consideration provided in exchange for the asset.

According to IFRS 13, the fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This applies irrespective of whether the price is directly observable or has been estimated by means of a measurement method.

In determining the fair value of an asset or a liability, CEWE considers certain characteristics of the asset or the liability (e. g. the condition and location of the asset or restrictions on its sale and use) if market participants would also consider these characteristics in determining the price for the acquisition of the asset or for the transfer of the liability as of the measurement date. In these consolidated financial statements, in principle the fair value for these measurement and/or reporting obligations is determined on this basis. This does not apply for:

- Share-based payments within the scope of IFRS 2 “Share-based Payment”
- Leases within the scope of IAS 17 “Leases” and
- Measurement standards which are similar, but not the same as, fair value, e. g. net realisable value in IAS 2 “Inventories” or value in use in IAS 36 “Impairment of Assets”.

Determination of fair values

As far as possible, CEWE uses data observable on the market in order to determine the fair value of an asset or a liability. On the basis of the input factors used within the scope of the valuation techniques, the fair values have been assigned to the different levels of the fair value hierarchy:

- Level 1: Quoted prices (unadjusted) on active markets for identical assets or liabilities.
- Level 2: Valuation parameters which do not involve the quoted prices included in level 1 but which are observable for the asset or the liability either directly (i. e. as a price) or indirectly (i. e. derived from prices).
- Level 3: Valuation parameters for assets or liabilities which are not based on observable market data.

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

Derivatives reported in the balance sheet are carried at fair value. The market values determined by credit institutions are arrived at by discounting the expected future cash flows throughout the remaining term of the contracts on the basis of observable market interest rates or yield curves (Level 2 according to IFRS 7).

The profit and loss account has been prepared in accordance with the nature of expense method. Unless otherwise indicated, all figures refer to thousands of euros.

3 | Scope of consolidation

Apart from CEWE Stiftung & Co. KGaA, the consolidated financial statements as of December 31, 2015 include domestic and foreign companies over which CEWE Stiftung & Co. KGaA has a direct or indirect controlling interest. The Group has control over a company if it is exposed to risk in relation to fluctuating yields, or is entitled to receive these yields, from its holdings in the company in question, and if the Group also has the ability to use its power of control over the investee so as to affect the value of the yield granted by this investee. The financial statements of subsidiaries are incorporated into the consolidated financial statements as of the point in time at which the relationship of control begins, and remain so until the relationship of control ends.

As of December 31, 2015, apart from CEWE Stiftung & Co. KGaA, Oldenburg, as the parent company, the scope of consolidation includes eleven German and 21 foreign companies. Since the start of the year, two companies have been removed from the scope of consolidation due to mergers with other companies of the CEWE Group. The pension commitments transferred to the pension fund CEWE COLOR Versorgungskasse e. V., Wiesbaden, according to IAS 19 are also included in the scope of consolidation. No contractual trust arrangement (CTA) is applicable, since the pension commitments remain attributable to CEWE KGaA from a legal point of view. Insofar as this pension fund is unable to meet its obligations on the basis of its own resources, resources are provided by CEWE KGaA.

Bilderplanet.de GmbH, Cologne, 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. CEWE Baski Servis ve Ticaret Limited Sirketi, Istanbul, which was not previously included in the consolidated financial statements due to its economic insignificance, was included for the first time as of December 31, 2015.

In the third quarter of 2015, CEWE acquired a majority stake in DeinDesign GmbH. Through its website DeinDesign GmbH produces and distributes in particular personalisable tablet/smartphone cases as well as skins to personalise many items of electronic equipment. A purchase price of 7.4 million euros was agreed, of which 7.0 million euros was paid in cash and cash equivalents and 0.4 million euros through treasury shares. To date, the purchase price allocation has been implemented on a provisional basis. A temporary figure of 7.6 million euros has been recognised as goodwill, which has been assigned to the Photofinishing business unit. In the third quarter of 2015, CEWE also acquired a majority stake in futalis GmbH. Through its website, futalis GmbH mainly produces and distributes animal food which can be personalised in line with veterinary requirements. The purchase price is 7.3 million euros, of which 2.5 million euros was already paid in previous years and, in the current financial year, 4.0 million euros was paid in cash and 0.8 million euros through treasury shares. To date, the purchase price allocation has been implemented on a provisional basis. A temporary figure of 7.1 million euros has been recognised as goodwill, which has been assigned to the Other activities business unit. In addition, the customer base of Mypixx was purchased in the Photofinishing business unit, for a purchase price of 0.8 million euros, which also qualifies as a company acquisition under IFRS 3. As of the date of acquisition, the above-mentioned transactions had the following effect on the Group's assets and liabilities. Allowing for the assumed cash and cash equivalents and including the acquisitions made in previous years, this resulted in the following outflow of funds:

Acquired assets and liabilities	Figures in thousands of euros			Acquisitions in previous years	Total
	futalis	DeinDesign	Mypixx		
Goodwill	7,071	7,592	—	—	14,663
Non-current assets	236	742	800	—	1,778
Current assets	677	874	—	—	1,551
Non-current liabilities	401	1,193	—	—	1,594
Current liabilities	168	714	—	—	883
Net assets	7,414	7,301	800	—	15,515
Interests of other stakeholders	69	-67	—	—	2
Purchase price	7,346	7,368	800	—	15,514
Assumed cash and cash equivalents	272	48	—	—	320
Purchase price paid in previous years	2,508	—	—	—	2,508
Purchase price paid by means of treasury shares	825	397	—	—	1,222
Payments for acquisitions in previous years	—	—	—	3,900	3,900
Net outflow for acquisitions	3,741	6,923	800	3,900	15,364

Since their initial consolidation, the assumed activities have contributed 4.1 million euros to the Group's turnover and -1.7 million euros to earnings after taxes. If the acquisitions had already been included in the scope of consolidation as of January 1, 2015, the Group's turnover would have increased by a further 4.1 million euros and earnings after taxes would have decreased by -2.1 million euros.

On December 1, 2014, a business enterprise in the Photofinishing business unit was acquired for a purchase price of 2,500 thousand euros. The key assets acquired were this enterprise's customer base and trademark rights. The process of determination of the fair value has been completed. The purchase price allocation thus now has definitive effect.

Due to the restatement of the purchase price allocation, the net assets provisionally measured at 2.5 million euros as of December 1, 2014 have now been reported at 2.551 million euros. The effects of this restatement are outlined on p. 171f.

4 | Consolidation principles

The consolidated financial statements have been prepared on the basis of the incorporated German and foreign financial statements of the subsidiaries, on the basis of uniform accounting and measurement methods. For all of the companies included in the consolidated financial statements, the reporting date for the separate financial statements is the same as the reporting date for the consolidated financial statements, i. e. December 31, 2015.

Acquired subsidiaries are accounted for using the acquisition method. The acquisition costs correspond to the fair value of the assets provided, the equity instruments issued and the liabilities arising or assumed as of the transaction date. They also include the fair values of any recognised assets or liabilities resulting from a contingent consideration agreement. Assets, liabilities and contingent liabilities which are identifiable within the scope of a company merger are measured at their fair values as of the date of their acquisition when first included in the scope of consolidation.

Any costs associated with their acquisition are recognised as expenses as of their date of their accrual.

Any contingent considerations are measured at fair value as of the date of their acquisition. Subsequent adjustments to the fair value of an asset or a contingent consideration classified as a liability are measured within the scope of IAS 39 and any resulting profit or loss is recognised either in profit or loss or in other comprehensive income.

Goodwill is the value resulting from the surplus of the acquisition costs plus the value of the non-controlling interests in the acquired company and the fair value of any equity interests previously held as of the date of acquisition divided by the Group's interest in the net assets measured at fair value.

In case of the additional purchase of interests in companies already fully included in the scope of consolidation, this does not affect net income. This does not lead to any changes in the recognition of assets, liabilities and goodwill of the company already included in the scope of consolidation. The annual goodwill impairment tests are performed using the discounted cash flow method. This is calculated on the basis of future expected cash flows from the latest management planning, updated with long-term turnover growth rates as well as assumptions regarding margin and earnings trends and discounted in the value of the capital costs for the corporate unit. Testing is carried out at the level of the cash-generating unit. In the course of the year, an impairment test is also performed in case of events suggesting a permanent fall in value.

Intragroup turnover, expenses and income and also loans, receivables and liabilities between the consolidated companies are eliminated. Interim profits from intragroup deliveries are consolidated insofar as they are significant for presentation of the actual net assets, financial position and results of operations. Intragroup deliveries and services are calculated on the basis of market prices and also on the basis of transfer prices determined according to the arm's length principle. Where necessary, deferred taxes are calculated for consolidation entries affecting earnings.

Stock option plans have been measured at fair value as issued equity instruments for future work, in accordance with IFRS 2. The resulting effects have been apportioned as expense throughout the period, recognised in personnel expenses and entered against equity. Insofar as the terms of an option are not fulfilled, this item is reversed directly within equity.

Companies which are no longer classifiable as companies to be included in the scope of consolidation have been excluded accordingly. The relevant date is determined on the basis of the date of this company's withdrawal, i. e. the date of loss of control over its financial and business policy. Expenses and income resulting for the consolidated company up to its disposal are included in the consolidated profit and loss account. All of the assets and liabilities representing the consolidated company immediately prior to its withdrawal from the scope of consolidation will be considered as the disposal value. The effect on income of removal from the scope of consolidation is calculated by comparing the disposal or liquidation proceeds and the disposal value. The same consolidation methods have been used as in the previous year.

5 | Currency translation

The annual financial statements of the foreign Group companies have been translated into euros according to the functional currency concept. Since the subsidiaries conduct their business independently in financial, economic and organisational terms, in principle the respective functional currency is identical with the national currency of the company in question. The reporting currency and functional currency of the Group is the euro.

Assets and liabilities of foreign companies included in the scope of consolidation are translated at the mean rates of exchange on the balance sheet date (balance sheet exchange rate), while income and expenses are translated at the average annual mean rates of exchange (profit and loss account exchange rate).

Goodwill resulting for foreign subsidiaries as a result of capital consolidation is carried at historical cost.

Equity is also translated at historical exchange rates. Any resulting translation differences are not shown in the profit and loss account and are instead presented in a separate equity item. Currency differences resulting from the translation of non-current loans to Group companies are likewise recognised directly in equity.

The following key exchange rates apply for currency translation:

		2015		2014	
		Balance sheet exchange rate	Profit and loss account exchange rate	Balance sheet exchange rate	Profit and loss account exchange rate
Currency translation					
CHF	Swiss franc	1.08350	1.06790	1.20240	1.21460
CZK	Czech crown	27.02300	27.27920	27.73500	27.53590
DKK	Danish krone	7.46260	7.45870	7.44530	7.45480
GBP	British pound sterling	0.73400	0.72580	0.77890	0.80610
HRK	Croatian kuna	7.63800	7.61370	7.65800	7.63440
HUF	Hungarian forint	315.98000	309.99560	315.54000	308.70610
NOK	Norwegian krone	9.60300	8.94960	9.04200	8.35440
PLN	Polish zloty	4.26390	4.18410	4.27320	4.18430
SEK	Swedish krona	9.18950	9.35350	9.39300	9.09850
USD	US dollar	1.08870	1.10950	1.21410	1.32850

B. Accounting and measurement principles

6 | General disclosures

In principle, the annual financial statements of the companies included in the scope of consolidation are prepared on the basis of uniform accounting and measurement methods. Accounting and measurement options are exercised in the consolidated financial statements in the same way as in the separate financial statements. The accounting and measurement methods are the same as in the previous year.

For preparation of the consolidated financial statements, the Board of Management requires a series of assessments and estimates and makes assumptions affecting the application of accounting principles within the Group and also recognition of assets and liabilities as well as income and expenses. The actual amounts may deviate from these estimates. Estimates and underlying assumptions are continuously reviewed. The following estimates and associated assumptions may affect the consolidated financial statements.

If items of property, plant and equipment and intangible assets are acquired within the scope of company mergers, the fair value of these assets as of the date of acquisition and the expected useful life are estimated. Fair values and useful lives are calculated on the basis of the management's assessments.

Impairments of property, plant and equipment, intangible assets and goodwill are determined on the basis of estimates regarding the cause, the date and the value of these impairments and, where permissible, revaluations. Indications of impairments, estimates of future cash flows and fair values of assets are evaluated on the basis of assessments regarding expected cash flows, useful lives, discount rates and residual values. The development of future cash flows is mainly determined by the future demand trend for products. If the actual demand trend falls short of expectations, this would negatively affect turnover and cash flows. Further expenses for valuation adjustments might thus result which would negatively affect future results of operations.

To deal with the default risk for receivables, valuation adjustments are established for doubtful accounts. Valuation adjustments are determined on the basis of the maturity structure, the current market situation and past experience. In the event of a deterioration in customers' financial situation, the actual bad debts may exceed the expected bad debts.

The CEWE Group is obliged to pay income taxes in various countries (chiefly in Europe). Material assumptions are therefore necessary for calculation of Group-wide income tax liabilities. Income taxes are determined by calculating for each taxable entity the expected actual amount of income tax and the deferred taxes resulting from temporary differences between the balance sheet items in the consolidated financial statements and the accounts prepared for tax purposes. This requires assumptions for interpretation of applicable tax regulations in Germany and other countries. This also requires an assessment of the possibility of realising a sufficiently high level of taxable income for each type of tax and in each tax jurisdiction. For some transactions and calculations, the final level of taxation cannot be conclusively determined. The Group assesses the value of accruals for expected tax audits on the basis of estimates of whether additional income taxes may fall due and the respective amount. Insofar as the final level of taxation for these transactions deviates from the initially assumed level of taxation, this will affect the actual and deferred taxes in the period in which the level of taxation is conclusively determined. If the final values (in the areas affected by estimates) were to deviate from the management's estimates by 10 %, the Group would be required to increase its tax liabilities by 711 thousand euros and its deferred tax liability by 209 thousand euros, in case of a negative deviation, or reduce its tax liabilities by 711 thousand euros and its deferred tax liability by 209 thousand euros in case of a positive deviation. Pensions and similar obligations are measured on the basis of actuarial procedures. These measurements are mainly based on assumptions regarding discount factors, salary and pension trends and life expectancies. Pensions and similar obligations may be subject to significant changes if these assumptions significantly deviate from actual trends due to changes in the market and economic environment.

The recognition and measurement of other accruals and contingent liabilities are highly dependent on the complexity of the underlying transaction as well as estimates. This requires assumptions regarding the probability of realisation and the value of the claim. This in turn depends on past experience, assessments of cost trends and the assessment of other information. Changes in these estimates may have a significant effect on results of operations.

Individual items have been summarised in the profit and loss account and the balance sheet. They are reported separately in the notes. The Group classifies assets and liabilities as current if they are expected to be realised or settled within twelve months of the balance sheet date.

7 | Recognition of income and expenses

The ordinary activities of the CEWE Group comprise photofinishing and other printing services and trading of photographic hardware as well as photofinishing products and services. CEWE mainly realises revenues from the sale of goods and does so only marginally from the provision of services. Any income associated with the Group's ordinary activities is presented as revenue in the profit and loss account. CEWE does not realise any further significant revenue. All other income is presented as other operating income (cf. C27). Revenues are measured in profit and loss if the key risks and opportunities resulting from ownership of the goods are transferred to the customer, the company does not retain any residual right of disposal such as is normally associated with ownership or a valid power of disposal over the sold products and merchandise, the value of the income can be reliably determined and it is sufficiently probable that the company will receive the economic benefit resulting from the transaction. Operating expenses are recognised in profit or loss upon use of the service or as of the time at which they are incurred. In principle, turnover-related expenses or accruals are measured as of the date of realisation of the corresponding revenues; this includes estimated amounts for rebates and discounts and other sales deductions. Interest income and expenses are recognised on an accrual basis.

8 | Property, plant and equipment

Property, plant and equipment are recognised at cost and, in case of wear and tear, less scheduled straight-line depreciation. Production costs comprise all directly attributable costs as well as appropriate portions of the production-related overheads. Financing costs are not capitalised, since the Group does not have any assets which involve a protracted production/manufacturing phase. The basis for depreciation is reduced by an estimated residual value which the company expects to be able to realise at the end of the usage period less disposal costs. The residual value is determined as of the balance sheet date as though the relevant asset had already reached the age and the degree of wear and tear applicable as of its assumed disposal. Residual values are regularly newly estimated. In case of sold and scrapped assets, the historical cost and cumulative depreciation are written off. The profits or losses resulting from the write-off of the asset are calculated as the difference between the net disposal proceeds and the book value and are recognised in profit or loss as other operating income or expenses in the period in which this item is written off.

9 | Investment properties

Investment properties comprise land and buildings which are held in order to generate rental income or for capital appreciation and are not used for separate production, for delivery of goods or provision of services, for administrative purposes or for sale within the scope of ordinary activities.

As of their first-time measurement these assets are measured at amortised cost, including incidental costs. The book value includes the costs of replacement investments for existing investment properties as of the accrual of these costs, provided that the criteria for recognition are fulfilled. The book value does not include the costs of daily maintenance of this real estate. Within the scope of subsequent measurement, investment properties are recognised at amortised cost.

Investment properties are written off if it is sold or permanently no longer used and if no future economic benefit is expected as of its disposal. Profits or losses resulting from the shutdown or disposal of Investment properties are recognised in the year of this shutdown or disposal.

Items of real estate are assigned to the portfolio of investment properties in case of a change of use involving the end of the Group's own use or the beginning of an operating lease with another party.

10 | Goodwill

Goodwill does not undergo scheduled amortisation and is tested for impairment once a year. It is also tested whenever events occur which indicate potential impairment.

11 | Intangible assets

Intangible assets comprise industrial property rights and similar rights, software acquired for consideration, proprietary software, customer bases and lists, trademark rights and advance payments made on such assets. Acquired and proprietary intangible assets are capitalised subject to the conditions laid down in IAS 38 "Intangible Assets".

Intangible assets acquired for consideration are capitalised at cost, as are proprietary intangible assets which are expected to provide a future benefit for the Group and which can be reliably determined and measured. Both types of intangible assets undergo scheduled straight-line depreciation over their expected useful life. Production costs comprise all directly attributable costs as well as appropriate portions of the production-related overheads. Financing costs are not capitalised, since the Group does not have any assets which involve a protracted production/manufacturing phase. Other development costs are likewise not capitalised, since the conditions for capitalisation are not generally fulfilled. Intangible assets undergo impairment if the recoverable amount – the higher of the fair value less disposal costs and the asset's value in use – is less than the book value. Proprietary intangible assets mainly comprise new developments in the field of distribution- and production-specific software systems which can be used throughout the Group.

12 | Impairment

Scheduled depreciation of fixed assets is mainly calculated on the basis of the following uniform expected useful lives throughout the Group:

Average useful life	<i>In years</i>	Dec. 31, 2015	Dec. 31, 2014
Asset			
Customer base and customer lists		5	5
Software and other intangible assets		3 to 7	3 to 7
ERP software		5	5
Buildings		25 to 40	25 to 40
Machinery			
Adhesive binding equipment and machinery		8	8
Offset printing machines		8	8
Digital printing machines		4 to 6	4 to 6
Film developing machines		6 to 8	6 to 8
Sorting systems		5 to 8	5 to 8
IT equipment		3 to 7	3 to 7
Motor vehicles		5	5
Office furniture		13	13

Average useful lives are determined on the basis of past experience of use of this asset, current and envisaged possibilities for its use and related technical development.

The book values of property, plant and equipment and intangible assets are tested for impairment on each balance sheet date. In case of any such indications, the recoverable amount of the asset is estimated in order to determine the scope of any impairment loss. The recoverable amount is determined for each individual asset, unless an asset results in cash inflows which are not largely independent of those of other assets or other groups of assets (cash-generating units). In this case, the calculation will be performed at the level of the cash-generating unit to which the respective asset has been assigned. The respective value will be assigned to the individual cash-generating units or to the smallest group of cash-generating units on an appropriate and consistent basis.

In case of intangible assets with indefinite useful lives or intangible assets which cannot be used yet, an impairment test is performed at least annually and in case of any indication of impairment. The recoverable amount is the higher of the fair value less disposal costs and the value in use.

For calculation of the value in use, the future cash flows resulting from continued use of the cash-generating units are discounted by a risk-adjusted interest rate. The cash flows are determined on the basis of the planning which has been approved by the Board of Management and is valid at the time of the impairment test. This planning is based on expectations of future market shares, growth on the respective markets and products' profitability. Cash flow forecasts beyond the detailed planning period are calculated on the basis of suitable growth rates. This includes both the current market assessment regarding the fair value of the money and the risks to which the respective asset is exposed, if these factors have not already been reflected in the estimate of the cash flows. Before taxes, the risk-adjusted interest rates used for discounting of cash flows amount to between 6.9 % and 12.33 % in the Photofinishing business unit, to between 8.14 % and 9.66 % in the Retail business unit and to between 7.45 % and 8.92 % in the Commercial Online Printing business unit. The risk-adjusted interest rate for the cash-generating units is based on the weighted average cost of capital (WACC). This is determined on the basis of the capital asset pricing model (CAPM), with due consideration of current market expectations. Specific peer group information for beta factors, capital structure data and the cost of borrowing are used to calculate the risk-adjusted interest rate for the purpose of the impairment test. Periods not included in the planning are reflected by means of a terminal value. Various sensitivity analyses are also performed. If the recoverable amount of an asset or a cash-generating unit falls below its book value, impairment is recognised in the amount of the difference. If the value in use is less than the book value, for the calculation of the recoverable amount the fair value less the disposal costs will also be determined. The impairment loss is immediately recognised in profit or loss. In the event of a recovery of the impairment loss, the book value of the asset or the cash-generating unit will be increased to the newly determined recoverable amount. However, the increased book value may not exceed the book value which would have been determined (less scheduled depreciation) if no impairment loss had been recognised in previous years. A recovery in value is immediately recognised in profit or loss.

