STRÖER MEDIA AG, COLOGNE

SEPARATE FINANCIAL STATEMENTS FOR 2013

Ströer Media AG, Cologne
Balance sheet as of 31 December 2013

ASSETS

	31 Dec 2013 EUR	31 Dec 2012 EUR
NON-CURRENT ASSETS		
Intangible assets		
Purchased concessions, industrial and similar rights and assets, and licences in such rights and assets	3,151,974.83	2,350,201.74
Prepayments	10,441,520.46	3,910,384.67
	13,593,495.29	**6,260,586.41**
Property, plant and equipment		
Other equipment, furniture and fixtures	2,235,874.94	2,463,822.85
Prepayments and assets under construction	95,154.64	95,283.29
	2,331,029.58	**2,559,106.14**
Financial assets		
Shares in affiliates	454,600,972.34	348,462,790.84
Loans to affiliates	99,321,614.15	95,249,259.74
Other loans	29,000.00	0.00
	553,951,586.49	**443,712,050.58**
	569,876,111.36	**452,531,743.13**
CURRENT ASSETS		
Receivables and other assets		
Trade receivables	99,448.01	4,080.15
Receivables from affiliates	49,533,093.50	35,877,255.12
Receivables from other investees and investors	170.65	0.00
Other assets	4,418,809.52	5,409,600.26
	54,051,521.68	**41,290,935.53**
Cash on hand and bank balances	9,246,752.65	3,017,315.68
	63,298,274.33	**44,308,251.21**
PREPAID EXPENSES	**2,815,017.35**	**3,393,193.71**
	635,989,403.04	**500,233,188.05**

EQUITY AND LIABILITIES

	31 Dec 2013 EUR	31 Dec 2012 EUR
EQUITY		
Subscribed capital	48,869,784.00	42,098,238.00
- Conditional capital: EUR 14,952,400.00 (prior year: EUR 11,776,000.00)		
Capital reserves	341,650,227.64	298,921,773.64
Retained earnings		
Other retained earnings	66,445,994.26	46,459,274.92
Accumulated profit	48,631,440.86	39,986,719.34
	505,597,446.76	**427,466,005.90**
PROVISIONS		
Provisions for pensions and similar obligations	32,349.00	30,629.00
Tax provisions	3,931,241.03	12,093,147.38
Other provisions	19,131,965.86	9,466,206.42
	23,095,555.89	**21,589,982.80**
LIABILITIES		
Liabilities to banks	57,511,897.01	29,013,680.59
- thereof due in up to one year: EUR 511,876.65 (prior year: EUR 4,013,680.59)		
Trade payables	4,508,854.35	3,418,289.15
- thereof due in up to one year: EUR 4,508,854.35 (prior year: EUR 3,418,289.15)		
Liabilities to affiliates	28,318,696.98	982,108.00
- thereof due in up to one year: EUR 28,318,696.98 (prior year: EUR 982,108.00)		
Other liabilities	1,204,284.11	1,099,417.34
- thereof due in up to one year: EUR 1,204,284.11 (prior year: EUR 1,099,417.34)		
- thereof for taxes: EUR 326,703.44 (prior year: EUR 323,347.87)		
	91,543,732.45	**34,513,495.08**
DEFERRED TAX LIABILITIES	**15,752,667.94**	**16,663,704.27**
	635,989,403.04	**500,233,188.05**

Ströer Media AG, Cologne
Income statement for fiscal year 2013

	2013 EUR	2012 EUR
Other own work capitalized	826,405.45	398,922.56
Other operating income	21,827,506.73	21,345,706.08
- thereof income from currency translation: EUR 2,501.97 (prior year: EUR 1,078.75)		
Personnel expenses		
Wages and salaries	-15,521,417.04	-13,929,360.86
Social security and pension costs	-1,474,754.05	-1,423,065.64
- thereof for old-age pensions: EUR 16,382.26 (prior year: EUR 26,978.76)		
Amortization, depreciation and impairment of intangible assets and property, plant and equipment	-3,962,238.91	-1,503,858.87
Other operating expenses	-19,523,749.23	-20,198,090.08
- thereof expenses from currency translation: EUR 25,019.97 (prior year: EUR 14,668.29)		
Income from equity investments	295,438.43	740,057.54
- thereof from affiliates: EUR 295,438.43 (prior year: EUR 740,057.54)		
Income from profit and loss transfer agreements	47,494,866.80	30,395,753.75
Income from loans classified as non-current financial assets	8,132,257.33	7,870,844.57
- thereof from affiliates: EUR 8,132,257.33 (prior year: EUR 7,866,810.93)		
Other interest and similar income	174,365.30	275,180.56
- thereof from affiliates: EUR 33,522.46 (prior year: EUR 15,229.74)		
Interest and similar expenses	-4,516,985.91	-4,378,160.74
- thereof to affiliates: EUR 38,888.96 (prior year: EUR 262,079.75)		
- thereof expenses from discounting: EUR 1,683.17 (prior year: EUR 1,635.58)		
Result from ordinary activities	**33,751,694.90**	**19,593,928.87**
Extraordinary expenses	-26,322.50	-873.00
- thereof expenses from applying Articles 66 and 67 (1) to (5) EGHGB (transitional BilMoG provisions): EUR 0.00 (prior year: EUR 873.00)		
Extraordinary result	**-26,322.50**	**-873.00**
Income taxes	-5,032,608.55	570,584.37
- thereof income/expenses from the change in deferred taxes: EUR 911,036.33 income (prior year: EUR 4,017,057.73 income)		
Other taxes	-61,322.99	-176,920.90
Profit for the period	**28,631,440.86**	**19,986,719.34**
Profit carryforward from the prior year	39,986,719.34	46,042,932.40
Allocations to other retained earnings	-19,986,719.34	-26,042,932.40
Accumulated profit	**48,631,440.86**	**39,986,719.34**

Ströer Media AG, Cologne
Notes to the financial statements for fiscal year 2013

A. General

Ströer Media AG, Cologne, (Ströer AG, the Company or SMH), was established under its articles of association and bylaws dated 29 May 2002. It was entered in commercial register B on 29 July 2002 under HRB no. 41548.

These financial statements were prepared in accordance with Sec. 242 et seq. and Sec. 264 et seq. HGB ["Handelsgesetzbuch": German Commercial Code] as well as in accordance with the relevant provisions of the AktG ["Aktiengesetz": German Stock Corporation Act]. The Company is subject to the requirements for large corporations.

The income statement is classified using the nature of expense method.

B. Accounting and valuation methods

The following accounting and valuation methods, which essentially remained unchanged in comparison to the prior year, were used to prepare the financial statements.

Intangible assets and **property, plant and equipment** are recognized at acquisition or production cost and are written off on a straight-line basis over their useful lives if they have a limited life.

Amortization/depreciation is based on the following useful lives:

■ Purchased concessions, industrial and similar rights and assets, and licenses in such rights and assets	3 years
■ Other equipment, furniture and fixtures	3 to 13 years

Low-value assets with an individual net value not exceeding EUR 150.00 are fully expensed in the year of acquisition, with their immediate disposal being assumed. For convenience, the collective item procedure applied for tax purposes to assets with an individual net value of more than EUR 150.00 but no greater than

EUR 1,000.00 is also used in the statutory balance sheet. The collective item is depreciated by 20% in the year of acquisition and in each of the following four years. All other depreciation on additions to property, plant and equipment is charged pro rata temporis. Depreciation of the collective item amounted to EUR 35k (prior year: EUR 50k).

With regard to **financial assets**, equity investments are recognized at the lower of cost or net realizable value, while loans are disclosed at nominal value. Interest-free or low-interest loans were discounted to their present value.

Receivables and other assets are stated at their nominal value. Specific bad debt allowances provide for foreseeable valuation risks, while the general credit risk is provided for by a general bad debt allowance. Non-interest or low-interest bearing receivables due in more than one year were discounted.

Payments made before the balance sheet date which constitute expenses for a certain period after this date are recognized as **prepaid expenses**.

Provisions for pensions and similar obligations are calculated in accordance with the projected unit credit method using the "2005 G mortality tables." The obligations were discounted at the average market interest rate of 4.90% for a residual term of 15 years in accordance with the RückAbzinsV ["Rückstellungsabzinsungsverordnung": German Ordinance on the Discounting of Provisions] of 18 November 2009. Expected salary increases were taken into account at 2.0%, expected pension increases at 1.0%. Employee turnover was not taken into account.

The assets, which serve exclusively to fulfill the pension obligations and which are protected against claims asserted by all other creditors (covering assets as defined by Sec. 246 (2) Sentence 2 HGB), were offset at their fair value against the provisions. The employer's pension liability insurance was valued using actuarial principles.

Tax provisions and **other provisions** account for all uncertain liabilities and onerous contracts. They were recognized at the settlement value deemed necessary according to prudent business judgment (i.e., including future cost and price increases). Provisions with a residual term of more than one year were discounted.

Liabilities are recorded at the settlement value.

To determine **deferred taxes** arising due to temporary or quasi-permanent differences between the carrying amounts of assets, liabilities, prepaid expenses and deferred income in the statutory accounts and their tax carrying amounts or due to tax loss carryforwards, the resulting tax charge and benefit are valued using the company-specific tax rates at the time the differences reverse; these amounts are not discounted. Deferred tax assets and liabilities are offset.

Foreign currency assets and liabilities are translated using the mean spot rate on the balance sheet date. If they had residual terms of more than one year, the realization principle (Sec. 252 (1) No. 4 Clause 2 HGB) and the historical cost principle (Sec. 253 (1) Sentence 1 HGB) were applied.

All entities which are fully consolidated in SMH's consolidated financial statements are classified as **affiliates**.

C. Notes to the balance sheet

1. Non-current assets

The development of the individual non-current asset items, including amortization, depreciation and impairment for the fiscal year, is shown in the statement of changes in non-current assets.

	ACQUISITION AND PRODUCTION COST					ACCUMULATED AMORTIZATION, DEPRECIATION AND IMPAIRMENT LOSSES				NET BOOK VALUES	
	1 Jan 2013 EUR	Additions EUR	Disposals EUR	Reclassifications EUR	31 Dec 2013 EUR	1 Jan 2013 EUR	Additions EUR	Reversals EUR	31 Dec 2013 EUR	31 Dec 2013 EUR	31 Dec 2012 EUR
INTANGIBLE ASSETS											
Purchased concessions, industrial and similar rights and assets, and licences in such rights and assets	6,549,224.89	1,765,132.18	0.00	260,980.73	8,575,337.80	4,199,023.15	1,224,339.82	0.00	5,423,362.97	3,151,974.83	2,350,201.74
Prepayments	3,910,384.67	8,970,116.52	0.00	-260,980.73	12,619,520.46	0.00	2,178,000.00	0.00	2,178,000.00	10,441,520.46	3,910,384.67
	10,459,609.56	**10,735,248.70**	**0.00**	**0.00**	**21,194,858.26**	4,199,023.15	3,402,339.82	0.00	7,601,362.97	13,593,495.29	6,260,586.41
PROPERTY, PLANT AND EQUIPMENT											
Other equipment, furniture and fixtures	6,403,178.72	266,161.42	65,712.71	73,980.31	6,677,607.74	3,939,355.87	559,899.09	57,522.16	4,441,732.80	2,235,874.94	2,463,822.85
Prepayments and assets under construction	95,283.29	73,851.66	0.00	-73,980.31	95,154.64	0.00	0.00	0.00	0.00	95,154.64	95,283.29
	6,498,462.01	**340,013.08**	**65,712.71**	**0.00**	**6,772,762.38**	3,939,355.87	559,899.09	57,522.16	4,441,732.80	2,331,029.58	2,559,106.14
FINANCIAL ASSETS											
Shares in affiliates	349,026,654.91	106,138,181.50	0.00	0.00	455,164,836.41	563,864.07	0.00	0.00	563,864.07	454,600,972.34	348,462,790.84
Loans to affiliates	95,249,259.74	6,835,286.22	2,762,931.81	0.00	99,321,614.15	0.00	0.00	0.00	0.00	99,321,614.15	95,249,259.74
Other loans	0.00	33,000.00	4,000.00	0.00	29,000.00	0.00	0.00	0.00	0.00	29,000.00	0.00
	444,275,914.65	**113,006,467.72**	**2,766,931.81**	**0.00**	**554,515,450.56**	563,864.07	0.00	0.00	563,864.07	553,951,586.49	443,712,050.58
	461,233,986.22	**124,081,729.50**	**2,832,644.52**	**0.00**	**582,483,071.20**	8,702,243.09	3,962,238.91	57,522.16	12,606,959.84	569,876,111.36	452,531,743.13

a) Intangible assets

The items "Purchased concessions, industrial and similar rights and assets, and licenses in such rights and assets" and "Prepayments" mainly comprise the cost of purchased software. An impairment loss of EUR 2,178k was recognized on this item due to its limited future usability.

b) Financial assets

On 16 May 2012, SMH concluded a purchase agreement for a further 15% of the shares in BlowUP Media GmbH, Cologne (BUM). The acquisition was deferred to take effect as of 1 January 2013 and increased Ströer AG's shareholding in BUM from 75% to 90%. The minimum purchase price for the additional shares amounted to EUR 5,979k and was settled in 2013. The effect of the purchase price adjustment clauses contained in the purchase agreement cannot be assessed at present and, in the event of a clearly positive business performance, could lead to further payments in the coming years.

Effective 4 April 2013, SMH acquired 91.02% of the shares in adscale GmbH, Munich (adscale). The purchase agreement had already been notarized on 14/15 December 2012. The purchase price amounted to EUR 19,792k.

Effective 3 June 2013, SMH also acquired all shares in Ströer Digital Group GmbH, Cologne (SDG), at a cost of EUR 60,205k. SDG is a holding company, which holds, among other things, all shares in Ströer Digital Media GmbH, Cologne, (established from the merger of the former Ströer Interactive GmbH, Cologne, and freeXmedia GmbH, Cologne) as well as 50.4% of the shares in Business Advertising GmbH, Düsseldorf. The basic component of the purchase price liability was settled by issuing 6,771,546 new shares in SMH at an issue price of EUR 7.31 per share. Purchase price liabilities arising from contractually agreed price adjustment clauses (earn-out arrangements) will be paid in cash. Under an agreement dated 21/22 December 2012, the parties had originally agreed that the shares in the three subsidiaries should be acquired directly by SMH. However, under an agreement dated 10 May 2013, it was resolved that SMH would acquire the shares in SDG as described above.

By shareholder resolution dated 25 June 2013, SMH also transferred its shares in adscale to Ströer Digital Group GmbH by way of a non-cash contribution. As a result, SMH no longer held any direct shares in adscale as of 31 December 2013.

The carrying amount of the investment in SDG was EUR 80,050k as of 31 December 2013.

Effective 31 July 2013, SMH also acquired 53.4% of the shares in Ballroom International CEE Holding GmbH, Glonn. The purchase price for the shares acquired in the group is EUR 19,812k. Of this amount, EUR 19,500k was already paid in fiscal year 2013. Also in 2013, after this transaction was completed, two non-controlling shareholders left Ballroom Holding. In return for their departure, these shareholders took over six smaller companies of the Ballroom Group. As a result of the departure of the two shareholders, SMH's interest in Ballroom Holding increased to 62.3%.

The change in loans to affiliates is attributable to the addition of interest receivables of EUR 2,885k due in fiscal year 2013 from Ströer Polska Sp. Z.o.o., Warsaw, Poland, as well as to a loan of EUR 2,600k granted to SDG and the EUR 1,350k increase in the loan granted to Ströer Kentvizyon Reklam Pazarlama A.S., Istanbul, Turkey. This was contrasted by repayments of loans by Ströer Polska Sp. Z.o.o. (EUR 2,163k) and SDG (EUR 600k).

2. Receivables and other assets

	31 Dec 2013 EUR k	31 Dec 2012 EUR k
Trade receivables	100	4
thereof due in more than one year	0	0
Receivables from affiliates	49,533	35,877
thereof due in more than one year	0	0
Other assets	4,419	5,410
thereof due in more than one year	513	533
	54,052	41,291

EUR 47,495k (prior year: EUR 30,396k) of receivables from affiliates related to the profit and loss transfer agreement with Ströer Media Deutschland GmbH, Cologne (SMD), and EUR 2,038k (prior year: EUR 2,853k) to trade. In the prior year, there was an additional receivable from the cash pooling with SMH group entities of EUR 2,628k. Other assets primarily include tax assets of EUR 3,666k (prior year: EUR 4,714k), deposits amounting to EUR 326k (prior year: EUR 326k) and interest receivables of EUR 200k (prior year: EUR 75k).

3. Prepaid expenses

Prepaid expenses mainly include fees of EUR 2,464k (prior year: EUR 2,836k) charged by banks and consultants in connection with the new refinancing arrangement concluded in 2012, which are expensed pro rata over the term of the loan until 27 July 2017. See our explanations in section C. 8. a) iii).

4. Equity

a) Subscribed capital

Subscribed capital was increased by EUR 6,772k from EUR 42,098k to EUR 48,870k by virtue of the authorization granted to the Company's board of management and entered in the commercial register on 14 July 2010 (approved capital I).

The increase was implemented on 3 June 2013 by way of a non-cash contribution by issuing 6,771,546 new bearer shares of no par value carrying full dividend rights. Subscribed capital is therefore split into 48,869,784 bearer shares of no par value. They have a nominal value of EUR 1 and are fully paid in.

Approved capital I

By resolution of the shareholder meeting on 13 July 2010, the board of management is authorized, subject to the approval of the supervisory board, to increase the Company's capital stock once or several times until 12 July 2015 by a maximum of EUR 18,938k in total by issuing new bearer shares of no par value for contributions in cash or in kind (approved capital I).

The shareholders must be granted a subscription right. The legal subscription right may also be granted such that the new shares are acquired by a bank or an entity active in accordance with Sec. 53 (1) Sentence 1 or Sec. 53b (1) Sentence 1 or (7) KWG ["Kreditwesengesetz": German Banking Act] subject to the requirement that they are offered indirectly to shareholders for subscription in accordance with Sec. 186 (5) AktG. However, the board of management is authorized, with the approval of the supervisory board, to exclude the shareholders' legal subscription right for one or several capital increases within the scope of approved capital I

(i) in order to exclude fractional amounts from the shareholders' subscription rights;

(ii) if the capital increase is made in return for non-cash contributions, especially for – but not limited to – the purpose of acquiring entities, parts of entities or investments in entities;

iii) if the capital increase is made in return for cash contributions and the issue price of the new shares is not significantly below the market price of shares of the same class and voting rights already listed on the stock market on the date the final issue price is determined in accordance with Sec. 203 (1) and (2) and Sec. 186 (3) Sentence 4 AktG and the portion of capital stock allocable to the new shares issued in accordance with this section (iii) subject to the exclusion of subscription rights pursuant to Sec. 186 (3) Sentence 4 AktG does not exceed 10% of the total capital stock at the time that such authorization becomes effective or is exercised. The portion of capital stock must be credited to this maximum amount, which is attributable to new or treasury shares issued or sold since 13 July 2010 and subject to the simplified exclusion of subscription rights pursuant to or by analogy to Sec. 186 (3) Sentence 4 AktG, as well as the portion of capital stock which is attributable to shares with attaching option and/or convertible bond rights/obligations from debt securities or participation certificates issued since 13 July 2010 applying Sec. 186 (3) Sentence 4 AktG as appropriate; and/or

(iv) to the extent necessary to issue subscription rights for new shares to owners of warrants or to creditors of convertible bonds or participation certificates with conversion or option rights that are issued by the Company or those entities it controls or majority owns in the scope to which they would be entitled after exercising the option or conversion rights or after fulfillment of the conversion obligation.

The board of management decides on the content of the respective share rights, the issue price, the consideration to be paid for the new shares and the other conditions of share issue with the approval of the supervisory board.

After a portion of EUR 6,772k of the approved capital I was exercised by way of a non-cash contribution on 3 June 2013, approved capital I now amounts to EUR 12,167k.

Conditional capital 2010

The Company's capital stock has been increased conditionally by a maximum of EUR 11,776k by issuing a maximum of 11,776,000 new bearer shares of no par value (conditional capital 2010). The purpose of the conditional capital increase is to grant bearer shares of no par value to owners/creditors of convertible bonds and/or bonds with warrants which are being issued by the Company or an investee as a result of the authorization granted by the shareholder meeting of 13 July 2010. New bearer shares of no par value are issued at particular conversion and option prices determined by the abovementioned authorization resolution. Conditional capital is only to be increased to the extent that conversion or option rights are exercised or owners/creditors fulfill their obligation to exercise their conversion rights and provided that a cash settlement is not granted or use is not made of treasury shares or new shares from utilizing approved capital. The new bearer shares of no par value participate in profit from the beginning of the fiscal year in which they result through the exercise of options or conversion rights or the fulfillment of conversion obligations. The board of management, having obtained the approval of the supervisory board, is authorized to determine the further details of the conditional capital increase.

Conditional capital 2013

The Company's capital stock has been increased conditionally by a maximum of EUR 3,176.4k by issuing a maximum of 3,176,400 new bearer shares of no par value (conditional capital 2013). The sole purpose of the conditional capital increase is for the board of management to grant, as authorized by resolution of the shareholder meeting dated 8 August 2013, rights to bearers of stock options under the Stock Option Plan 2013. The conditional capital increase will only be implemented to the extent that the bearers of stock options granted under the authorization of the shareholder meeting on 8 August 2013 exercise these stock options and that the Company does not settle the stock options in cash. The new shares participate in profit from the beginning of the fiscal year for which no resolution on the appropriation of the accumulated profit has been adopted by the shareholder meeting at the time of their issue. The Company's board of management, having obtained the approval of the supervisory board, is authorized to determine the further details of the conditional capital increase unless stock options and shares are to be granted to members of the Company's board of management. In that event, the supervisory board will determine the further details of the conditional capital increase. The supervisory board is authorized to amend the articles of incorporation and bylaws to reflect the scope of the capital increase from the conditional capital 2013.

b) Capital reserves

As of the balance sheet date, the Company had capital reserves of EUR 341,650k (of which EUR 307,199k pursuant to Sec. 272 (2) No. 1 HGB and EUR 34,451k pursuant to Sec. 272 (2) No. 2 HGB), which exceeds 10% of capital stock.