Goodwill does not undergo any scheduled amortisation and is tested for impairment on the basis of the recoverable amount for the cash-generating unit to which it has been assigned. For this purpose, the goodwill acquired through a merger will be assigned to each individual cash-generating unit which is expected to realise synergies as a result of the merger. The maximum size of the respective cash-generating unit corresponds to the operating business unit which is included in internal reporting submitted to the main decision-making entity and thus reflects the internal reporting structure. The impairment test is performed at least once a year and also in case of any indication of impairment of the cash-generating unit.

In the event that the book value of the cash-generating unit to which this goodwill has been assigned exceeds its recoverable amount, amortisation will be recognised on this assigned goodwill in the value of the difference determined. Goodwill amortisation already recognised may not be reversed. If the difference determined for the cash-generating unit exceeds the book value of the assigned goodwill, the book values of the assets assigned to the cash-generating unit will undergo pro rata impairment in the value of the remaining impairment loss.

13 | Financial assets

Due to a lack of observable market prices, financial assets have been measured at cost. CEWE reviews whether objective indications of impairment are applicable on each balance sheet date. Non-scheduled depreciation is recognised if permanent impairment is expected. Reinsurance policies included in financial assets are recognised at their actuarial present value. This does not involve plan assets.

14 | Non-current assets held for sale

Non-current assets held for sale comprise assets or groups of assets whose book values within the next twelve months are expected to be mainly realised through their disposal and not through their operational use. They are measured at the lower of their book value and their fair value less disposal costs. In the event of a subsequent increase in their fair value, a revaluation will be made in the value of the impairment recognised.

15 | Inventories

Inventories are recognised at cost. Manufacturing costs include individual material and production costs as well as pro rata material and production overheads. Administrative costs are included where attributable to production. Acquired inventory items are measured on the basis of the average value method, at the weighted average value. If the net disposal value is lower on the balance sheet date, this will be recognised. Inventories rarely used due to obsolescence or technical progress are subject to marketability discounts. The Group does not have any long-term production orders.

16 | Primary financial instruments

Primary financial instruments comprise financial assets (receivables, other assets, loans extended and cash and cash equivalents) as well as financial liabilities (interest-bearing financial liabilities, trade payables and other liabilities). They are accounted for and measured in accordance with the provisions of IAS 39. A financial instrument is thus recognised if a consideration is provided in the form of cash and cash equivalents or financial assets. In principle, it will be recognised and written off at fair value, allowing for the transaction costs. Non-interest-bearing receivables and other assets are discounted if they are non-current. In accordance with IAS 39, subsequent measurement will depend on the subsequent categorisation of the financial instruments.

Financial assets

Financial interests recognised as financial assets are measured at cost.

In principle, loans and receivables not quoted on an active market are measured at amortised cost. This includes non-current financial receivables, trade receivables and other current financial receivables and assets. In case of any doubt regarding the collectability of receivables, they will be recognised at the lower realisable amount. Objective defaults will result in a write-off of the relevant receivable. As well as necessary individual valuation adjustments, discernible risks resulting from the general credit risk are accounted for by means of generalised individual valuation adjustments. Foreign-currency receivables are translated at the exchange rate as of the reporting date.

Financial assets available for sale are measured at amortised cost. This involves financial interests recognised as financial assets for which no quoted market price is available and whose fair value cannot be reliably determined.

Cash and cash equivalents are recognised at fair value. Cash in hand and balances in foreign currencies are translated at the exchange rate as of the reporting date.

Financial liabilities

Financial liabilities regularly establish an obligation for delivery in the form of cash and cash equivalents or another financial asset. This includes, in particular, trade payables, amounts owed to credit institutions, derivative financial liabilities and other financial liabilities.

Financial liabilities are measured at amortised cost.

17 | Derivative financial instruments

Derivative financial instruments such as interest rate and foreign currency options, interest rate swaps, combined interest rate and foreign currency swaps and commodities futures transactions for hedging of exchange rate, interest rate and commodity price risks are used within narrowly defined limits. In accordance with the Group's risk management principles, no derivative financial instruments are held for trading purposes. Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently at their market value. Profit and loss are recognised on the basis of the type of position to be hedged. At the time of entry into a hedging transaction, derivatives are classified as hedging either a planned transaction (cash flow hedge), the fair value of a reported asset or a liability (fair value hedge) or a net investment in an economically independent foreign subsidiary. Changes in the market value of derivatives which serve to hedge the cash flow, are suitable for this purpose and prove to be fully effective, are reported in equity. If they are not completely effective, ineffective changes in value are recognised in profit or loss. Upon completion of the hedged transaction, the amounts previously recognised in equity will be reversed through profit or loss. For derivative instruments used for hedging of a fair value, changes in the fair value of the derivative and the hedged position will be immediately recognised in profit or loss. In case of a completely effective hedge, expenses and income resulting from changes in the value of the derivative will fully compensate for those arising for the underlying transaction. Hedging of foreign net positions is reported in accordance with cash flow hedging. If the hedging instrument is a derivative, actual currency profits and losses resulting from the derivative or from translation of the loan will be recognised in equity. The relationships between the hedging instruments and the hedged positions and also the risk management goals of the hedging transactions will already be documented as of the conclusion of the transaction. All of the derivatives classified as hedging instruments will thus be linked with specifically planned transactions. The assessment of whether the derivatives used as hedging instruments are highly effective in compensating for the changes in the cash flow of the hedged positions will also be documented. The market value of cross-currency swaps will be determined on the basis of prevailing market conditions as of the balance sheet date. Recognised measurement models are used in order to determine the market value. Derivatives for which no hedge accounting is applied are recognised at fair value.

18 | Deferred taxes

In accordance with IAS 12, deferred tax assets and liabilities are established for any temporary discrepancies in terms of assets and liabilities in the tax and IFRS balance sheets, for tax credits and loss carryforwards and for consolidation measures recognised in profit or loss. The national tax rates applicable as of the balance-sheet date or applicable in future will be used for calculation purposes. The effect of changes in tax rates on deferred taxes is recognised as of the respective change in the law coming into effect. Deferred tax assets resulting from loss carryforwards are only included insofar as their realisation is sufficiently concrete and probable. In principle, changes in deferred taxes recognised in the balance sheet will result in deferred tax expenses or income. Insofar as items resulting in changes to deferred taxes are directly entered against equity, the change in deferred taxes will also be directly recognised in equity.

Deferred tax liabilities are shown within the scope of accruals. They are calculated on the basis of the standard international balance sheet-based liability method and show the tax effects resulting from the valuation differences between the tax balance sheets of the individual companies and the consolidated financial statements. Neither deferred tax assets nor deferred tax liabilities are discounted.

The deferral amounts are calculated at the tax rates which may currently be expected in case of a reversal of the temporary differences.

Deferred tax receivables and liabilities will be netted if they apply in relation to the same tax authority.

Average tax rates for calculation of deferred taxes	<i>Figures as %</i>	2015	2014
Germany		30.88	30.88
Belgium		33.99	30.99
Denmark		23.50	24.50
France		34.43	34.43
United Kingdom		20.00	20.00
Croatia		20.00	20.00
Netherlands		25.00	25.00
Norway		27.00	27.00
Poland		19.00	19.00
Sweden		22.00	22.00
Switzerland		20.52	25.00
Slovak Republic		22.00	22.00
Czech Republic		19.00	19.00
Hungary		10.00	10.00
USA		29.14	34.00

19 | Equity

Subscribed capital is recognised within equity at its nominal value. The premium resulting from the first-time share issue is measured as a capital reserve on the basis of the difference between the nominal value of the ordinary bearer shares issued and the realised issue amount. For new shares issued within the scope of the exercise of conversion rights, the company receives considerations which are reported in its subscribed capital item in the amount of its nominal value share and in its capital reserve item in the value of the premium exceeding this amount.

The subscribed capital and the capital reserve relate to CEWE Stiftung & Co. KGaA, Oldenburg, and are recognised as if held by this company. Through the treasury shares deduction deducted from equity on the face of the balance sheet, treasury shares are

reported as a deduction at the value of their full, original acquisition costs and incidental acquisition costs at the time of their buyback (see item D55). Retained earnings and unappropriated profits are determined by law and in accordance with the corporate articles of CEWE Stiftung & Co. KGaA, Oldenburg, and are reported at nominal value. As well as earnings calculated according to provisions of commercial law, these items include the discrepancies in relation to IFRS accounting standards. Effects resulting from fair value measurement of hedging transactions and from measurement of stock option plans (see item D53) are also shown, as are the currency translation differences recognised directly in equity and actuarial profits and losses. The change in hidden reserves recognised within the scope of successive share purchases is apportioned to retained earnings.

20 | Pension commitments

Pension accruals are calculated in accordance with the actuarial projected unit credit method prescribed in IAS 19 rev. 2011 for defined-benefit pension obligations. The future obligation is discounted to its present value on the basis of the vested rights acquired up to the balance sheet date, while allowing for additional parameters. Discrepancies between estimates made and actual trends and changes in actuarial assumptions will result in actuarial profits and losses. These will be directly recognised in equity in the year of their occurrence. The current service cost and the interest expenses included in pension expenses are recognised in personnel expenses.

These figures only refer to the group of employees entitled to pensions for which a pension liability must be carried.

The probable death rate is calculated according to the current mortality tables "Heubeck reference tables 2005 G" or similar foreign mortality tables. The Group has taken out a re-insurance policy to cover any non-scheduled obligations. Pension commitments in France are covered by plan assets which may be used to settle the Group's pension obligations in that country.

21 | Special items for investment grants

Government grants for assets are shown in the special items for investment grants as deferred income. From the point of view of income, investment allowances and investment subsidies are recognised pro rata temporis through their release in accordance with the depreciation period for the subsidised investment assets.

22 | Accruals

Accruals are established insofar as a legal or constructive obligation has resulted from a past event. This is subject to the requirement that this obligation is expected to lead to a future outflow of assets which can be reliably estimated. In case of a level of probability which is greater than 50 %, the respective item will be recognised on the basis of the settlement amount with the highest possible probability of realisation. Accruals for obligations which are not expected to already result in an outflow in the following year are recognised in the amount of the present value of the expected outflow, if such accruals are significant. The discount rates correspond to the normal capital market rates. The value of the accruals is reviewed on each balance sheet date.

23 | Share-based payment

The company complies with IFRS 2 for balance-sheet recognition of stock option plans as a specific form of payment for real options for which the company will provide the beneficiary with treasury shares upon exercise of the respective option. The fair value of the options as of the grant date is determined upon the basis of market prices (prices of Deutsche Börse AG, Frankfurt) with consideration of the terms of issue as well as generally recognised valuation techniques for financial instruments. The exercise price, the respective term, the current market value of the option instrument (the CEWE share), the expected level of volatility for the market price, the expected dividends on the shares and the risk-free interest rate for the terms of the options are included for the purpose of this valuation. Moreover, as specific requirements for the exercise of the option the beneficiaries comply with the necessary waiting period (lockup period) and, where applicable, exercise the option as early as possible. In the following financial reporting, the determined value of the stock options is apportioned to the term as expense,

with consideration of the assumed service period and the level of fluctuation in the beneficiaries. Option premiums received within the scope of the options issued are recognised in retained earnings.

24 | Research and non-capitalisable development costs

Research and non-capitalisable development costs are recognised in profit or loss at the time of their occurrence.

25 | Contingent liabilities and contingent assets

Contingent liabilities are liabilities resulting from a possible obligation on account of a past event and whose existence depends on the occurrence or non-occurrence of one or more uncertain future events over which the company lacks complete control. Contingent liabilities may also result from a present obligation which is attributable to past events but has not been recognised in the balance sheet because

- the outflow of resources providing an economic benefit upon fulfilment of this obligation is not probable or
- the value of this obligation cannot be estimated sufficiently reliably.

If the outflow of resources providing an economic benefit for the company is not probable, no contingent liability will be disclosed.

Contingent assets are not shown in the balance sheet and will only be indicated if the accrual of an economic benefit is probable. They include possible assets which result from past events and whose existence on account of the occurrence or non-occurrence of uncertain future events – over which the company lacks complete control – is yet to be confirmed.

C. Comments on the profit and loss account

26 | Revenues

Revenues by business unit	Figures in thousands of euros		2014	
	2015	Share	2014	Share
Revenues Photofinishing	414,945	74.9 %	386,011	73.7 %
Change on previous year as %	7.5 %			
Revenues Retail	60,821	11.0 %	67,299	12.8 %
Change on previous year as %	-9.6 %			
Results Commercial Online Printing	77,807	14.0 %	70,469	13.5 %
Change on previous year as %	10.4 %			
Other activities	618	0.1 %	0	0.0 %
Change on previous year as %	—		—	
Total revenues	554,191	100.0 %	523,779	100.0 %

Turnover largely results from sales of goods and is therefore shown by business unit in the above table.

Turnover is shown net of any sales deductions. Other revenues which have not resulted from the delivery or provision of typical goods, merchandise and services (the ordinary activities of the CEWE Group) are shown as other operating income.

27 | Other operating income

Other operating income	Figures in thousands of euros	
	2015	2014
Income from pass-through expenses	3,996	4,954
Other revenues from sales to third parties	3,077	4,532
Rental income	1,957	1,879
Income from the reversal of accruals	1,854	1,428*
Income from currency translation	1,674	1,115
Reimbursement of costs own personnel	965	904
Income from dunning fees	588	432
Income from the receipt of impaired receivables	269	819
Income from the revaluation of fixed assets	0	742
Income from insurance indemnification	118	65
Additional other operating income	5,084	4,504*
Total other operating income	19,582	21,374

* The reference figures have been restated (cf. comments in section A).

Other operating income	Figures in thousands of euros	
	2015	2014
Published consolidated financial statements		21,462
Finalisation of purchase price allocation		51
Correction of error		-139
Restated consolidated financial statements		21,374

In particular, income from pass-through expenses includes passed-on charges for sales aids, advertising services and logistics and other transport services.

Other revenues from sales to third parties comprise sales of silver from the resale of recovered and recycled pure silver, revenues from sales of aluminium from the resale of the printing plates used in offset printing and revenue from the sale of property, plant and equipment.

Income from currency translation mainly comprises profits resulting from exchange rate changes between the time of accrual and the time of payment or from measurement of monetary items at the exchange rate as of the reporting date. Exchange rate losses resulting from such transactions are shown under other operating expenses (see item C30).

Income from the release of accruals comprises various individual items within the scope of ordinary activities. Accruals are reversed if, in view of the circumstances prevailing as of the balance-sheet date, they are no longer expected to be used or are only expected to be used to a marginal degree.

The additional other operating income for the financial year 2015 includes non-period income as well as additional positions not allocable to other items referred to in the notes.

28 | Cost of materials

Cost of materials	<i>Figures in thousands of euros</i>	2015	2014
Expenses for raw materials and supplies and for purchased merchandise		-145,284	-145,463
Expenses for purchased services		-16,898	-17,190
Total cost of materials		-162,182	-162,653

Expenses for raw materials and supplies and for purchased merchandise comprise, in particular, supplies of photographic paper, photo bags, chemicals and other packaging in the Photofinishing business unit, while in the Commercial Online Printing business unit expenses are mainly reported for printing plates, paper and freight costs. For the Retail segment, this item comprises supplies of merchandise.

Expenses for purchased services include third-party work in the Photofinishing and Commercial Online Printing business units.

29 | Personnel expenses

Personnel expenses	<i>Figures in thousands of euros</i>	2015	2014*
Wages and salaries		-119,509	-112,329
Social security contributions		-21,725	-20,252
Expenses for pensions and support		-2,514	-3,278
Total personnel expenses		-143,748	-135,859

* The reference figures have been restated (cf. comments in section A).

Personnel expenses	<i>Figures in thousands of euros</i>	2014
Published consolidated financial statements		-135,881
Change of method		22
Restated consolidated financial statements		-135,859

Wages paid to manual workers amount to 34,632 thousand euros (previous year: 34,195 thousand euros), while salaries of non-manual employees amount to 71,579 thousand euros (previous year: 64,476 thousand euros). Personnel expenses include expenses for redundancy plans in the amount of 653 thousand euros (previous year: 0 thousand euros). (For further comments, please see item C32 "Restructuring expenses").

Expenses for pensions and support mainly comprise allocations to pension accruals; pension accruals for members of the executive bodies of the general and managing partner Neumüller CEWE COLOR Stiftung, Oldenburg, have increased by 1,386 thousand euros (previous year: increase of 298 thousand euros). Please also see the comments regarding non-current accruals for pensions (see item D57).

Number of employees	2015	2014
Non-manual employees	2,077	1,864
Manual employees	1,216	1,230
Total employees	3,293	3,094
Number of employees by business unit	2015	2014
Photofinishing	2,111	2,003
Retail	576	542
Commercial Online Printing	572	549
Other activities	34	—
Total employees	3,293	3,094

The above figures are annual averages. As of December 31, 2015, the Group had a total of 3,698 employees (December 31, 2014: 3,675 employees).

Initial measurement of the 2014 Stock Option Plan (SOP 2014) or the 2010 Stock Option Plan (SOP 2010) (IFRS 2.10ff.) resulted in a fair value of 799 thousand euros (SOP 2010: 1,277 thousand euros) which will be accrued pro rata temporis up to the end of the lockup period on December 31, 2018 and has been reported as “other personnel expenses” in the amount of 200 thousand euros (SOP 2010: up to May 31, 2014 in the amount of 106 thousand euros) and for which reserves have been entered in equity. On the structure of the stock option plans, we refer to the comments regarding the Group’s equity (see item D53). A Monte Carlo simulation has been used for these measurements. A log-normal distribution-based process has been simulated for the price of the CEWE share so as to map the performance target in the form of an increase in the average closing price of at least 20 % (SOP 2010: 15 %) on the underlying price on ten consecutive trading days.

The simulations also included the possibility of early exercise – with due consideration of the respective exercise windows – and also the beneficiaries’ early exercise behaviour, in line with a modified version of the approach proposed by Hull and White. The simulation assumed that, upon expiry of the lockup period, every year 3.00 % (SOP 2010: 3.00 %) of the stock options are exercised immediately upon this becoming possible due to the beneficiary leaving the company. A risk-free interest rate of 0.002 % was assumed for the period up to the key date December 30, 2014 (SOP 2010: 1.97 % as of April 30, 2010). The calculation used discrete dividends; publicly available estimates were used as the basis for calculation. Finally, the historical level of volatility was considered and a level of 27.56 % was recognised for December 30, 2014 (SOP 2010: 39.25 % for April 30, 2010). The Group did not make any direct support payments.

30 | Other operating expenses

Other operating expenses	<i>Figures in thousands of euros</i>	2015	2014
Selling expenses		-116,717	-108,368
Administrative expenses		-23,789	-22,859
Costs of premises		-19,752	-19,291
Operating costs		-9,782	-9,254
Motor vehicle costs		-3,202	-3,254
Currency translation expenses		-1,924	-1,816
Depreciation and valuation adjustments for current assets		-1,348	-1,679
Additional operating expenses		-17,453	-15,161
Total other operating expenses		-193,967	-181,682

The key selling expense items comprise transport service expenses for the Group's branch business, shipping costs for mail-order business in the Photofinishing segment and marketing expenses. Valuation adjustments on current assets mainly comprise individual valuation adjustments on receivables (2015: 659 thousand euros, 2014: 843 thousand euros), which have resulted from an assessment of the loss of future returns.

The indicated exchange rate losses mainly comprise currency losses resulting from exchange rate changes between the time of accrual and the time of payment and from measurement at the exchange rate as of the reporting date. Exchange rate gains resulting from these transactions are shown under other operating income (see item C27).

In the year under review, as well as the costs of external services and personnel in the amount of 2,214 thousand euros (previous year: 2,094 thousand euros), other operating expenses also include losses from the disposal of fixed assets in the amount of 1,066 thousand euros (previous year: 359 thousand euros).

Auditor's fees	<i>Figures in thousands of euros</i>	2015	2014
Audit services for financial statements		238	163
Other assurance services		67	14
Other services		272	133
Total		577	310

The audit fees mainly comprise payments for auditing of the consolidated financial statements and the separate financial statements of CEWE Stiftung & Co. KGaA, Oldenburg, and its German subsidiaries. The fees for other confirmation and valuation services relate to the auditor's review of the quarterly financial statements.

Tax consulting services include the preparation of tax returns, the review of tax assessment notices, the conduct of appeals and law suits, supervision of internal audits and the assessment and evaluation of tax matters.

31 | Amortisation of intangible assets, depreciation of property, plant and equipment

The breakdown of depreciation and amortisation and non-scheduled depreciation and amortisation is shown in the analysis of fixed assets. In the financial year 2015, non-scheduled goodwill amortisation was recognised in the amount of 2,606 thousand euros (previous year: 0 thousand euros). The depreciation figure also includes depreciation in the amount of 183 thousand euros on a site in Poland which is reported in the non-current assets held for sale.

Amortisation of intangible assets, depreciation of property, plant and equipment	<i>Figures in thousands of euros</i>	2014
Published consolidated financial statements		-33,468
Finalisation of purchase price allocation		-14
Restated consolidated financial statements		-33,482

32 | Restructuring expenses

In the first quarter of 2015, restructuring expenses in the amount of 439 thousand euros arose in the Photofinishing business unit for the closure of the customer service office at the Group's former photographic laboratory location in Dresden, while restructuring expenses in the amount of 565 thousand euros arose in the Retail business unit for the closure of several retail outlets in the Polish market.

No restructuring expenses arose in the previous year.

Possible expenses resulting from the closure of individual unprofitable retail branches are not restructuring expenses within the meaning of IAS 37. They are operating expenses arising within the course of the normal financial year.

33 | Financial income and financial expenses

Financial income and financial expenses have the following makeup:

Financial income/financial expenses	<i>Figures in thousands of euros</i>	2015	2014
Income from equity investments		15	7
Other interest and similar income		397	374
Financial income		412	381
Interest and similar expenses		-721	-1,418
Amortisation of financial assets		-150	0
Financial expenses		-871	-1,418

Expenses from hedging transactions and derivatives include effects in the amount of 37 thousand euros (previous year: +62 thousand euros), recognised in profit or loss, which have resulted from fair value measurement. Other interest and similar income includes interest for term deposits in the amount of 7 thousand euros (previous year: 20 thousand euros).

Financial income	<i>Figures in thousands of euros</i>	2014
Published consolidated financial statements		242
Correction of error		139
Restated consolidated financial statements		381

34 | Income taxes

Current and deferred expenses for income taxes	<i>Figures in thousands of euros</i>	2015	2014
Current German taxes ¹		-11,929	-6,421
Current foreign taxes ²		-998	-1,967
Current total taxes		-12,927	-8,388
Deferred German taxes		-342	-1,148
Deferred foreign taxes		-318	-563
Deferred total taxes		-660	-1,711
Total income taxes		-13,587	-10,099
¹ of which not relating to the period – Germany		-269	254
² of which not relating to the period – other countries		34	-431

In Germany, income taxes include corporate income tax plus the solidarity surcharge and trade tax. In other countries, this item comprises similar income taxes of the subsidiaries.

No significant effects have resulted from tax rate changes or from the introduction of new German or foreign taxes.

The volume of income tax expenses shown can be calculated on the basis of the expected income tax expenses as follows:

Reconciliation of income tax expenses	<i>Figures in thousands of euros</i>	2015	2014
Earnings before taxes		36,319	31,519*
Theoretical tax rate		30.0 %	30.0 %
Expected income tax expenses		10,896	9,456*
Increase/reduction of income tax burden due to:			
Deviation resulting from application of local tax rate		347	-909
Deviation resulting from different assessment bases			
– Tax-free income (–)		-387	-214
– Other tax additions and deductions		189	207
– Non-deductible expenses (+)		373	548
– Depreciation of items not deductible for tax purposes		777	680
Recognition and measurement of deferred taxes			
– Non-recognition of deferred tax assets on loss carryforwards		1,241	162
– Revaluation/subsequent recognition of deferred taxes		-28	-232
Non-period effects			
– Use of loss carryforwards not reported in the balance sheet (–)		-81	-43
– Other non-period effects		299	470
Other effects		-39	-26*
Income tax expenses shown		13,587	10,099

*The reference figures have been restated (cf. comments in section A).

For the overall income tax burden, a theoretical tax rate of 30.0 % (previous year: 30.0 %) is assumed. This comprises a tax rate of 15.0 % for corporate income tax (previous year: 15.0 %), 5.5 % for the solidarity surcharge levied on the corporate income tax liability (previous year: 5.5 %) and a lump-sum average of approx. 14.0 % for trade tax (previous year: 14.0 %) plus marginal rounding-off.

Tax refund claims from previous years resulted due to a change in the law as of December 31, 2006. Since 2008, they have been paid out in equal instalments of 560 thousand euros over a period of ten years. Since these claims do not bear interest, they are discounted and capitalised at their present value. As of December 31, 2015, an interest rate of 1.75 % (previous year: 1.75 %) has been assumed for the calculation of the present value. This has been recognised in the balance sheet partly as a non-current income tax claim in the amount of 537 thousand euros (previous year: 1,071 thousand euros) and partly as a current claim in the amount of 560 thousand euros (previous year: 560 thousand euros).

Deferred tax assets and liabilities shown in the balance sheet resulted for discrepancies in value for the following balance sheet positions and for loss carryforwards:

Classification of deferred tax items	Figures in thousands of euros	Dec. 31, 2015		Dec. 31, 2014	
		Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Loss carryforwards and tax credits		1,096	—	1,814	—
Property, plant and equipment		507	-1,047	751	-1,401
Intangible assets		831	-1,048	521	-1,739
Inventories		102	—	430	—
Receivables and other assets		274	—	641	-552
Special item for investment grants (investment subsidies)		—	-403	10	-547
Pension accruals		4,399	—	4,281	-87
Other accruals		184	-329	585	—
Other liabilities		506	—	638	—
Deferred taxes on temporary differences		7,899	-2,827	9,671	-4,326
Netting		-739	739	-1,530	1,530
Balance sheet item		7,160	-2,088	8,141	-2,796

In the past financial year and the previous year, with the exception of a portion of the deferred tax assets any changes in deferred tax assets and liabilities were measured in profit and loss in the pension accruals item. In the past financial year, the change in deferred tax assets not affecting net income amounted to -128 thousand euros (865 thousand euros) for the pension accruals.

The total amount carried forward for tax losses not yet used is 46,844 thousand euros (previous year: 49,439 thousand euros) and mainly relates to CEWE's subsidiary in France. Deferred tax assets have been reported in the balance sheet for tax loss carryforwards in the total amount of 6,014 thousand euros (previous year: 11,762 thousand euros). For the capitalisation of deferred taxes on loss carryforwards, future realisability is key. This mainly depends on future taxable profits in periods in which tax loss carryforwards can be claimed. For the purpose of capitalisation, profit expectations are assumed which are considered to be more probable than not. Of these loss carryforwards, 43,230 thousand euros (previous year: 45,356 thousand euros) may be carried forward without any limit. The remaining loss carryforwards may be carried forward until 2020 at the latest.

Total income tax expense recognised in equity	2015	2014
<i>Figures in thousands of euros</i>		
Income tax expense recognised in profit and loss account	-13,587	-10,099
Tax expense directly recognised in equity	-128	865
Total income tax expense recognised in equity	-13,715	-9,234

35 | Earnings per share

Earnings per share	2015	2014
<i>Figures in thousands of euros</i>		
Earnings after taxes	22,732	21,420*
of which attributable to other stakeholders	-364	0
of which attributable to the shareholders of CEWE KGaA (consolidated income/loss)	23,096	21,420
Weighted average number of shares, undiluted (<i>in units</i>)	7,133,082	6,961,712
Undiluted earnings per share (<i>in euros</i>)	3.24	3.08*
Consolidated profits after minority interests	22,732	21,420*
of which attributable to other stakeholders	-364	0
of which attributable to the shareholders of CEWE KGaA (consolidated income/loss)	23,096	21,420
Weighted average number of shares, diluted (<i>in units</i>)	7,133,082	6,961,712
Diluting effect of stock options issued	4,190	9,386
Diluted earnings per share (<i>in euros</i>)	3.24	3.07*

* The reference figures have been restated (cf. comments in section A).

Undiluted earnings per share are calculated as the ratio of the consolidated income/loss and the weighted average number of shares outstanding during the financial year less treasury shares.

For purposes of comparison, diluted earnings per share as of December 31, 2015 have also been indicated. Treasury shares are not included in the calculation of diluted earnings per share.

D. Comments on the balance sheet

Total fixed assets of CEWE Stiftung & Co. KGaA

Development in 2015 <i>Figures in thousands of euros</i>	Property, plant	Investment properties	Goodwill	Intangible assets	Non-current financial assets	Total
Acquisition and production costs						
As of Jan. 1	310,003	21,731	64,735	94,129	3,671	494,269
Changes to the scope of consolidation	390	—	14,663	351	—	15,404
Currency translation adjustments	733	—	—	75	—	808
Additions	34,065	545	—	5,508	2,689	42,807
Disposals	-15,308	-3	—	-1,480	-9	-16,800
Transfers	-133	—	—	133	-1,535	-1,535
As of Dec. 31	329,750	22,273	79,398	98,716	4,816	534,953
Depreciation						
As of Jan. 1	207,464	16,777	39,375	74,802	407	338,825
Currency translation adjustments	456	—	—	87	—	543
Scheduled additions	26,717	364	—	7,618	—	34,699
Non-scheduled additions	550	—	2,606	315	150	3,621
Disposals	-13,993	—	—	-1,350	—	-15,343
As of Dec. 31	221,194	17,141	41,981	81,472	557	362,345
Book value on Dec. 31	108,556	5,132	37,417	17,244	4,259	172,608

Development in 2014 <i>Figures in thousands of euros</i>	Property, plant and equipment	Investment properties	Goodwill	Intangible assets	Non-current financial assets	Total
Acquisition and production costs						
As of Jan. 1	295,008	21,441	64,608	89,610	1,560	472,227
Currency translation adjustments	-796	—	127	-273	—	-942
Additions	30,743	290	—	6,960*	2,116	40,109*
Disposals	-12,474	—	—	-2,121	-5	-14,600
Transfers	-2,478	—	—	-47	—	-2,525
As of Dec. 31	310,003	21,731	64,735	94,129	3,671	494,269
Depreciation						
As of Jan. 1	196,446	17,164	39,248	69,641	407	322,906
Currency translation adjustments	-529	—	127	-223	—	-625
Scheduled additions	25,634	339	—	7,188*	—	33,161*
Non-scheduled additions	—	—	—	321	—	321
Disposals	-11,897	—	—	-2,120	—	-14,017
Transfers	-2,174	—	—	-5	—	-2,179
Revaluations	-16	-726	—	—	—	-742
As of Dec. 31	207,464	16,777	39,375	74,802	407	338,825
Book value on Dec. 31	102,539	4,954	25,360	19,327	3,264	155,444

* Figure for previous year has been restated

36 | Property, plant and equipment

On the development of the fixed assets, we refer to the attached analysis of fixed assets. The scheduled depreciations indicated here and the non-scheduled depreciations of fixed assets are shown in the profit and loss account under amortisation of intangible assets and depreciation of property, plant and equipment.

The book value of property, plant and equipment used only temporarily is of lesser importance. The same applies for property, plant and equipment which is definitively no longer used. It is assumed that the fair value of property, plant and equipment does not significantly deviate from its book value. The Group does not have any pledged property,

plant and equipment. Obligations for the purchase of property, plant and equipment (commitments) amount to 9,057 thousand euros (previous year: 7,917 thousand euros).

Intragroup deliveries and services (e. g. digital printing machines, "DigiFoto-Maker" etc.) are calculated on the basis of market prices and also on the basis of transfer prices determined according to the arm's length principle. Fixed assets resulting from intragroup deliveries are adjusted for interim results. For consolidation measures recognised in profit or loss, the income tax effects are considered and deferred taxes are recognised accordingly.

	Land, leasehold rights and buildings, including buildings on third-party land	Technical equipment and machinery	Other equipment, furniture and fixtures	Advance payments and assets under construction	Total
Development of property, plant and equipment in 2015					
<i>Figures in thousands of euros</i>					
Acquisition and production costs					
As of Jan. 1	45,888	190,053	71,107	2,955	310,003
Changes to the scope of consolidation	—	185	205	—	390
Currency translation adjustments	222	467	32	12	733
Additions	3,290	19,936	9,103	1,736	34,065
Disposals	-107	-9,389	-5,801	-11	-15,308
Transfers	140	1,806	282	-2,361	-133
As of Dec. 31	49,433	203,058	74,928	2,331	329,750
Depreciation					
As of Jan. 1	21,789	133,384	52,291	—	207,464
Currency translation adjustments	74	370	12	—	456
Scheduled additions	1,434	16,675	8,608	—	26,717
Non-scheduled additions	—	550	—	—	550
Disposals	-81	-8,701	-5,211	—	-13,993
Transfers	-6	7	-1	—	—
As of Dec. 31	23,210	142,285	55,699	—	221,194
Book value on Dec. 31	26,223	60,773	19,229	2,331	108,556

	Land, leasehold rights and buildings, including buildings on third-party land	Technical equipment and machinery	Other equipment, furniture and fixtures	Advance payments and assets under construction	Total
Development of property, plant and equipment in 2014					
<i>Figures in thousands of euros</i>					
Acquisition and production costs					
As of Jan. 1	45,509	179,733	68,355	1,411	295,008
Currency translation adjustments	-194	-15	-574	-13	-796
Additions	2,626	17,374	8,446	2,297	30,743
Disposals	—	-7,629	-4,843	-2	-12,474
Transfers	-2,053	590	-277	-738	-2,478
As of Dec. 31	45,888	190,053	71,107	2,955	310,003
Depreciation					
As of Jan. 1	23,100	124,349	48,997	—	196,446
Currency translation adjustments	-68	-83	-378	—	-529
Scheduled additions	1,270	16,108	8,256	—	25,634
Disposals	-152	-6,982	-4,763	—	-11,897
Transfers	-2,361	8	179	—	-2,174
Revaluations	—	-16	—	—	-16
As of Dec. 31	21,789	133,384	52,291	—	207,464
Book value on Dec. 31	24,099	56,669	18,816	2,955	102,539

37 | Investment properties

Investment properties comprise commercial properties in Bad Schwartau, Nuremberg and Berlin which are leased to third parties and are no longer used by the Group. In accordance with IAS 40, these buildings no longer used by the Group are measured at amortised cost. The underlying expected useful lives for scheduled straight-line depreciation are between 25 and 50 years. Additions in the financial year exclusively comprised subsequent acquisition costs.

In the financial year, rent income amounted to 1,140 thousand euros (previous year: 1,063 thousand euros). Including depreciation, maintenance and incidental costs, expenses for the leased properties amounted to 903 thousand euros (previous year: 939 thousand euros).

The fair value of these investment properties is 10,793 thousand euros. In principle, the fair value is calculated at level 2 (of the fair value hierarchy levels according to IFRS 13). The fair value as of the balance sheet date has been calculated on the basis of an opinion prepared by external, independent real estate experts in the past financial year. The expert who provided this assessment has relevant professional qualifications and current experience in relation to the location and type of the assessed real estate. For calculation of the fair value as of the balance sheet date, the calculation provided in this opinion has been internally restated in line with the current circumstances.

Development of investment properties <i>Figures in thousands of euros</i>	2015	2014
Acquisition and production costs		
As of Jan. 1	21,731	21,441
Additions	545	290
Disposals	-3	—
As of Dec. 31	22,273	21,731
Depreciation		
As of Jan. 1	16,777	17,164
Scheduled additions	364	339
Revaluations	—	-726
As of Dec. 31	17,141	16,777
Book value on Dec. 31	5,132	4,954

38 | Goodwill

Goodwill results from the acquisition of businesses. The figures for each business unit have developed as follows:

Development of goodwill in 2015 <i>Figures in thousands of euros</i>	Photo-finishing	Retail	Commercial Online Printing	Other activities	Total
Acquisition and production costs					
As of Jan. 1	5,517	366	19,477	—	25,360
Changes to the scope of consolidation	7,592	—	—	7,071	14,663
Non-scheduled depreciation	-2,606	—	—	—	-2,606
As of Dec. 31	10,503	366	19,477	7,071	37,417

Development of goodwill in 2014 <i>Figures in thousands of euros</i>	Photofinishing	Retail	Commercial Online Printing	Other activities	Total
As of Jan. 1	5,517	366	19,477	—	25,360
As of Dec. 31	5,517	366	19,477	—	25,360

For the CEWE Group, key items of goodwill have been assigned to the following cash-generating units as of the balance sheet date:

business unit and cash-generating unit	<i>Figures in thousands of euros</i>	Goodwill
Commercial Online Printing Saxoprint		17,809
Commercial Online Printing Viaprinto		1,668
Photofinishing DeinDesign		6,144
Photofinishing Diginet		2,874
Other activities futalis		7,071

Within the scope of the impairment test, the recoverable amount is determined by calculating the value in use. Cash flow forecasts are used for this purpose which are based on the approved business planning figures. Cash flows are extrapolated beyond a period of five years on the basis of the growth rates indicated below.

In the following, the long-term growth rate and discount rate is indicated for the value-in-use calculation for each cash-generating unit with significant goodwill. The recoverable amount in case of valuation adjustments is also indicated.

2015	<i>Figures as %</i>	Saxoprint	Viaprinto	Diginet	DeinDesign	futalis
Long-term growth rate		1.0	1.0	0.75	0.75	2.0
Pre-tax interest rate		7.5	7.5	8.9	8.2	9.8

2014	<i>Figures as %</i>	Saxoprint	Viaprinto	Diginet
Long-term growth rate		1.0	1.0	0.75
Pre-tax interest rate		9.5	9.5	9.8

The goodwill attributable to the cash-generating unit DeinDesign underwent a valuation adjustment in the amount of 1,448 thousand euros in profit or loss. The recoverable amount totalled 7,347 thousand euros. The goodwill attributable to the cash-generating unit CEWE SAS underwent a valuation adjustment in the amount of 1,158 thousand euros in profit or loss. The recoverable amount totalled 6,230 thousand euros.

The range of discount rates before taxes in the respective business units is as follows:

business units 2015	Goodwill <i>Figures in thousands of euros</i>	Range of discount rate <i>Figures as %</i>
Photofinishing	10,503	6.9–12.3
Retail	366	8.1–9.7
Commercial Online Printing	19,477	7.5–8.9
Other activities	7,071	9.8
Total	37,417	6.9–12.3

Business units 2014	Goodwill <i>Figures in thousands of euros</i>	Range of discount rate <i>Figures as %</i>
Photofinishing	5,517	5.9–10.0 %
Retail	366	6.2–8.1 %
Commercial Online Printing	19,477	6.2–8.1 %
Total	25,360	5.9–10.0 %

The estimates made are considered appropriate in relation to the expected useful life of specific assets, assumptions regarding the macroeconomic environment and developments in the industries in which CEWE is active and the estimated present values of future cash flows. Nonetheless, revised assumptions or changed circumstances may necessitate corrections which may lead to additional valuation adjustments or, in case of a reversal in the envisaged trends, reversals in value if this does not involve goodwill.

Within the scope of a sensitivity analysis for cash-generating units or groups of cash-generating units to which goodwill has been assigned, a 10 % reduction in EBIT margins for the perpetual annuity and a one percentage point increase in the discount rate have been assumed. In case of a decrease in the EBIT margin, the recoverable amount for DeinDesign would be less than the book value, resulting in additional goodwill amortisation in the amount of 656 thousand euros. In the case of futalis, amortisation would result for the same reason, in the amount of 68 thousand euros. In case of an increase in

the discount rate, the recoverable amount for DeinDesign would be less than the book value, resulting in additional goodwill amortisation in the amount of 1,350 thousand euros. In the case of futalis, additional amortisation would result for the same reason, in the amount of 847 thousand euros. On this basis, no impairment requirement applies for any of the other cash-generating units or for any group of cash-generating units.

39 | Intangible assets

Software and similar industrial property rights comprise purchased ERP software, various office products for workstations and newly and subsequently capitalised items for proprietary intangible assets, for internal use and to support the market in the areas of production, distribution and Commercial Online Printing. Within the scope of the Group's proprietary software, own work has been capitalised at a value of 501 thousand euros (previous year: 627 thousand euros).

Development of intangible assets in 2015 <i>Figures in thousands of euros</i>	Purchased software	Proprietary intangible assets	Customer base, customer lists and trademark rights	Advance payments made	Total
Acquisition and production costs					
As of Jan. 1	45,064	20,620	27,553	892	94,129
Changes to the scope of consolidation	271	—	80	—	351
Currency translation adjustments	-80	—	155	—	75
Additions	3,593	501	904	510	5,508
Disposals	-1,465	-15	—	—	-1,480
Transfers	1,025	290	—	-1,182	133
As of Dec. 31	48,408	21,396	28,692	220	98,716
Depreciation					
As of Jan. 1	34,811	18,869	21,122	—	74,802
Currency translation adjustments	-55	—	142	—	87
Scheduled additions	4,242	683	2,693	—	7,618
Non-scheduled additions	127	61	127	—	315
Disposals	-1,350	—	—	—	-1,350
As of Dec. 31	37,775	19,613	24,084	—	81,472
Book value on Dec. 31	10,633	1,783	4,608	220	17,244

On the basis of the impairment test, non-scheduled depreciation has been recognised in the amount of 315 thousand euros (previous year: 321 thousand euros).

For intangible assets, the Group had commitments in the amount of 463 thousand euros (previous year: 343 thousand euros).

CEWE currently has customer bases, customer lists and trademark rights in its three business units Photofinishing, Retail and Commercial Online Printing. In the previous year the Group acquired additional intangible assets, in particular, through its purchase of DeinDesign GmbH, Bad Kreuznach, and futalis GmbH, Leipzig. The other customer bases, customer lists and trademark rights derive from previous purchases of smaller competitors. In our opinion, while these items are important for the development of our business they are not decisive in any single instance.