The acquisition of SDG led to an increase in the capital reserves by EUR 42,728k against the prior year as the premium from issuing the 6,771,546 new shares of EUR 6.31 per share was transferred to the capital reserves. See our explanations in C.1.b).

c) Retained earnings

By resolution of the shareholder meeting on 8 August 2013, EUR 19,987k from the accumulated profit for 2012 was carried forward to other retained earnings.

d) Accumulated profit

By resolution of the shareholder meeting on 8 August 2013, EUR 20,000k from the accumulated profit for 2012 was carried forward to new account.

5. Provisions for pensions and similar obligations

The Company agreed on a retirement benefit plan for one former member of the board of management in fiscal year 2010. However, these benefit obligations will be fully financed by the member of the board of management as part of a deferred compensation scheme, such that the Company will not incur any additional expenses. The amount of the provision for pensions corresponds in full to the amount of the employer's pension liability insurance. The value of the employer's pension liability insurance came to EUR 841k as of 31 December 2013 (prior year: 639k). In 2013, expenses and income were offset (EUR 202k).

Provisions for pensions of EUR 32k were also recognized by SMH.

6. Tax provisions

Tax provisions mainly include provisions for trade tax of EUR 2,690k (prior year: EUR 7,258k) and provisions for corporate income tax of EUR 1,241k (prior year: EUR 4,637k).

7. Other provisions

Other provisions break down as follows:

	EUR k
Earn-out arrangements from acquisitions	11,017
Personnel provisions	4,619
Potential losses from pending transactions	1,828
Outstanding invoices	1,350
Financial statement and audit fees	276
Miscellaneous	42
Total	**19,132**

For further information on the provisions related to earn-out arrangements from the acquisitions made in 2013, see our disclosures in C.1.b).

8. Liabilities

A breakdown of unsecured liabilities with their remaining terms is presented in the following statement of changes in liabilities:

		Thereof due in		
	Total amount EUR k	**up to one year EUR k**	**one to five years EUR k**	**more than five years EUR k**
Liabilities to banks	57,512 (*prior year: 29,014)*	512 *(prior year: 4,014)*	57,000 *(prior year: 25,000)*	0 *(prior year: 0)*
Trade payables	4,509 *(prior year: 3,418)*	4,509 *(prior year: 3,418)*	0 *(prior year: 0)*	0 *(prior year: 0)*
Liabilities to affiliates	28,319 *(prior year: 982)*	28,319 *(prior year: 982)*	0 *(prior year: 0)*	0 *(prior year: 0)*
Other liabilities	1,204 *(prior year: 1,099)*	1,204 *(prior year: 1,099)*	0 *(prior year: 0)*	0 *(prior year: 0)*
	91,544 *(prior year: 34,513)*	34,544 *(prior year: 9,513)*	57,000 *(prior year: 25,000)*	0 *(prior year: 0)*

a) Liabilities to banks

i) Loan liability

On 27 July 2012, SMH and SMD obtained a syndicated loan in the amount of EUR 500,000k (including credit facility) from a banking syndicate (facility agreement). The syndicate consists of 10 commercial banks and is led by Commerzbank AG, Luxembourg branch, as the loan agent. The loan replaces the previous financing arrangement. The syndicated loan has a term of five years until 27 July 2017 and consists of a term loan of EUR 275,000k and a revolving credit facility (RCF) of EUR 225,000k. It bears interest at the EURIBOR reference rate plus a variable margin. This variable margin depends on defined financial covenants and the type of loan (term loan or RCF) and ranges between 175 and 360 basis points (bp). As of 31 December 2013, the margin was 310 bp for the term loan and 260 bp for the RCF.

While the term loan is allocated to SMD, SMH holds the RCF, of which EUR 57,000k had been drawn down as of 31 December 2013. The next interest payment on the RCF tranche will be made on 6 May 2014.

ii) Interest from the facility agreement

At the end of the fiscal year, the interest calculation for the period from 4 November 2013 to 6 May 2014 for the RCF tranche was not yet available. An interest liability of EUR 258k (prior year: EUR 125k) was disclosed for the period from 4 November 2013 to 31 December 2013.

iii) Fees from the facility agreement

In fiscal years 2012 and 2013, loan commitment fees totaling EUR 7,500k were incurred in connection with the new refinancing arrangement. Of this amount, EUR 3,375k was borne and recognized by SMH in line with its share in the refinancing. The amount is amortized over the term of the facility agreement on a straight-line basis. As a result, the Company recognized an amount of EUR 2,464k as of 31 December 2013 (prior year: EUR 2,836k).

In addition, the loan commitment fees, which are invoiced approximately every three months for the undrawn part of the credit facility, were outstanding as of 31 December 2013. The resulting liabilities amounted to EUR 221k as of the balance sheet date (prior year: EUR 270k).

b) Liabilities to affiliates

EUR 26,426k (prior year: EUR 0k) of liabilities to affiliates is attributable to cash pooling with SMH group entities. This item also includes trade payables of EUR 1,893k (prior year: EUR 982k).

c) Other liabilities

Other liabilities primarily include interest liabilities, of which EUR 871k (prior year: EUR 752k) relates to interest rate swaps. As of the balance sheet date, there were also liabilities from wage and church taxes for fiscal year 2013 of EUR 327k (prior year: EUR 323k).

9. Deferred taxes

Deferred taxes at the level of SMH (tax group parent) are calculated based on the unchanged tax rate of 32.45%. This comprises corporate income tax of 15%, solidarity surcharge of 5.5% and average trade tax of 16.6%.

After offsetting deferred tax assets against deferred tax liabilities, the Company recognized net deferred tax liabilities of EUR 15,753k (prior year: EUR 16,664k). As in the past, deferred tax liabilities are attributable to the transfer of the tax bases of the subsidiaries in the tax group to SMH as tax group parent. Material items in this context are the carrying amount of an investment in a subsidiary which was treated differently for tax purposes, and the carrying amounts of recognized rights of use that were different for tax purposes. The deferred tax assets of EUR 15,901k (prior year: EUR 24,411k) used for offsetting are mainly due to unused tax losses and the interest carryforward as of 31 December 2013.

The following table shows how deferred taxes were offset:

In EUR k	31 Dec 2013		31 Dec 2012	
	Assets	Liabilities	Assets	Liabilities
Intangible assets	2	7,865	0	10,764
Property, plant and equipment	163	0	119	68
Financial assets	0	21,601	0	28,063
Pension provisions	346	0	198	0
Other provisions	3,027	2,189	3,945	2,180
Liabilities	329	0	62	0
Deferred taxes	**3,687**	**31,654**	**4,324**	**41,075**
Interest carryforwards	5,426	0	11,428	0
Loss carryforwards	6,607	0	8,659	0
Total	**15,901**	**31,654**	**24,411**	**41,075**
Offsetting	-15,901	-15,901	-24,411	-24,411
Carrying amount	**0**	**15,753**	**0**	**16,664**

As of 31 December 2013, there were tax loss carryforwards for corporate income tax (EUR 41,758k; prior year: EUR 50,620k) and for trade tax (EUR 0k; prior year: EUR 3,900k) as well as an interest carryforward of EUR 16,721k (prior year: EUR 35,218k). Including unused tax losses, the minimum taxation in 2013 and deferred tax assets on the existing interest carryforward, SMH’s tax rate is 17.58%.

D. Notes to the income statement

1. Other own work capitalized

In fiscal year 2013, personnel expenses of EUR 826k (prior year: EUR 399k) were recognized in connection with the purchase of a uniform IT application environment for the Ströer Group.

2. Other operating income

Other operating income breaks down as follows:

	2013 EUR k
Income from commercial and technical services	17,735
Income from cost allocations	3,153
Income from the reversal of provisions	905
Miscellaneous income	35
	21,828

Income from the reversal of provisions mainly relates to the reversal of provisions of EUR 500k for potential claims for damages. This item also includes income from the reversal of provisions for bonuses and outstanding invoices. Miscellaneous income comprises out-of-period income of EUR 6k, primarily due to the reimbursement of employee travel expenses for 2012.

3. Other operating expenses

Other operating expenses mainly contain IT expenses (EUR 5,458k), legal and consulting fees (EUR 3,519k), expenses which are charged on to affiliates (EUR 3,153k), travel expenses (EUR 867k), data communication costs (EUR 681k), premises expenses (EUR 673k) and commercial services provided by group entities (EUR 397k).

4. Income from equity investments

Income from equity investments is attributable to a dividend payment of EUR 295k made by blowUP Media UK Ltd., London, UK, to SMH by shareholder resolution dated 11 December 2013.

5. Income from profit and loss transfer agreements

Income from profit and loss transfer agreements stems from absorption of SMD's profit or loss for the period. The Company entered into a corresponding profit and loss transfer agreement effective 1 January 2010.

6. Extraordinary expenses

Extraordinary expenses of EUR 26k include the costs of the capital increase in 2013.

7. Income taxes

Due to the Company's function as tax group parent, all of the tax bases of the subsidiaries in the tax group are transferred to the Company. Trade tax add-backs, restrictions on deduction of interest expenses and rules on minimum taxation lead to a taxable profit.

Income taxes primarily comprise corporate income tax expenses including solidarity surcharge of EUR 1,097k and trade tax expenses of EUR 4,845k. They also include income of EUR 911k for the recognition of deferred taxes.

E. Other notes

1. Cash flow statement

	2013 EUR k	2012 EUR k
1. Cash flows from operating activities		
Profit or loss before extraordinary items and profit and loss transfer	28,658	19,988
Amortization, depreciation and impairment losses (+) on/write-ups (-) of non-current assets	3,962	1,504
Increase (+)/decrease (-) in provisions	-8,559	5,599
Other non-cash expenses (+)/income (-)	-49,069	-35,095
Gain (-)/loss (+) on disposals of non-current assets	-2	19
Increase (-)/decrease (+) in trade receivables and other assets	31,138	29,882
Increase (+)/decrease (-) in trade payables and other liabilities	-672	2,593
Cash flows from operating activities	5,456	24,490
2. Cash flows from investing activities		
Cash received (+) from the disposal of property, plant and equipment	10	1
Cash paid (-) for investments in property, plant and equipment	-340	-1,001
Cash received (+) from the disposal of intangible assets	0	1
Cash paid (-) for investments in intangible assets	-10,735	-6,227
Cash received (+) from the disposal of non-current financial assets	2,767	376
Cash paid (-) for investments in non-current financial assets	-48,315	-84
Cash flows from investing activities	-56,613	-6,934
3. Cash flows from financing activities		
Cash paid (-) for raising equity	-26	0
Cash received (+) from/cash paid (-) for cash pooling activities	29,054	-132,415
Cash received (+) from the issue of bonds and borrowings	50,000	38,641
Cash repayments (-) of bonds and borrowings	-21,641	-31,350
Cash flows from financing activities	57,387	-125,124
4. Cash at the end of the period		
Change in cash (Subtotal 1 to 3)	6,230	-107,568
Cash at the beginning of the period	3,017	110,585
Cash at the end of the period	9,247	3,017
5. Composition of cash		
Cash	9,247	3,017
Cash at the end of the period	9,247	3,017

2. Contingent liabilities and other financial obligations

a) Contingent liabilities

Under the loan agreement between SMH, SMD (both of them borrowers) and other entities of the Ströer Group (guarantors), and the banking syndicate, the Company, as contracting party (guarantor) to the facility agreement, as evidenced by an independent guarantee, has joint and several liability for loan liabilities of EUR 275,000k owed by SMD.

In connection with the acquisition of Ströer DERG Media GmbH, Kassel, SMH issued an indefinite guarantee to Deutsche Bahn AG for the obligations of Ströer DERG Media GmbH under the advertising space agreement. These relate principally to expenses for advertising media intended for the installation and operation of digital real-time systems for information and entertainment and the upgrading of existing advertising media. Over the life of the long-term agreement, the investment volume comes to roughly EUR 20m plus ongoing operating and maintenance expenses and overheads. The volume of ongoing costs depends, on the one hand, on the scope and duration of implementation and, on the other, on the use of existing electronic media structures within the Ströer Group.

In connection with the acquisition of SDG and its subsidiaries, SMH undertook by agreement dated 17 July 2013 to transfer an amount of EUR 5,000k to a separate current account for a maximum of 18 months in order to secure a loan taken out by Media Ventures GmbH, Cologne (Media Ventures). Media Ventures paid interest of 5% p.a. on this deposit. This amount was prematurely retransferred to the freely available cash of SMH on 14 January 2014.

b) Total amount of other off-balance sheet financial obligations

In addition to contingent liabilities, the Company has other financial obligations of EUR 17,682k (of which to affiliates EUR 0k). These obligations include the following items:

Lease payments

■ up to 1 year:	EUR	2,445k
■ 1 to 5 years:	EUR	7,642k
■ more than 5 years:	EUR	5,918k

The lease payments mainly relate to the Company's administrative building. The building was leased to avoid cash outflows and financing which would have been required if the building had been purchased. These benefits are contrasted by fixed and contractually agreed payment obligations over the term of the lease.

The Company also has other financial obligations from the lease of storage and administrative buildings. The remaining terms break down as follows:

- up to 1 year: EUR 1,091k
- 1 to 5 years: EUR 586k

There are also obligations to non-controlling interests from put options for which the vesting conditions had not been met as of 31 December 2013. The theoretical value of potential liabilities under these options came to EUR 17,702k as of the balance sheet date. It is not possible to say when these obligations will fall due as SMH does not have any control over the exact date on which the options will be exercised by the holders. However, all option agreements are structured in such a way that the outflow of cash will not have a significant effect on the Company's financial position.

3. Derivative financial instruments

The interest rate swap contracts totaling EUR 40,000k originally concluded to hedge the interest obligations arising from two loans are still in effect and will not expire until 1 January 2015 despite the Group's new financing structure and the repayment of the loans in 2012. They are not in a hedging relationship.

Category	Type	Amount EUR k	Fair value, including accrued interest EUR k	Carrying amount of the balance sheet item
Interest-linked	Swap	40,000	EUR -2,533k	EUR 871k, other liabilities EUR 1,662k, other provisions

The above fair value was calculated using a discounted cash flow method based on the relevant market data (yield curves) as of 31 December 2013.

4. Off-balance sheet transactions

The Company has outsourced operating functions to a group entity which, as a shared service center, performs these services for most of the Ströer group entities in order to leverage synergy effects by centralizing and standardizing processes, leading to quantitative and qualitative advantages. In fiscal year 2013, this led to expenses totaling EUR 397k for the Company.

5. Related party transactions

The following significant transactions with related parties were conducted:

Type of relationship	**Subsidiaries**	**Other related parties**
Type of transaction	**EUR k**	**EUR k**
Performance of services	951	295
Purchase of services	638	23
Provision of other services	8,134	115
Purchase of other services	15	0
Purchases	0	60,207

Other related parties comprise companies that are not fully included in SMH's consolidated financial statements and companies in which persons with SMH board functions have an equity interest.

The Company provides product development services for advertising media, IT services, central procurement and personnel services.

The purchase of services relates mainly to expenses allocated to subsidiaries.

In addition, the Company provides other services in the form of interest-bearing loans to foreign subsidiaries (EUR 8,132k). The Company also generated interest income of EUR 114k from the provision of other services to Media Ventures, in which Mr. Dirk Ströer and Mr. Udo Müller hold equity interests. For further information on the amount deposited to secure a loan taken out by Media Ventures, see our comments in E.2.a).

Purchases from related parties primarily relate to the acquisition of the shares in SDG at a cost of EUR 60,205k (see our comments in C.1.b)). Until the time of the sale, Mr. Udo Müller and Mr. Dirk Ströer held indirect equity investments in SDG and its major subsidiaries. See our comments in C.1.b). This item also includes the acquisition of further shares in Ströer Kentvizyon Reklam Pazarlama A.S., Istanbul, Turkey, at an amount of EUR 2k from two members of the board of management.

For information on further transactions with the board of management and the supervisory board, see our disclosures in E.7.

6. Audit and consulting fees

The total fee charged by the auditor for the fiscal year pursuant to Sec. 285 No. 17 HGB is included in the relevant disclosure made in the notes to the consolidated financial statements.

7. Board of management and supervisory board

The composition of the board of management and the supervisory board as well as membership of statutory supervisory boards and other oversight bodies comparable with a supervisory board is shown in the table below:

Name	Membership of statutory supervisory boards	Membership of other oversight bodies comparable with a supervisory board
Board of management		
Udo Müller (Chairman)	TARTECH eco industries AG, Berlin	
Alfried Bührdel (Deputy chairman) (until 21 February 2014)		ECE flatmedia GmbH, Hamburg Sparkasse KölnBonn, Cologne Stiftung Deutsche Sporthilfe, Frankfurt am Main Kölner Aussenwerbung GmbH, Cologne DSM Krefeld Aussenwerbung GmbH, Krefeld
Christian Schmalzl (Member of the board of management)		
Supervisory board		
Prof. Dr. h. c. Dieter Stolte (Chairman), journalist, retired director of ZDF		
Dieter Keller (Deputy chairman), auditor and tax advisor		
Dirk Ströer Managing director of Ströer Aussenwerbung GmbH & Co. KG, Cologne		
Dietmar Peter Binkowska Chairman of the board of management of NRW.Bank AöR, Düsseldorf (until 6 January 2013)	GALERIA Kaufhof GmbH, Cologne InCity Immobilien AG, Frankfurt am Main Portigon AG, Düsseldorf Portigon Financial Services GmbH i.Gr., Düsseldorf	Corpus Sireo Holding GmbH & Co. KG, Düsseldorf European Association of Public Banks (EAPB), Brussels (Belgium) Fiege Logistik AG, Münchenstein (Switzerland) Investitionsbank des Landes Brandenburg AöR, Potsdam
Martin Diederichs Lawyer		DSD Steel Group GmbH, Saarlouis
Dr. Stefan Seitz Lawyer (until 8 August 2013)	Kick-Media AG, Cologne	
Christoph Vilanek Chairman of freenet AG, Büdelsdorf (since 10 April 2013)	Netzpiloten AG, Hamburg mobilcom-debitel GmbH, Büdelsdorf	
Ulrich Voigt Banker (since 14 November 2013)	Vebowag AG, Bonn	Corpus Sireo GmbH & Co. KG, Düsseldorf Public-law stock exchange, Düsseldorf

Mr. Müller, Mr. Bührdel and Mr. Schmalzl exercised their board of management functions on a full-time basis. Mr. Bührdel resigned from his office as member of the board of management on 21 February 2014.

The cost of payment arrangements with the board of management and the supervisory board of the Ströer Group (excluding share-based payments) is presented below:

Board of management	2013 EUR k	2012 EUR k
Short-term benefits	3,874	3,246
Other long-term benefits	1,119	163
	4,993	**3,409**

Supervisory board	2013 EUR k	2012 EUR k
Short-term benefits	200	210
	200	**210**

Short-term benefits comprise in particular salaries, remuneration in kind and performance-linked remuneration components which are only paid in later years. Long-term benefits comprise performance-based remuneration components granted to the board of management – excluding share-based payment – that are only paid in later years. A reference price for the shares in Ströer AG is determined at the end of each fiscal year for share-based payments granted to the board of management (excluding the stock option plan). After four fiscal years, the reference price is compared with the share price at the end of the year and the payment of remuneration is based on the share price reached (cash-settled transaction). An upper limit is agreed for share-based payments.

Calculating the value of the share-based payment requires an estimate to be made of the future share price. This is done using a Black-Scholes valuation model that was based on volatility of 36% to 43% and a dividend yield of 1.5% as of 31 December 2013. The interest rates used for the model are between 0.1% and 0.4%. For the share-based payment attributable to 2013, we currently assume that the share price at the end of the vesting period will be 178% of the reference price. The 29,580 phantom stock options granted in 2013 each have a fair value of EUR 12.33.

EUR 740k of other long-term benefits (LTI) are due for payment in 2014.

Stock option plan:

Under the stock option plan resolved by the shareholder meeting in 2013, the board of management was granted a total of 1,400,000 options.

The option rights can be exercised at the earliest after the expiry of the four-year vesting period beginning on the grant date of the subscription right. The options have a contractual term of seven years. Instead of issuing new shares, the Company may choose to grant a cash payment in order to service the stock options. The right to exercise the stock options is dependent on the fulfillment of a certain length of service (vesting period), the value of the Company's share price and a minimum operational EBITDA of the Group of EUR 150m. The gain that can be achieved by option holders from exercising their stock options may not be more than three times the corresponding exercise price.

As of the grant date, the fair value of the stock options granted is determined using a Black-Scholes model and taking into account the conditions at which the stock options were issued.

The weighted average fair value of options granted during the fiscal year was EUR 1.41.

In fiscal year 2013, a severance payment of EUR 264k was made to a former member of the board of management.

As of 31 December 2013, a total of EUR 3,330k (prior year: EUR 2,475k) was recognized as provisions for all potential future short and long-term bonus entitlements of the board of management, EUR 874k of which is attributable to current entitlements from share-based payments (prior year: EUR 263k).

For further information, see the remuneration report, which is part of the group management report.

8. Employees

An average of 158 staff were employed in fiscal year 2013 (prior year: 152).

9. List of shareholdings

The disclosures pursuant to Sec. 285 No. 11 HGB on entities in which the Company holds an equity interest of at least 20% are presented in the following list of shareholdings.