Development of intangible assets in 2014 <i>Figures in thousands of euros</i>	Purchased software	Proprietary intangible assets	Customer base, customer lists and trademark rights	Advance payments made	Total
Acquisition and production costs					
As of Jan. 1	43,995	19,993	25,300	322	89,610
Currency translation adjustments	-133	—	-140	—	-273
Additions	2,889	627	2,631*	813	6,960*
Disposals	-1,882	—	-239	—	-2,121
Transfers	195	—	1	-243	-47
As of Dec. 31	45,064	20,620	27,553	892	94,129
Depreciation					
As of Jan. 1	32,038	18,234	19,369	—	69,641
Currency translation adjustments	-127	—	-96	—	-223
Scheduled additions	4,523	635	2,030*	—	7,188*
Non-scheduled additions	263	—	58	—	321
Disposals	-1,881	—	-239	—	-2,120
Transfers	-5	—	—	—	-5
As of Dec. 31	34,811	18,869	21,122	—	74,802
Book value on Dec. 31	10,253	1,751	6,431	892	19,327

* Figure for previous year has been restated

Non-capitalised research and development expenses for intangible and other assets amount to 11,919 thousand euros (previous year: 11,381 thousand euros). They mainly comprise personnel expenses and other operating expenses.

40 | Financial assets

The Group's financial assets include interests in non-consolidated equity investments in the amount of 3,951 thousand euros (previous year: 2,959 thousand euros). The additions relate to equity investments in start-up companies. Other loans in the amount of 308 thousand euros (previous year: 305 thousand euros) mainly comprise the repurchase value of the company's reinsurance policy.

Development of non-current financial assets in 2015 <i>Figures in thousands of euros</i>	Non-current interests in affiliates	Non-current equity investments	Non-current other loans	Total
Acquisition and production costs				
As of Jan. 1	43	3,323	305	3,671
Additions	—	2,678	11	2,689
Disposals	—	-1	-8	-9
Transfers	—	-1,535	—	-1,535
As of Dec. 31	43	4,465	308	4,816
Depreciation				
As of Jan. 1	18	389	—	407
Non-scheduled additions	—	150	—	150
As of Dec. 31	18	539	—	557
Book value on Dec. 31	25	3,926	308	4,259

Development of non-current financial assets in 2014 <i>Figures in thousands of euros</i>	Non-current interests in affiliates	Non-current equity investments	Non-current other loans	Total
Acquisition and production costs				
As of Jan. 1	43	1,306	211	1,560
Additions	—	2,020	96	2,116
Disposals	—	-3	-2	-5
As of Dec. 31	43	3,323	305	3,671
Depreciation				
As of Jan. 1	18	389	—	407
As of Dec. 31	18	389	—	407
Book value on Dec. 31	25	2,934	305	3,264

41 | Non-current receivables from income tax refunds

The company's corporate income tax credit totalling 1,121 thousand euros (previous year: 1,681 thousand euros) has been discounted since it does not bear interest and due to the duration of the refund period. As of the balance sheet date, the present value amounts to a total of 1,097 thousand euros (previous year: 1,631 thousand euros) and the non-current portion amounts to 536 thousand euros (previous year: 1,071 thousand euros). The current portion has been recognised in current assets. Please see the comments on income taxes for further details (see item C34).

42 | Non-current receivables and assets

Non-current financial assets comprise, in particular, deposits and collateral. Non-current other receivables and assets exclusively relate to prepaid expenses and accrued income.

43 | Deferred tax assets

Deferred tax assets in 2015 Composition and development <i>Figures in thousands of euros</i>	From temporary differences	From tax loss carryforwards	Total
As of Jan. 1	6,327	1,814	8,141
Allocations	298	302	600
Reversals	-561	-1,020	-1,581
As of Dec. 31	6,064	1,096	7,160

Deferred tax assets in 2014 Composition and development <i>Figures in thousands of euros</i>	From temporary differences	From tax loss carryforwards	Total
As of Jan. 1	5,714	3,724	9,438
Allocations	966	92	1,058
Reversals	-353	-2,002	-2,355
As of Dec. 31	6,327	1,814	8,141

Capitalised tax assets mainly comprise valuation differences for pensions and other accruals as well as effects on earnings resulting from consolidation. Deferred taxes resulting from existing tax loss carryforwards are only capitalised where the earnings expectations of the respective Group company enable the use of a loss with a sufficient degree of probability and within a sufficiently close period of time. In the year under review, deferred taxes in the amount of 302 thousand euros were capitalised on loss carryforwards at the level of CEWE AS, Slovak Republic. Please see the comments on income taxes for further details (see item C34).

44 | Non-current assets held for sale

An impairment requirement in the amount of 138 thousand euros resulted for the site held for sale in Grudziądz, Poland.

45 | Inventories

Inventories <i>Figures in thousands of euros</i>	Dec. 31, 2015	Dec. 31, 2014
Raw materials and supplies	19,156	14,312
Unfinished goods, work in progress	512	523
Finished goods and merchandise	30,991	34,050
Advance payments made	20	2
Total	50,679	48,887

In particular, the increase in raw materials and supplies includes stocks of photographic paper. For “finished goods and merchandise” the decrease includes, in particular, merchandise stocks for the Group’s retail companies.

The valuation adjustment on inventories amounts to 219 thousand euros (previous year: 412 thousand euros).

Depreciation of finished and unfinished goods and merchandise is included in the Cost of materials item of the profit and loss account. In the past financial year, inventories of Japan Photo Holding Norge AS, Opegård, Norway, with a book value of 281 thousand euros (previous year: 299 thousand euros) were pledged as collateral for rent deposits.

46 | Current trade receivables

Current trade receivables	<i>Figures in thousands of euros</i>	Dec. 31, 2015	Dec. 31, 2014
Trade receivables not impaired		89,070	82,875
thereof amount covered by insurance		116,873	122,668
Gross amount of impaired receivables		4,014	4,292
Valuation adjustments		2,654	2,898
Total		90,430	84,269

Directly trade-related receivables are all current in nature and are due from external third parties. Trade receivables underwent the following valuation adjustments in the course of the year:

Valuation adjustment on trade receivables	<i>Figures in thousands of euros</i>	Development in the financial year 2015	Development in the financial year 2014
As of Jan. 1		2,898	3,399
Currency translation adjustments		9	-12
Allocations		954	1,159
Reversals		-136	-795
Use		-1,071	-853
As of Dec. 31		2,654	2,898

Additions to valuation adjustments are shown in the profit and loss account under the other operating expenses item, while reversals are shown within the scope of other operating income. Direct losses on trade receivables are also shown in the other operating expenses item; in the past financial year, they amounted to 690 thousand euros (previous year: 829 thousand euros).

In regard to the Group's trade receivables which are neither impaired nor in default, as of the reporting date there are no indications that the debtors will fail to comply with their payment obligations. The Group has non-impaired receivables from business partners and end-consumers. In the past financial year, customer receivables of Japan Photo Holding Norge AS, Oppegård, Norway, with a book value of 104 thousand euros (previous year: 111 thousand euros) were pledged. Valuation adjustments on receivables are separately recognised from an accounting point of view; the same applies for any addition, use or reversal. A receivable is only finally written off if it may be assumed either on legal grounds or at least on the basis of other facts that this receivable is no longer collectable.

47 | Current receivables from income tax refunds

This mainly comprises refund claims for tax prepayments made in the current year for the year under review. A portion of this has resulted from the non-current refund claim for prepaid corporate income tax which has been due annually pro rata since 2008 (see item D41).

48 | Current financial assets

Current financial assets include the following items:

Current financial assets	<i>Figures in thousands of euros</i>	Dec. 31, 2015	Dec. 31, 2014
Creditors with debit accounts		427	471
Loans to customers		2	2
Receivables from employees		140	116
Other current financial receivables and assets		1,925	2,451
Total		2,494	3,040

49 | Other current receivables and assets

Other current receivables and assets comprise the following items:

Other current receivables and assets	<i>Figures in thousands of euros</i>	Dec. 31, 2015	Dec. 31, 2014
Current prepaid expenses		2,695	2,665
Tax refund claims		2,973	2,252
Current receivables from insurance firms		4	0
Total		5,672	4,917

50 | Cash and cash equivalents

This item comprises bank balances – all of which are due in the short term – and cash on hand. Euro balances held by various credit institutes attracted interest at a rate of 0.0% (previous year: 0.0%). Foreign currency balances (2015: 16,143 thousand euros, previous year: 19,201 thousand euros) attracted interest at the specifically agreed rates; they have been measured at the exchange rate as of the balance sheet date.

51 | Subscribed capital

The CEWE Group's subscribed capital and capital reserve relate to CEWE Stiftung & Co. KGaA, Oldenburg, and are recognised as if held by this company.

The company's share capital continued to amount to 19,240,052.00 euros and has been divided up into 7,400,020 bearer shares.

Each bearer share of CEWE Stiftung & Co. KGaA confers one vote. The total number of voting rights now amounts to 7,400,020 shares.

The company's shares outstanding developed as follows:

Outstanding shares	<i>In units</i>	Development in the financial year 2015	Development in the financial year 2014
As of Jan. 1		7,118,320	6,581,601
Sales of treasury shares		37,702	536,719
As of Dec. 31		7,156,022	7,118,320

52 | Authorised capital

With the consent of the Supervisory Board, in the period to June 3, 2019 the general partner is authorised to increase the company's share capital one or more times by issuing new no-par value bearer shares in return for cash and/or non-cash contributions, by a total amount not exceeding 9,620 thousand euros (authorised capital 2014). In principle, the shareholders must be granted a subscription right. The new shares may be purchased by one or more credit institutions, subject to an obligation to offer them to their shareholders for purchase. With the consent of the Supervisory Board, the general partner prescribes the terms for issuance of shares. The Supervisory Board is entitled to adjust the wording of the company's corporate articles in accordance with the volume of the capital increase through authorised capital or upon expiry of the authorisation period. The previously valid authorisation of the general partner – which was applicable up to May 27, 2014 – to increase the company's share capital by up to 9,590 thousand euros, subject to the consent of the Supervisory Board, was cancelled once this new authorised capital became effective.

53 | Stock option plans**2010 Stock Option Plan**

On April 8, 2010, on the basis of a resolution passed by the general meeting on June 30, 2005 the Board of Management and the Supervisory Board of CEWE COLOR Holding AG issued the company's 2010 Stock Option Plan with a volume of up to 200,000 no-par value shares. In the purchase period from April 14 to 30, 2010, the company's executives purchased a total of 95,500 of the options offered and the company's Board of Management members and managing directors a total of 104,500. This represents 52.3% of the 200,000 total options granted. The terms specified in the resolution passed by the general meeting held on June 30, 2005 have been complied with. At the start of the exercise period on June 1, 2014, the total number of options granted amounted to 192,500 rights reduced by retired employees.

Structure of the 2010 Stock Option Plan

These options were offered at the highest level of the Group's management, in Germany and other countries, at a premium of 0.50 euros per option. Upon expiry of the waiting period, the options may only be exercised if the closing auction prices of the CEWE share in Deutsche Börse AG's Xetra trading system have reached at least 115 % of the underlying price on ten consecutive stock exchange trading days.

Exercise prices and exercise periods

The 2010 Stock Option Plan has a term of five years and began on June 1, 2010; it thus ended upon expiry of May 31, 2015. The four-year waiting period ended upon expiry of May 31, 2014. An underlying price of 27.00 euros has been specified; the exercise price as a performance target was thus 31.05 euros (115 % of the underlying price). All of these rights had been exercised upon expiry of the plan on May 31, 2015.

Exercise periods

Since the waiting period expired on June 1, 2014 and the performance target was already fulfilled in 2012, the exercise of the options was permissible in the period from June 1, 2014 to May 31, 2015. Overall, the options were only exercisable and shares resulting from the option deal were only subsequently saleable within six four-week exercise periods. These exercise periods began as of publication of the earnings for the past financial year, as of the balance sheet press conference, as of the annual general meeting and as of the dates of publication of the quarterly figures. The CEWE Group's compliance officer monitored compliance with these time limits.

2014 Stock Option Plan

On the basis of the resolution passed by the general meeting on June 4, 2014, on September 1, 2014 the Board of Management approved the 2014 Stock Option Plan – with a volume of up to 150,000 no-par value shares – as did the Supervisory Board of CEWE Stiftung & Co. KGaA on September 10, 2014 and the Board of Trustees of the managing partner Neumüller CEWE COLOR Stiftung on September 11, 2014. In the purchase period from November 20 to December 5, 2014, the other executives of the CEWE Group purchased a total of 102,150 of the options offered and the Board of Management and the management of Neumüller CEWE COLOR Stiftung a total of 10,800, which represents 9.6 % of the 112,950 total options granted.

The terms specified in the resolution passed by the general meeting held on June 4, 2014 have been complied with.

Structure of the 2014 Stock Option Plan

These options were offered at the highest level of the Group's management, in Germany and other countries, at a premium of 0.50 euros per option. Upon expiry of the waiting period, the options may only be exercised if the closing auction prices of the CEWE share in Deutsche Börse AG's Xetra trading system have reached at least 120 % of the underlying price on ten consecutive stock exchange trading days.

Exercise prices and exercise periods

The 2014 Stock Option Plan has a term of five years and began on January 1, 2015; it will thus end upon expiry of December 31, 2019 at the latest. The four-year waiting period will end upon expiry of December 31, 2018. An underlying price of 53.00 euros has been specified; the exercise price as a performance target is thus 63.60 euros (120 % of the underlying price).

Exercise periods

Upon expiry of the waiting period and achievement of the performance target, the options may only be exercised and shares resulting from the option deal may only be subsequently sold within six four-week exercise periods. These exercise periods will begin as of publication of the earnings for the past financial year, as of the balance sheet press conference, as of the annual general meeting and as of the date of publication of the quarterly figures. The CEWE Group's compliance officer monitors compliance with these time limits.

2015 Stock Option Plan

On the basis of the resolution passed by the general meeting on June 3, 2015, on July 27, 2015 the Board of Management approved the 2015 Stock Option Plan – with a volume of up to 150,000 no-par value shares – as did the Supervisory Board of CEWE Stiftung & Co. KGaA on September 9, 2015 and the Board of Trustees of the managing partner Neumüller CEWE COLOR Stiftung on September 8, 2015. In the purchase period from September 22 to October 23, 2015, the other executives of the CEWE Group purchased a total of 92,920 of the options offered and the Board of Management and the management of Neumüller CEWE COLOR Stiftung a total of 10,800, which represents 10.4 % of the 103,720 total options granted.

The terms specified in the resolution passed by the general meeting held on June 3, 2015 have been complied with.

Structure of the 2015 Stock Option Plan

These options were offered at the highest level of the Group's management, in Germany and other countries, at a premium of 0.50 euros per option. Upon expiry of the waiting period, the options may only be exercised if the closing auction prices of the CEWE share in Deutsche Börse AG's Xetra trading system have reached at least 120 % of the underlying price on ten consecutive stock exchange trading days.

Exercise prices and exercise periods

The 2015 Stock Option Plan has a term of five years and began on January 1, 2016; it will thus end upon expiry of December 31, 2020 at the latest. The four-year waiting period will end upon expiry of December 31, 2019. An underlying price of 52.00 euros has been specified; the exercise price as a performance target is thus 62.40 euros (120 % of the underlying price).

Exercise periods

Upon expiry of the waiting period and achievement of the performance target, the options may only be exercised and shares resulting from the option deal may only be subsequently sold within six four-week exercise periods. These exercise periods will begin as of publication of the earnings for the past financial year, as of the balance sheet press conference, as of the annual general meeting and as of the date of publication of the quarterly figures. The CEWE Group's compliance officer monitors compliance with these time limits.

Total volume of stock option plans

Options have been awarded as follows within the scope of the stock option plans:

		Fair value EUR/ option	Options awarded	Start of waiting period	End of waiting period	Accrued personnel expenses 2014	Accrued personnel expenses 2015	Accrued personnel expenses 2016
SOP 2015	Board of Management*	9.16	10,800	January 1, 2016	December 31, 2019			
	Other execu- tives**	9.14	92,920					
	Total		103,720			0	0	237,060
SOP 2014	Board of Management*	7.10	10,800	January 1, 2015	December 31, 2018			
	Other execu- tives**	7.09	102,150					
	Total		112,950			0	199,656	199,656
SOP 2010	Board of Management*	6.39	59,000	June 1, 2010	May 31, 2014			
	Other execu- tives**	6.83	133,500					
	Total		192,500			105,915	0	0
						105,915	199,656	436,716

* Board of Management of Neumüller CEWE COLOR Stiftung

** Including managing directors of subsidiaries

Supervisory Board members or members of other executive bodies tasked with the company's supervision were awarded stock options as of the issue dates as follows:

Stock Option Plans	Number of stock options units
2015	1,350
2014	1,350
2010	0

The number and the weighted average of the exercise prices for all of the stock option plans were as follows:

Stock Option Plans	Number of options in 2015 <i>Figures in thousands of euros</i>	Weighted average exercise price in 2015
Outstanding as of January 1	132,750	49.11
Expired over the course of the year	—	—
Exercised over the course of the year	19,800	27.00
Confirmed over the course of the year	103,720	52.00
Outstanding as of December 31	216,670	52.52
Exercisable as of December 31	—	—

54 | Capital reserve

This shows the premium which resulted from the issuance of the 600,002 bearer shares (following the 1:10 share split implemented in 1999 for 6,000,020 bearer shares) in excess of the nominal value of the shares (29,175 thousand euros), the amount allocated from the capital reduction (1,560 thousand euros), the allocation within the scope of the conversion of the atypical silent partner shares (27,868 thousand euros) which were reduced by 2,375 thousand euros through the final statement for this conversion during the financial year 2007, the premium which resulted from the exercise of the share purchase right of CEWE Stiftung & Co. KGaA (415 thousand euros) and the profit from the sale of treasury shares (12,689 thousand euros). Please see the consolidated statement of changes in equity for further details.

55 | Treasury shares at acquisition cost

Treasury shares	Total	Sale	Total	Sale	Total	Sale	Total
	Effective date Dec. 31, 2012	Apr. 10, 2013 to Jun. 18, 2013	Effective date Dec. 31, 2013	Apr. 9, 2014 to Dec. 3, 2014	Effective date Dec. 31, 2014	Jan. 1, 2015 to Dec. 31, 2015	Effective date Dec. 31, 2015
Buyback period							
Number of treasury shares held	835,215	-16,796	818,419	-536,719	281,700	-37,702	243,998
Interest in share capital on reporting date <i>in thousands of euros</i>	2,172	-44	2,128	-1,396	732	-97	635
Interest in share capital on reporting date <i>as %</i>	11.32 %	-0.23 %	11.09 %	-7.26 %	3.81 %	-0.50 %	3.30 %
Average purchase price per share <i>in euros</i>	28.68	32.60	28.58	27.72	30.21	28.05	30.55
Total value of shares bought back <i>in thousands of euros</i>	23,939	-548	23,391	-14,880	8,511	-1,057	7,454

Treasury shares are shown in a separate line within equity as a "contra equity position". They are measured at their original acquisition costs and incidental acquisition costs and thus reduce the company's equity (cost method).

On the basis of the authorisation resolution passed by the general meeting on May 28, 2008, CEWE KGaA launched a share buyback programme on June 16, 2008.

The authorisation to purchase treasury shares was renewed by the resolution passed by the general meeting on June 4, 2014 and is now valid until June 3, 2017. The authorisation to purchase treasury shares which was resolved by the general meeting on June 2, 2010 expired once this new authorisation became effective.

In the financial year 2011, within the scope of the company's employee shares programme a total of 10,890 no-par value shares were sold to employees and a further 248,787 no-par value shares were bought back in the period to October 28, 2011, pursuant to the general meeting's authorisation resolution of June 2, 2010. This means that the company gained a total of 237,897 new treasury shares in 2011.

In the financial year 2012, a total of 15,489 no-par value shares were sold to employees as part of the company's employee shares programme. The necessary shares were provided out of the portfolio of CEWE KGaA.

In the financial year 2013, a total of 16,796 no-par value shares were sold to employees as part of the company's employee shares programme. The necessary shares were provided out of the portfolio of CEWE KGaA.

In the financial year 2014, a total of 10,654 no-par value shares were sold to employees as part of the company's employee programme. The necessary shares were provided out of the portfolio of CEWE KGaA. A total of 26,065 treasury shares were required in 2014 to exercise the Stock Option Plan.

Moreover, in 2015 the Board of Management resolved to offer the employees of the German subsidiaries of CEWE KGaA shares in the company at a reduced price, as staff shares. A total of 11,087 shares were required for this purpose. The necessary shares were provided out of the portfolio of CEWE KGaA. A total of 3,800 treasury shares were required in 2015 to exercise the Stock Option Plan (cf. D53/D55).

CEWE KGaA's key portfolio of treasury shares under German company law as of December 31, 2015 amounted to 131,246 shares (previous year: 168,948 shares). The 112,752 shares held by CEWE COLOR Versorgungskasse e. V., Wiesbaden, are not considered treasury shares under German company law. In accordance with IAS 19, they must be included in the consolidated financial statements. The deduction for treasury shares under IAS 32 thus comprises 243,998 no-par value shares – at a total value of 7,454 thousand euros (previous year: 8,511 thousand euros).