	Equity interest as of 31 Dec 2013 %	Equity as of 31 Dec 2013 EUR k	Profit or loss 2013 EUR k
Direct investments			
Ströer Media Deutschland GmbH, Cologne	100.00	121,245	*47,495
Ströer Kentvizyon Reklam Pazarlama A.S., Istanbul, Turkey	90.00	43,024	-13,182
Ströer Polska Sp. z o.o., Warsaw, Poland	100.00	19,460	-6,288
blowUP Media GmbH, Cologne	90.00	7,513	-383
Ballroom International CEE Holding GmbH, Glonn	62.31	11,052	-446
Ströer Digital Group GmbH, Cologne	100.00	84,587	232
Indirect investments			
adscale GmbH, Munich	97.09	8,304	387
Adscale Laboratories Ltd., Christchurch, New Zealand	100.00	466	70
AdSolutions CEE GmbH, Glonn	100.00	-163	52
ARGE Aussenwerbung Schönefeld GbR, Berlin	50.00	44	71
Ballroom International GmbH, Glonn	100.00	5,868	1,010
BB Elements Sp. z o.o., Warsaw, Poland	65.00	29	7
blowUP Media Belgium N.V., Antwerp, Belgium	100.00	-236	-478
blowUP Media Benelux B.V., Amsterdam, Netherlands	100.00	-581	-1,065
blowUP Media Espana S.A., Madrid, Spain	87.50	-1,077	-197
blowUP Media France SAS, Paris, France	100.00	204	-9
blowUP Media U.K. Ltd., London, UK	100.00	716	1,773
Business Advertising GmbH, Düsseldorf	50.40	768	1,031
City Design Gesellschaft fur Aussenwerbung mbH, Cologne	100.00	36,773	*5,234
Click Motion Sp. z o.o., Warsaw, Poland	94.00	27	-4
CulturePlak Marketing GmbH, Berlin	**51.00	31	*46
DERG Vertriebs GmbH, Cologne	100.00	50	*1,215
DSMDecaux GmbH, Munich	50.00	9,876	8,317
DSM Deutsche Städte Medien GmbH, Frankfurt am Main	100.00	12,611	*17,355
DSM Krefeld Aussenwerbung GmbH, Krefeld	51.00	1,684	215
DSM Zeit und Werbung GmbH, Frankfurt am Main	100.00	1,453	*712
ECE flatmedia GmbH, Hamburg	75.10	-1,138	-378
Evolution Media Net Sp. z o.o., Warsaw, Poland	100.00	12	106
Fahrgastfernsehen Hamburg GmbH, Hamburg	100.00	-567	399
GAN Support GmbH, Hamburg (now GAN Ströer GmbH, Cologne)	100.00	25	-
Hamburger Verkehrsmittel-Werbung GmbH, Hamburg	75.1	1,380	147
iBillBoard Internet Reklam Hizmetleri ve Bilisim Teknolojileri A.S., Istanbul, Turkey	96.0	26	-2

	Equity interest as of 31 Dec 2013 %	Equity as of 31 Dec 2013 EUR k	Profit or loss 2013 EUR k
iBillBoard Poland Sp. z o.o., Warsaw, Poland	100.00	3	-18
INFOSCREEN GmbH, Cologne (formerly Ströer Digital Media GmbH, Cologne)	100.00	8,227	*14,070
Instytut Badań Outdooru IBO SP. z o.o., Warsaw, Poland	40.00	128	-16
Internet BillBoard a.s., Ostrau, Czech Republic	50.50	682	84
INTREN Informatikai Tanacsado es Szolgaltato Kft., Budapest, Hungary	50.89	271	80
Kölner Aussenwerbung Gesellschaft mit beschränkter Haftung, Cologne	51.00	3,868	3,116
Konya Inter Tanitim ve Reklam Hizmetleri Anonim Sti., Istanbul, Turkey	50.00	150	-1
Kultur-Medien Hamburg GmbH Gesellschaft fur Kulturinformationsanlagen, Hamburg	51.00	315	240
Linkz Internet Reklam Hizmetleri ve Bilisim Teknolojileri A.S., Istanbul, Turkey	100.00	308	46
MBR Targeting GmbH, Berlin	79.07	-542	-675
mediateam Werbeagentur GmbH/Ströer Media Deutschland GmbH - GbR, Cologne	50.00	76	76
Objektif Kentvizyon Reklam Pazarlama Ticaret Ltd. Sti., Istanbul, Turkey	80.00	153	107
Pacemaker AOS GmbH, Cologne	80.00	-20	-70
Reklamz Internet Reklam Hizmetleri ve Bilisim Teknolojileri A.S., Istanbul, Turkey	100.00	1,034	590
SEM Internet Reklam Hizmetleri ve Danismanlik A.S., Istanbul, Turkey	100.00	1,130	63
Ströer City Marketing Sp. z o.o., Warsaw, Poland	100.00	4,420	620
Ströer DERG Media GmbH, Kassel	100.00	5,492	*17,407
Ströer Deutsche Städte Medien GmbH, Cologne	100.00	500	*24
Ströer Digital Media GmbH, Hamburg (formerly freeXmedia GmbH)	100.00	954	379
Ströer Kulturmedien GmbH, Cologne	100.00	180	*427
Ströer Media Sp. z o.K., Warsaw, Poland	100.00	-1,331	1,584
Ströer Media Sp. z o.o., Warsaw, Poland	100.00	5	-1
Ströer Mobile Media GmbH, Cologne	100.00	-22	-122
Ströer Primetime GmbH, Cologne	100.00	25	*-34
Ströer Sales & Services GmbH, Cologne	100.00	272	*5,236
Trierer Gesellschaft für Stadtmöblierung mbH, Trier	50.00	688	59
Vidyoda ve Reklam Hizmetleri A.S., Istanbul, Turkey	100.00	378	271
X-City Marketing Hannover GmbH, Hanover	50.00	7,083	1,516

* Profit or loss for the period before profit and loss transfer

** 49% is managed on a trustee basis

10. Consolidated financial statements

The Company prepares the consolidated financial statements for the largest and smallest group of companies. The consolidated financial statements are published in the *elektronischer Bundesanzeiger* [Electronic German Federal Gazette].

11. Disclosures pursuant to Sec. 160 (1) No. 8 AktG

Dirk Ströer holds 29.95% and Udo Müller 24.22% of the Company's shares. According to the notifications made to the Company as of the date of preparation of these notes on 11 March 2014, the following parties reported to us that they hold more than 3% of the voting rights in the Company: Allianz Global Investors Europe (5.13%), Credit Suisse (4.63%) and J O Hambro Capital Management (3.01%).

See our disclosures in exhibit 1 to the notes.

12. Declaration pursuant to Sec. 161 AktG on the Corporate Governance Code

The board of management and supervisory board of SMH submitted the annual declaration of compliance with the German Corporate Governance Code in accordance with Sec. 161 AktG on 24 January 2014. The declaration was made permanently available to shareholders on the Company's website (http://ir.stroeer.de).

13. Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and the combined management report of the Company and the Group includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected future development of the Company.

Cologne, 11 March 2014

The Board of Management

Udo Müller Christian Schmalzl

Exhibit 1 to the notes to the financial statements of Ströer Media AG, Cologne

Disclosures pursuant to Sec. 160 (1) No. 8 AktG ["Aktiengesetz": German Stock Corporation Act]

The Company issued the following notifications pursuant to Sec. 26 (1) WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act]:

Credit Suisse Group AG, Zurich, Switzerland, notified us pursuant to Sec. 21 (1) WpHG that its share of the voting rights of Ströer Media AG had fallen below the 3% reporting threshold on 8 May 2013 and amounted to 2.96% (1,244,798 voting rights) on this date.

Of these voting rights, 2.93% (1,233,312 voting rights) is attributable to Credit Suisse Group AG in accordance with Sec. 22 (1) Sentence 1 No. 1 WpHG.

0.03% (11,486 voting rights) is attributable to Credit Suisse Group AG in accordance with Sec. 22 (1) Sentence 1 No. 6 in conjunction with Sentence 2 WpHG.

Credit Suisse AG, Zurich, Switzerland, notified us pursuant to Sec. 21 (1) WpHG that its share of the voting rights of Ströer Media AG had fallen below the 3% reporting threshold on 8 May 2013 and amounted to 2.96% (1,244,798 voting rights) on this date.

Of these voting rights, 0.10% (42,811 voting rights) is attributable to Credit Suisse AG in accordance with Sec. 22 (1) Sentence 1 No. 1 WpHG.

0.03% (11,486 voting rights) is attributable to Credit Suisse AG in accordance with Sec. 22 (1) Sentence 1 No. 6 in conjunction with Sentence 2 WpHG.

Credit Suisse Group AG, Zurich, Switzerland, notified us pursuant to Sec. 21 (1) WpHG that its share of the voting rights of Ströer Media AG had fallen below the 5% reporting threshold on 14 May 2013 and amounted to 4.63% (1,949,930 voting rights) on this date.

Details of the share of voting rights:

Share of voting rights due to (financial/other) instruments in accordance with Sec. 25a WpHG:
1.85% (corresponding to 779301 voting rights)

of which held indirectly:
1.85% (corresponding to 779301 voting rights)
Share of voting rights due to (financial/other) instruments in accordance with Sec. 25 WpHG:
0.92% (corresponding to 388428 voting rights)

of which held indirectly:
0.92% (corresponding to 388428 voting rights)

Share of voting rights in accordance with Sec. 21, 22 WpHG:
1.86% (corresponding to 782201 voting rights)

Details of the (financial/other) instruments in accordance with Sec. 25a WpHG:
Chain of controlled companies:
Credit Suisse AG, Credit Suisse Investments (UK), Credit Suisse Investment Holdings (UK), Credit Suisse Securities (Europe) Limited

ISIN or description of the (financial/other) instrument: Equity swap, cash settlement
Maturity:
Expiry: 4 November 2013

ISIN or description of the (financial/other) instrument: Equity swap, cash settlement
Maturity:
Expiry: 2 December 2013

ISIN or description of the (financial/other) instrument: Equity swap, cash settlement

Maturity:
Expiry: 5 August 2014

Credit Suisse Group AG, Zurich, Switzerland, notified us pursuant to Sec. 21 (1) WpHG that its share of the voting rights of Ströer Media AG had fallen below the 5% reporting threshold on 14 May 2013 and amounted to 2.78% (1,170,629 voting rights) on this date. Details of the share of voting rights:

Share of voting rights due to (financial/other) instruments in accordance with Sec. 25 WpHG:
0.92% (corresponding to 388428 voting rights)

of which held indirectly:
0.92% (corresponding to 388428 voting rights)

Share of voting rights in accordance with Sec. 21, 22 WpHG:
1.86% (corresponding to 782201 voting rights)

Details of the (financial/other) instruments in accordance with Sec. 25 WpHG:
Chain of controlled companies:
Credit Suisse AG, Credit Suisse Investments (UK), Credit Suisse Investment Holdings (UK), Credit Suisse Securities (Europe) Limited

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Credit Suisse AG, Zurich, Switzerland, notified us pursuant to Sec. 21 (1) WpHG that its share of the voting rights of Ströer Media AG had fallen below the 5% reporting threshold on 14 May 2013 and amounted to 2.78% (1,170,629 voting rights) on this date.

Details of the share of voting rights:

Share of voting rights due to (financial/other) instruments in accordance with Sec. 25 WpHG:

0.92% (corresponding to 388428 voting rights)

of which held indirectly:
0.92% (corresponding to 388428 voting rights)

Share of voting rights in accordance with Sec. 21, 22 WpHG:
1.86% (corresponding to 782201 voting rights)

Details of the (financial/other) instruments in accordance with Sec. 25 WpHG:
Chain of controlled companies:
Credit Suisse Investments (UK), Credit Suisse Investment Holdings (UK), Credit Suisse Securities (Europe) Limited

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Credit Suisse AG, Zurich, Switzerland, notified us pursuant to Sec. 21 (1) WpHG that its share of the voting rights of Ströer Media AG had fallen below the 5% reporting threshold on 14 May 2013 and amounted to 4.63% (1,949,930 voting rights) on this date.

Details of the share of voting rights:

Share of voting rights due to (financial/other) instruments in accordance with Sec. 25a WpHG:
1.85% (corresponding to 779301 voting rights)

of which held indirectly:
1.85% (corresponding to 779301 voting rights)

Share of voting rights due to (financial/other) instruments in accordance with Sec. 25 WpHG:
0.92% (corresponding to 388428 voting rights)

of which held indirectly:
0.92% (corresponding to 388428 voting rights)

Share of voting rights in accordance with Sec. 21, 22 WpHG:

1.86% (corresponding to 782201 voting rights)

Details of the (financial/other) instruments in accordance with Sec. 25a WpHG:

Chain of controlled companies:

Credit Suisse Investments (UK), Credit Suisse Investment Holdings (UK), Credit Suisse Securities (Europe) Limited

ISIN or description of the (financial/other) instrument: Equity swap, cash settlement

Maturity:

Expiry: 4 November 2013

ISIN or description of the (financial/other) instrument: Equity swap, cash settlement

Maturity:

Expiry: 2 December 2013

ISIN or description of the (financial/other) instrument: Equity swap, cash settlement

Maturity:

Expiry: 5 August 2014

Allianz Global Investors Europe GmbH, Frankfurt am Main, Germany, notified us pursuant to Sec. 21 (1) Sentence 1 WpHG that its share of the voting rights of Ströer Media AG had exceeded the 3% reporting threshold on 16 May 2013 and amounted to 3.003% of the total voting rights of Ströer Media AG (corresponding to 1,264,000 of a total of 42,098,238 voting rights) on this date.

On 31 May 2013, Mr. Dirk Ströer, Germany, notified us pursuant to Sec. 21 (1) WpHG that his share of the voting rights of Ströer Media AG, Cologne, Germany, had fallen below the thresholds of 25% and 20% of the voting rights on 29 May 2013 and amounted to 18.686% (corresponding to 7,866,490 voting rights) on this date.

0.404% of the voting rights (corresponding to 170,000 voting rights) is attributable to Mr. Ströer in accordance with Sec. 22 (1) Sentence 1 No. 1 WpHG. 0.001% of the voting rights (corresponding to 490 voting rights) is attributable to Mr. Ströer in accordance with Sec. 22 (1) Sentence 1 No. 6 WpHG.

On 3 June 2013, Sambara Stiftung, Liechtenstein, notified us pursuant to Sec. 21 (1) WpHG that its share of the voting rights of Ströer Media AG, Cologne, Germany, had exceeded the thresholds of 3% and 5% of the voting rights on 29 May 2013 and amounted to 6.651% (corresponding to 2,800,000 voting rights) on this date.

On 4 June 2013, Mr. Udo Müller, Germany, notified us pursuant to Sec. 21 (1) WpHG that, in connection with the capital increase carried out at Ströer Media AG on 3 June 2013 in return for a non-cash contribution, his share of the voting rights of Ströer Media AG, Cologne, Germany, had fallen below the threshold of 25% of the voting rights on 3 June 2013 and amounted to 24.22% (corresponding to 11,838,500 voting rights) on this date.

On 4 June 2013, Mr. Dirk Ströer, Germany, notified us pursuant to Sec. 21 (1) WpHG that his share of the voting rights of Ströer Media AG, Cologne, Germany, had exceeded the thresholds of 20% and 25% of the voting rights on 3 June 2013 and amounted to 29.95% (corresponding to 14,638,036 voting rights) on this date.

0.001% of the voting rights (corresponding to 490 voting rights) is attributable to Mr. Ströer in accordance with Sec. 22 (1) Sentence 1 No. 6 WpHG. 14.204% of the voting rights (corresponding to 6,941,546 voting rights) is attributable to Mr. Ströer via Ströer Beteiligung GmbH and Media Ventures GmbH in accordance with Sec. 22 (1) Sentence 1 No. 1 WpHG.

On 4 June 2013, Media Ventures GmbH, Cologne, Germany, notified us pursuant to Sec. 21 (1) WpHG that its share of the voting rights of Ströer Media AG, Cologne, Germany, had exceeded the thresholds of 3%, 5% and 10% of the voting rights on 3 June 2013 and amounted to 13.86% (corresponding to 6,771,546 voting rights) on this date.

On 26 June 2013, Media Ventures GmbH, Cologne, Germany, notified us pursuant to Sec. 27a (1) WpHG in connection with the exceedance of the threshold of 10% within the meaning of Sec. 27a (1) WpHG that, as part of a non-cash capital increase carried out at Ströer Media AG on 3 June 2013, 6,771,546 new shares were issued to Media Ventures GmbH (corresponding to 13.856% of the voting rights). The company also notified us of the following pursuant to Sec. 27a (1) Sentence 3 WpHG:

- The exceedance of the threshold was caused by the non-cash capital increase and serves primarily to fulfill the strategic objective of strengthening the online advertising business at Ströer Media AG.
- The notifying party does not intend to obtain further voting rights within the next twelve months by acquisition or in any other way.
- The notifying party does not intend to influence the composition of the issuer's administrative, management or supervisory bodies.
- The notifying party does not intend to significantly change the capital structure of the Company, specially with regard to the ratio of internal/external financing and the dividend policy. The transaction was financed with own funds, i.e., with the equity investments contributed to Ströer Media AG in the course of the abovementioned non-cash capital increase.

On 26 June 2013, Mr. Dirk Ströer, Germany, notified us that Media Ventures GmbH, Cologne, Germany, a company controlled by him as majority shareholder, had acquired voting rights in Ströer Media AG for the first time. The voting rights were acquired by way of a non-cash capital increase under which 6,771,546 new shares were issued to Media Ventures GmbH (corresponding to 13.856% of the voting rights). Consequently, the threshold of 10% within the meaning of Sec. 27a (1) in conjunction with Sec. 22 (1) No. 1 WpHG was exceeded. Pursuant to Sec. 27a (1) Sentence 3 WpHG, Mr. Ströer notified us of the following with regard to his objectives and the objectives of Media Ventures GmbH:

- The exceedance of the threshold was caused by the non-cash capital increase and serves primarily to fulfill the strategic objective of strengthening the online advertising business at Ströer Media AG.
- The notifying party does not intend to obtain further voting rights within the next twelve months by acquisition or in any other way.
- The notifying party does not intend to influence the composition of the issuer's administrative, management or supervisory bodies.
- The notifying party does not intend to significantly change the capital structure of the Company, especially with regard to the ratio of internal/external financing and the dividend policy. The transaction was financed with own funds of Media Ventures GmbH, i.e., with the equity investments contributed to Ströer Media AG in the course of the abovementioned non-cash capital increase.

On 28 June 2013, Media Ventures GmbH, Cologne, Germany, notified us pursuant to Sec. 21 (1) WpHG that its share of the voting rights of Ströer Media AG, Cologne, Germany, had fallen below the threshold of 10% of the voting rights on 25 June 2013 and amounted to 6.93% (corresponding to 3,385,773 voting rights) on this date.

On 28 June 2013, Ströer Beteiligungsges. mbH, Unterhaching, Germany, notified us pursuant to Sec. 21 (1) WpHG that its share of the voting rights of Ströer Media AG, Cologne, Germany, had exceeded the thresholds of 3% and 5% of the voting rights on 25 June 2013 and amounted to 7.28% (corresponding to 3,555,773 voting rights) on this date.

Allianz Global Investors Europe GmbH, Frankfurt am Main, Germany, notified us pursuant to Sec. 21 (1) Sentence 1 WpHG that its share of the voting rights of Ströer Media AG had exceeded the 5% reporting threshold on 26 August 2013 and amounted to 5.13% of the total voting rights of Ströer Media AG (corresponding to 2,507,240 of a total of 48,869,784 voting rights) on this date.

Of these voting rights, 0.23% (110,000 voting rights) is attributable to Allianz Global Investors Europe GmbH in accordance with Sec. 22 (1) Sentence 1 No. 6 WpHG.

HMI Capital, LLC, San Francisco, USA, notified us pursuant to Sec. 21 (1) WpHG that its share of the voting rights of Ströer Media AG, Cologne, Germany, had exceeded the threshold of 3% of the voting rights on 13 November 2012 and amounted to 3.04% (corresponding to 1,279,200 voting rights) on this date.

3.04% of the voting rights (corresponding to 1,279,200 voting rights) is attributable to the company in accordance with Sec. 22 (1) Sentence 1 No. 1 WpHG.

HMI Capital, LLC, San Francisco, USA, notified us pursuant to Sec. 21 (1) WpHG that its share of the voting rights of Ströer Media AG, Cologne, Germany, had fallen below the threshold of 3% of the voting rights on 3 June 2013 and amounted to 2.88% (corresponding to 1,409,200 voting rights) on this date.

2.88% of the voting rights (corresponding to 1,409,200 voting rights) is attributable to the company in accordance with Sec. 22 (1) Sentence 1 No. 1 WpHG.

On 31 October 2013, Deutsche Asset & Wealth Management Investment GmbH, Frankfurt, Germany, notified us pursuant to Sec. 21 (1) WpHG that its share of the voting rights of Ströer Media AG, Cologne, Germany, had fallen below the threshold of 5% of the voting rights on 28 October 2013 and amounted to 4.84% (corresponding to 2,367,712 voting rights) on this date.

COMBINED MANAGEMENT REPORT

The references made in this combined management report of Ströer Media AG (hereinafter "Ströer AG") and of the Group to page numbers refer to the numbering in the annual report.

FUNDAMENTAL PRINCIPLES OF THE STRÖER GROUP

Business model

Ströer Media AG is a leading provider of out-of-home and online advertising, and offers its advertising customers individualized and integrated communications solutions. Its portfolio of branding and performance products offers customers new opportunities for addressing specific target groups while increasing the relevance of the Ströer Group as a contact for media agencies and advertisers.

The Company's business model is based on offering traditional out-of-home (OOH) advertising, the digital Out-of-Home Channel (DOOH) that is shown on screens installed in train stations and shopping malls, as well as online display and video marketing via stationary internet and mobile devices and tablets. This means that we can offer advertisers a platform for optimizing campaigns, combining substantial reach with the precise targeting of customer groups.

Particular mention should be made of the development departments for online and out-of-home advertising. Furthermore, on the sales side, unlike many of its competitors, Ströer has the market presence needed to offer national and regional customers comprehensive out-of-home advertising and online products. Our more than 90 offices across Europe maintain close relationships with our contracting partners, while offering our advertising customers a wide range of communication opportunities. The sales organizations in each country manage the sales and marketing activities that are flanked by target group analyses and market research, and serve regional and national advertisers, media agencies and media specialists.

→ For further information on the development department, see page 24

On the cost side, the Ströer Group leverages positive economies of scale arising in areas such as procurement, development, information technology, legal advice and human resources, as well as synergies arising from cooperation between the individual segments and entities. One such example is the cross-segment bundling of moving-picture advertising in Ströer Primetime.

Segments and organizational structure

The Ströer Group has bundled its business into four segments, which operate independently on the market in close cooperation with the group holding company Ströer Media AG. This cooperation relates in particular to the Group's central strategic focus and enables a targeted transfer of expertise between the different segments.

→ For further information on the strategy and the group internal management, see page 22

The Group's financing and liquidity are also managed centrally. The resulting refinancing of the segments and their provision with sufficient liquidity gives the operating units the flexibility they need to exploit market opportunities quickly.

OOH and DOOH activities are consolidated in three regional segments: Ströer Germany, Ströer Turkey and the "Other" segment, which includes the business in Poland and the giant poster business BlowUP. The Online segment, which was formed in the reporting year, includes all online/mobile display and video marketing activities, including the required technology platforms.

Out-of-home business

The out-of-home advertising business is based on an attractive portfolio of agreements with private and public-sector owners of land and buildings, which furnish us with advertising concessions for high-reach sites. Of particular importance are the agreements with municipalities, for which we, as a system provider, develop smart and tailored infrastructure solutions that also enhance cityscapes. The agreements with Deutsche Bahn, the ECE group and local public transport providers are also highly significant. Our product portfolio for out-of-home advertising covers all forms of outdoor advertising media, from traditional posters (billboards) and advertisements at bus and tram stop shelters (street furniture) and on public transport through to digital and interactive offerings.

Our portfolio currently comprises more than 280,000 marketable advertising faces in Europe. Agreements with private owners of land and buildings generally provide for the payment of a fixed lease, whereas the majority of the concession contracts with municipalities entail revenue-based rent payments.

Ströer Germany segment

The Ströer Germany segment is managed operationally by Ströer Media Deutschland GmbH. Management is based at the headquarters in Cologne. Together with its many subsidiaries, Ströer Media Deutschland GmbH is active in all of the Group's product groups (street furniture, billboard, transport, other) with the exception of online. While day-to-day business is conducted from the individual regional locations and our headquarters in Cologne, key operating decisions and all accounting and financial control functions are managed centrally by the management company in Cologne. With some 230,000 marketable advertising faces in more than 600 cities, we generate by far the highest net revenue in the largest out-of-home advertising market in Europe.

Ströer Turkey segment

The Ströer Turkey segment is operationally managed by Ströer Kentvizyon Reklam Pazarlama A.S., in which the Ströer Group holds a 90% interest. Ströer Turkey has a presence in seven of the ten largest Turkish cities and operates in all product groups. With some 43,000 marketable advertising faces in more than 20 cities and provinces, we also generate the highest revenue in our sector in Turkey and thus have a much larger share of the Turkish market than any other competitor.

Other segment

The "Other" segment comprises the Ströer Poland and BlowUP Media sub-segments.

The Ströer Poland sub-segment is managed by Ströer Polska Sp. z.o.o., with Ströer City Marketing Sp. z.o.o. as its main subsidiary. In terms of like-for-like revenue, Ströer is the joint leader of the Polish market with a similar-sized competitor. Our national company has a presence in approximately 160 cities and municipalities with some 15,000 marketable advertising faces and operates in all of the Group's product groups.

The BlowUP Media sub-segment is a leading western European provider of giant posters of more than 1,000m^2 positioned on building façades. The company currently markets more than 200 sites, some of which are digitalized, which are booked either individually or in blocks, both nationally and internationally, by well-known advertisers. The normally shorter concession terms pose different challenges for portfolio management to those that arise in traditional out-of-home advertising. In Europe, BlowUP Media has operations in Germany, the UK, the Netherlands, Spain, France and Belgium.

Online business

Online segment
In the Online segment, the Ströer Group offers digital advertising on the internet and on mobile devices. The subsidiaries Ströer Digital Media, Ströer Mobile Media, Ströer Primetime, adscale, businessAD and MBR targeting are bundled under the intermediate holding company Ströer Digital Group GmbH. With its ten subsidiaries, the Ströer Digital Group holds a leading position in the marketing of advertising in Germany and covers the entire digital marketing value chain, from traditional online banner advertising, special advertising formats and individual advertising integration through to video and mobile advertising. Through its extensive offering of various advertising formats, its comprehensive portfolio of attractive advertising environments and sophisticated technological solutions, the Ströer Digital Group matches the demand for both branding (image campaigns) and performance campaigns (transaction-related solutions). The Ballroom International Group offers similar communication solutions with a particular focus on our foreign core markets of Poland and Turkey. Overall, we reach around 100 million unique users per month in our core markets.

Technology platform
The technology platform is largely provided by the subsidiaries adscale GmbH in Munich and MBR targeting GmbH in Berlin.

adscale is one of the leading marketplaces for digital advertising in Germany. It offers advertisers and website owners a transparent and high-reach exchange for digital advertising faces. The company works with reputable marketers and all major media agencies as well as with direct customers and third-party providers. Various optimization technologies, such as targeting and real-time bidding, allow campaigns to be managed efficiently on adscale. Advertisers can use adscale to filter out target groups for their campaigns from a portfolio of more than 5,000 websites. Each month, adscale records around 43 million unique visitors and some 12 billion ad impressions (as of the end of 2013). With its wide-ranging portfolio of some 5,000 websites, adscale reaches almost three quarters of all German internet users.[1)]

MBR targeting GmbH has proprietary technologies for precisely identifying online target groups, delivering transaction-based performance campaigns and generating new customers in the digital segment. Anonymous data on the surfing behavior of users is compiled using the consumer action mining (CAM) algorithm and used in real time to assign products to consumers.

Display, video and mobile marketing
With its portfolio of a good 300 websites and a reach of around 30 million unique users[2)], Ströer Digital Media holds third place in the marketer ranking of the industry group Arbeitsgemeinschaft Online Forschung (AGOF), making it one of the leading online marketers in the German advertising market.[3)] businessAD is one of the leading publisher-independent online marketers of high-quality business environments. Its exclusive marketing activities focus on established portals in the SME and the business and finance segments.

Ströer Primetime bundles our activities in moving-picture advertising on personal screens (smartphones and tablets), home screens (PCs) and public screens (DOOH displays). This exclusive marketer is a one-stop provider of multi-screen solutions – from cross-media planning and booking to campaign monitoring.

1) Source: comScore, December 2013
2) per month
3) Source: AGOF internet facts 10-2013

Ströer Mobile Media is a mobile advertising provider. The company's location-based advertising network specializes in localized and hyperlocalized online advertising on mobile devices.

International online marketing
The Ballroom Group is one of the leading independent marketing networks for online advertising with a focus on south-eastern European markets. Its portfolio ranges from ad exchange services, video and display advertising to performance marketing. For this purpose, Ballroom uses proprietary technologies, from real-time bidding as well as ad server and video solutions, through to targeting components. Ballroom also has a presence in Hungary and the Czech Republic with ad exchange services, video and display advertising as well as performance marketing.

Shareholdings and activities

The following overview as of 31 December 2013 outlines the main investment structure and its allocation to the Group's core markets.

Ströer Media AG

	100%	90%	100%	90%	100%	62.3%
Management company	Ströer Media Deutschland GmbH	Ströer Kentvizyon Reklam Pazarlama A.S.	Ströer Polska Sp. z.o.o.	BlowUP Media GmbH	Ströer Digital Group GmbH	Ballroom International CEE Holding GmbH
Geographical activity	Germany	Turkey	Poland	Germany/GB/Benelux/Spain/France	Germany	Germany/Hungary, Turkey/Poland/Czech Republic
Subsidiaries [1]	**22**	**2**	**4**	**6**	**10**	**14**
Sales by segment 2013	**EUR 421m**	**EUR 95m**	**EUR 56m**		**EUR 64m**	
Segment	Germany	Turkey	Other		Online	

[1] Number of fully and proportionately consolidated companies

Management and control

The board of management of Ströer AG as of 31 December 2013 comprises three members: Udo Müller (CEO), Alfried Bührdel (CFO) (until 21 February 2014) and Christian Schmalzl (COO). The following overview shows the responsibilities of each member of the board of management in the Group:

Name	Member since	Appointed until	Responsibility
Udo Müller	July 2002	March 2015	Chairman Strategy R&D
Alfried Bührdel	July 2002	March 2014	Chief Financial Officer Group finance Group organization Group HR Group IT Group procurement Group legal Group M&A / Corporate Finance Group revision Group investor relations
Christian Schmalzl	November 2012	November 2015	Management and supervision of national and international subsidiaries

The members of the board of management collectively bear responsibility for management.

The supervisory board of Ströer Media AG currently comprises six members: Mr. Binkowska and Dr. Seitz who left the supervisory board in 2013 were suceeded by Mr. Vilanek and Mr. Voigt. Resolutions require a simple majority. In the event of a tied vote, the chairman of the supervisory board casts the deciding vote. In order to increase efficiency, three members of the supervisory board also form the audit committee and three the executive committee. For more information on the cooperation between the board of management and the supervisory board and on other standards of corporate management and control, see the corporate governance declaration pursuant to Sec. 289 HGB ["Handelsgesetzbuch": German Commercial Code], which also includes the declaration of compliance with the German Corporate Governance Code pursuant to Sec. 161 AktG ["Aktiengesetz": German Stock Corporation Act]. In addition, the board of management and supervisory board issue a joint corporate governance report each year in accordance with 3.10 of the German Corporate Governance Code. All documents are published on the website of Ströer AG (http://ir.stroeer.com).

Markets and factors

The Ströer Group's business model means that it operates on the markets for out-of-home advertising and online and mobile marketing. The Group's economic situation is naturally affected by the advertising markets that it serves, which in turn are highly sensitive to macroeconomic developments and changes in the behavior of consumers, advertisers and media agencies. Out-of-home advertising is affected in particular by the conditions relating to the advertising concessions granted by municipalities.

Customers in the out-of-home advertising industry sometimes place bookings with a lead time of not much more than eight weeks. This underlines the trend toward ever shorter advance booking times. Seasonal fluctuations in the order intake are in line with the trend on the rest of the media market. There is generally a concentration of out-of-home activities in the second and fourth quarters. In terms of costs, the development of rental and lease payments, personnel expenses and other overheads are key factors. In the online segment, advance booking times by customers are even shorter due to the high degree of automation compared with out-of-home advertising. In the online industry, the highest revenue activity generally falls in the fourth quarter. A key factor for online advertising is the further penetration of the market using targeting/re-targeting, real-time bidding (RTB) and moving-picture offerings. Apart from the commissions paid to website owners, the main cost drivers are personnel and IT operating expenses.

The regulatory environment also impacts on the economic situation of the Ströer Group. The content of advertising is subject to different legal restrictions and conditions in the countries in which we operate. In Turkey and (with the exception of beer) Poland, out-of-home advertising of tobacco and alcohol is prohibited, whereas in Germany, these products can be advertised in out-of-home campaigns. If regulatory amendments are made, we will be able to mitigate the impact on our business volume thanks to the usual lead times applicable to changes in legislation through appropriate marketing and sales activities.

The regulatory environment in the online advertising segment is mainly determined by data privacy aspects at European and national level, which give national legislations leeway in drafting guidelines.

Overall, the Ströer Group is very well positioned with its integrated portfolio to profit from the medium to long-term market trends. The expectation is that the market will focus more and more directly on media users and their usage behavior, which will increasingly involve media consumption via screens in the private, professional and public environments. This blurs the boundaries between the individual content channels, pushing centrally managed online marketing to the fore. This also gives added importance to performance products, especially as it is possible to reach target groups with increasing accuracy by analyzing large data volumes and using targeting technologies. Disproportionately high growth in the online advertising market is expected for moving-picture and mobile offerings. At the same time, there is substantial potential for regional online advertising campaigns. Out-of-home advertising is also affected by advances in digital media, but is the only medium to retain its physical presence.

Strategy and management

Value-based strategy

We have significantly developed the Ströer Group's growth- and value-based strategy by expanding our business model and developing our online portfolio. We are one of the first fully integrated digital marketers to also focus our strategy on generating revenue and earnings potential from the integration of traditional and digital out-of-home advertising with online display advertising.

Traditional out-of-home advertising campaigns, which are primarily aimed at increasing brand awareness (branding), are strategically supplemented by attractive and innovative performance marketing products and solutions. By integrating the rapid expansion of reach offered by out-of-home with the precise targeting provided by online, the Ströer Group can offer customized communications solutions to meet almost all customer requirements.

The relevance of the Ströer Group among media agencies and advertisers, which has already grown substantially through the expansion of its business model, will increase further in the following years. Moreover, the Group's increasingly digital focus means that it is gaining access to new customer groups.

In addition, the Ströer Group pursues country-specific strategies in out-of-home advertising that take into account the relevant market conditions. Our extensive, actively managed portfolio of advertising concessions constitutes a stable platform. The objective is to secure our portfolio of first-class advertising faces for the long term, so as to provide us with a firm and reliable platform to continue developing our business.

In pursuing an integrated business model, in **Germany** we will continue to take part in all tenders of concessions in out-of-home advertising in our core markets that are significant for us.

In **Turkey**, we are focusing on consolidating our market-leading position, for example by ensuring high utilization of advertising media in the major cities of Istanbul and Ankara, and by continuing to expand premium formats. Our sales activities concentrate on both the national and the regional market.

In **Poland**, we continue to see ourselves as a consolidator, in light of the muted market development. As a result of the flexible management of the portfolio and targeted cost-cutting measures with regard to the renegotiation of lease and rental agreements, we believe that we are well positioned in this market. The professionalization of the industry as a whole also offers additional growth potential going forward.

We aim to strengthen the giant poster business **BlowUP**, which is mainly active in Germany, the UK, Spain, the Netherlands and Belgium, primarily by acquiring other major customers. Here, too, our focus is on the increased use of digital formats. All our strategic measures involve the expansion of sales activities and an internationalization strategy that is aligned with our target positioning as an integrated digital marketer. Integrating our offering also requires an end-to-end approach in product development in the out-of-home advertising and online segments in order to safeguard the Group's leading technology position.

Expansion of the multi-screen offering

The significant growth potential of our multi-screen products arises from the increasing use of media via screens in public, professional and private environments. As a result, advertisers are increasingly considering the combination of different screens during the planning process of their campaigns, to synchronize their communication strategy as far as possible as well as to maximize their reach among target groups.

One core element of Ströer's multi-screen offering is the integration of digital out-of-home (DOOH) and online/mobile video. As a number of independent market studies confirm, the digital Out-of-Home Channel allows reach to be built up in a short time and measurably influences purchasing decisions due to its high impact and recall values. In combination with the effective targeting of specific customer groups via online/mobile advertising, advertisers can increase the reach of their moving-picture campaigns and steer their content more precisely.

The Ströer Group launched its first integrated offerings on the market in the reporting year, in particular by combining digital out-of-home and online video. The aim is to sharply increase the share of total revenue from multi-screen products in the next few years and, in connection with this, to also generate a larger proportion of out-of-home advertising revenue through DOOH. The main growth lever here is Ströer Primetime, the exclusive marketer of our multi-screen portfolio, which has been bundling moving-picture advertising on personal screens (smartphones and tablets), home screens (PCs) and public screens (digital out-of-home displays) since September 2013. In this way, customers receive all the main services for their moving-picture campaigns from a single source – from cross-media planning and booking to campaign monitoring. In the future, the group-wide marketing of multi-screen campaigns will be made easier by a new ad server solution in the form of a multi-screen planning and booking tool that will enable dynamic and regional campaign management. We already achieve approximately 500 million ad impressions per week through Ströer Primetime.[1)] Our digital out-of-home advertising portfolio currently comprises approximately 2,800 screens at highly frequented locations. With regard to digital formats, we will continue to focus on sites in train stations and shopping malls in Germany as well as on large-format sites in the markets served by the BlowUP group.

Increase in local and regional advertising revenue

In Germany, advertising in a local or regional environment is currently largely distributed between free advertising publications and daily newspapers. There is also substantial growth potential here due to the shift in advertising budgets from local print media to local online services. The relatively small marketing budgets available in the local environment to individual, usually medium-sized advertisers means that there is also strong demand for standardized solutions.

In developing its local online advertising business, the Ströer Group can build on its broad customer base and sales strength from traditional out-of-home activities. In addition to our existing strong regional presence with around 40 offices across Germany, we are planning to strengthen our regional sales activities by making structural improvements and recruiting sales staff to acquire new customers (hunters), as well as by further expanding the organization of independent sales representatives.

As part of this, our regional sales team, which is already strong compared with its competitors, is to be further expanded in the next few years and systematically trained with regard to the new requirements. We plan to give our regional sales activities in Turkey a similar form following the same model.

[1)] Company estimates

The extensive exploitation of structural growth potential should ensure an above-average increase in net revenue from local and regional advertising and, in the medium term, account for at least half of our German OOH revenue.

Innovative product development secures technology position

The Ströer Group sees itself as an innovation leader in digital out-of-home advertising and online marketing.

Targeted investments in innovative premium formats, market research and audience reach measurement also ensure the Ströer Group's outstanding position in out-of-home advertising technology. The focus is on developing extremely powerful, functional and maintenance-friendly solutions that win over customers with their modern design.

In 2013, our activities were dominated by the modularization of the product portfolio to enhance product quality. In addition, product development also focused on optimizing the lighting/background lighting systems of advertising media and the related reduction in consumption in existing product ranges.

Crucial to the attractiveness of the Out-of-Home Channel for advertising and media agencies is the synchronization of the screens, which ensures an attention-grabbing brand presence and visually dominant video advertising messages. The next step in development will also include LED video boards, which can also be used in the outdoor segment. Two-sided LED systems were planned and tested in 2013, and are to be launched on the market in the coming years.

Validated and accepted audience measurements as well as the effectiveness of out-of-home media near to the point of sale, as proven in numerous studies, make Ströer a first-choice partner for the advertising industry. New studies published in the reporting year by renowned, independent institutions show that information that is presented using out-of-home advertising has a significant influence on implicit memory and thus on the spontaneous brand preferences of consumers.

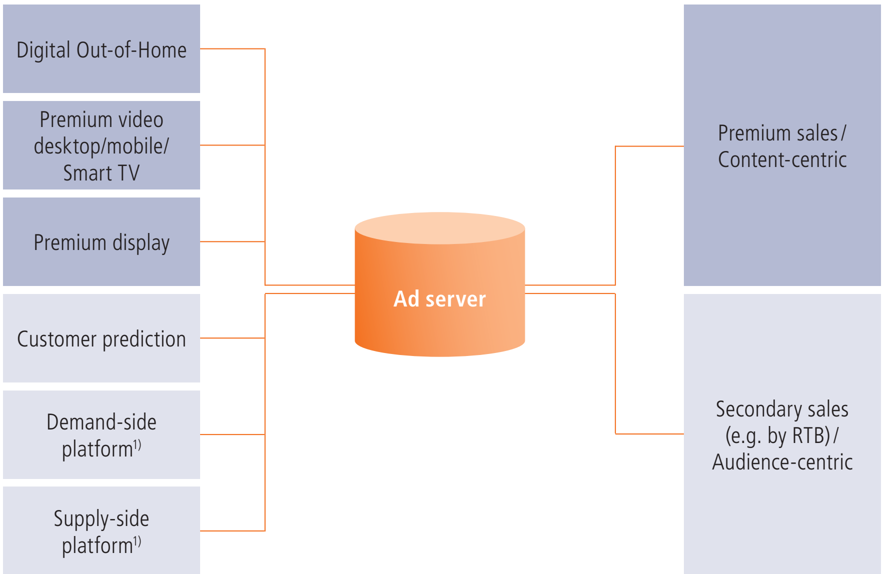
We also support the initiative of the leading out-of-home advertising providers with regard to the systematic analysis of reach in our core markets. In Turkey and Poland, Ströer is currently involved in the introduction of measurement systems that are comparable with the internationally recognized audience measurement system POSTAR.

The online strategy is based on the Group's leading technology position, which is being continuously developed and enables local and regional performance strategies as well as direct marketing. Technologies for precisely controlling campaigns and professionally managing large data volumes are crucial for success. This enables the smooth integration of branding and performance marketing as part of the multi-screen strategy.

Ströer is working with developers in New Zealand, Germany and the Czech Republic to expand its leading marketplace for digital advertising, especially in the areas of real-time bidding and targeting. A demand-side platform (DSP) was developed in the reporting year to incorporate external traffic sources. The platform enables advertisers to automatically purchase the advertising faces of other providers via adscale. With the launch of the DSP, adscale now covers almost the entire German market for online display advertising.

Thanks to its targeting mechanisms, which were also improved in the reporting year, adscale helps customers to optimize their advertising campaigns. The new targeting algorithms make it possible, among other things, to identify potential new customers on the internet (new customer prediction) and then to address them with a specific campaign. The retargeting of existing customers is also more precise. Ultimately, programmatic buying means that advertising customers can procure precisely the ad impressions that will increase the probabilities that their target groups will purchase the relevant product.