CEWE's treasury shares developed as follows:

Development of treasury shares in units	CEWE Stiftung & Co. KGaA		CEWE COLOR Versorgungskasse e. V.		CEWE Group	
	2015	2014	2015	2014	2015	2014
As of Jan. 1	168,948	705,667	112,752	112,752	281,700	818,419
Sales of treasury shares	-37,702	-536,719	—	—	-37,702	-536,719
As of Dec. 31	131,246	168,948	112,752	112,752	243,998	281,700

56 | Retained earnings and unappropriated profits

Unappropriated profits correspond to the item "Generated Group equity" and comprise the respective earnings after taxes net of the dividend paid for 2014. The unappropriated profits of CEWE KGaA under commercial law are key for distribution purposes. As of December 31, 2015, following the allocation to the retained earnings under § 58 (2) of the German Stock Corporation Act (Aktiengesetz, AktG) the unappropriated profits of CEWE KGaA amount to 23,442 thousand euros (previous year: 20,866 thousand euros). Payout freezes apply for the company's treasury shares (2015: 131,246 no-par value shares; previous year: 168,948 no-par value shares). In 2015, dividends were paid for a total amount of 11,067 thousand euros (previous year: 10,646 thousand euros). This corresponds to a distribution of 1.55 euros (previous year: 1.50 euros) per no-par value share conferring a dividend entitlement.

For the components of other retained earnings, please see the consolidated statement of changes in equity. The item for the stock option plans includes the current additions to the stock option plans as well as the effects of the exercise of stock option plans. The compensating item from currency translation relates to all of the foreign-currency differences resulting from translation of the financial statements of the Group's foreign enterprises. In the past financial year and in the previous year, income taxes not affecting net income exclusively related to the currency differences recognised without affecting net income that resulted from non-current loans between Group companies – which are included in the compensating item from currency translation – and also deferred taxes in relation to the actuarial result.

Retained earnings and unappropriated profits <i>Figures in thousands of euros</i>	Published consolidated financial statements	Total change	Restated consolidated financial statements
As of Jan. 1, 2014	90,327	-64	90,263
As of Dec. 31, 2014	93,592	-5	93,587

The cumulative effects of the change of method and the finalisation of the purchase price allocation for the retained earnings and unappropriated profits amount to 5 thousand euros as of December 31, 2014 (cf. A2).

57 | Non-current accruals for pensions

Non-current pension accruals	<i>Figures in thousands of euros</i>	Development in the financial year 2015	Development in the financial year 2014
As of Jan. 1		21,941	17,917
Use		-618	-611
Allocations		1,640	4,658
Reversals		-23	-23
As of Dec. 31		22,940	21,941

CEWE has various types of company pension scheme commitments to its current and former employees and to their surviving dependents in Germany, the Netherlands and France. The company's pension scheme is based on a defined benefit system and also, to a marginal extent, on a defined contribution system. Employees are also able to participate in schemes for the conversion of salary entitlements into pension entitlements. Accruals are measured on the basis of the projected unit credit method.

In the case of the defined benefits scheme, the company or an external pension provider grants the beneficiaries a defined benefit commitment; unlike in the case of defined contributions, the expenses incurred by the company are not determined in advance. In Germany, the company's commitments to the Board of Management are structured as final salary plans; in addition, several executives have been granted fixed benefit commitments. In France, capital commitments in accordance with the employee's period of service are granted which are covered by reinsurance policies. Expenses for these commitments are apportioned across the service period of the employees, on the basis of actuarial calculations, and must be broken down into the current service cost and interest expense (the balance of interest on the obligation and income from the cover funds) in accordance with IAS 19 rev. 2011. On the respective balance sheet date (December 31 of each year), the interest rate is determined on the basis of current capital market data as well as assumptions regarding long-term trends, in accordance with the principle of the best possible estimate. CEWE has several defined-benefit plans. As a rule, it has provided aggregated details for these plans, since there are no significant deviations in terms of their respective risk exposure. Through its plans in Germany and France, the Group is generally exposed to the following actuarial risks: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk: The present value of the defined-benefit obligation under the plan is calculated by means of a discount rate which is determined on the basis of the yields provided by high-quality, fixed-interest corporate bonds. If the income from the plan assets is less than this interest rate, this will result in shortage of cover for the plan.

Interest rate risk: A decrease in the discount rate will result in an increase in the Group's liability under the plan.

Longevity risk: The present value of the defined benefit obligation under the plan is determined on the basis of the best possible estimate of the probability of death of the beneficiary employees, both during the employment relationship and thereafter. An increase in the life expectancy of beneficiary employees will result in an increase in the liability under the plan.

Salary risk: The present value of the defined benefit obligation under the plan is determined on the basis of the future salaries of beneficiary employees. An increase in the salaries of beneficiary employees will thus result in an increase in the liability under the plan.

No other benefits for these employees are envisaged upon termination of their employment relationships.

In Germany, the company does not have any plan assets within the meaning of IAS 19 rev. 2011 to cover these benefits. In France, the realisable pension benefit is partly covered through reinsurance policies (the risks in terms of assets and liabilities are thus directly linked).

On the other hand, in case of defined contributions firmly defined contributions (e. g. in relation to the applicable level of income) are confirmed and paid. The employer does not have any other constructive obligation beyond payment of the contributions. In case of defined contributions, it is not necessary to establish accruals in the balance sheet. Only the contribution payable by the company is shown in the profit and loss account as expense.

The key parameters for defined-benefit pensions are presented below.

Development of obligations	<i>Figures in thousands of euros</i>	
	2015	2014
Present value of vested pension entitlements at start of financial year	22,183	18,158
Current service cost	1,283	1,183
Interest expense	456	550
Actuarial profits (-)/ losses (+)	345	2,903
Payment of benefits	-618	-611
Past service cost	-451	0
Present value of vested pension entitlements at end of financial year	23,198	22,183
of which directly confirmed (excl. plan assets)	21,816	20,852
of which funded with plan assets	1,382	1,331

In France, for its pension obligations the company has earmarked assets in the form of reinsurance policies.

In summary, these assets developed as follows:

Development of plan assets	<i>Figures in thousands of euros</i>	
	2015	2014
Fair value of plan assets at start of financial year	242	241
Expected income from plan assets	5	7
Actuarial profits (+)	3	2
Employer's contributions	23	23
Payment of benefits	-15	-31
Fair value of plan assets at end of financial year	258	242

Overall, the Group's financing status is as follows:

Financing status	<i>Figures in thousands of euros</i>	
	2015	2014
Present value of vested pension entitlements at end of financial year	23,198	22,183
Fair value of plan assets at end of financial year	-258	-242
Balance sheet value at end of financial year	22,940	21,941
Restatement of present value of vested pension entitlements (DBO) on basis of past experience	116	320
Restatement of fair value of plan assets on basis of past experience	-3	-2

The total expenses recognised in the profit and loss account for defined-benefit pension plans (expenses less income) are as follows:

Net pension expense	<i>Figures in thousands of euros</i>	
	2015	2014
Current service cost	1,283	1,183
Interest expense	456	550
Expected income from plan assets	-5	-7
Past service cost	-451	0
Total	1,283	1,726

In the financial year 2015, actuarial losses in the amount of 345 thousand euros resulted (previous year: actuarial losses in the amount of 2,903 thousand euros), which have been apportioned to other comprehensive income. The assumptions for actuarial measurement of the present value of the vested pension entitlements and the net pension expenses reflect circumstances in the country in which the pension plan has been established.

The calculations are based on current, actuarially determined biometric probabilities. Assumptions regarding future fluctuations on the basis of age and years of service are also included, as are probabilities within the Group of employees reaching retirement and salary and pension trends.

The following weighted measurement assumptions have resulted in relation to the present value of the vested pension entitlements:

Weighted assumptions for calculation of the present value of vested pension entitlements	<i>Figures as %</i>	Dec. 31, 2015	Dec. 31, 2014
Interest rate		2.00	2.10
Salary trend/development of vested rights		2.50	2.50
Pension trend		2.00	2.00
Fluctuation		1.50	1.50

The valid probabilities within the respective countries have been assumed as the level of biometric probability. The date of the earliest possible receipt of benefits has been assumed as the date of retirement.

The plan assets for the Group's French obligations consist of reinsurance contracts. The Group's investment strategy and the probable level of income thus reflect the stipulations in these contracts as well as statutory provisions. In 2016, contributions to the French plan are expected to amount to 23 thousand euros. The actual income from the plan assets totalled 7 thousand euros (previous year: 7 thousand euros).

Present value of obligations and fair value of plan assets	<i>Figures in thousands of euros</i>	2015	2014	2013	2012
Present value of obligations		23,198	22,183	18,158	17,583
Fair value of plan assets*		258	242	241	221
Shortfall		22,940	21,941	17,917	17,362

* Excl. the financial instruments of CEWE COLOR Versorgungskasse e. V., Wiesbaden

Restatements made on basis of past experience	<i>Figures in thousands of euros</i>	2015	2014	2013	2012
Plan liabilities		116	320	-60	-46
Plan assets		-3	-2	-2	1

Sensitivity analysis

Assuming that the other assumptions remain constant, changes in one of the key actuarial assumptions of which there was a reasonable possibility as of the reporting date would have influenced the defined benefit obligation in terms of the following amounts.

The following tables provide information on the levels of sensitivity regarding the key measurement parameters (effects on the scope of the commitment) and the expected pension benefits over the next ten financial years.

Sensitivity analysis	<i>Figures as %</i>	Changes	Increase	Decrease
Discount rate		1.0	-12.8	+16.1
Future salary increases		0.5	+0.9	-0.9
Future pension increases		0.5	+6.3	-3.7

Over the next ten financial years, the following payments of pension benefits are expected:

Payment of pension benefits	<i>in thousands of euros</i>	Amount
2016		664
2017		999
2018		1,016
2019		1,099
2020		1,121
2021-2025		5,693

In the financial year 2015, the company incurred expenses for defined contributions in the amount of 2,894 thousand euros (previous year: 1,970 thousand euros). Contributions were paid to statutory or government defined contribution plans in the amount of 8,752 thousand euros (previous year: 8,558 thousand euros). CEWE does not have any legal or constructive obligation for payment of these future benefits.

A similar volume of expenses is expected in 2016.

58 | Non-current deferred tax liabilities

Non-current deferred tax liabilities	<i>Figures in thousands of euros</i>	Development in the financial year 2015	Development in the financial year 2014
As of Jan. 1		2,796	3,280
Currency translation adjustments		1	0
Use		-667	-768
Allocations		21	284
Reversals		-63	0
As of Dec. 31		2,088	2,796

The changes in deferred taxes mainly relate to the change in temporary differences. Deferred taxes have largely been deferred for periods of between one and five years.

59 | Non-current other accruals

Non-current other accruals in 2015	Liabilities in relation to employees	Provisions for contingent losses	Total
<i>Figures in thousands of euros</i>			
As of Jan. 1	—	242	242
Allocations	—	5	5
Transfers	—	-26	-26
Reversals	—	-47	-47
As of Dec. 31	—	174	174

Non-current other accruals in 2014	Liabilities in relation to employees	Provisions for contingent losses	Total
<i>Figures in thousands of euros</i>			
As of Jan. 1	35	315	350
Allocations	—	2	2
Transfers	-35	25	-10
Reversals	—	-100	-100
As of Dec. 31	—	242	242

Non-current obligations in relation to employees almost exclusively relate to benefits under the company's old-age part-time working scheme in Germany. The provisions for contingent losses item comprises contingent losses and has been established for long-term tenancy agreements for the laboratory which was closed in Hamburg in 2002. These provisions for contingent losses relate to the risk of losses from subletting, on the basis of the best possible assessment of the local commercial real estate market. The present value of these obligations is determined by means of discounting (current year: 2.16 %; previous year: 3.07 %). Accumulation and adjustment of the interest rate have resulted in a negative interest rate effect of 7 thousand euros (previous year: 11 thousand euros). Transfers comprise reclassifications to the current segment.

60 | Non-current interest-bearing financial liabilities

The credit facilities negotiated in the financial year 2013 were agreed with a total of seven private banks and publicly owned banks. The loans taken up have a term of between one and four years (previous year: between one and five years). At the end of the year, the total credit line of the CEWE Group amounted to 116.2 million euros (previous year: 117.7 million euros). After deducting the total loan volume drawn down (6.7 million euros, previous year: 4.2 million euros) and allowing for the company's existing liquidity (21.7 million euros, previous year: 27.7 million euros), its liquidity potential totalled 131.2 million euros (previous year: 141.2 million euros). As well as drawn-down fixed rate loans (3.2 million euros, previous year: 4.2 million euros), the company has long-term revolving credit lines which have been granted for up to five years as well as continuously renewed one-year lines whose overall purpose is financing of the company's liquidity requirements, which fluctuate strongly over the course of a given year due to seasonal factors. In principle, no restrictions apply in relation to the use of credit lines. Insofar as they are used for financing of corporate acquisitions, the participating credit institutions must be notified if a total volume of 35 million euros is exceeded. This ensures that CEWE is likely to be able to fulfil its payment obligations.

All long-term credit commitments are subject to normal bank covenant agreements for an adjusted equity ratio of 22.5 % and net debt leverage of 3.0, in each case calculated as of the end of the financial year. No significant collateral was provided. The interest terms for current account loans are based on EONIA as the base interest rate plus a normal margin in Germany; the interest terms for almost all of the other financing arrangements are based on the 1- to 3-month EURIBOR as the base interest rate plus a normal margin in Germany. For further details, please see the comments on current interest-bearing financial liabilities (item D65) and the comments in the management report (page 90 f.).

61 | Non-current financial liabilities

Non-current financial liabilities relate to the deposit provided as part of the purchase price for Saxoprint GmbH.

62 | Non-current other liabilities

Non-current other liabilities mainly comprise special items with a reserve element.

63 | Current tax liabilities

This position includes provision for income tax obligations as well as obligations for other taxes. This item developed as follows:

Current tax liabilities 2015	Income taxes
<i>Figures in thousands of euros</i>	
As of Jan. 1	4,451
Currency translation adjustments	26
Use	-2,961
Allocations	5,595
As of Dec. 31	7,111

Current tax liabilities 2014	Income taxes
<i>Figures in thousands of euros</i>	
As of Jan. 1	4,180
Currency translation adjustments	2
Use	-1,866
Allocations	2,640
Reversals	-505
As of Dec. 31	4,451

64 | Current other accruals

Provision for pension liabilities in relation to employees includes, in particular, obligations under vested rights within the scope of the old-age part-time working scheme and additional other accruals relating to current legal disputes and other obligations. The transfers comprise reclassifications from the non-current segment. Provisions for contingent losses comprise, in particular, the current portion of the accrual for the sublease outlined in section D59 and also contingent losses resulting from the interest rate swap.

Current other accruals in 2015 <i>Figures in thousands of euros</i>	Supervisory Board remuneration	Tax returns	Archiving costs	Auditing of annual financial statements incl. internal expenses for annual financial statements	Provisions for contingent losses	Demography agreement	Expenses for members of the Board of Trustees	Legal expenses	Liabilities in relation to employees	Guarantee and ex gratia payments	Restructuring	Additional other liabilities	Total
Balance as of Jan. 1, after restatements	395	332	325	319	264	245	219	210	64	5	—	920	3,298
Changes to the scope of consolidation	—	—	—	—	—	—	—	—	—	—	—	8	8
Currency translation adjustments	—	—	—	7	—	—	—	—	—	—	—	9	16
Use	-365	-70	—	-296	-35	-245	-202	-205	-64	-5	—	-633	-2,120
Allocations	415	35	7	382	—	245	231	15	—	344	—	609	2,283
Transfers	—	—	—	—	-62	—	—	—	—	—	—	—	-62
Reversals	-30	-245	—	-17	—	—	-17	—	—	—	—	-176	-485
As of Dec. 31	415	52	332	395	167	245	231	20	—	344	—	737	2,938

Current other accruals in 2014 <i>Figures in thousands of euros</i>	Supervisory Board remuneration	Tax returns	Archiving costs	Auditing of annual financial statements incl. internal expenses for annual financial statements	Provisions for contingent losses	Demography agreement	Expenses for members of the Board of Trustees	Legal expenses	Liabilities in relation to employees	Guarantee and ex gratia payments	Restructuring	Additional other liabilities	Total
Balance as of Jan. 1, after restatements	254	322	281	331	276	—	212	398	131	7	1,181	803	4,196
Changes to the scope of consolidation	—	—	—	—	—	—	—	—	—	—	—	—	—
Currency translation adjustments	—	—	—	3	—	—	—	—	—	—	—	-2	1
Use	-231	-58	-1	-285	—	—	-206	-12	-102	-5	-1,181	-663	-2,744
Allocations	395	78	45	318	13	245	219	170	—	5	—	806	2,294
Transfers	—	—	—	—	-25	—	—	-32	35	—	—	—	-22
Reversals	-23	-10	—	-48	—	—	-6	-314	—	-2	—	-24	-427
As of Dec. 31	395	332	325	319	264	245	219	210	64	5	—	920	3,298

65 | Current interest-bearing financial liabilities

Current interest-bearing financial liabilities	<i>Figures in thousands of euros</i>	As of Dec. 31, 2015	As of Dec. 31, 2014
Loans from banks		1,468	1,560
Bank current accounts		3,439	—
Total		4,907	1,560

66 | Current trade payables

Trade payables amount to 90,882 thousand euros (previous year: 96,100 thousand euros).

67 | Current financial liabilities

Current financial liabilities include, in particular, the settlement under the earn-out clause resulting from the acquisition of the Saxoprint Group. For further details, please see the comments on other current accruals.

Current financial liabilities	<i>Figures in thousands of euros</i>	Dec. 31, 2015	Dec. 31, 2014
Earn-out component		342	3,607
Liabilities from accrued interest expenses		4	4
Total		346	3,611

68 | Current other liabilities

Current other liabilities	<i>Figures in thousands of euros</i>	Dec. 31, 2015	Dec. 31, 2014
Liabilities for wages and salaries		16,070	14,631*
Tax liabilities		15,546	11,311
Social security liabilities		2,240	1,612
Deferred liabilities		38	108
Other liabilities		804	1,501
Total		34,698	29,163

*The reference figures have been restated (cf. comments in section A).

Please refer to the following table for information on the effects of the presentational change:

Current other liabilities	Published consolidated finan- cial statements	Change of method	Restated consolidated finan- cial statements
<i>Figures in thousands of euros</i>			
As of Jan. 1, 2014	22,619	64	22,683
As of Dec. 31, 2014	29,121	42	29,163

69 | Financial risk management

The Group is exposed to financial risks within the scope of its operating activities. In particular, these risks comprise liquidity, currency, interest rate and credit risks. The Group's management manages and limits these risks. They are monitored by means of the Group-wide risk management system.

Liquidity risk is the risk of the Group being unable to fulfil its financial obligations. This risk is dealt with by means of liquidity planning and cash management, through continuous monitoring and management of cash inflows and outflows. The main sources of liquidity are operating business and external financing. Cash outflows are mainly used for financing of working capital and investments.

As of December 31, 2015, the CEWE Group had the following lines of credit:

Lines of credit in 2015	Figures in millions of euros	Germany		Other countries	Total as of Dec. 31
Remaining term of up to 1 year		41.50		0.00	41.50
Remaining term of more than 1 year		74.70		0.00	74.70
Total		116.20		0.00	116.20

Lines of credit in 2014	Figures in millions of euros	Germany		Other countries	Total as of Dec. 31
Remaining term of up to 1 year		40.70		0.00	40.70
Remaining term of more than 1 year		77.00		0.00	77.00
Total		117.70		0.00	117.70

Of these credit lines, as of the reporting date 109.5 million euros (previous year: 113.5 million euros) have not been drawn down. As well as cash and cash equivalents in the amount of 21.68 million euros (previous year: 27.67 million euros), this amount is available for coverage of future liquidity requirements.

An overview of the maturities of the undiscounted cash flows for the Group's financial liabilities and its liabilities resulting from derivative financial instruments – including the related interest payments – shows the expected cash outflows as of the balance sheet date December 31, 2015:

Cash flows from financial liabilities in 2015	Dec. 31, 2015 Book value	Up to 1 year	More than 1 year, up to 5 years	Total
Amounts owed to credit institutions	6,674	5,020	1,937	6,957
Trade payables	90,882	90,882	0	90,882
Other financial instruments	33,773	17,786	-88	17,698
Total	131,329	113,688	1,849	115,537

Cash flows from financial liabilities in 2014	Dec. 31, 2014 Book value	Up to 1 year	More than 1 year, up to 5 years	Total
Amounts owed to credit institutions	4,215	1,600	2,942	4,542
Trade payables	96,100	96,100	0	96,100
Other financial instruments*	27,683	27,560	123	27,683
Total	127,998	125,260	3,065	128,325

* Previous-year figures have been restated (correction acc. IAS 8)

Due to the international orientation of the CEWE Group, cash flows arise in various currencies. Currency risks result from turnover billed in a currency other than that of the related costs, the foreign-currency assets and liabilities shown in the balance sheet whose fair value may be negatively influenced by a change in exchange rates and from pending foreign-currency transactions whose future cash flows may have a negative effect due to exchange rate changes. The risk management system continuously monitors the risk positions resulting from currency risks. To limit these risks, outside the scope of deliveries and services where possible the Group reduces the volume of euro-denominated transactions for companies in non-Eurozone countries. Following a detailed review process, the company enters into hedging transactions with its house banks on a case-by-case basis for regular transactions outside the Eurozone.