Optimization of advertising campaigns via ad server



[1] Display, video, mobile

In the fourth quarter of 2013, Ströer again improved its technology position in terms of precisely identifying online target groups and delivering transaction-based performance campaigns due to the acquisition of MBR targeting. MBR's user-centric consumer action mining (CAM) algorithm enables the processing of large data volumes in real time and is less prone to failure, much more dynamic and efficient than comparable targeting technologies. Thus Ströer can meet the growing performance requirements of customers and better capitalize the inventory of publishers.

With our products geared to performance, we will cover the entire digital value chain in the future, from ad servers through demand and supply-side platforms, real-time bidding and ad exchanges to targeting driven by proprietary technology. We are systematically exploiting the potential of big data in order to address precise target groups in the increasingly international online marketing business. This will secure a technological advantage for our customers and publishers, especially in the fast growing area of real-time advertising.

In the online segment, product development accounted for around 80 employees as of the end of 2013. Added to this were 35 employees in the Company's internal product development department for out-of-home advertising.

Internationalization

Following its successful launch in Germany, Ströer's integrated online marketing business model was rolled out to its international core markets of Turkey and Poland. The Ballroom Group, which was acquired in the third quarter of 2013, played a central role here. The company is one of the leading independent online marketing networks in our core markets of Turkey and Poland and has a suitable product and technology portfolio as well as broad international reach and strong regional networks. In the long term, as in Germany, future international growth will be defined by the integration of traditional out-of-home advertising and online business. In the context of business expansion, Ströer therefore also aims to leverage synergy effects in part by jointly serving the market. However, the key lever is the Group's significantly increasing relevance for advertisers and agencies in the individual countries.

Value-based management

We manage our Group using internally defined financial and non-financial key performance ratios in the interests of sustainable development. Our group-wide reporting structure that is implemented at all subsidiaries ensures that we keep abreast of the value added of all group entities and of the Group. Our objective is sustainable value creation over the entire economic cycle. At the same time, this ensures that we observe the covenants set by our lenders. Our value-based management is also reflected in the performance-related remuneration of the board of management. As a value driver, we understand the main internal and external factors affecting business development. Key financial indicators for the Group are revenue, operational EBITDA, cash flows from operating activities as well as net debt and the leverage ratio derived from it.

Revenue development is one of the key indicators for measuring the growth of the Group as a whole. It is also an important metric for managing the Ströer Group's segments. As part of the budgeting and medium-term planning process, the individual segments are set revenue targets that are broken down to the relevant level, and adherence to these targets is continuously monitored during the year. Both organic growth (excluding the effects of acquisitions and exchange rate changes) and nominal revenue growth are analyzed in this context.

→ For more information on financing strategic, see page 38

Operational EBITDA gives an insight into the sustainable development of earnings of our Group as it excludes one-time effects in expenses and income. The main one-time effects, which we eliminate to determine operational EBITDA, primarily result from reorganization and restructuring measures, changes in the investment portfolio (including as a result of M&A measures), and capital measures (including debt and equity capital market transactions). Furthermore, operational EBITDA is a key input for determining the leverage ratio to be reported to the syndicate of banks on a quarterly basis as one of several covenants. In addition, sustainable operational EBITDA is used on the capital market as part of the multiplier process for simplifying the determination of business value.

Cash flows from operating activities show the surplus cash flows generated from ongoing operations and thus serve as a key indicator of the financial strength and debt repayment capacity of the Ströer Group. This also enables Ströer to determine the level of its cash flow return on revenue.

The Company's net debt and net debt ratio are also key performance indicators for the Group, since ongoing growth in earnings and revenue is only possible if there is an adequate capital structure. It is measured as the ratio of net debt to operational EBITDA.

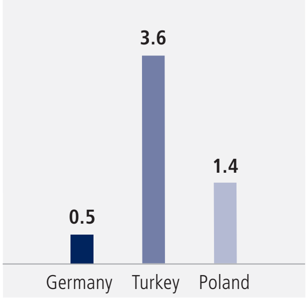
As non-financial indicators, we take into account the increasing digitalization of our business model in terms of the percentage of our total revenue accounted for by digital OOH and online business, as well as certain key figures on the employment situation, such as the headcount in the Group.

ECONOMIC REPORT

Business environment

Economic development

Anticipated real change in GDP in the key regional markets of the Ströer Group (2013)
In %



Source: OECD Economic Outlook 94, Nov. 2013

General economic developments in 2013

In fiscal year 2013, the Ströer Group's economic environment was again marked by a number of uncertainties. At the start of the year, the global economy was still suffering in particular from the consequences of the European sovereign debt crisis as well as a slowdown in key Asian and European emerging economies. Although the global economy stabilized in the second half of the year, it nevertheless fell just short of the prior-year growth rate (3.1%), standing at 3.0% according to the International Monetary Fund's World Economic Outlook. This was mainly due to declining growth in the US, which was partly affected by the protracted fiscal dispute and falling rates in Latin America. The eurozone was able to overcome its almost two-year crisis during 2013, but remained in negative territory at –0.4%.

Our three key markets of Germany, Poland and Turkey turned in a mixed performance in the reporting year. In Turkey, the economy grew much faster than in the prior year, especially until the middle of the year, whereas in Germany, growth was down slightly against 2012 on the back of a weak start to the year. In Poland, gross domestic product reached its lowest point since 2001. Overall, however, GDP growth in all three core markets was higher than the European average. Nevertheless, the volatile macroeconomic environment had a negative impact on the advertising climate, especially in Germany and Poland.

Germany

Economic growth in Germany slowed on average in 2013, primarily due to the weak start to the year. According to the German Federal Statistical Office ["Statistisches Bundesamt"], GDP growth in 2013 stood at just 0.4%, down 0.3% percentage points on the prior year. The ongoing recession in several European countries weighed heavily on the German economy, causing a downturn in foreign trade, which in prior years had been robust.

However, the slight economic growth was mainly driven by consumer and public spending, which increased by 0.9% and 0.7% respectively, while investments by companies and the public sector combined fell 1.1% against the prior year. Consumer spending was bolstered in part by sustained stability in the labor market; according to the German Federal Statistical Office, the number of people in employment reached a new high, while unemployment remained largely stable, and at 5.2% improved by 0.1 percentage points against 2012. The average increase in net wages and salaries of 2.8% was partly offset by a rise of 1.5% in consumer prices.

Turkey

In Turkey, there was a slight upturn in the economy in the reporting year. According to OECD estimates, GDP growth was around 3.6% in 2013, compared with 2.2% in 2012. In the first half the year, this growth was driven by increased public-sector investment as well as by robust consumer spending. From the middle of the year, the economic climate deteriorated as a result of political turmoil.

The increase in consumer prices accelerated in the middle of the year from 6.1% in April to 8.9% and came to 7.4% as of the year-end.

Poland

Poland was also unable to evade from the ongoing difficult environment in the global economy and the European Union (EU) in the reporting year. After standing at 2.1% in the prior year, real GDP growth in 2013 is expected to fall to 1.4% – the lowest rate since 2001 (Source: OECD Economic Outlook, November 2013). In addition to a decline in foreign trade, this trend is due to weaker consumer spending attributable in part to high unemployment, which is estimated at around 14%. The Polish economy is also being held back by a restrictive fiscal policy and falling public-sector investments, which are tied to EU funds. The rate of inflation is expected to average at 1.1% for the year, which is much lower than the government target of 2.7%.

Development of the out-of-home and online advertising industry in 2013

The impact of the sovereign debt crisis and ongoing uncertainty about macroeconomic developments also fed through to the western European advertising market. ZenithOptimedia[1], for example, estimates that net advertising spending on the main media declined by 1.4% in this region, after falling by as much as 2.4% in the prior year. While print media continued to face substantial losses of market share, net advertising spending in the online segment rose sharply. In other countries in eastern and central Europe[2], there was robust development in the advertising industry (up 5.8%), albeit with significant differences between the countries.

Germany

In 2013, there was no growth momentum in the advertising market in Germany. Nevertheless, the rise in gross advertising spending identified by Nielsen Media Research stood at 2.0% for 2013. In our view, however, the gross advertising data provided by Nielsen only indicate trends and can only be used to a limited extent to draw conclusions about net figures due to differing definitions and market territories. We currently expect net advertising investments to have fallen slightly in 2013 – in line with the most recently announced forecasts of the Central Association of the German Advertising Industry ["Zentralverband der deutschen Werbewirtschaft e.V.": ZAW]. ZAW is scheduled to publish the official net media spending figures in May 2014. Our estimate for 2013 is also supported by a ZenithOptimedia[1] forecast, which expects a 1.5% decline in net advertising spending.

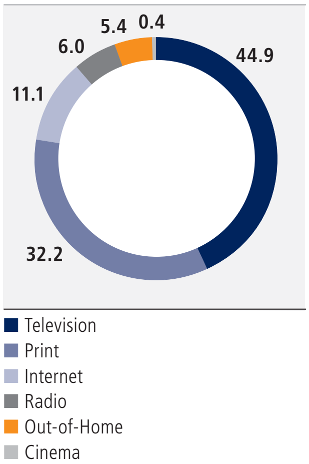
The out-of-home segment recorded a significant increase in gross advertising spending of 11.0%. For the internet segment, growth in gross advertising spending was measured at 3.5%. Once again, the biggest loser in the past year was most likely the print segment, while the TV segment saw further growth in gross advertising spending. Reliable estimates of any shifts in market share cannot be made until the net market figures are published. However, we anticipate that our market share will increase slightly, not least due to the rising share of digital revenue in out-of-home advertising.

Turkey

The Turkish advertising market again performed better overall in 2013 than in the prior year, thanks to the country's robust macroeconomic environment. Based on the ZenithOptimedia[1] report published in December 2013, we anticipate real growth of around 4% in the overall advertising market in 2013. Similar indications can be gleaned from intra-year publications by the Turkish Association of Advertising Agencies (TAAA). Although the association has not yet published its statement on the performance of the media market in 2013 as a whole, nominal growth in this market (i.e., before adjustment for inflation) is expected to be in the double-digit range. This means that the increase would again be higher than the 9.4% reported in the prior year. Consistent information on the net development of the Turkish out-of-home media market is not available. Based on ZenithOptimedia's[1] data, the internet segment is again expected to have grown substantially and gained further market share in 2013, mainly at the expense of the print segment, whose decline in market share in recent years looks set to continue despite slight nominal growth.

Market share of advertising media in Germany (2013)

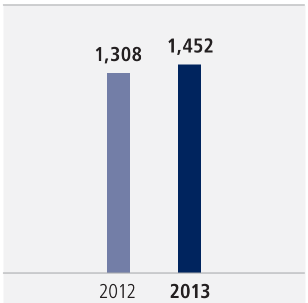
In %



Source: Nielsen Media Research

Germany: Gross advertising expenditure in the out-of-home segment*

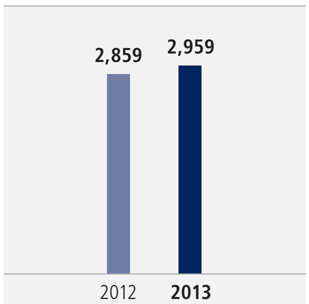
In EUR m



*Out-of-home = Poster + Transport + At-Retail-Media
Source: Nielsen Media Research

Germany: Gross advertising expenditure in the internet segment

In EUR m



Source: Nielsen Media Research

[1] Source: Publicis
[2] Includes the remaining countries of western Europe as well as selected central European countries with a moderate growth profile and strong economic connections to western Europe, such as the Czech Republic, Hungary and Poland.

Poland

The economic slowdown had a negative impact on the Polish advertising industry in the reporting year. According to the ZenithOptimedia report from December 2013, a 5.6% drop in advertising spending is expected in the reporting year – an even greater decline than in the prior year. This negative development is due on the one hand to lower advertising budgets as a result of economic conditions, and on the other to growing price pressure. The main catalyst is the TV segment, in which the four major national broadcasters are facing competition from a large number of small and diversified digital channels. The out-of-home advertising sector was hit hard by cuts in the budgets of advertisers, which resulted in a year-on-year decrease in advertising spending of 11.2% according to ZenithOptimedia. While the situation was particularly difficult in the first half of the year, the percentage declines slowed appreciably in the second half of the year. We anticipate that, in 2013, market share will have mainly shifted to online media from print media, but also from out-of-home advertising. TV, radio and cinemas will also record a slight gain in market share. The portfolio of available advertising media in out-of-home advertising is likely to have remained unchanged against the prior year, although with a further shift towards higher-quality products.

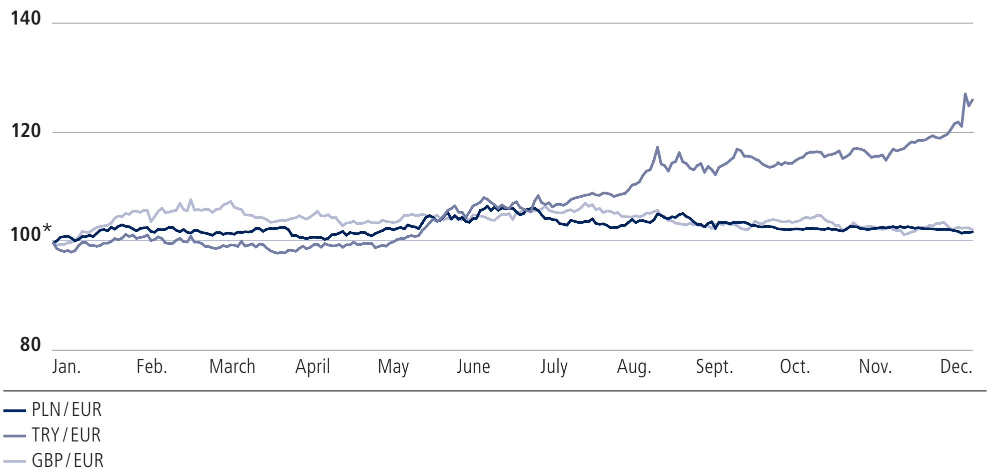
Development of the exchange rate

In 2013, the development of the euro exchange rate against the Turkish lira, the Polish zloty and the pound sterling were primarily relevant for our business. In the first four months of 2013, the Turkish lira held stable, but then depreciated substantially as the year continued. This was due to political uncertainty which again put significant pressure on the currency, especially as of the end of the year, bringing it to record lows against the euro. In a comparison of year-end values, the currency dropped by 26% in 2013 to 2.96 TRY/EUR. By contrast, the Polish zloty was stable in the reporting year, with only a slight downward trajectory. At the beginning of 2013, the currency was quoted at 4.07 PLN/EUR. In the first six months of the year, it increased to an average of 4.22 PLN/EUR, closing the year at 4.15 PLN/EUR, down a good 2% over the year.

The pound sterling fell sharply against the euro at the start of the year, but rallied again in the second half of the year. As of year-end, the currency was quoted at 0.83 GBP/EUR, which was only just below its initial level at the start of the year. The average exchange rate for 2013 of 0.85 GBP/EUR is 5% up on the prior-year level.

Development of the exchange rate in 2013

Indexed



*2 January 2013 = 100, exchange rate indexed
Source: German Federal Bank

Business performance and results of operations of the Group and the segments

Overall assessment of the board of management on the economic situation

The Ströer Group performed well overall in the fiscal year, generating a profit for the year of EUR 5.1m. 2013 was dominated by the strategic realignment of the Group: In the out-of-home business, we drove forward the expansion of digital infrastructure, further increasing the share of digital revenue in our total revenue. At the same time, we successfully launched our online business in Germany before expanding it to our core international markets of Turkey and Poland with the acquisition of the Ballroom Group. In terms of our results of operations, the two main performance indicators for the Ströer Group – revenue and operational EBITDA – increased sharply, a clear sign of positive earnings development. Revenue only came under pressure in the Poland sub-segment due to weak demand and fierce competition in the national out-of-home advertising market; however, thanks to extensive savings measures, the sub-segment also achieved a slight improvement in operational EBITDA.

We also assess the development of our net assets and financial position as positive. For example, investments in 2013 were covered entirely by cash flows from operating activities. Although net debt increased slightly to EUR 326.1m due partly to additional earn-out liabilities entered into as part of the investments in online advertising, the leverage ratio (net debt to operational EBITDA) remained almost constant due to improved operational EBITDA. With a comfortable equity ratio of 30.9%, this gives us a sound overall financial position as of 31 December 2013.

We therefore believe that the Ströer Group is well positioned both operationally and financially to make appropriate use of the opportunities arising from the structural changes in the media market in the future.

Comparison of forecast and actual business development

The Ströer Group had drawn up its targets for fiscal year 2013 as presented in its prior-year forecast on the basis of a cautiously optimistic assessment of the economic conditions. However, annual forecasts in our industry are naturally subject to major uncertainties due to extremely short-term bookings by our customers, volatile market sentiment and economic fluctuations. The development of the operating environment assumed in our forecast in 2013 was largely in line with our expectations, although we had not anticipated that the Turkish lira would be quite as weak against the euro as was the case. However, since this exchange rate effect was partially offset by other effects, Ströer was able to achieve the majority of its targets.

At 3.5%, **organic revenue growth** was at the upper end of the forecast, which had assumed a low single-digit percentage increase. Organic growth in the individual business areas largely met our expectations, with the Turkey segment and the BlowUP sub-segment even slightly exceeding our forecast figures.

Operational earnings before interest, taxes, depreciation and amortization **(operational EBITDA)** rose from EUR 107.0m to EUR 118.0m, thus also meeting expectations. In the 2013 forecast in the annual report of 2012, we had predicted a moderate increase. Thus in addition to revenue growth, increases in operating costs were also roughly in line with our projections.

The **operational EBITDA margin** amounted to 18.6%, 0.5 percentage points below the prior-year figure. In our forecast for 2013, we had already indicated that the margin was not expected to rise due to the anticipated moderate revenue increase and the lower margins in the online business, even if exchange rates were to remain constant. The margins in the Online business are lower than those in the out-of-home advertising segment.

After a loss in 2012, **consolidated profit** after taxes improved by EUR 6.9m year on year to EUR 5.1m, thus meeting expectations. As forecast, this was due to the increase in operational EBITDA as well as the substantially improved financial result.

Net debt rose by EUR 23.9m compared with the end of 2012 to EUR 326.1m as of the 2013 reporting date. In the forecast for 2013, we had not anticipated a significant increase in net debt, since the online transactions were to be financed to a large extent by issuing new shares. These transactions, which were already entered into as of year-end 2012, were indeed predominantly settled by issuing treasury shares. However, in the course of 2013, the Ströer Group made additional acquisitions of attractive companies such as the Ballroom Group to further improve its positioning in the online business. Overall, therefore, the increase in net debt was due in part to these additional transactions, which resulted in further purchase price payments and earn-out liabilities.

An overview of the development of the Group in the last five years can be found in the following five-year overview. The economic situation in our segments is explained in detail below.

Results of operations of the Group

Consolidated income statement

In EUR m	**2013**	2012	2011	2010	2009
Continuing operations					
Revenue	634.8	560.6	577.1	531.3	469.8
Cost of sales	–438.6	–386.5	–372.1	–332.7	–300.7
Gross profit	**196.2**	**174.1**	**205.0**	**198.6**	**169.1**
Selling expenses	–84.7	–75.4	–74.5	–70.7	–67.3
Administrative expenses	–83.6	–71.8	–75.1	–88.0	–64.6
Other operating income	18.7	16.5	15.9	79.5	13.7
Other operating expenses	–9.8	–9.6	–14.3	–8.3	–11.9
Share in profit or loss of associates	0.0	0.0	0.0	0.0	0.0
EBIT	**36.8**	**33.7**	**56.9**	**111.2**	**38.9**
EBITDA	**112.8**	**100.4**	**121.1**	**165.2**	**93.3**
Operational EBITDA	**118.0**	**107.0**	**132.3**	**127.3**	**100.0**
Financial result	–19.7	–31.9	–49.8	–52.8	–47.3
EBT	**17.1**	**1.8**	**7.1**	**58.3**	**–8.3**
Income taxes	–12.0	–3.6	–10.7	–0.2	9.6
Post-tax profit or loss from continuing operations	**5.1**	**–1.8**	**–3.6**	**58.1**	**1.2**
Post-tax profit or loss from discontinued operations	**0.0**	**0.0**	**0.0**	**0.0**	**–0.1**
Consolidated profit or loss for the period	**5.1**	**–1.8**	**–3.6**	**58.1**	**1.1**

Development of revenue

The Ströer Group's **revenue** increased by EUR 74.2m in fiscal year 2013 to EUR 634.8m, EUR 64.4m of this growth related to the online advertising companies gradually acquired in the course of 2013 and EUR 9.9m to the out-of-home business. The following table presents the development of external revenue by segment:

In EUR m	**2013**	2012
Ströer Germany	419.6	411.4
Ströer Turkey	94.5	91.3
Online	64.4	–
Other	56.4	57.9
Total	**634.8**	**560.6**

While domestic revenue (excluding online) rose by 2.3% to EUR 428.5m (prior year: EUR 418.9m), external revenue (excluding online) remained more or less on a par with the prior year at EUR 141.9m (prior year: EUR 141.7m), with some core markets recording declines. Thus the percentage of revenue (excluding online) attributable to foreign operations decreased to 24.9% (prior year: 25.3%). Taking into account the online segment, whose figures do not cover the full year, external revenue represented 25.0% of the total.

In the out-of-home segment, the Ströer Group recorded an encouraging performance in fiscal year 2013, especially with its digital advertising media in Germany. In Turkey, too, the Group profited from the upturn in out-of-home advertising, with the expansion of advertising media capacity and the improved product portfolio having a clear impact. By contrast, the difficult situation in Poland's advertising markets had a negative effect on revenue. Revenue from online advertising developed in line with our expectations.

Revenue development in the out-of-home advertising industry is subject to generally similar seasonal fluctuations as the rest of the media industry. This also affects the development of the Ströer Group during the year. While the second and fourth quarters are generally marked by higher revenue and earnings contributions, the first and third quarters are usually weaker. This pattern is reflected in the table below, which shows the quarterly distribution of revenue and operational EBITDA (as the online segment was established gradually in 2013, its revenue is not included in the overview).

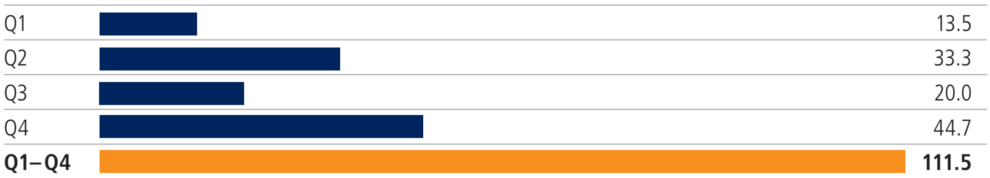
Revenue development by quarter excluding the online segment

In EUR m

Q1	125.5
Q2	154.1
Q3	132.0
Q4	158.9
Q1–Q4	**570.5**

Operational EBITDA development by quarter excluding the online segment

In EUR m



Earnings development

→ Additional explanations on the development of cost of sales can be found in the section below, "Development of key income statement items"

At the end of fiscal year 2013, **gross profit** stood at EUR 196.2m, up EUR 22.1m against the prior-year. This increase resulted from the substantial growth in revenue, which was only partially offset by the higher cost of sales. At 30.9%, the gross profit margin did not change significantly compared with the prior year (31.1%).

The increased gross profit as well as the improved financial result had a positive effect on the Ströer Group's **consolidated profit**. The higher administrative expenses and selling expenses due to the acquisitions as well as the higher tax expense had a contrasting effect. Ultimately, however, these adverse effects were more than offset by the positive trends, such that consolidated profit improved significantly by EUR 6.9m compared with the prior year (consolidated loss of EUR 1.8m) to EUR 5.1m.

→ See the adjusted income statement on page 156 of the annual report

The earnings indicators adjusted for exchange gains/losses and other exceptional items reflect the positive trend in the operating business. **Net adjusted income**[1] rose by EUR 12.3m year on year to EUR 36.3m, driven chiefly by the inclusion of **operational EBITDA**[2], which increased sharply by EUR 11.0m compared with the prior year to EUR 118.0m, as well as the adjusted financial result, which also improved substantially by EUR 13.7m.

Development of key income statement items

The growth in revenue was only partly reduced by the higher **cost of sales**. Cost of sales in the reporting year amounted to EUR 438.6m, up EUR 52.1m against the prior year. EUR 47.8m of this increase related to the first-time inclusion of the newly acquired online advertising companies. Another factor was higher lease payments in Germany and Turkey. In addition, the expansion of digital advertising media in Germany and an overall rise in demand in Germany and Turkey also resulted in higher electricity and running costs.

Selling expenses increased by EUR 9.3m year on year to EUR 84.7m. At the same time, selling expenses as a percentage of revenue declined by 0.2 percentage points in 2013 to 13.3%. Adjusted for the online advertising companies included for the first time, the increase was EUR 1.1m. Among other things, this included the substantial expansion of regional sales as well as additional personnel expenses in connection with moderate salary increases. Furthermore, expenses of EUR 0.3m were attributable to the launch of a system to measure the audience reach of advertising media in Turkey.

[1] Adjusted EBIT before non-controlling interests net of the financial result adjusted for exceptional items and the normalized tax expense

[2] Earnings before interest, taxes, depreciation and amortization adjusted for exceptional items

Administrative expenses as a percentage of revenue increased slightly year on year by 0.4 percentage points to 13.2%. In absolute terms, **administrative expenses** rose by EUR 11.7m to EUR 83.6m, although adjusted for the newly acquired companies, the increase was EUR 4.0m. This rise is primarily attributable to the additional amortization of software no longer required as well as capitalized expenses as part of the restructuring of the IT landscape of EUR 2.3m. The moderate rise in salaries and allocations to bonus provisions also had an impact.

Other operating income increased by EUR 2.2m year on year to EUR 18.7m, mainly due to income from the adjustment of earn-out liabilities and from the reversal of provisions. By contrast, exchange gains from operating activities declined slightly. At EUR 0.5m, the increase due to the companies included for the first time was relatively insignificant.

→ A detailed presentation of other operating income and expenses can be found in notes 13 and 14 to the consolidated financial statements on page 111

Other operating expenses rose by EUR 0.2m to EUR 9.8m in the reporting year. Adjusted for the companies included for the first time, this expense decreased by around EUR 1.1m due to a number of small effects. Other operating expenses include bad debt allowances, exchange losses from operating activities, adjustments of earn-out liabilities and losses from the disposal of assets.

The **financial result** improved by EUR 12.1m year on year to EUR –19.7m due to various and in some cases contrasting effects. The exchange result from intragroup loans granted by the holding company to its foreign subsidiaries, for example, accounted for an expense of EUR 1.5m, compared with income of EUR 5.6m in the prior year. By contrast, the interest result improved by EUR 13.1m due to the optimization of the Group's financing structure in July 2012, favorable interest rate trends on the capital markets and the expiry of interest rate hedges in October 2012 and April 2013. Furthermore, the prior-year financial result was reduced by a negative one-time effect of EUR 7.5m from the restructuring of the Group's refinancing arrangements. Finally, the valuation of interest rate hedges led to income of EUR 1.9m in the prior year, while in 2013 there was no notable effect on earnings. The first-time inclusion of newly acquired companies only had a marginal effect on the financial result.

→ More information on the financial result can be found in note 15 to the consolidated financial statements on page 112

The **income tax expense** amounted to EUR 12.0m (prior year: EUR 3.6m). The increase in the expense is mainly due to the utilization of all unused trade tax losses at the level of Ströer AG in spring 2013 and the overall growth in the operating business, which in total led to a much higher tax assessment base. As in prior years, the trade tax additions of lease expenses and operating expenses that are non-deductible under Turkish tax law are reflected in the tax rate.

→ For more information, see the reconciliation in note 16 of the consolidated financial statements

Business performance and results of operations of the segments

Ströer Germany

In EUR m	2013	2012	Change (%)
Segment revenue	**420.6**	**411.7**	**2.2**
Billboard	165.9	164.4	0.9
Street furniture	120.7	123.4	−2.2
Transport	96.8	90.6	6.8
Other	37.3	33.3	12.0
Operational EBITDA	**100.5**	**97.5**	**3.0**

In fiscal year 2013, the Ströer Germany segment generated **revenue** of EUR 420.6m, up EUR 9.0m on the prior year. Our business with regional customers recorded steady growth, while business with our national customers remained largely stable against the prior year.

Revenue growth in the Ströer Germany segment was mainly driven by the **transport** product group, which ended the fiscal year with revenue of EUR 96.8m, up EUR 6.2m on the prior year. The product group profited especially from dynamic revenue growth in digital advertising media, to which our Out-of-Home Channel in particular contributed low double-digit growth rates. Overall, digital formats accounted for 10.6% of segment revenue in the reporting year. Revenue growth was also bolstered by the **billboard** product group, which recorded an increase of EUR 1.5m to EUR 165.9m due to robust demand for traditional poster formats. The **street furniture** product group saw a slight decline in revenue of EUR 2.7m to EUR 120.7m because of lower capacity utilization rates. The **other** product group lifted its revenue by EUR 4.0m primarily due to a technical classification effect (at the expense of the Billboard product group).

The revenue growth was accompanied by an increase in costs, which especially affected lease expenses and running costs. Electricity costs in particular rose sharply as the demand for power grew with increasing digitization and procurement prices also went up. Ultimately, however, the increase in revenue was only partially offset by the rise in costs, such that the segment recorded year-on-year growth in **operational EBITDA** of EUR 2.9m to EUR 100.5m. The **operational EBITDA** margin improved by 0.2 percentage points to 23.9%.

Ströer Turkey

In EUR m	2013	2012	Change (%)
Segment revenue	**94.6**	**91.3**	**3.5**
Billboard	70.8	67.7	4.4
Street furniture	23.6	23.2	1.8
Transport	0.2	0.2	–19.6
Other	0.0	0.2	–86.9
Operational EBITDA	**13.8**	**12.9**	**7.5**

Revenue in the Ströer Turkey segment totaled EUR 94.6m in fiscal year 2013, an increase of EUR 3.2m. This encouraging upwards trend was primarily attributable to a further improvement in our advertising media portfolio in Istanbul and the roll-out of our new giant and premium billboards, which are meeting with strong customer demand. This boosted revenue in particular in the billboard product group, with the other product groups remaining at around the prior-year level. The weakness of the Turkish lira had a contrasting effect. Adjusted for exchange differences, the Ströer Turkey segment achieved organic revenue growth of 13.4%. The significant expansion of our business activities was reflected in both national revenue and the regional business.

The increase in revenue was offset by an only moderate rise in cost of sales in the reporting year, in particular higher running costs due to capacity utilization. By contrast, increases in lease payments as well as rising electricity costs only had a limited impact due to the weakness in the Turkish lira. Overheads in the segment declined as a result of the exchange rates. Overall, **operational EBITDA** improved by EUR 1.0m to EUR 13.8m. The **operational EBITDA margin** increased slightly by 0.5 percentage points to 14.6%.

Other

In EUR m	2013	2012	Change (%)
Segment revenue	**56.4**	**57.9**	**–2.7**
Billboard	52.2	54.5	–4.3
Street furniture	0.6	0.6	9.1
Transport	0.7	0.7	0.8
Other	2.9	2.1	35.7
Operational EBITDA	**6.4**	**4.4**	**47.0**

The “Other” segment includes our Polish out-of-home activities and the western European giant poster business of the BlowUP division.

The **Poland** sub-segment recorded a low double-digit percentage decrease in revenue in 2013. As in the prior year, ongoing price pressure had a negative impact in a challenging market environment. The resulting lower capacity utilization rates and falls in net prices were reflected in a significant drop in revenue. However, a rigorous cost-cutting program allowed the Poland sub-segment to compensate for the revenue declines and achieve a substantial year-on-year increase in operational EBITDA. Costs were reduced in both the operating business and administration.

The **BlowUP** sub-segment posted low double-digit revenue growth compared with the prior year, driven mainly by the significant expansion of business activities in the UK and Germany. Above all, revenue was boosted by the attractive location portfolio and the addition of digital boards to the product portfolio in the UK. To a limited extent, this increase was slowed by the decline in business in Belgium, where a tangible increase in price pressure had a negative impact. Ultimately, the BlowUP sub-segment recorded a mid to high double-digit percentage increase in operational EBITDA due to its revenue growth.

Overall, the Other segment ended fiscal year 2013 with revenue of EUR 56.4m, which corresponds to a slight decline of EUR 1.5m. This means that the revenue decline in Poland just exceeded the revenue increase of the BlowUP sub-segment. By contrast, operational EBITDA increased by EUR 2.1m to EUR 6.4m thanks to systematic cost savings in Poland and only moderate increases in the BlowUP Group's costs.

Online

In EUR m	**2013**	2012	Change (%)
Segment revenue	**64.4**	–	
Online	64.2	–	
Other	0.2	–	
Operational EBITDA	**6.4**	–	

→ See note 6 "Significant business combinations and sales" in the notes to the consolidated financial statements

Since the beginning of the second quarter of 2013, the Ströer Group has gradually entered the online advertising business. This step represents an important pillar of our corporate strategy and we are reporting its contributions in a separate segment. The new Online segment includes the revenue and earnings contributions of adscale, which was acquired in April, the Ströer Digital Group, which was acquired in full in June, the location-based advertising segment of Servtag GmbH, which was acquired by Ströer Mobile Media GmbH, the Ballroom Group and MBR Targeting GmbH. The revenue and operational EBITDA figures are in line with our expectations to date. The integration of the newly acquired entities into the Ströer Group also remains on schedule.

Net assets and financial position

Main features of the financing strategy

Ströer is systematically pursuing a conservative and long-term financing strategy. Securing financial flexibility is a top priority of the Ströer Group. We ensure this through a selection of financing instruments that adequately reflects criteria such as market capacity, investor diversification, flexibility in utilization, covenants and the maturity profile.

The main objectives of the Ströer Group's financial management include:

- Safeguarding liquidity and its efficient management throughout the Group
- Maintaining and continuously optimizing the Group's financing capabilities
- Reducing financial risks, including by using financial instruments
- Optimizing the cost of capital for debt and equity

The financing of the Ströer Group is structured in such a way that it provides us with a sufficient degree of business flexibility to react appropriately to changes in the market or competition. We also see the ongoing optimization of our financing costs and loan covenants as well as the diversification of our investors as further important financing objectives.

As part of our financing components, we ensure that our financial liabilities have an appropriate maturity profile and that the portfolio of banks and financial intermediaries with which we work is appropriate and stable. We operate on the basis of binding standards that ensure transparency and fairness for lenders. In working with our lending banks, it is of particular importance to us that we establish long-term and sustainable relationships.

The Ströer Group currently obtains its external financing from a syndicate of banks comprising ten selected national and international institutions. The financing comprises a long-term bullet loan of EUR 275m granted until July 2017 and a revolving working capital facility of EUR 225m with the same maturity. The loans were issued without collateral. As of the reporting date, no single bank accounted for more than 25% of all loan amounts, hence there is a balanced diversification of the loan provision. Since we had only utilized EUR 58.9m of the working capital facility including utilization by bank guarantees as of the 2013 reporting date, we still have substantial unutilized financing facilities available beyond the existing cash on hand (EUR 43.1m). The credit margins for the different loan tranches range between 175 and 360 basis points, depending on the leverage ratio. The financial covenants reflect customary market conditions and relate to two key performance indicators (leverage ratio and fixed charge ratio), which were met as of the end of the year with plenty of leeway to the relevant covenant limit. As of 31 December 2013, the Group had unutilized short and long-term credit facilities of EUR 166.1m (prior year: EUR 193.5m).

The loans largely have a floating rate of interest. There are fixed interest rate swaps for around EUR 40m of these syndicated credit facilities, although their terms will end at the beginning of 2015. In fiscal year 2013, EUR 70m of interest rate derivatives concluded before the financial crisis expired. As part of the financing strategy, the board of management regularly examines the possibility of hedging interest rate risks by using fixed-interest derivatives.

In cash management, we focus on managing our liquidity and optimizing the cash flows within the Group. The financing requirements of subsidiaries, if they cannot be covered by the entity's internal financing, are primarily met by intercompany loans as part of automated cash pooling. In exceptional circumstances, credit facilities are also agreed with locally based banks in order to meet legal, tax or operational requirements. In accordance with these guiding principles, the subsidiaries were once again mainly financed via the group holding company in 2013. At Group level, any liquidity surpluses in the individual entities are pooled, where legally possible, and managed by the Group's treasury department. Through the group holding company, we ensure at all times that the financing requirements of the individual Ströer group entities are adequately covered.

→ Further information on our financial liabilities in fiscal year 2013 can be found in the notes to the consolidated financial statements on page 133

In the fiscal year, our net debt increased moderately compared with 2012 to a total of EUR 326.1m due to the establishment of the online advertising business. In 2013, Ströer AG and its group entities complied with all loan covenants and obligations from financing agreements.

Continuously increasing capital requirements, primarily due to the Basel III reform package, are having a significant impact on bank lending. As a result, our objective in the medium term is to diversify our financing structure, which is currently based heavily on banks, in favor of more capital market-oriented debt. For this purpose, we will periodically examine various alternative financing options as part of our financing management (such as issuing borrower's note loans or corporate bonds) and also take into account the further optimization of the maturity profile of our financial liabilities. Although Ströer does not have an external rating, it regularly monitors third-party credit ratings very closely.

The Ströer Group only makes limited use of off-balance sheet financing instruments in the form of factoring. There is currently such an agreement in place for the sale of trade receivables between a Turkish group entity and a bank based in Turkey. Other instruments are not currently used in the Ströer Group. We primarily use operating leases for IT equipment and vehicles. Due to the low volumes involved, however, operating leases do not have a significant effect on the economic situation of the Group.

Overall assessment of net assets and financial position

The Ströer Group has a balanced and sound financial position and net assets. Financing is secured by a syndicated credit facility until mid-2017. The credit lines granted provide Ströer with ample scope to remain flexible in exploiting opportunities arising on the market in the future and to adapt its corporate strategy to changes in the market. As of the reporting date, the Group had cash of EUR 43.1m (prior year: EUR 23.5m) as well as unutilized long-term agreed credit lines of EUR 166.1m (prior year: EUR 193.5m). The leverage ratio – the ratio of net debt to operational EBITDA – amounted to 2.8 as of the end of the reporting year (prior year: 2.8). Increased net debt was offset by an appreciable improvement in operational EBITDA. The Ströer Group's equity gearing increased in absolute terms year on year. The equity ratio declined slightly on the prior year to 30.9% (2012: 32.4%) due to the increase in total assets, but remains very comfortable.

Financial position

In EUR m	**2013**	2012	2011	2010	2009
Cash flows from operating activities	72.0	54.9	95.0	30.3	36.1
Cash flows from investing activities	–70.3	–44.1	–57.0	–98.5	–19.5
Free cash flow	1.8	10.8	38.0	–68.2	16.6
Cash flows from financing activities	17.9	–121.4	–10.1	117.1	–1.9
Change in cash	19.7	–110.6	27.9	48.9	14.8
Cash at the end of the period	43.1	23.5	134.0	106.1	57.3

Liquidity and investment analysis

In fiscal year 2013, the Ströer Group generated **cash flows from operating activities** of EUR 72.0m, up EUR 17.1m on the prior year. On the one hand, this encouraging increase was attributable to improved EBITDA. On the other, declining interest payments had a positive effect, having been reduced from EUR 30.4m in 2012 to only EUR 17.9m in the fiscal year due to the optimization of the financing structure, lower interest rates on the capital market and the expiry of interest rate hedges. By contrast, there was a negative development in the income tax payments due from the Ströer Group. At EUR 22.8m, they increased by EUR 13.0m compared with the prior year because of back-payments for prior assessment periods and the adjustment of current tax prepayments.

Cash flows from investing activities in 2013 rose by EUR 26.2m year on year to EUR –70.3m. The higher cash outflows are primarily attributable to purchase price payments of EUR 35.2m for the acquisitions of online advertising companies made in the fiscal year. By contrast, cash paid for investments in property, plant and equipment decreased by EUR 10.6m to EUR 24.3m. A key factor here was that the expansion of our advertising media capacity in Turkey as part of the new marketing contract in Istanbul was largely completed at the beginning of 2013. Furthermore, after extensive investments in the start-up phase of our Out-of-Home Channel growth project, capital expenditure here was also reduced in the reporting year. At the same time, the Ströer Group invested EUR 14.7m in intangible assets, in particular in the development of advertising media and an improved IT landscape. This also included for the first time significant investments in internally developed software resulting from the continued development of the online advertising platforms of our newly acquired companies.

Overall, **free cash flow** was slightly positive at EUR 1.8m, despite the extensive acquisitions in the fiscal year. The Ströer Group also proved its internal financing power in a multiple-year analysis. In the past five years, replacement and expansion investments have been covered entirely by cash flows from operating activities. In the same period, cash flows from operating activities also covered all growth projects, apart from a mid-single-digit million figure, and all payments for business combinations as part of the strategic realignment of the Group.

Cash flows from financing activities of EUR 17.9m primarily reflect borrowings of EUR 29.7m. This contrasted with payments to non-controlling interests of EUR 10.5m, primarily for the acquisition of further shares in already consolidated companies. Cash flows from financing activities in the prior year (EUR –121.4m) were impacted by the repayment of substantial loan liabilities as part of the new financing structure implemented in July 2012.

Cash increased by EUR 19.7m to EUR 43.1m, mainly reflecting cash flows from financing activities due to the slightly positive free cash flow. In light of additional credit facilities of EUR 166.1m that are available for the long term, the Ströer Group's liquidity remains comfortable.

Financial structure analysis

As of the end of 2013, around 78% of the Ströer Group's **financing** was covered by equity and non-current debt (prior year: 79%). Even after entering the online advertising business, well over 100% of the current liabilities of EUR 213.2m (prior year: EUR 180.9m) is financed by current assets of EUR 167.3m (prior year: EUR 130.5m) as well as available, long-term agreed credit facilities of EUR 166.1m (prior year: EUR 193.5m).

As of 31 December 2013, **financial liabilities** amounted to EUR 393.5m, which is EUR 50.9m up on the prior-year level of EUR 342.5m. This increase was due in particular to a EUR 28.6m rise in liabilities to banks. The increase in liabilities was contrasted by a EUR 19.7m increase in cash. Furthermore, another EUR 11.2m of earn-out liabilities resulted from the abovementioned acquisitions. In addition, put options for the transfer of unsold shares were also granted to the sellers of some of these companies, leading to additional liabilities from put options of EUR 10.1m.