The key market risk in the foreign currency segment relates to currency positions which were open as of the reporting date. The Group's British and Czech companies have significant foreign-currency items. For the purpose of the sensitivity analysis, the corresponding foreign-currency items are measured at hypothetical exchange rates. If these two foreign currencies were to depreciate against the euro by 20 %, the following opportunities (positive values) or risks (negative values) would result:

Currency sensitivity	<i>Figures in thousands of euros</i>	2015	2014
Financial assets		-1,698	-2,263
Financial liabilities		2,547	2,015

If these two foreign currencies were to appreciate against the euro by 20 %, the following opportunities (positive values) or risks (negative values) would result:

Currency sensitivity	<i>Figures in thousands of euros</i>	2015	2014
Financial assets		1,320	4,202
Financial liabilities		-1,979	-3,742

The CEWE Group does not have any particularly significant exposure to interest rate risks in relation to third parties. Interest rate-sensitive assets comprise loans to customers and employees as well as current balances held by credit institutions. Interest rate-sensitive financial liabilities comprise non-current amounts owed to credit institutions. No significant risk positions have resulted on account of the current interest rate trend. The goal of CEWE's interest rate hedging strategy is the regular conclusion of new medium- to long-term credit agreements with fixed interest rates. If the interest rates for variable-interest rate financial assets and financial liabilities were in each case to fall by 10 %, the following opportunities (positive values) or risks (negative values) would result:

Interest rate sensitivity	<i>Figures in thousands of euros</i>	2015	2014
Interest income		-39.7	-17
Interest expense		11	1

If the interest rates for variable interest-rate financial assets and financial liabilities were in each case to increase by 10 %, the following opportunities (positive values) or risks (negative values) would result:

Interest rate sensitivity	<i>Figures in thousands of euros</i>	2015	2014
Interest income		39.7	17
Interest expense		-11	-1

The Group entered into the following hedging transactions:

	Figures in thousands of euros	Nominal volume		Remaining term > 1 year		Fair value	
		Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014
Derivatives transactions							
Interest rate swap		3,225	3,225	1,845	2,305	-88	-123

In the past year, the Group did not use any derivatives to hedge exchange rate risks. The nominal volume permits inferences regarding the level of use of derivatives but does not reflect the Group's risk exposure resulting from its use of derivatives. Interest rate and exchange rate risks for derivatives have been measured on the basis of the value-at-risk method, in line with the international bank standard. The maximum loss potential which may result from a change in market prices is calculated on the basis of historical fluctuations in value, with a confidence level of 99 % and a holding period of one day. Due to the lack of hedging relationships, derivatives have been measured at fair value in profit or loss, in accordance with the requirements of IFRS 13. The fair value of the interest rate swaps is shown in the table. According to the measurement model indicated in IFRS 13, as before the interest rate swaps are assignable to hierarchy level 2, i. e. no quoted prices are used for measurement purposes, but rather measurement parameters which are either directly observable for the respective liabilities or can be indirectly derived from other prices. Financial instruments are initially measured at cost. The Group does not have any financial assets available for sale. Financial liabilities measured at fair value in profit and loss comprise derivative financial instruments. In the financial year 2015, financial assets measured at amortised cost resulted

in net income/losses of 1,079 thousand euros (previous year: -860 thousand euros). Net income/losses resulting from the financial instruments held comprise, in particular, valuation adjustments, income from written-down receivables and the results of the fair value measurement. Dividend income and interest are not included. Net income/losses resulting from financial liabilities measured at amortised cost amount to 721 thousand euros in the financial year 2015 (previous year: 1,418 thousand euros).

The hedging transactions for the current period and for the prior period were not used for hedging of the acquisition costs or another book value for non-financial assets or non-financial liabilities. Derivative transactions will result in liquidity outflows in the amount of 36 thousand euros (previous year: 47 thousand euros) within a period of one year and outflows of 49 thousand euros (previous year: 86 thousand euros) within a period of two to four years. Interest income associated with financial instruments not measured in profit and loss at fair value amounts to 398 thousand euros (previous year: 234 thousand euros), while corresponding interest expenses amount to 721 thousand euros (previous year: 1,418 thousand euros). Impairment of financial instruments measured at amortised cost amounted to 690 thousand euros in the past financial year (previous year: 829 thousand euros); this was recognised due to depreciation of receivables.

The reconciliation of the balance sheet items with these types of financial instruments as of December 31, 2015 is as follows:

	Measured at amortised cost		Measured at fair value			Non-financial assets/liabilities	Book value in the balance sheet
	Figures in thousands of euros	Book value	For information purposes: fair value	On basis of publicly quoted market prices (Level 1)	On basis of observable market data (Level 2)	On basis of individual non-observable input parameters (Level 3)	
				Book value	Book value	Book value	
Breakdown of financial instruments Dec. 31, 2015							
Non-current assets							
Financial assets		3,953					4,259
Investments held to maturity		3,952	3,952				3,952
Reinsurance policy						306	306
Loans and receivables		1	1				1
Non-current financial assets		1,648					1,648
Loans and receivables		1,648	1,648				1,648
Current assets							
Trade receivables		90,430					90,430
Loans and receivables		90,430	90,430				90,430
Current financial assets		2,494					2,494
Loans and receivables		2,494	2,494				2,494
Cash and cash equivalents		21,679					21,679
Non-current liabilities							
Non-current interest-bearing financial liabilities		1,767					1,767
Measured at amortised cost		1,767	1,767				1,767
Current liabilities							
Current interest-bearing financial liabilities		4,907					4,907
Measured at amortised cost		4,907	4,907				4,907
Current trade payables		91,029					91,029
Measured at amortised cost		91,029	91,029				91,029
Current financial liabilities		346					346
Measured at amortised cost		346	346				346
Current other liabilities							34,698
Non-financial liabilities						34,610	34,610
Derivatives excl. hedge accounting		34,698	34,698			88	88

Breakdown of financial instruments Dec. 31, 2014	Figures in thousands of euros	Measured at amortised cost		Measured at fair value			Non-financial assets/liabilities	
		Book value	For information purposes: fair value	On basis of publicly quoted market prices (level 1)	On basis of observable market data (level 2)	On basis of individual non- observable input parameters (level 3)	Book value	Book value in the balance sheet
				Book value	Book value	Book value		
Non-current assets								
Financial assets		2,961						3,250
Investments held to maturity		2,959	2,959					2,959
Reinsurance policy						289		289
Loans and receivables		2	2					2
Non-current financial assets		2,933						2,933
Loans and receivables		2,933	2,933					2,933
Current assets								
Trade receivables		84,269						84,269
Loans and receivables		84,269	84,269					84,269
Current financial assets		3,040						3,040
Loans and receivables		3,040	3,040					3,040
Cash and cash equivalents		27,665						27,665
Non-current liabilities								
Non-current interest-bearing financial liabilities		2,655						2,655
Measured at amortised cost		2,655	2,655					2,655
Current liabilities								
Current interest-bearing financial liabilities		1,560						1,560
Measured at amortised cost		1,560	1,560					1,560
Current trade payables		96,100						96,100
Measured at amortised cost		96,100	96,100					96,100
Current financial liabilities		3,611						3,611
Measured at amortised cost		3,269	3,269					3,269
Measured at fair value						342		342
Current other liabilities*								29,163
Non-financial liabilities							29,040	29,040
Derivatives excl. hedge accounting		29,163	29,163			123		123

* Previous-year figures have been restated

Financial assets not measured in accordance with IAS 39 comprise reinsurance policies. They are recognised at their actuarial present value. The book values of the other financial assets, trade receivables and cash and cash equivalents and the book values of current account liabilities, trade payables and other current financial liabilities each serve as a reasonable approximation of the respective fair values. This is mainly due to the short terms of these instruments. Risk-related valuation adjustments are considered for the calculation of book values. The Group does not have any financial receivables or liabilities held for trading purposes.

CEWE measures fixed-interest and variable-interest receivables with a remaining term of more than one year on the basis of various parameters, e.g. the interest rate and the borrower's credit rating. On the basis of this measurement, any necessary valuation adjustments are included in the calculation of the book value. A fixed-interest agreement applies for current and non-current interest-bearing financial liabilities (with the exception of current account liabilities), so that here too the book value corresponds to the fair value.

Book values are determined by means of normal bank methods.

Credit risk is the risk of a counterparty failing to fulfil its obligations, resulting in a bad debt loss. Within the scope of the Group's receivables management system, as a component of its risk management system, receivables at the level of the individual companies are subject to comprehensive monthly analysis and are notified to the Group's central management, at the level of its headquarters, as part of its del credere reporting. Loan security agreements are concluded for medium-size and major customers. If the Group does not have any insurance cover or if a deductible is applicable, individual valuation adjustments are recognised on receivables in case of objective indications that it is overwhelmingly probable that this receivable is uncollectable, either in whole or in part. The general default risk is dealt with by means of individual valuation adjustments on the basis of past experience. On December 31, 2015, the maximum credit risk resulting from debtors' potential insolvency in relation to loans and receivables amounted to 94,572 thousand euros (previous year: 90,242 thousand euros) and has the following makeup:

Credit risk	<i>Figures in thousands of euros</i>	Dec. 31, 2015	Dec. 31, 2014
Non-current receivables		1,648	2,933
Trade receivables and other current receivables		92,924	87,309
Total		94,572	90,242

Impaired loans and receivables developed as follows:

<i>Figures in thousands of euros</i>	Dec. 31, 2015	Dec. 31, 2014
Gross value	4,014	4,292
Valuation adjustment	-2,654	-2,898
Total	1,360	1,394

A further amount of 8,633 thousand euros (previous year: 12,051 thousand euros) was already overdue but had not undergone a valuation adjustment. The age structure for the Group's overdue receivables is as follows:

<i>Figures in thousands of euros</i>	2015	2014
Up to 30 days	7,887	10,944
Between 30 and 90 days	591	911
More than 90 days	155	196
Total	8,633	12,051

These items are very closely monitored within the scope of the Group's receivables management system. On the basis of an assessment of the individual risks, partial valuation adjustments in the amounts indicated above are sufficient. Non-impaired financial assets are considered to be recoverable. Default risks are reduced by means of continuous monitoring of customers' credit ratings and payment behaviour, in close coordination with the company's market-oriented departments, and are covered by means of insurance, where

possible. Moreover, in case of irregularities in customer relationships the volume of business is managed on the basis of individual decisions. Impairment of consumer receivables is minimised by means of a professional debt collection management system as well as risk avoidance and information-gathering parameters. These automatic system settings and the additional qualitative information serves as information which is used for calculation of individual valuation allowances.

The key equity items are presented below. Net interest-bearing financial liabilities have resulted from netting of gross interest-bearing financial liabilities against the Group's cash and cash equivalents as of the balance sheet date.

<i>Figures in thousands of euros</i>	Dec. 31, 2015	Dec. 31, 2014
Total assets	355,594	339,670*
Equity	187,227	173,648*
Equity ratio (as %)	52.7 %	51.1 %
Non-current interest-bearing financial liabilities	1,767	2,655
Current interest-bearing financial liabilities	4,907	1,560
Cash and cash equivalents	21,679	27,665
Net interest-bearing financial liabilities	-15,005	-23,450

* Figure for previous year has been restated

The primary goal of the CEWE Group's capital management system is to ensure that the Group remains capable of repaying its debts and maintains its financial resources. As well as safeguarding the long-term liquidity supply, the interest rate risk has been limited and a flexible credit structure has once again been maintained, to cover the seasonal nature of the Group's business performance over the course of the year. Apart from the conclusion of uniform covenant agreements with the Group's participating partner banks, no collateral has been provided. For further information, please see the comments in the risk report on page 110 ff.

As the relevant key indicators, an equity ratio – slightly adjusted for all of the banks – and the ratio of net financial liabilities and the operating result before depreciation (EBITDA), net debt leverage, have been agreed. Both of these key indicators have been specified so as to leave sufficient leeway in case of future fluctuations in business performance which are normal for the industry. CEWE has not overshot or fallen below the specified threshold values either in the year under review or the reference period or during the long-term hypothetical review period. In case of a breach of covenant, the lending banks would be entitled to adjust their prices and may have a right of termination. Compliance with the agreed key indicators is continuously monitored as part of the Group's capital management system.

No capital requirements are prescribed in the corporate articles of CEWE KGaA. In regard to authorised capital and the obligation to sell or issue shares in connection with stock option plans, please see the relevant passages in these notes (D52, D53, D56).

E. Other disclosures

70 | Shareholdings

CEWE's proportionate interests in all of its subsidiaries included in the consolidated financial statements are shown in the following table:

Shareholdings	Shareholding as %	Dec. 31, 2015 Capital	Dec. 31, 2014 Capital
1. Fotocolor GmbH, Eschbach, Freiburg ⁵		0.00	100.00
2. CEWE Beteiligungs GmbH, Oldenburg ¹		100.00	100.00
3. CEWE S.A.S., Paris, France		100.00	100.00
4. CEWE Belgium NV, Mechelen, Belgium ²		100.00	100.00
5. CEWE Nederland B.V., Nunspeet, Netherlands		100.00	100.00
6. CEWE Magyarországi Kft., Budapest, Hungary		100.00	100.00
7. CEWE COLOR a.s., Prague, Czech Republic		100.00	100.00
8. CEWE a.s., Bratislava, Slovak Republic		100.00	100.00
9. CEWE AG, Dübendorf, Switzerland ³		100.00	100.00
10. CEWE Nordic ApS, Skødstrup, Denmark		100.00	100.00
11. Fotojoker Sp. z o.o., Kozle, Poland		100.00	100.00
12. CEWE Sp. z o.o., Kozle, Poland ⁴		100.00	100.00
13. Japan Photo Holding Norge A/S, Oslo, Norway		100.00	100.00
14. CEWE-PRINT NORDIC A/S, Skødstrup, Denmark		100.00	100.00
15. Japan Photo Sverige AB, Gothenburg, Sweden		100.00	100.00
16. CEWE Zagreb d.o.o., Zagreb, Croatia		100.00	100.00
17. CEWE Limited, Warwick, United Kingdom		100.00	100.00
18. Zweite CEWE Beteiligungsgesellschaft AG, Dübendorf, Switzerland ⁶		0.00	100.00
19. Dignet GmbH & Co. KG, Cologne		100.00	100.00
20. Bilder-planet.de GmbH, Cologne ⁷		100.00	100.00
21. Dignet Management GmbH, Cologne		100.00	100.00
22. Wöltje GmbH & Co. KG, Oldenburg		100.00	100.00
23. Wöltje Verwaltungs-GmbH, Oldenburg		100.00	100.00
24. DIRON Wirtschaftsinformatik Beteiligungs-GmbH, Münster		100.00	100.00
25. CEWE COLOR Inc., New Jersey, USA		100.00	100.00
26. cewe-print GmbH, Oldenburg		100.00	100.00
27. Saxoprint GmbH, Dresden		100.00	100.00
28. Saxoprint Ltd., London, United Kingdom		100.00	100.00
29. Saxoprint AG, Zurich, Switzerland		100.00	100.00
30. Saxoprint EURL, Paris, France		100.00	100.00
31. CEWE Print S.r.l., Milan, Italy		100.00	100.00
32. Sell2you GmbH, Dresden		100.00	100.00
33. CEWE Baski Servis ve Ticaret Limited Sirketi, Istanbul, Turkey		100.00	100.00
34. DeinDesign GmbH, Bad Kreuznach		77.02	0.00
35. futalis GmbH, Leipzig		80.00	40.05

71 | Subsidiaries with non-controlling interests

The following table presents the key subsidiaries with non-controlling interests:

	Name and registered office of company	
	DeinDesign GmbH, Bad Kreuznach, Germany	futalis GmbH, Leipzig, Germany
	December 31, 2015 /2015	December 31, 2015 /2015
	<i>Figures in thousands of euros</i>	
Proportionate interest non-controlling interests as %	77.02	80.00
Share of voting rights non-controlling interests as %	77.02	80.00
Accumulated non-controlling interests ⁸	-319	-43
Dividends paid to non-controlling interests	0	0

Summary financial information concerning subsidiaries in which key non-controlling interests are held:

	Name and registered office of company	
	DeinDesign GmbH, Bad Kreuznach, Germany	futalis GmbH, Leipzig, Germany
	December 31, 2015 /2015	December 31, 2015 /2015
	<i>Figures in thousands of euros</i>	
Current assets ⁹	1,511	533
Non-current assets ⁹	638	243
Current liabilities ⁹	1,132	275
Non-current liabilities ⁹	2,408	716
Surplus/(shortfall) ⁹	-1,099	-558
Comprehensive income ⁹	-1,099	-558

¹ Since January 23, 2014, previously: CEWE Beteiligungsgesellschaft mbH

² Since January 1, 2014, previously: CEWE COLOR Belgium NV

³ Since January 29, 2014, previously: CEWE COLOR Fotoservice AG

⁴ Since February 20, 2014, previously: CEWE COLOR Sp. z o.o.

⁵ Merged with CEWE Beteiligungs GmbH on December 23, 2015

⁶ Merged with CEWE AG, Dübendorf, Switzerland, on June 29, 2015

⁷ Not included in the consolidated financial statements.

⁸ IFRS values at the level of the consolidated financial statements of the CEWE Group

⁹ IFRS values

72 | Comments on the cash flow statement

The cash flow statement shows how the Group's cash and cash equivalents have developed during the financial years 2015 and 2014. In accordance with IAS 7, this statement distinguishes between cash flow from operating activities, cash flow from investing activities and cash flow from financing activities. Cash and cash equivalents shown comprise the balance sheet items bank balances with a remaining term of up to three months and cash in hand including fixed deposit balances. This corresponds to the cash and cash equivalents item presented in the balance sheet.

As set out in section 2 "Principles for the preparation of the consolidated financial statements" (A2), the presentational change for the balance sheet has affected the cash flow statement for the year 2014. This has been restated accordingly.

The inflows and outflows resulting from the change in financial liabilities are attributable to repayments, reclassifications due to maturity periods and loans taken up as follows:

Change in financial liabilities in 2015 <i>Figures in thousands of euros</i>	Current interest-bearing financial liabilities	Non-current interest-bearing financial liabilities	Gross financial liabilities
As of Jan. 1	1,560	2,655	4,215
Repayments	-2,856	—	-2,856
Reclassifications	1,296	-1,296	—
Loans taken out	4,907	408	5,315
As of Dec. 31	4,907	1,767	6,674

Change in financial liabilities in 2014 <i>Figures in thousands of euros</i>	Current interest-bearing financial liabilities	Non-current interest-bearing financial liabilities	Gross financial liabilities
As of Jan. 1	26,111	4,212	30,323
Repayments	-26,108	—	-26,108
Reclassifications	1,557	-1,557	—
As of Dec. 31	1,560	2,655	4,215

The Group did not take up any further non-current loans in 2015.

73 | Other financial obligations

The Group did not have any finance lease arrangements within the meaning of IAS 17. Nor does CEWE Stiftung & Co. KGaA, Oldenburg, act as a lessor within the scope of finance leases.

Instead, it has passive leases and tenancies which constitute operating lease arrangements in terms of their economic content, so that the leasing assets are attributable to the lessor rather than CEWE Stiftung & Co. KGaA, Oldenburg. This mainly comprises contracts for the use of production and office space, motor vehicles and also a few agreements for office equipment and IT hardware. The rents paid in the financial year amount to 14,600 thousand euros (previous year: 13,917 thousand euros). These contracts have terms of between one and 32 years. Total future minimum lease expenses incurred as the lessee under non-terminable operating lease agreements are as follows:

Lease payments	<i>Figures in thousands of euros</i>	Dec. 31, 2015	Dec. 31, 2014
Total future minimum lease payments		89,786	88,912
Due within a period of one year		15,276	14,609
Due within a period of between two and five years		53,339	52,258
Due after more than five years		21,171	22,045

Assets leased within the scope of operating leases have a total book value of 5,132 thousand euros (previous year: 4,954 thousand euros). The lease agreements do not include any clauses (e. g. extension, purchase or price adjustment options) which would give rise to an assumption of financial leasing for the lessee. Total future minimum lease income as the lessor under non-terminable operating lease agreements is as follows:

Lease income	<i>Figures in thousands of euros</i>	Dec. 31, 2015	Dec. 31, 2014
Total future minimum lease income		8,628	9,218
Due within a period of one year		1,881	1,782
Due within a period of between two and five years		5,531	6,128
Due after more than five years		1,216	1,308

This involves the leasing of commercial space as well as equipment leased to customers. The rent instalments collected in the financial year amount to 1,831 thousand euros (previous year: 1,694 thousand euros). They are shown under the item "Additional other operating income". Any leasing components in existing contracts are registered and reported within the scope of a systematic contract management system.