In EUR m	31 Dec 2013	31 Dec 2012	31 Dec 2011	31 Dec 2010	31 Dec 2009
(1) Non-current financial liabilities	351.2	311.0	413.1	426.6	555.9
(2) Current financial liabilities	42.3	31.6	52.6	39.2	26.5
(1) + (2) Total financial liabilities	393.5	342.5	465.7	465.7	582.4
(3) Derivative financial instruments	24.3	16.9	27.4	39.5	29.8
(1) + (2) – (3) Financial liabilities excluding derivative financial instruments	369.2	325.6	438.3	426.2	552.6
(4) Cash	43.1	23.5	134.0	106.1	57.3
(1) + (2) – (3) – (4) Net debt	**326.1**	**302.1**	**304.3**	**320.1**	**495.4**
Leverage ratio	**2.8**	**2.8**	**2.3**	**2.5**	**5.0**
Equity ratio (in %)	**30.9**	**32.4**	**27.8**	**29.8**	**–6.4**

Despite extensive investments in online advertising companies, the Ströer Group's **net debt** increased by only EUR 23.9m in fiscal year 2013 to EUR 326.1m. The Group profited from the upturn in the operating business and the resulting substantial improvement in cash flows from operating activities. The leverage ratio, defined as the ratio of net debt to operational EBITDA, remained almost unchanged on the prior-year level at 2.8, due to the significant improvement in operational EBITDA.

Trade payables rose by EUR 27.5m to EUR 107.9m in 2013. EUR 27.9m of this overall increase related to the addition of the newly acquired online advertising companies, which were consolidated for the first time in the fiscal year.

Liabilities from current income taxes decreased from EUR 16.0m in the prior year to EUR 6.7m, mainly due to tax backpayments made in the fiscal year for prior assessment periods.

The Ströer Group's **equity** developed positively in the reporting year, increasing by EUR 16.5m against the prior-year figure to EUR 296.0m. This trend is due to various and in some cases contrasting effects. For example, a capital increase in return for a non-cash contribution in June 2013 led to a EUR 57.4m increase in equity. Furthermore, the rise in equity reflects the consolidated profit as well as the increased share of non-controlling interests resulting from the acquisitions. Contrasting effects include exchange rate effects from the translation of our Turkish and Polish activities, which had a negative impact on the Group's equity. At the same time, the new put options entered into in connection with the business combinations reduced equity. Due to the increase in total assets from the acquisitions, the equity ratio fell slightly from 32.4% in the prior year to 30.9% as of 31 December 2013 despite the increase in equity in absolute terms.

Capital structure costs

→ For more information, see the section "Intangible assets" in the notes to the consolidated financial statements on page 119

In the Ströer Group, cost of capital relates to risk-adjusted return on investment requirements and, for the purpose of measurement in the consolidated financial statements, is determined in accordance with the capital asset pricing model and the WACC (weighted average cost of capital) approach. Cost of equity is derived from capital market information as the return expected by shareholders. We base borrowing costs on returns on long-term corporate bonds. In order to account for the different return/risk profiles of our main activities, we calculate individual cost of capital rates after income taxes for our business units.

Net assets

Consolidated statement of financial position					
In EUR m	**31 Dec 2013**	31 Dec 2012	31 Dec 2011	31 Dec 2010	31 Dec 2009
Assets					
Non-current assets					
Intangible assets	254.0	262.0	278.4	306.5	213.1
Goodwill	309.4	226.1	224.2	225.0	180.2
Property, plant and equipment	206.7	225.9	221.8	212.8	180.9
Tax assets	7.8	5.0	15.5	9.4	31.4
Receivables and other assets	11.0	14.3	14.4	10.7	9.1
Sub-total	**788.9**	**733.3**	**754.3**	**764.5**	**614.7**
Current assets					
Receivables and other assets	117.7	96.7	85.8	107.2	68.2
Cash	43.1	23.5	134.0	106.1	57.3
Tax assets	4.5	4.8	3.1	4.2	4.2
Inventories	2.9	5.5	5.4	5.1	4.1
Sub-total	**168.3**	**130.5**	**228.4**	**222.6**	**133.8**
Total assets	**957.1**	**863.7**	**982.6**	**987.1**	**748.6**
Equity and liabilities					
Equity and non-current liabilities					
Equity	**296.0**	**279.6**	**273.5**	**294.4**	**−48.1**
Financial liabilities	351.2	311.0	413.1	426.6	555.9
Deferred tax liabilities	57.3	55.1	71.4	64.9	75.6
Provisions	39.4	37.2	31.3	36.8	31.9
Sub-total	**447.9**	**403.2**	**515.8**	**528.3**	**663.4**
Current liabilities					
Trade payables	107.9	80.5	77.5	67.9	50.9
Financial and other liabilities	77.9	65.9	81.7	70.3	52.2
Provisions	20.6	18.6	21.0	17.7	23.6
Income tax liabilities	6.7	16.0	13.1	8.4	6.5
Sub-total	**213.2**	**180.9**	**193.3**	**164.3**	**133.3**
Total equity and liabilities	**957.1**	**863.7**	**982.6**	**987.1**	**748.6**

Analysis of the net asset structure

The Ströer Group's **total assets** increased by EUR 93.4m in 2013 to EUR 957.1m, mainly due to the acquisitions made in the fiscal year.

Non-current assets rose by 7.6% in the reporting year to EUR 788.9m. The main reason for this development was additions to intangible assets, primarily including the goodwill of EUR 93.8m recognized for the first time in connection with the acquisitions and the internally developed software and capitalized publisher contracts totaling EUR 26.3m. Some of the goodwill is provisional because not all purchase price allocations (PPA) in connection with the allocation of hidden reserves to individual assets have been finalized. Furthermore, investments in the group-wide IT landscape resulted in additions to intangible assets. Amortization of advertising concessions and exchange losses on advertising concessions as well as the goodwill of our foreign operations had a contrasting effect. Property, plant and equipment declined slightly in the same period by EUR 19.2m to EUR 206.7m, chiefly due to depreciation and exchange losses from the translation of assets in the statements of financial position of our Turkish and Polish group entities, which accordingly more than offset group-wide investments. The newly acquired companies resulted in additions of only EUR 0.9m to property, plant and equipment.

Current assets increased by EUR 37.8m against the prior year to EUR 168.3m. EUR 23.3m of this increase was attributable to a rise in trade receivables, principally as a result of the first-time recognition of the receivables of the newly acquired online marketers of EUR 35.9m. Adjusted for this effect, the item fell due to currency fluctuations and improved working capital management in our foreign subsidiaries. Another reason for the growth in current assets is the increase of EUR 19.7m in cash to EUR 43.1m.

→ For more information on the off-balance sheet assets in the Ströer Group's human capital, see our report in the section "Employees"

The Ströer Group's **off-balance sheet assets** include a substantial portfolio of internally generated advertising concessions with municipalities and private landlords. This is due to the fact that only advertising concessions that were acquired as part of business combinations are recognized as intangible assets. Thanks to our strong market position, we also have a broad-based portfolio of sustainable customer relationships on the sales side. The majority of these customer relationships can also be classified as off-balance sheet assets. As of 31 December 2013, other financial obligations amounted to EUR 1,062.9m (prior year: EUR 1,163.7m) and related to obligations from not yet completed investments and leases based on operating lease agreements. Due to the selected agreement structures, the latter may not be recognized as finance leases in non-current assets.

STRÖER MEDIA AG

The management report of Ströer Media AG (hereinafter "Ströer AG") and the group management report for fiscal year 2013 have been combined pursuant to Sec. 315 (3) HGB ["Handelsgesetzbuch": German Commercial Code] in conjunction with Sec. 298 (3) HGB. The separate financial statements and the combined management report of the Company and the Group are published at the same time in the Elektronischer Bundesanzeiger [Electronic German Federal Gazette].

Description of the Company

Ströer AG operates as the holding company. It exclusively performs group management duties and renders administrative and other services for the Group. These include in particular finance and group accounting, corporate and capital market communication, IT services, group financial control and risk management, research and product development as well as the legal and compliance and corporate development functions.

The following figures and comments relate to the separate financial statements of Ströer AG which were prepared in accordance with the provisions of the HGB and the AktG ["Aktiengesetz": German Stock Corporation Act].

Results of operations

The **result from ordinary activities** increased by EUR 14.2m in the fiscal year to EUR 33.8m, mainly due to higher income from profit and loss transfer agreements, for which Ströer AG recorded growth of EUR 17.1m to EUR 47.5m. This positive trend was only slightly offset by a EUR 2.5m increase in amortization, depreciation and impairments as well as by a moderate increase in personnel expenses of EUR 1.6m. The significant improvement in the result from ordinary activities also led to an appreciable increase in Ströer AG's **profit for the period**, although this was significantly reduced by the tax expense of EUR 5.0m. Overall, the profit for 2013 rose by EUR 8.6m to EUR 28.6m.

In EUR k	**2013**	2012
Other own work capitalized	826	399
Other operating income	21,828	21,346
Personnel expenses	–16,996	– 15,352
Amortization, depreciation and impairment of intangible assets and property, plant and equipment	– 3,962	– 1,504
Other operating expenses	– 19,524	– 20,198
Income from equity investments	295	740
Income from profit and loss transfer agreements	47,495	30,396
Income from loans classified as non-current financial assets	8,132	7,871
Interest and similar expenses / income	– 4,343	– 4,103
Result from ordinary activities	**33,752**	**19,594**
Extraordinary result	– 26	– 1
Income taxes	– 5,033	571
Other taxes	– 61	– 177
Profit for the period	**28,631**	**19,987**
Profit carryforward	39,987	46,043
Allocation to retained earnings	– 19,987	– 26,043
Accumulated profit	**48,631**	**39,987**

Other operating income of EUR 21.8m (prior year: EUR 21.3m) relates in particular to intragroup services (EUR 17.7m; prior year: EUR 16.9m), of which EUR 9.5m (prior year: EUR 8.9m) is attributable to IT services. This item also includes income from intragroup cost allocations of EUR 3.2m (prior year: EUR 3.3m) as well as income from the reversal of provisions of EUR 0.9m (prior year: EUR 1.1m). The EUR 0.5m increase in other operating income is primarily based on income from intragroup services, which were up EUR 0.8m on the prior year.

Ströer AG's **personnel expenses** rose by EUR 1.6m year on year as a result of moderate salary adjustments and severance payments.

Amortization, depreciation and impairment of intangible assets and property, plant and equipment climbed by EUR 2.5m to EUR 4.0m. This increase is primarily attributable to the additional amortization of software no longer required as well as capitalized expenses as part of the restructuring of the IT landscape of EUR 2.3m.

Other operating expenses fell by EUR 0.7m year on year to EUR 19.5m in fiscal year 2013, due in particular to a EUR 0.7m reduction in legal and consulting fees.

Income from equity investments largely relates to a dividend payment by BlowUP Media UK Ltd., London, UK.

Income from profit and loss transfer agreements (EUR 47.5m) comprises the profit and loss transferred by Ströer Media Deutschland GmbH to Ströer AG for fiscal year 2013 under the profit and loss transfer agreement concluded in 2010. The EUR 17.1m increase in the profit transferred is mainly due to the change in the German group's business situation.

Income from loans classified as non-current financial assets primarily relates to intragroup loans that Ströer AG granted to its subsidiaries in the fiscal year or in prior years. The EUR 0.3m increase to EUR 8.1m reflects the slightly higher balance of loans compared to the prior year.

Interest and similar expenses/income remained virtually at the prior-year level, declining by EUR 0.2m.

→ For detailed information on deferred taxes, see note 9 in the notes to the consolidated financial statements of Ströer AG

While the prior-year figure for **income taxes** included a positive effect of EUR 0.6m, the Company recorded a negative effect from income taxes of EUR 5.0m in the reporting year. This mainly results from higher corporate income tax and trade tax expenses in the fiscal year (EUR 5.5m), which are only partly offset by income of EUR 0.9m from the reversal of deferred tax liabilities.

Net assets and financial position

Ströer AG's total assets rose from EUR 500.2m to EUR 636.0m in fiscal year 2013. The main reasons for the EUR 135.8m increase are the EUR 110.2m rise in financial assets and the EUR 13.7m increase in receivables from affiliates. In addition, intangible assets grew by EUR 7.3m and cash by EUR 6.2m. On the equity and liabilities side, the main changes related to equity (up EUR 78.1m), liabilities to banks (up EUR 28.5m) and liabilities to affiliates (up EUR 27.3m).

In EUR k	**2013**	2012
Assets		
Non-current assets		
Intangible assets and property, plant and equipment	15,925	8,820
Financial assets	553,952	443,712
	569,876	**452,532**
Current assets		
Receivables and other assets	54,052	41,291
Cash on hand and bank balances	9,247	3,017
	63,298	**44,308**
Prepaid expenses	**2,815**	**3,393**
Total assets	**635,989**	**500,233**
Equity and liabilities		
Equity	**505,597**	**427,466**
Provisions		
Provisions for pensions and similar obligations	32	31
Tax provisions	3,931	12,093
Other provisions	19,132	9,466
	23,096	**21,590**
Liabilities		
Liabilities to banks	57,512	29,014
Trade payables and other liabilities	5,713	4,518
Liabilities to affiliates	28,319	982
	91,544	**34,513**
Deferred tax liabilities	**15,753**	**16,664**
Total equity and liabilities	**635,989**	**500,233**

Analysis of the net asset structure

The increase in **intangible assets and property, plant and equipment** of EUR 7.1m in the fiscal year mainly reflects investments in the expansion and restructuring of the IT landscape. This restructuring led to the additional amortization of software that was no longer required and capitalized expenses of EUR 2.3m.

The EUR 106.1m rise in **shares in affiliates** in fiscal year 2013 is attributable to the acquisition of a further 15% of the shares in BlowUP Media GmbH (EUR 6.0m), around 91% of the shares in adscale GmbH (EUR 19.8m), all of the shares in Ströer Digital Group GmbH (EUR 60.2m) and 53.4% of the shares in Ballroom International CEE Holding GmbH (EUR 20.1m). Also in 2013, the shares acquired in adscale GmbH were transferred by way of a non-cash contribution to Ströer Digital Group GmbH, which in turn then acquired a further 5.8% in adscale GmbH.

Loans to affiliates rose by EUR 4.1m to EUR 99.3m in the fiscal year, chiefly as a result of a loan to Ströer Digital Group GmbH and long-term interest receivables from Ströer Kentvizyon that were converted into a loan.

Receivables and other assets grew by EUR 12.8m year on year to EUR 54.1m in 2013, mainly due to the EUR 13.7m increase in receivables from affiliates. The rise in these intragroup receivables was in turn primarily attributable to the EUR 17.1m improvement in the profit transferred by Ströer Media Deutschland GmbH. This was offset in particular by intragroup receivables from cash pooling. These receivables in the amount of EUR 2.6m as of 31 December 2012 shifted into liabilities from cash pooling of EUR 26.4m as of the 2013 reporting date. Within other assets, other tax refund claims decreased by EUR 1.0m to EUR 3.7m.

→ For further information, see the liquidity analysis on page 48

Bank balances increased by EUR 6.2m to EUR 9.2m.

Prepaid expenses fell by EUR 0.6m to EUR 2.8m. Of this year-end balance, EUR 2.5m relates to transaction costs recognized in connection with the new syndicated credit facility concluded in 2012. The EUR 0.6m decline in prepaid expenses is primarily due to the pro rata amortization of the recognized costs over the five-year term.

Financial structure analysis

Ströer AG recorded growth in **equity** of EUR 78.1m to EUR 505.6m due to several effects. For example, subscribed capital increased by EUR 6.8m and the capital reserves by EUR 42.7m by way of a non-cash contribution in return for the issue of new shares; the non-cash contribution comprised the shares in Ströer Digital Group GmbH. The Company also generated a profit of EUR 28.6m in the reporting year. Furthermore, the structure of equity changed such that, by way of a resolution of the shareholder meeting on 8 August 2013, EUR 20.0m was transferred from the accumulated profit for 2012 to other retained earnings and EUR 20.0m was carried forward to new account. Ströer AG's equity ratio remains very comfortable at 79.5% (prior year: 85.5%). Despite the higher equity, however, it fell by 6.0 percentage points due to the substantial increase in total assets in connection with the acquisitions.

Provisions rose by EUR 1.5m overall year on year to EUR 23.1m. Other provisions were up EUR 9.7m to EUR 19.1m, mainly due to the earn-out liabilities entered into as part of the acquisition of the online advertising companies, which amounted to EUR 11.0m as of the reporting date, as well as to a EUR 1.4m increase in provisions for employee and management bonuses. By contrast, the decrease in provisions for onerous losses reduced provisions by EUR 1.7m due to ongoing payments for interest rate hedges concluded in prior years. Provisions for outstanding invoices also declined by EUR 0.5m. In the same period, tax provisions fell by EUR 8.2m to EUR 3.9m, mainly due to the very low level of tax prepayments in prior years, which contrasted with correspondingly higher backpayments in fiscal year 2013.

The growth of EUR 28.5m in **liabilities to banks** to EUR 57.5m resulted from the additional utilization of a working capital facility.

Trade payables and **other liabilities** increased by EUR 1.2m overall to EUR 5.7m, primarily as a result of a slight increase in trade payables due to the timing of the payment runs.

Liabilities to affiliates rose by EUR 27.3m to EUR 28.3m in the fiscal year. EUR 26.4m of this increase relates to higher liabilities from the Group's cash pooling, which Ströer AG manages.

Liquidity analysis

In EUR m	**2013**	2012
Cash flows from operating activities	5.5	24.5
Cash flows from investing activities	–56.6	–6.9
Free cash flow	**–51.2**	**17.6**
Cash flows from financing activities	57.4	–125.1
Change in cash	**6.2**	**–107.6**
Cash at the end of the period	9.2	3.0

Cash flows from operating activities fell by EUR 19.0m year on year to EUR 5.5m, due in part to tax backpayments of around EUR 9.8m made in 2013 for prior assessment periods, and in part to the payment received for the profit transferred by Ströer Media Deutschland GmbH in 2013 for fiscal year 2012. This was EUR 11.2m lower than the payment in 2012 for fiscal year 2011 owing to the poorer economic environment.

Cash flows from investing activities increased by EUR –49.7m year on year to EUR –56.6m in 2013, due in particular to payments for business combinations. In 2013, for example, around EUR 6.0m was paid for the 15% stake in BlowUP Media GmbH, some EUR 19.8m for the acquisition of adscale GmbH and around EUR 19.5m for the acquisition of Ballroom International CEE Holding GmbH. Furthermore, compared with the prior year, around EUR 4.5m more was invested in intangible assets, the majority of which related to the restructuring of the IT landscape.

Free cash flow, which is defined as the difference between cash flows from operating activities and cash flows from investing activities, totaled EUR –51.2m in the fiscal year 2013.

Cash flows from financing activities primarily reflects the increased investments in connection with the acquisitions. It chiefly comprises the surplus from payments into the cash pool as well as withdrawals from and repayments to the working capital facility. In the prior year, cash flows from financing activities were dominated by the restructuring of the Group's financing, which entailed the raising of a new credit facility.

Cash increased slightly by EUR 6.2m year on year as of the reporting date to EUR 9.2m for planning reasons.

Ströer AG's **net financial assets** break down as follows:

In EUR m	31 Dec 2013	31 Dec 2012
(1) Non-current financial liabilities	–57.0	–25.0
(2) Current financial liabilities (including intragroup financial liabilities)	–29.7	–2.1
(1)+(2) Total financial liabilities	**–86.7**	**–27.1**
(3) Intragroup non-current and current financial receivables	148.9	131.1
(1)+(2)–(3) Financial liabilities (less intragroup financial receivables)	**62.2**	**104.0**
(4) Cash	9.2	3.0
(1)+(2)–(3)–(4) Net financial assets	**71.4**	**107.0**
Equity ratio (in %)	**79.5**	**85.5**

At EUR 71.4m, net financial assets fell by EUR 35.6m on the prior year (EUR 107.0m). This decline largely corresponds to the free cash flow adjusted for the increase in receivable from the profit and loss transfer agreement.

As the holding company, Ströer AG is closely linked to the performance of the entire Ströer Group. Despite the temporary decline in free cash flow, we believe that the holding company, like the Group as a whole, is well positioned to meet future challenges in a changeable economic environment due to the very comfortable equity ratio and the upwards trend in the operating results of its subsidiaries.

Anticipated development of the Company

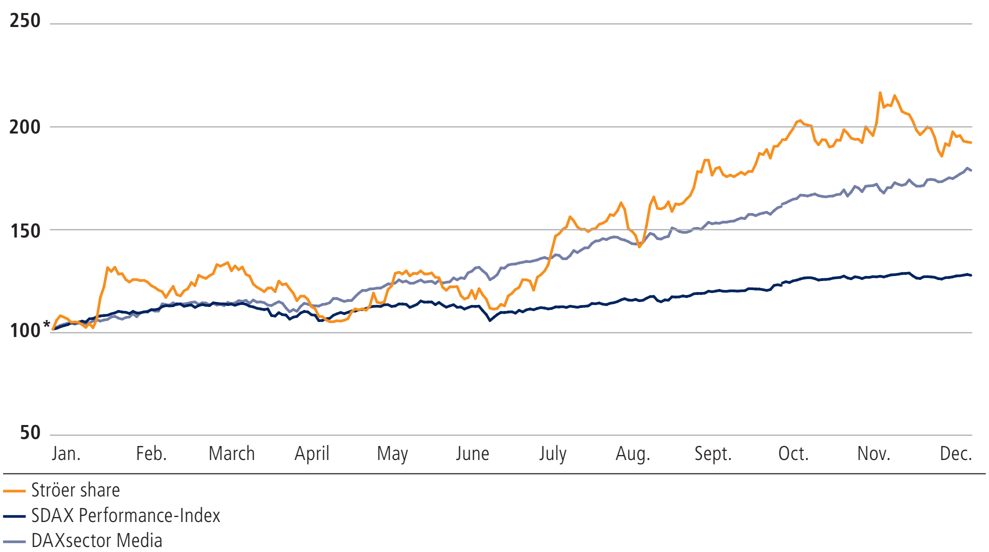
Due to its role as group parent, the anticipated development of Ströer AG depends on the development of the Group as a whole. Based on the Group's predicted results of operations for 2014 presented under "Forecast," we expect the subsidiaries to generate higher earnings contributions overall and Ströer AG to improve its profit or loss in the following years.