74 | Segment reporting by business unit

As of these financial statements, the Group has four business units subject to mandatory reporting. Three of them are the Group's strategic business units. They are the Photofinishing, Commercial Online Printing and Retail business units. The Group's strategic business units offer various products and services and require different technology, investment and marketing strategies. For each strategic business unit, the Group's Board of Management reviews internal management reports at least once every quarter. The "Other" business unit which has been included in this Annual Report for the first time presents the Group's activities which cannot be allocated to other business units. The accounting and measurement methods used for the business units subject to mandatory reporting are those outlined in section B. In principle, as between all of the companies of the CEWE Group sales and revenues generated between the business units are provided at the same prices which would also be agreed with third parties. Administrative services are calculated as cost allocations. The effects on earnings resulting from consolidation have been apportioned to the business unit according to the respective cause; where necessary, they have been allocated on the basis of the best possible estimate.

There are various delivery and service relationships between the companies of the CEWE Group. Financing and funding are provided by means of cash and cash equivalents.

Turnover is divided up between the following geographical regions; turnover realised with external customers has been allocated on the basis of the geographical location of the customer's business activities.

<i>Figures in thousands of euros</i>	2015	2014
Germany	312,438	281,304
Other countries	241,753	242,475

These turnover categories are Photofinishing revenue, Retail revenue and revenue from Commercial Online Printing. A breakdown of these categories is provided in the segment reporting by business unit.

In the past financial year and in the previous year, turnover with one key customer was in excess of 10 %. Revenues generated with this customer are largely attributable to the Photofinishing business unit.

In Germany, turnover by geographical region exceeds 10 % of the Group's turnover.

The breakdown of intangible assets and property, plant and equipment is as follows for the following geographical regions:

<i>Figures in thousands of euros</i>	2015	2014
Germany	105,155	99,400
Other countries	20,645	22,429
Total	125,800	121,829

75 | Other comments

Contingent liabilities resulted from the grant of suretyships and guarantees for third parties, possible litigation risks and other issues and amounted to 1,454 thousand euros (previous year: 1,775 thousand euros). The risk of a claim under these contingent liabilities is seen as either slight or not very probable. The assessment of the respective amounts and the probability of realisation are continuously monitored. The Group does not have any contingent assets.

The following total remuneration has been paid to the active members of the Board of Management which handles management duties and to the Supervisory Board for the performance of their duties:

Remuneration derived	<i>Figures in thousands of euros</i>	2015	2014
Fixed gross remuneration			
Fixed remuneration		1,915	1,915
Side benefits		103	102
Total fixed gross remuneration		2,018	2,017
Variable remuneration			
One-year variable remuneration		613	528
Multiple-year variable remuneration			
Bonus bank		294	210
Stock Option Plan 2010–2015		249	960
Other items			0
Total variable remuneration		1,156	1,698
Benefits upon termination of the employment relationship (service cost for pensions)		1,201	1,197
Other benefits due to the termination of the employment relationship		0	0
Total remuneration paid to Board of Management		4,375	4,912
Remuneration paid to Supervisory Board		555	370
Total remuneration paid to Board of Management and Supervisory Board		4,930	5,282

The table shows the inflow of cash in or for the past financial year and the previous year as a result of fixed remuneration, side benefits and one-year and multiple-year variable remuneration as well as pension expenses. Remuneration resulting from the bonus bank relates to claims which have fallen due, plus the contractually stipulated amount of interest. The remuneration derived from the 2010 Stock Option Plan results from the exercise of options in the form of a cash settlement and has been duly declared for tax purposes. The current service cost has been calculated in accordance with IAS 19; it does not represent an inflow in the narrow sense of the term but has been included to clarify the total remuneration provided.

The remuneration paid to the members of the Supervisory Board for their service on this body is stipulated in the corporate articles and comprises fixed and variable components. This remuneration is exclusively granted on a short-term basis.

Other than the remuneration outlined above, no further remuneration or claims have been granted in the past financial year or the previous year but not yet reported in consolidated financial statements.

Disclosures regarding the remuneration of the individual members of the Board of Management and the Supervisory Board are provided in the report on remuneration, as a component of the consolidated management report (pages 134 ff.).

None of the active or retired members of the Board of Management has derived third-party payments in relation to their service; the same applies for the members of the Supervisory Board. Loans or advance payments have not been granted in any case. Nor has the company entered into any contingent liabilities for the benefit of the members of the Board of Management or the Supervisory Board.

Members of the Supervisory Board have not provided advisory and mediation services or other personal services either in the year under review or in the previous year.

Remuneration was only paid to retired members of the Board of Management in the previous year, 2014, in the amount of 744 thousand euros. Pensions paid to former members of the Board of Management of Neumüller CEWE COLOR Stiftung, as the general manager of CEWE Stiftung & Co. KGaA, and the old CEWE COLOR Holding AG amount to 495 thousand euros (previous year: 491 thousand euros). Pension accruals established for these persons amount to 7,162 thousand euros (previous year: 7,414 thousand euros). CEWE does not have any obligations in relation to this group of persons for which it has failed to establish accruals.

The members of the Board of Management and the Board of Trustees of Neumüller CEWE COLOR Stiftung and the Supervisory Board, the heirs of Senator h. c. Heinz Neumüller, Oldenburg, and the affiliates of the heirs are defined as related parties of the CEWE Group. Close family members and related parties of this group of persons are also related parties of the CEWE Group.

The Group entered into transactions with other related parties in 2015. Key transactions relate to individual commercial tenancies concluded between the Group and affiliates of the heirs of Senator h. c. Heinz Neumüller, Oldenburg. The volume of services purchased amounted to 2,570 thousand euros (previous year: 2,570 thousand euros).

76 | Subsidiaries' use of exemptions

The following subsidiaries fully included in these consolidated financial statements make use of the exemption from the disclosure requirements under § 325 HGB and the exemption from the obligation to prepare a management report and notes in accordance with § 264b HGB:

- Dignet GmbH & Co. KG, Cologne
- Wöltje GmbH & Co. KG, Oldenburg

A profit and loss transfer agreement has been concluded between CEWE Stiftung & Co. KGaA and cewe print GmbH, Oldenburg. cewe print GmbH, Oldenburg, has been fully included in these consolidated financial statements and makes use of the exemption from the disclosure requirements under § 325 HGB as well as the simplified reporting options, in accordance with § 264 (3) HGB.

77 | Executive bodies of the company

Supervisory Board, including seats on supervisory boards and similar or foreign executive bodies of CEWE Stiftung & Co. KGaA

Otto Korte, Oldenburg

Lawyer/tax adviser/tax law specialist and partner of the law firm Korte Röbbke & Partner mbB, Oldenburg

- Chairman of the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg
- Member of the Board of Trustees of Neumüller CEWE COLOR Stiftung, Oldenburg
- Chairman of the advisory board of Stiftung Wirtschaftsakademie Ost-Friesland, Leer

Prof Dr Dr h. c. Hans-Jürgen Appelrath, Oldenburg

Professor of information technology at Oldenburg University

- Member of the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg
- Member of the supervisory board of BTC Business Technology Consulting AG, Oldenburg (to December 4, 2015)
- Chairman of the supervisory board of icsmed AG, Oldenburg
- Member of the supervisory board of Gründungs- und Innovationszentrum gGmbH i. G., Oldenburg

Prof Dr Christiane Hipp, Berlin

Vice president for research, acting director of the chair for organisation, personnel management and business management, professor (Brandenburg University of Technology Cottbus-Senftenberg)

- Member of the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg
- Member of the sustainability advisory board of Krombacher GmbH & Co. KG, Kreuztal

Corinna Linner, Baldham

Auditor and economist

- Member of the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg
- Member of the supervisory board of Donner & Reuschel AG, Hamburg
- Member of the supervisory board of DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, Cologne
- Member of the supervisory board of Wüstenrot & Württembergische AG, Stuttgart
- Member of the supervisory board of Wüstenrot Holding AG, Stuttgart

Professor Dr Michael Paetsch, Willich

Professor of international marketing at Pforzheim University

- Member of the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg

Dr Hans-Henning Wiegmann, Schlangenbad

Business graduate

Member of various supervisory and advisory boards

- Member of the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg
- Member of the advisory board of Dr. Oetker GmbH, Bielefeld
- Member of the advisory board of Radeberger Gruppe KG, Frankfurt

Vera Ackermann, Hude

Trade union secretary, IG BCE

- Deputy Chairwoman of the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg

Michael Bühl, Münstertal

Technical director of CEWE Stiftung & Co. KGaA, Eschbach

- Member of the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg (to October 5, 2015)

Dr Christina Debus, Berne

Head of quality management, CEWE Stiftung & Co. KGaA, Oldenburg

- Member of the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg (since October 6, 2015)

Angelika Esser, Mönchengladbach

Laboratory assistant, chairwoman of the works council (released from duties) of CEWE Stiftung & Co. KGaA, Mönchengladbach

- Member of the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg

Philipp Martens, Hanover

Trade union secretary, IG BCE

- Member of the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg (since October 6, 2015)

Udo Preuss, Aichach

Technical employee, CEWE Stiftung & Co. KGaA, Munich

- Member of the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg (to October 5, 2015)

Markus Schwarz, Oldenburg

Member of the works council, (released from duties) of CEWE Stiftung & Co. KGaA, Oldenburg

- Member of the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg (since October 6, 2015)

Stefan Soltmann, Hanover

Trade union secretary, IG BCE

- Member of the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg (to October 5, 2015)
- Deputy chairman of the supervisory board of Dow Olefinverbund GmbH, Schkopau

Thorsten Sommer, Wardenburg

Head of department/employee, chairman of the works council (released from duties) of CEWE Stiftung & Co. KGaA, Oldenburg

- Member of the Supervisory Board of CEWE Stiftung & Co. KGaA, Oldenburg

General partner of CEWE Stiftung & Co. KGaA:

- Neumüller CEWE COLOR Stiftung

Board of Management

Dr Rolf Hollander, Oldenburg

Chairman of the Board of Management of Neumüller CEWE COLOR Stiftung, Oldenburg

- Member of the supervisory board of Vierol AG, Oldenburg
- Member of the supervisory board of Reservix Holding AG, Freiburg

Patrick Berkhouwer, Bremen (January 1, 2016)

Member of the Board of Management of Neumüller CEWE COLOR Stiftung, Oldenburg
Responsible for the International Plants

Dr Reiner Fageth, Oldenburg

Member of the Board of Management of Neumüller CEWE COLOR Stiftung, Oldenburg
Responsible for Technology and Research and Development

- Member of the supervisory board of CEWE COLOR Inc., New Jersey, USA^{1,2}

Dr Christian Friege, Stuttgart (since January 1, 2016)

Member of the Board of Management of Neumüller CEWE COLOR Stiftung, Oldenburg
Responsible for National and International Distribution

- Member of the advisory board of enportal GmbH, Hamburg

Carsten Heitkamp, Oldenburg

Member of the Board of Management of Neumüller CEWE COLOR Stiftung, Oldenburg
Responsible for the German Plants, Logistics, Materials Management and Personnel

Andreas F. L. Heydemann, Bad Zwischenahn (to December 31, 2015)

Member of the Board of Management of Neumüller CEWE COLOR Stiftung, Oldenburg
Responsible for Materials Management, IT, Legal, Auditing and Sustainability

- Member of the supervisory board of CEWE Belgium N. V., Mechelen, Belgium (to December 31, 2015)^{1,2}
- Member of the supervisory board of CEWE AG, Dübendorf, Zurich, Switzerland (to December 31, 2015)^{1,2}
- Member of the supervisory board of Zweite CEWE Beteiligungsgesellschaft AG, Dübendorf, Zurich, Switzerland (to December 31, 2015)^{1,2}
- Member of the supervisory board of Japan Photo Holding Nordic A/S, Oslo, Norway (to December 31, 2015)^{1,2}

- Member of the supervisory board of Japan Photo Sverige AB, Gothenburg, Sweden (to December 31, 2015)^{1,2}
- Member of the supervisory board of CEWE-PRINT Nordic A/S, Skødstrup, Denmark (to December 31, 2015)^{1,2}
- Member of the supervisory board of CEWE COLOR Inc., New Jersey, USA (to December 31, 2015)^{1,2}

Dr Olaf Holzkämper, Oldenburg

Member of the Board of Management of Neumüller CEWE COLOR Stiftung, Oldenburg
Responsible for Finance & Controlling, Investor Relations, Business Development, Legal & Business IT

Thomas Mehls, Oldenburg

Member of the Board of Management of Neumüller CEWE COLOR Stiftung, Oldenburg
Responsible for National and International Marketing, New Business Units and Sustainability

Harald H. Pirwitz, Oldenburg (to December 31, 2015)

Member of the Board of Management of Neumüller CEWE COLOR Stiftung, Oldenburg
Responsible for German and Foreign Distribution

Frank Zweigle, Oldenburg

Member of the Board of Management of Neumüller CEWE COLOR Stiftung, Oldenburg
Responsible for the Administrative Activities of Neumüller CEWE COLOR Stiftung

The Group does not have any loan receivables from members of the Board of Management or the Supervisory Board; nor has it entered into any contingent liabilities for this group of persons.

Please also see the comments in the report on remuneration on page 134 ff.

¹ Group mandate

² Member of similar German and foreign executive bodies of business enterprises

78 | Release and publication of the consolidated financial statements
as of December 31, 2015

The consolidated financial statements as of December 31, 2015 prepared by the Board of Management of the general partner, Neumüller CEWE COLOR Stiftung, and the consolidated management report of the CEWE Group are released for publication upon their signing by the Board of Management.

79 | Declaration regarding the German Corporate Governance Code

The Board of Management and the Supervisory Board have submitted the declaration of compliance with the German Corporate Governance Code required under § 161 AktG and have made this declaration available to the shareholders on the company's website www.cewe.de.

Oldenburg, March 16, 2016

CEWE Stiftung & Co. KGaA

For the general partner Neumüller CEWE COLOR Stiftung, Oldenburg

– The Board of Management –

RESPONSIBILITY STATEMENT

Declaration in accordance with §§ 297 (2) clause 4, 315 (1) clause 6 HGB
(responsibility statement)

We hereby declare that, to the best of our knowledge, the consolidated financial statements provide a true and fair view of the Group's net assets, financial position and results of operations in accordance with the applied principles of orderly reporting in consolidated financial statements and that the notes to the consolidated financial statements provide the necessary disclosures and specific information accurately describing the Group's position.

We also confirm that, to the best of our knowledge, the consolidated management report presents a fair review of the development and performance of the business and the position of the Group and thus describes the key risks and opportunities associated with the Group's expected development in the new financial year.

Oldenburg, March 16, 2016

CEWE Stiftung & Co. KGaA

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



Dr Rolf Hollander
(Chairman of the Board of Management)



Patrick Berkhouwer



Dr Reiner Fageth



Dr Christian Friege



Carsten Heitkamp



Dr Olaf Holzkämper



Thomas Mehls



Frank Zweigle

AUDIT OPINION

We have audited the consolidated financial statements prepared by CEWE Stiftung & Co. KGaA, Oldenburg – comprising the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and the notes – as well as the consolidated management report for the financial year from January 1, 2015 to December 31, 2015. The company's statutory representatives are responsible for the preparation of the consolidated financial statements and the consolidated management report in accordance with the IFRS applied in the EU, and the supplementary provisions of commercial law applicable in accordance with § 315a (1) HGB. Our responsibility is to express an opinion on the consolidated financial statements and the consolidated management report on the basis of our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and the German generally accepted standards for auditing of financial statements promulgated by Institut der Wirtschaftsprüfer in Deutschland e. V. (IDW). Those standards require that we plan and perform the audit such that misstatements and violations materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with applicable financial reporting standards and in the consolidated management report are detected with a reasonable level of certainty. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible errors are taken into account in the determination of audit procedures. The effectiveness

of the accounting-related internal control system and the evidence supporting the disclosures provided in the consolidated financial statements and the consolidated management report are examined primarily on a sample basis within the framework of the audit. The audit includes an assessment of the accounting information for the segments included in the consolidated financial statements, the determination of the companies to be included in the consolidated financial statements, the accounting and consolidation principles used and significant estimates made by the company's statutory representatives, as well as evaluating the overall picture presented in the consolidated financial statements and the consolidated management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with the IFRS as adopted by the EU and the supplementary provisions of German commercial law applicable under § 315a (1) HGB and provide a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these regulations. The consolidated management report is consistent with the consolidated financial statements, as a whole provides a suitable understanding of the Group's position and suitably presents the risks and opportunities associated with future development.

Hamburg, March 16, 2016

BDO AG
Wirtschaftsprüfungsgesellschaft

Glaser
Auditor

Härle
Auditor

THE CEWE GROUP – STRUCTURE AND EXECUTIVE BODIES

Neumüller CEWE COLOR Stiftung

Board of Trustees

- Wilfried Mocken, Rheinberg (Chairman)
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- Helmut Hartig, Oldenburg
- Dr Peter Nagel, Bad Kreuznach
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- Patrick Berkhouwer, Bremen (since January 1, 2016)
- Dr Reiner Fageth, Oldenburg
- Dr Christian Friege, Stuttgart (since January 1, 2016)
- Carsten Heitkamp, Oldenburg
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- Thomas Mehls, Oldenburg
- Harald H. Pirwitz, Oldenburg (to December 31, 2015)
- Frank Zweigle, Oldenburg

CEWE Stiftung & Co. KGaA

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Professor of information technology at Oldenburg University
- Prof Dr Christiane Hipp, Berlin
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- Corinna Linner, Baldham
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- Prof Dr Michael Paetsch, Willich
Professor of international marketing at Pforzheim University
- Dr Hans-Henning Wiegmann, Schlangenbad
Business graduate,
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Trade union secretary, IG BCE
- Michael Bühl, Münstertal (October 5, 2015)
Technical director of CEWE Stiftung & Co. KGaA, Eschbach
- Dr Christina Debus, Berne (since October 6, 2015)
Head of quality management, CEWE Stiftung & Co. KGaA, Oldenburg

- Angelika Esser, Mönchengladbach
Laboratory assistant, chairwoman of the works council (released from duties) of CEWE Stiftung & Co. KGaA, Mönchengladbach
- Philipp Martens, Hanover (since October 6, 2015)
Trade union secretary, IG BCE
- Udo Preuss, Aichach (to October 5, 2015)
Technical employee, CEWE Stiftung & Co. KGaA, Munich
- Markus Schwarz, Oldenburg (since October 6, 2015)
Member of the works council, (released from duties) of CEWE Stiftung KGaA, Oldenburg
- Stefan Soltmann, Hanover (to October 5, 2015)
Trade union secretary, IG BCE
- Thorsten Sommer, Wardenburg
Head of department/employee, chairman of the works council (released from duties) of CEWE Stiftung & Co. KGaA, Oldenburg

Managing partner of CEWE Stiftung & Co. KGaA

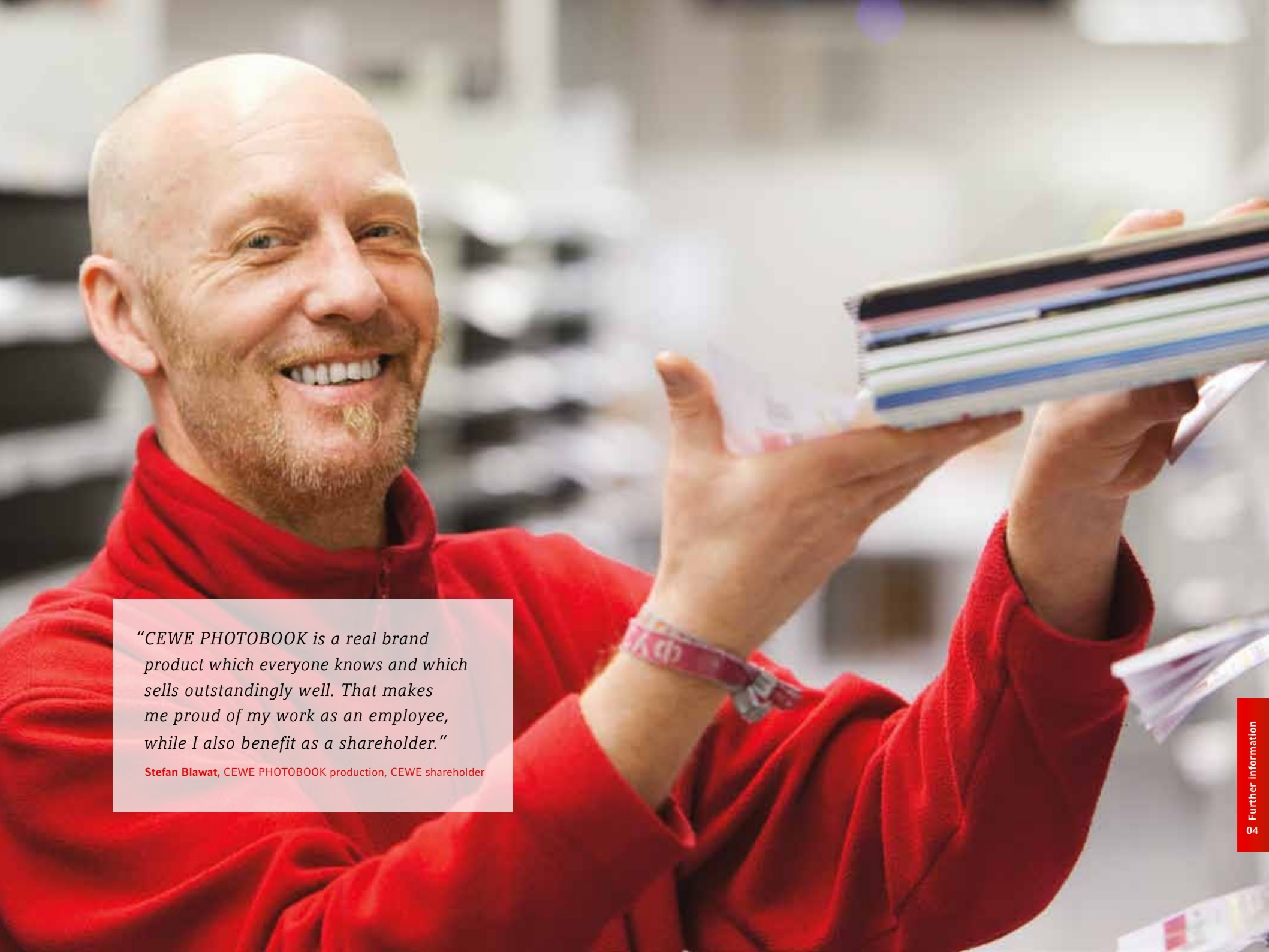
- Neumüller CEWE COLOR Stiftung, Oldenburg

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“CEWE PHOTOBOOK is a real brand product which everyone knows and which sells outstandingly well. That makes me proud of my work as an employee, while I also benefit as a shareholder.”

Stefan Blawat, CEWE PHOTOBOOK production, CEWE shareholder

FINANCIAL STATEMENTS OF CEWE STIFTUNG & CO. KGaA

Profit and loss account of CEWE Stiftung & Co. KGaA

for the financial year 2015 (in accordance with the German Commercial Code)

<i>Figures in thousands of euros</i>	2015	2014
Revenues	284,458	257,432
Increase/decrease in finished and unfinished goods	443	-36
Other own work capitalised	172	275
Other operating income	19,398	22,637
Cost of materials		
Expenses for raw materials and supplies and for purchased merchandise	-60,921	-56,054
Expenses for purchased services	-11,936	-10,798
	-72,857	-66,852
Personnel expenses		
Wages and salaries	-70,092	-67,450
Social security contributions and expenses for pensions and support	-13,843	-13,552
	-83,935	-81,002
Depreciation		
Amortisation of intangible assets, depreciation of property, plant and equipment	-18,902	-17,962
Other operating expenses	-97,385	-91,415
Income from equity investments	6,891	7,123
Other interest and similar income	1,251	1,060
Amortisation of financial assets	-2,476	0
Interest and similar expenses	-1,744	-2,430
Expenses for assumption of losses	-1,776	-2,830
Profit/loss on ordinary activities	33,538	26,000
Earnings before income taxes	33,538	26,000
Income taxes	-9,929	-5,180
Other taxes	-319	-126
Net income for the year	23,290	20,694
Remaining profit carried forward from previous year	152	172
Unappropriated profits	23,442	20,866

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Balance sheet of CEWE Stiftung & Co. KGaA

as of December 31, 2015 (in accordance with the German Commercial Code)

ASSETS	<i>Figures in thousands of euros</i>	2015	2014
Fixed assets			
Intangible assets			
Concessions, industrial property rights acquired for a consideration and similar rights and assets and related licenses		6,819	6,733
Goodwill		19	21
Advance payments made		325	892
		7,163	7,646
Property, plant and equipment			
Land, leasehold rights and buildings, including buildings on third-party land		19,353	17,644
Technical equipment and machinery		31,833	30,491
Equipment, furniture and fixtures		8,051	8,802
Advance payments and assets under construction		1,865	2,604
		61,102	59,541
Financial assets			
Interests in affiliates		93,664	82,123
Loans to affiliates		7,541	6,175
Equity investments		3,913	2,904
Other loans		230	221
		105,348	91,423
Current assets			
Inventories			
Raw materials and supplies		13,288	10,004
Unfinished goods, work in progress		27	13
Finished goods and merchandise		897	371
		14,212	10,388
Receivables and other assets			
Trade receivables		65,044	56,983
Receivables from affiliates		125,237	112,796
Other assets		6,540	8,740
		196,821	181,454
Cash on hand and cash in banks		9,246	16,875
Deferred expenses and accrued income		1,786	1,580
		395,678	365,972

EQUITY AND LIABILITIES	<i>Figures in thousands of euros</i>	2015	2014
Equity			
Subscribed capital		19,240	19,240
Nominal value of treasury shares		-341	-439
Issued capital		18,899	18,801
Capital reserve		71,567	70,677
Retained earnings			
Statutory reserve		1,534	1,534
Other retained earnings		109,292	98,837
		110,826	100,371
Unappropriated profits		23,442	20,866
		224,734	210,715
Special item for investment subsidies		515	145
Accruals			
Accruals for pensions and similar obligations		11,251	9,744
Tax accruals		4,911	2,142
Other accruals		25,230	24,427
		41,392	36,313
Liabilities			
Amounts owed to credit institutions		3,412	0
Payments received on account of orders		259	182
Trade payables		32,375	31,534
Amounts owed to affiliates		82,108	75,483
Other liabilities		10,883	11,600
		129,037	118,799
		395,678	365,972

MULTIPLE-YEAR OVERVIEW

Consolidated profit and loss account for overall year

<i>Figures in millions of euros</i>	2008*	2009*	2010*	2011*	2012*	2013*	2014*	2015
Revenues	420.0	409.8	446.8	469.0	507.2	536.2	523.8	554.2
Increase/decrease in finished and unfinished goods	-0.1	0.0	0.0	0.0	0.1	0.3	0.2	0.4
Other own work capitalised	1.6	1.2	1.5	0.9	1.1	1.0	0.9	0.9
Other operating income	27.3	28.3	24.9	23.1	29.7	24.6	21.4	19.6
Cost of materials	-163.2	-154.7	-168.7	-173.6	-185.6	-190.0	-162.7	-162.2
Gross profit	285.6	284.6	304.5	319.5	352.4	372.2	383.6	412.8
Personnel expenses	-105.0	-104.8	-100.6	-108.5	-122.4	-129.9	-135.9	-143.7
Other operating expenses	-129.0	-124.7	-139.0	-148.1	-164.7	-175.4	-181.7	-194.0
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	51.7	55.1	64.9	62.9	65.3	66.8	66.0	75.1
Amortisation of intangible assets, depreciation of property, plant and equipment	-40.4	-37.2	-37.7	-33.5	-37.0	-37.9	-33.5	-38.4
Earnings before interest and taxes (EBIT)	11.2	17.9	27.2	29.4	28.3	28.9	32.6	36.8
Financial income	—	—	—	—	—	0.3	0.4	0.4
Financial expenses	—	—	—	—	—	-2.2	-1.4	-0.9
Financial result	-1.7	-1.9	-1.8	-1.0	-2.2	-1.9	-1.0	-0.5
Earnings before taxes (EBT)	9.6	16.0	25.4	28.4	26.1	27.1	31.5	36.3
Income taxes	-2.5	-9.2	-11.7	-9.8	-7.3	-4.8	-10.1	-13.6
Earnings after taxes	7.0	6.7	13.7	18.6	18.8	22.3	21.4	22.7
of which attributable to non-controlling interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.2
of which attributable to the shareholders of CEWE KGaA (consolidated income/loss)	7.0	6.7	13.7	18.6	18.8	22.3	21.4	23.0

Cash flow in overall year

<i>Figures in millions of euros</i>	2008	2009	2010	2011	2012	2013	2014	2015
Cash flow from operating activities	34.8	36.5	53.0	61.4	51.4	48.3	71.2	59.6
Cash flow from investing activities	-33.8	-26.6	-27.3	-31.0	-45.8	-35.1	-43.1	-55.2
Free cash flow	1.0	9.9	25.6	30.4	5.5	13.1	28.1	4.4
Cash flow from financing activities	2.3	-11.9	-10.8	-22.7	-23.2	-12.3	-14.5	-10.3
Change in cash and cash equivalents	3.3	-2.0	14.8	7.7	-17.7	0.8	13.6	-5.9

* The reference figures have been restated (cf. comments in section A).

Consolidated profit and loss account for the fourth quarter

<i>Figures in millions of euros</i>	Q4 2008*	Q4 2009*	Q4 2010*	Q4 2011*	Q4 2012*	Q4 2013*	Q4 2014*	Q4 2015
Revenues	120.7	127.4	150.0	161.0	178.2	191.2	194.8	215.8
Increase/decrease in finished and unfinished goods	-0.1	0.0	0.0	0.0	-0.1	0.2	0.0	0.2
Other own work capitalised	0.0	0.2	0.3	-0.1	0.4	0.4	0.3	0.2
Other operating income	9.1	8.2	8.7	9.3	10.3	7.8	9.0	6.1
Cost of materials	-46.2	-44.7	-52.3	-54.4	-59.5	-56.0	-52.4	-55.2
Gross profit	83.5	91.1	106.6	115.8	129.3	143.6	151.7	167.1
Personnel expenses	-24.7	-26.3	-27.5	-30.4	-34.2	-36.6	-40.3	-42.6
Other operating expenses	-40.7	-39.5	-48.5	-51.3	-56.8	-61.5	-65.1	-70.7
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	18.1	25.2	30.7	34.1	38.4	45.4	46.3	53.8
Amortisation of intangible assets, depreciation of property, plant and equipment	-10.1	-9.8	-9.1	-8.5	-9.4	-11.8	-9.0	-12.8
Earnings before interest and taxes (EBIT)	8.0	15.5	21.5	25.6	29.0	33.6	37.3	41.0
Financial income	—	—	—	—	—	0.1	0.1	0.4
Financial expenses	—	—	—	—	—	-0.9	-0.3	-0.3
Financial result	-0.5	-0.5	-0.3	-0.2	-0.4	-0.7	-0.2	0.0
Earnings before taxes (EBT)	7.5	15.0	21.2	25.4	28.5	32.9	37.2	41.1
Income taxes	-1.0	-5.3	-6.4	-7.2	-6.4	-5.1	-11.3	-14.9
Earnings after taxes	6.6	9.8	14.8	18.1	22.1	27.7	25.9	26.1
of which attributable to non-controlling interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.2
of which attributable to the shareholders of CEWE KGaA (consolidated income/loss)	6.6	9.8	14.8	18.1	22.1	27.7	25.9	26.4

Cash flow in the fourth quarter

<i>Figures in millions of euros</i>	Q4 2008	Q4 2009	Q4 2010	Q4 2011	Q4 2012	Q4 2013	Q4 2014	Q4 2015
Cash flow from operating activities	—	24.2	22.2	37.7	48.5	41.1	48.3	49.1
Cash flow from investing activities	—	-4.0	-8.1	-22.0	-10.8	-10.7	-16.2	-11.2
Free cash flow	—	20.2	14.1	15.7	37.7	30.4	32.1	38.0
Cash flow from financing activities	—	-20.9	-8.9	-3.9	-31.2	-24.1	-16.3	-26.4
Change in cash and cash equivalents	—	-0.7	5.2	11.7	6.4	6.3	15.8	11.5

* The reference figures have been restated (cf. comments in section A).

MULTIPLE-YEAR OVERVIEW

Consolidated balance sheet

ASSETS <i>Figures in millions of euros</i>	2008	2009	2010	2011	2012	2013*	2014*	2015
Property, plant and equipment	95.4	86.7	80.5	79.2	101.2	98.6	102.5	108.6
Investment properties	3.2	5.3	4.8	4.8	4.5	4.3	5.0	5.1
Goodwill	10.3	10.3	9.1	9.1	28.5	25.4	25.4	37.4
Intangible assets	22.6	18.5	16.3	13.0	21.8	20.0	19.3	17.2
Financial assets	0.3	0.3	0.2	0.2	0.3	1.2	3.3	4.3
Non-current receivables from income tax refunds	3.3	3.0	2.9	2.6	2.1	1.6	1.1	0.5
Non-current receivables and assets	0.5	0.3	0.0	0.0	0.0	0.0	0.0	0.0
Non-current financial assets	0.0	0.0	0.3	0.3	0.4	1.5	2.9	1.6
Additional other non-current receivables and assets	0.0	0.0	0.1	0.3	0.2	0.2	0.2	0.4
Deferred tax assets	5.5	5.2	5.4	5.4	8.4	9.4	8.1	7.2
Non-current assets	141.2	129.7	119.5	114.9	167.5	162.0	167.8	182.3
Inventories	36.8	52.3	50.3	48.0	62.7	59.1	48.9	50.7
Current trade receivables	54.3	66.5	72.0	77.9	72.2	88.8	84.3	90.4
Current receivables from income tax refunds	5.8	1.1	1.2	1.0	1.6	2.1	1.8	1.1
Current financial assets	0.0	0.0	17.3	13.5	3.2	3.0	3.0	2.5
Additional other current receivables and assets	10.9	8.7	3.7	4.1	4.7	3.8	4.9	5.7
Cash and cash equivalents	10.1	8.2	23.4	30.8	13.4	14.0	27.7	21.7
	118.0	136.9	167.8	175.2	157.7	170.8	170.5	172.1
Assets held for sale	2.8	2.0	0.2	0.2	0.2	1.0	1.3	1.2
Current assets	120.8	138.9	168.0	175.4	157.9	171.8	171.9	173.3
	262.0	268.6	287.5	290.3	325.4	333.9	339.7	355.6

* The reference figures have been restated (cf. comments in section A).

EQUITY AND LIABILITIES <i>Figures in millions of euros</i>	2008	2009	2010	2011	2012	2013*	2014*	2015
Subscribed capital	19.2	19.2	19.2	19.2	19.2	19.2	19.2	19.2
Capital reserve	56.2	56.2	56.2	56.2	56.2	56.6	69.3	70.2
Treasury shares at acquisition cost	-16.4	-17.0	-17.6	-24.4	-23.9	-23.4	-8.5	-7.5
Retained earnings and unappropriated profits	53.3	53.3	62.9	69.3	80.7	90.3	93.6	105.6
Total equity attributable to the shareholders of CEWE KGaA	112.4	111.7	120.7	120.2	132.2	142.8	173.6	187.6
Non-controlling interests	0.1	0.0	0.0	0.0	0.0	0.0	0.0	-0.4
Equity	112.4	111.7	120.7	120.2	132.2	142.8	173.6	187.2
Non-current special items for investment grants	0.6	0.5	0.4	0.3	0.0	0.0	0.0	0.0
Non-current accruals for pensions	9.7	9.7	10.0	12.6	17.4	17.9	21.9	22.9
Non-current deferred tax liabilities	2.3	1.7	1.8	0.6	4.1	3.3	2.8	2.1
Non-current other accruals	1.5	1.1	0.9	0.8	0.5	0.4	0.2	0.2
Non-current interest-bearing financial liabilities	14.5	26.1	24.1	16.7	23.5	4.2	2.7	1.8
Non-current financial liabilities	0.0	0.0	0.0	0.0	4.2	3.0	0.0	0.0
Non-current other liabilities	0.7	0.1	0.2	0.3	0.3	0.2	0.2	0.5
Non-current liabilities	29.3	39.1	37.4	31.3	50.0	29.0	27.8	27.5
Current special items for investment grants	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0
Current tax liabilities	3.0	3.7	4.7	5.6	3.0	4.2	4.5	7.1
Current other accruals	10.9	11.6	8.6	4.7	2.6	4.2	3.3	2.9
Current interest-bearing financial liabilities	20.8	6.5	6.6	7.4	8.0	26.1	1.6	4.9
Current trade payables	63.6	73.2	91.8	98.3	102.2	101.1	96.1	90.9
Current financial liabilities	0.0	0.0	1.3	1.1	4.5	3.9	3.6	0.3
Current other liabilities	21.8	22.7	16.3	21.6	22.9	22.7	29.2	34.7
Current liabilities	120.2	117.7	129.4	138.7	143.2	162.1	138.2	140.9
	262.0	268.6	287.5	290.3	325.4	333.9	339.7	355.6

* The previous-year figures have been restated in some cases (restatement acc. IAS 8).

MULTIPLE-YEAR OVERVIEW

Key indicators

Volumes and employees		2008	2009	2010	2011	2012	2013	2014	2015
Digital photos	<i>millions of units</i>	1,786.1	2,035.8	2,129.1	2,246.1	2,298.9	2,252.9	2,203.9	2,164.1
Photos from film	<i>millions of units</i>	828.9	558.3	367.7	251.3	162.3	114.4	88.6	70.7
Total volume of photos	<i>millions of units</i>	2,615	2,594	2,497	2,497	2,461	2,367	2,293	2,235
CEWE PHOTOBOOKS	<i>millions of units</i>	2.6	3.6	4.3	5.1	5.6	5.8	5.9	6.0
Employees (average)	<i>converted to full-time equivalent</i>	2,921	2,742	2,681	2,823	3,305	3,228	3,219	3,420
Employees (as of the reporting date)	<i>converted to full-time equivalent</i>	3,097	2,960	2,910	3,400	3,895	3,781	3,675	3,698
Income									
Turnover	<i>in million euros</i>	420.0	409.8	446.8	469.0	507.2	536.2	523.8	554.2
EBITDA	<i>in million euros</i>	52.8	55.9	65.9	63.6	66.1	66.8	66.0	75.1
EBITDA margin	<i>as % of turnover</i>	12.6 %	13.6 %	14.7 %	13.6 %	13.0 %	12.5 %	12.6 %	13.6 %
EBIT	<i>in million euros</i>	12.4	18.7	28.2	30.1	29.1	29.7	32.6	36.8
EBIT margin	<i>as % of turnover</i>	2.9 %	4.6 %	6.3 %	6.4 %	5.7 %	5.5 %	6.2 %	6.6 %
Restructuring expenses	<i>in million euros</i>	11.4	9.5	2.2	0.0	0.0	3.3	0.0	1.0
EBIT prior to restructuring	<i>in million euros</i>	23.8	28.2	30.4	30.1	29.1	33.0	32.6	37.8
EBT	<i>in million euros</i>	10.7	16.8	26.4	29.2	26.9	27.8	31.5	36.3
Earnings after taxes	<i>in million euros</i>	7.0	6.7	13.7	18.6	18.8	22.3	21.4	22.7
Capital									
Total assets	<i>in million euros</i>	262.0	268.6	287.5	290.3	325.4	333.9	339.7	355.6
Capital employed (CE)	<i>in million euros</i>	162.6	157.4	164.8	159.1	190.2	197.9	203.0	219.6
Equity	<i>in million euros</i>	112.4	111.7	120.7	120.2	132.2	142.8	173.6	187.2
Equity ratio	<i>as % of the balance sheet total</i>	42.9 %	41.6 %	42.0 %	41.4 %	40.6 %	42.8 %	51.1 %	52.7 %
Net financial liabilities	<i>in million euros</i>	25.2	24.3	7.4	-6.7	18.1	16.3	-23.5	-15.0
ROCE (previous 12 months)	<i>as % of average capital employed</i>	7.6 %	11.7 %	17.7 %	19.3 %	14.5 %	15.0 %	16.8 %	17.4 %

Cash flow		2008	2009	2010	2011	2012	2013	2014	2015
Gross cash flow	<i>in million euros</i>	47.5	44.0	51.4	52.1	55.9	60.2	54.9	61.1
Net cash used in investing activities	<i>in million euros</i>	33.3	27.4	26.4	30.3	33.8	35.3	37.5	40.6
Net cash flow	<i>in million euros</i>	14.1	16.6	25.1	21.8	22.1	24.9	17.4	20.5
Cash flow from operating activities	<i>in million euros</i>	34.8	36.5	53.0	61.4	51.4	48.3	71.2	59.6
Cash flow from investing activities	<i>in million euros</i>	-33.8	-26.6	-27.3	-31.0	-45.8	-35.1	-43.1	-55.2
Free cash flow	<i>in million euros</i>	1.0	9.9	25.6	30.4	5.5	13.1	28.1	4.4

Share		2008	2009	2010	2011	2012	2013	2014	2015
Number of shares (nominal value: 2.60 euros)	<i>units</i>	7,380,020	7,380,020	7,380,020	7,380,020	7,380,020	7,400,020	7,400,020	7,400,020
Earnings per share (diluted)	<i>in euros</i>	1.02	1.00	2.02	2.84	2.87	3.36	3.07	3.24
Year-end price	<i>in euros</i>	14.05	22.60	33.35	31.39	31.04	42.75	51.51	54.61
Dividend per share	<i>in euros</i>	1.00	1.05	1.25	1.40	1.45	1.50	1.55	1.60*
Dividend yield on year-end price	<i>as %</i>	7.12 %	4.64 %	3.75 %	4.46 %	4.67 %	3.51 %	3.01 %	2.93 %

* Dividend proposal presented by the Board of Management and the Supervisory Board to the general meeting on June 1, 2016

PRODUCTION PLANTS AND DISTRIBUTION BRANCHES

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General map with all locations

Sales contact person
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(dates currently scheduled)

23.03.2016	Publication of the Annual Report 2015
23.03.2016	Balance sheet press conference and analysts' conference, Frankfurt am Main
14.04.2016	Deutschlandkonferenz Bankhaus Lampe, Baden-Baden
12.05.2016	Publication of the Interim Report Q1 2016
01.06.2016	2016 General Meeting Weser-Ems-Halle, Oldenburg
11.08.2016	Publication of the Interim Report Q2 2016
19–21.09.2016	Berenberg & Goldman Sachs German Corporate Conference
20–22.09.2016	Baader Investment Conference, Munich
10.11.2016	Publication of the Interim Report Q3 2016
21.–22.11.2016	German Equity Forum, Frankfurt

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