INFORMATION ON THE SHARE

After a relatively difficult start to the year and a certain amount of volatility in the first six months, the German stock market performed very positively overall. The DAX gained 25% and posted several record highs in the course of 2013. This trend was supported by low base interest rates and the expansive monetary policy in the US and Europe.

Ströer stock also performed well over 2013 as a whole and closed the year at EUR 12.90 – up by around 95% on the year-end price in 2012.

The Ströer share compared with the SDAX and DAXsector Media in 2013



*2 Jan 2013 = 100, exchange rates indexed, closing price in Xetra

Source: Bloomberg

Targeted investor relations

In addition to complying with the statutory disclosure requirements, we aim to ensure a trust-building and transparent dialog through continuous and personal contact with analysts, investors and interested capital market players.

We provide information about current developments through roadshows, meetings at our Group headquarters and regular telephone contact. Active dialog with capital market players also helps to optimize our investor relations work in order to guarantee sustainable shareholder value.

We continuously assess our shareholder structure and adapt our roadshow destinations accordingly. The main venues for our presentations in the reporting year were Frankfurt, London and New York. We also regularly visit Paris, Zurich and Copenhagen.

In addition, we hold Capital Market Days, Analyst Days and Lender Days to address individual issues from different capital market perspectives. Furthermore, we place importance on a personal dialog with private shareholders and pay close attention to their views by attending public shareholder forums.

Another key communication channel is our website http://ir.stroeer.com, where we promptly publish capital market-related information and documents.

Shareholder meeting and extraordinary shareholder meeting

Our annual shareholder meeting was held in Cologne on 8 August 2013. With 87% of the capital stock represented, all resolutions proposed by the supervisory board and board of management were accepted with approval rates of more than 90%. This also included the authorization to issue stock options as part of the Stock Option Plan 2013 as well as the creation of conditional capital to service these stock options. According to the new Article 6a of the articles of incorporation, the capital stock has been increased conditionally by a maximum of EUR 3,176,400 by issuing a maximum of 3,176,400 bearer shares of no par value (conditional capital 2013). The sole purpose of the conditional capital increase is to grant shares to the bearers of stock options under the Stock Option Plan 2013. The members of the board of management and supervisory board were exonerated for fiscal year 2012. The shareholder meeting confirmed Christoph Vilanek, CEO of freenet AG, as a member of the supervisory board for a minimum term until the 2016 shareholder meeting. Furthermore, the appropriation of the accumulated profit was agreed, new rules for supervisory board remuneration were defined and the Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft was appointed as auditor of the financial statements.

At an extraordinary shareholder meeting in March 2013, a large majority of the shareholders voted in favor of changing the Company's name from Ströer Out-of-Home Media AG to Ströer Media AG and extending the purpose of the Company as defined in the articles of incorporation and bylaws. Around 81.5% of the capital stock was represented.

Stock exchange listing, market capitalization and trading volume

Ströer Media AG stock is listed in the Prime Standard of the Frankfurt Stock Exchange and has been listed in the SDAX, a selection index of Deutsche Börse, since September 2010. Based on the closing share price on 31 December 2013, market capitalization came to around EUR 630m. The average daily volume of Ströer stock traded on German stock exchanges was some 44,000 shares over the twelve months of 2013.

Analysts' coverage

The performance of Ströer Media AG is tracked by ten teams of analysts. Based on the assessments at the end of the twelve-month reporting period, three of the analysts are giving a "buy" recommendation and seven say "hold." The latest broker assessments are available at http://ir.stroeer.com and are presented in the following table:

Investment Bank	Recommendation*
Berenberg Bank	Hold
Citigroup Global Markets	Hold
Close Brothers Seydler Research	Hold
Commerzbank	Hold
KeplerChevreux	Hold
Deutsche Bank	Buy
Goldman Sachs	Hold
Hauck & Aufhäuser Institutional Research	Buy
J.P. Morgan	Buy
Morgan Stanley	Hold

*As of 30 December 2013

Corporate actions and shareholder structure

The current Ströer Digital Media GmbH was transferred to Ströer Media AG by means of a capital increase in return for a non-cash contribution. For this purpose, 6,771,546 new shares were issued from Ströer Media AG's authorized capital to Media Ventures GmbH at an issue price of EUR 7.31. The majority (51%) of Media Ventures GmbH is owned by Dirk Ströer, who is also a member of Ströer Media AG's supervisory board and shareholder of the Ströer Media AG. The remaining 49% of the shares in Media Ventures GmbH are held by Udo Müller, CEO of Ströer AG.

As a result, the total number of shares in our Company increased to 48,869,784 as of 31 December 2013.

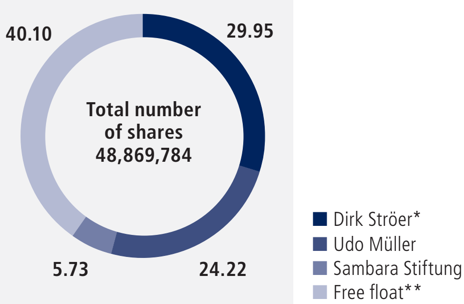
CEO Udo Müller holds 24.22%, supervisory board member Dirk Ströer holds 29.95% and board of management members Alfried Bührdel (who resigned as of 21 February 2014) and Christian Schmalzl together hold around 0.15% of Ströer Media AG shares. The free float comes to around 40%.

According to the notifications made to the Company as of the date of preparation of this report on 11 March 2014, the following parties reported to us that they hold more than 3% of the voting rights in Ströer Media AG: Sambara Stiftung (5.73%), Allianz Global Investors Europe (5.13%), Credit Suisse (4.63%) and JO Hambro Capital Management (3.01%).

Information on the current shareholder structure is permanently available at http://ir.stroeer.com.

Shareholder structure of Ströer Media AG

In %



* includes the share of voting rights held by the Ströer Beteiligung GmbH (Shareholding: 100% Dirk Ströer) and Media Ventures GmbH in accordance with the WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act] (Shareholdings: 51% Dirk Ströer, 49% Udo Müller) which are attributable.

** Free float, thereof:

Alfried Bührdel & Christian Schmalzl	0.15%
Allianz Global Investors Europe[1]	5.13%
Credit Suisse[1, 2, 3]	4.63%
JO Hambro Capital Management[1]	3.01%

[1] According to voting right notification in accordance with Sec. 21, 22 (1) WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act]

[2] According to voting right notification in accordance with Sec. 25 (1) WpHG

[3] According to voting right notification in accordance with Sec. 25a (1) WpHG

Key data of Ströer Media AG stock

Capital stock	EUR 48,869,784
Number of shares	48,869,784
Class	Bearer shares of no par value (share in capital stock of EUR 1.00 per share)
ISIN	DE0007493991
SIN	749399
Stock ticker	SAX
Reuters	SAXG.DE
Bloomberg	SAX/DE
Market segment	Regulated market
Transparency level	Prime Standard
Sector	DAXsector All Media (Performance)
Index	SDAX
First listing	15 July 2010
Designated sponsors	Close Brother Seydler Bank AG
Opening price 2013 (2 January)	EUR 6.75
Closing price 2013 (30 December)*	EUR 12.90
Highest price 2013 (20 November)*	EUR 14.60
Lowest price 2013 (2 January)*	EUR 6.75

* Closing price in Xetra in EUR

Dividend policy

Ströer Media AG sees itself as a growth company and intends to initially use the funds gained from its internal financing to further develop its business, improve its capital resources and implement value-adding growth projects. We are confident that our reinvestments will result in appropriate returns in the interests of our shareholders and enable us to further consolidate our competitive position. Nevertheless, the board of management every year examines a potential dividend payment to the Company's shareholders in close consultation with the supervisory board. In doing so, it takes into account current market conditions and the Group's expected financial development.

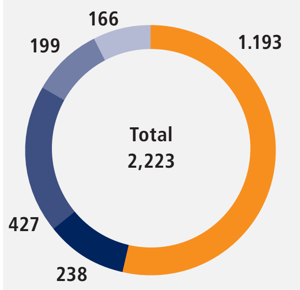
EMPLOYEES

Training and developing our employees is crucial for the success of the Ströer Group. The main tool here is our qualified on-the-job training. Demographic change and the altered expectations of young graduates mean that requirements are constantly increasing for the recruitment and internal development of suitable employees, especially for future management roles. This is why committed and competent employees play a key role in business success and in the ability to innovate and increase value. Ströer aims to ensure that its employees stay with the Company in the long term and identify with it. Ströer therefore places great importance on being an attractive employer by pursuing a sustainable HR policy and offering flexible working time models.

Headcount

As of year-end, the Ströer Group had 2,223 (prior year: 1,750) full and part-time employees. The acquisitions in the digital segment added 198 positions in Germany and 229 abroad. In the coming year, we expect our headcount to grow due to the expansion of our sales structure and an increase in the number of staff in the online segment.

Employees by segment
as of 31 December 2013



- Ströer Germany
- Ströer Turkey
- Online
- Other[1]
- Holding company

[1] Other: BlowUP and Poland

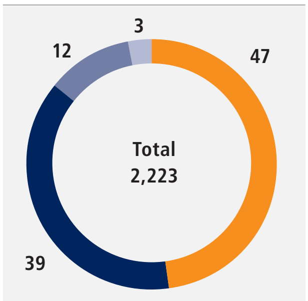
Length of service

As of the reporting date, employees had been working for an average of 7.6 years (prior year: 7.9 years) for the Ströer Group. The slight decline is due to the addition of employees in the Online segment.

Age structure

We have a balanced age structure. We aim to retain young employees through targeted training programs and to sustain their enthusiasm for our Company in the long term. At the same time, they work with mentors who can support them in their careers while drawing on their own extensive professional experience.

Age structure of the Ströer Group
2013 in %



- < 35 years
- 36-50 years
- 51-60 years
- > 60 years

Gender structure

The percentage of female employees stabilized at a high level, declining by 2.1%. As of year-end, the Ströer Group employed roughly the same number of women and men.

This is due not least to our attractive working time models that help our staff combine work and family life, for example, and make us a modern company.

Vocational training

We systematically pursued our vocational training strategy in 2013. As of the reporting date, Ströer provided a total of 45 young talents throughout Germany with vocational training as digital and print media designers, office communications assistants, marketing communications assistants and IT specialists, a substantial increase against the prior year. We recruited 16 new trainees in Germany in the course of 2013.

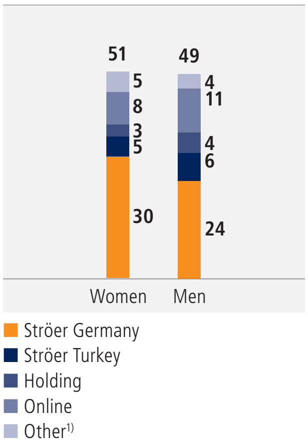
Our trainees receive practical training at our group headquarters and at large regional offices. In addition to traditional vocational training, Ströer offers places on cooperative study programs (at vocational colleges), with numbers currently in the double-digit range. Ströer has found this training model to be extremely practical. It also offers the Company a variety of ways to ensure the supply of qualified young staff.

Ströer offers students at vocational colleges and trainees good chances of receiving permanent positions. In 2013, we again hired a large number of young talents in a wide range of business areas.

We began recruiting our next trainee intake for 2014 at the end of 2013.

Gender structure by segment

2013 in %



[1] Other: BlowUP and Poland

In the future, we would like to further increase the flexibility of our working time models and introduce trust-based working hours together with target agreements across the entire Ströer Group. In this way, we would also like to enable employees to better combine their work and personal lives and to be individually responsible for implementing business goals.

Ströer is thus laying the foundations for an open and trust-based working relationship. We believe that this will significantly increase employee efficiency and satisfaction.

REMUNERATION REPORT

The remuneration report provides information on the structure and amount of remuneration paid to the board of management and supervisory board. The report takes statutory regulations into account along with the recommendations of the German Corporate Governance Code and is a component of the consolidated financial statements.

Remuneration of the board of management

The remuneration of the members of the board of management is determined by the supervisory board and reviewed on a regular basis. In accordance with the provisions of the VorstAG ["Gesetz zur Angemessenheit der Vorstandsvergütung": German Act on the Adequacy of Management Board Remuneration], the supervisory board deliberated on the decisions to be made regarding the board of management's remuneration and made appropriate resolutions.

In fiscal year 2013, the board of management's remuneration once again comprised two significant components:

1. A fixed basic salary
2. Variable compensation, broken down into:
   – an annual short-term incentive (STI)
   – a long-term incentive (LTI)

The basic salary is a fixed monetary component and is paid out in equal monthly installments. In addition, the Company grants fringe benefits (remuneration in kind) for which members of the board of management are liable for tax.

The variable component for the remuneration of the board of management (STI and LTI) is linked to the performance of the board of management, the Company's performance and its increase in value. Variable compensation is linked to the achievement of key performance indicators or business targets.

The variable remuneration for fiscal year 2013 is based on the following key performance indicators and business targets:

Short-term incentives (STI)
– Cash flows from operating activities

Long-term incentives (LTI)
– Return on capital employed (ROCE)
– Revenue growth
– Share price

The long-term incentives span a period of three to four years and carry a greater weighting than the short-term incentives. In 2013, the Company made LTI payments of EUR 476k.

ROCE on the basis of adjusted EBIT/capital employed
This remuneration depends on the return on capital over a period of three years. The benchmark for this is the achievement of a return equivalent to the Company's cost of capital. The agreed amount upon reaching the target in full is EUR 320k. The remuneration is limited to a maximum of double this amount, which would require a return that is considerably above the cost of capital during the three-year period. Conversely, if the benchmark is not met, the remuneration is adjusted by the percentage shortfall but cannot decrease below EUR 0.

Revenue growth
The Company's average revenue growth over a three-year period is compared with the average growth of the advertising market as a whole, measured by the development of gross domestic product in the markets served by the Company. The agreed amount upon reaching the target in full is EUR 357k. If the Company's average revenue growth in the three-year period exceeds this comparative value, the remuneration can increase to a maximum of double the amount. Conversely, if the benchmark is not met, the remuneration is adjusted by the percentage shortfall but cannot decrease below EUR 0.

Share price
This LTI component is linked to the development of the Company's share price over a four-year period against the reference price set at the beginning of this period. The agreed amount upon reaching the target in full is EUR 263k. As of the reporting date, this equates to 38,060 phantom stock options, each with a fair value of EUR 12.90. If the share price rises during the four-year period, the remuneration component increases by the same percentage as the share price, but is limited to a maximum of double the amount.

Conversely, if the reference price is not met, the remuneration is adjusted by the percentage shortfall but cannot decrease below EUR 0. The members of the board of management can also decide to have the remuneration paid out in shares in the Company.

If the Company's situation should deteriorate to such an extent that continuing to grant remuneration to the board of management would be unfair, the supervisory board is authorized to reduce the remuneration of the board of management to an appropriate amount.

Share-based payment
The Company's supervisory board granted stock options under a stock option plan for the first time in fiscal year 2013. The stock options constitute additional long-term remuneration components and are intended to create performance incentives that promote the sustainable and long-term success of the Company. Option rights can be exercised at the earliest after the expiry of the four-year vesting period beginning on the grant date of the subscription right. The options have a contractual term of seven years. Instead of issuing new shares, the Company may choose to grant a cash payment in order to service the stock options.

The right to exercise the stock options is dependent on the fulfillment of a certain length of service (vesting period), the value of the Company's share price and operational EBITDA. The gain that can be achieved by option holders from exercising their stock options may not be more than three times the corresponding exercise price.

By resolution dated 14 May 2010, the shareholder meeting waived the disclosure of the remuneration paid to each member of the board of management for a period of five years. Total remuneration for fiscal year 2013 is presented in the table below:

In EUR

Fixed remuneration	Fringe benefits	STI	LTI	Number of stock options	Fair value per share option
2,240,000	490,000	1,143,000	1,773,000	1,400,000	1.41

The disclosed remuneration includes an additional payment of EUR 400k granted to one member of the management board in 2013.

Post-employment benefits for members of the board of management

Benefits granted to the board of management in the event of regular termination

Retirement benefits
There are no retirement benefit plans or other pension commitments.

Severance payments
An arrangement has been agreed for two members of the board of management which stipulates that if their employment contract is not extended, they are entitled to their fixed remuneration and variable compensation pro rata temporis for a further six months as a severance payment.

Benefits granted to the board of management in the event of early termination

Severance payments
In the event of early termination, the fixed remuneration and pro rata temporis variable compensation will be paid out as a severance payment for the agreed contractual term.

Non-compete clause
With the exception of one member of the board of management, non-compete clauses have been agreed with the members of the board of management. The Company undertakes to pay compensation corresponding to half of the last contract-based remuneration for each full year of the non-compete clause.

Remuneration of the supervisory board
The remuneration paid to the supervisory board is approved by the shareholder meeting. The members of the supervisory board receive fixed basic remuneration and, since 2013, attendance fees and out-of-pocket expenses.

In EUR	Annual remuneration	Attendance fee per meeting
Chairman of the supervisory board	60,000.00	500.00
Deputy chairman of the supervisory board	40,000.00	500.00
Chairman of the audit committee	40,000.00	500.00
Member of the audit committee	30,000.00	500.00
Member of the supervisory board	25,000.00	500.00

Total remuneration in fiscal year 2013 came to EUR 200,343.00 (excluding any VAT).

OPPORTUNITIES AND RISK REPORT

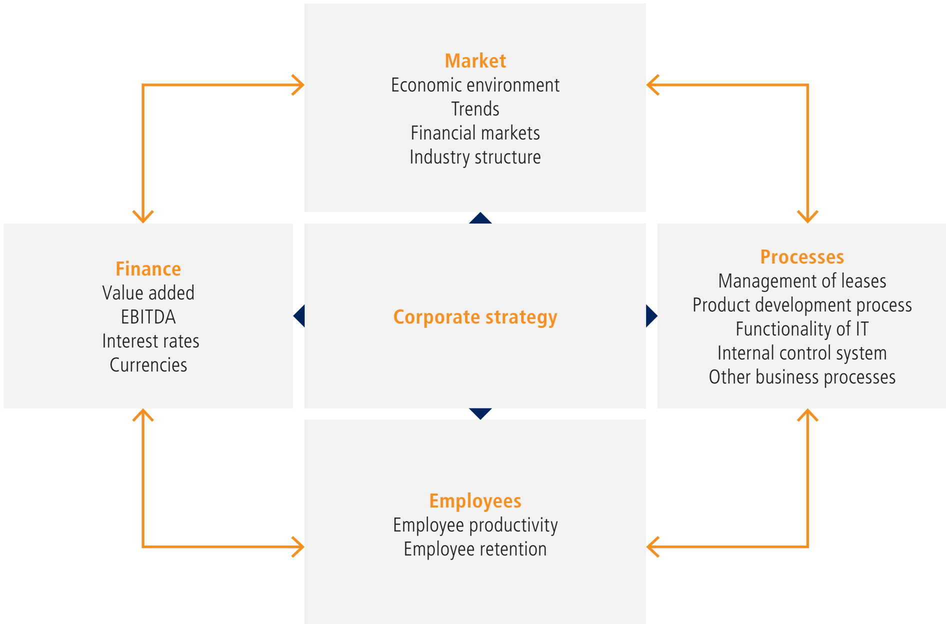
Overall assessment of the opportunity and risk situation by the board of management

The Ströer Group's risk management system forms the basis for our board of management's overall risk assessment. It groups all of the risks identified by the risk officers into core risks that could pose a threat to the Group's strategic success factors. We believe that the risks described as of the publication date of this report are manageable. There are no recognizable individual risks that could jeopardize the Company's ability to continue as a going concern. We are also confident that Ströer is in a good strategic and financial position and will take advantage of opportunities that arise. Despite the mixed economic environment in our core markets, the board of management expects market conditions to stabilize overall in the current fiscal year. If a less favorable scenario were to occur, the Ströer Group would be able to react quickly and implement internal measures to stabilize its investment and cost budgets.

Opportunity and risk management system

Our Chief Financial Officer is responsible for opportunity and risk management, which is an integral part of corporate governance. Opportunities and risks are possible future developments or events that could lead to a deviation from a forecast or target that is positive or negative for the Company.

Ströer's opportunity management is based on the success factors identified in the corporate strategy. Each success factor can be assigned to one of the following four perspectives:



Depending on the goals and strategies of the individual segments, responsibility for opportunity management lies with the segment's operational management or the manager of the holding entities. The regular management of opportunities is an integral component of the planning and control process.

Ströer also has a group-wide risk management system that complies with the legal requirements under Sec. 91 (2) AktG ["Aktiengesetz": German Stock Corporation Act]. The consolidated group for risk management purposes is the same as the overall consolidated group.

Based on the Group's risk strategy, the risk management process includes the identification, evaluation, management and monitoring of risks. Ströer's core risks include all risks which represent a threat to its success factors. They can be assigned to individual risk categories according to their expected damage value, which in turn are linked to various strategic requirements for risk management. A risk officer is appointed for each risk area and is responsible for managing the risk situation in his/her unit (decentralized risk management).

The group risk management department has the methodological and system expertise. It ensures the functionality and efficiency of the early warning system for the detection of risk and informs the board of management and the supervisory board regularly about current risks to which the Group is exposed. The quarterly internal risk report addresses the various causes of the core risks, their probability of occurrence and effects (gross and net assessment). The report also provides information on the changes in potential deviations from targets over time. All risk officers are obligated to immediately report any unexpected risks that exceed specific materiality thresholds.

Our risk management policies are summarized in a group manual. It defines the group-wide methods for risk management, responsibilities for performing risk management activities as well as reporting and monitoring structures.

The risk management system is reviewed by the internal audit function at regular intervals. As part of the audit of the financial statements, the external auditors also regularly evaluate whether the risk management system is suitable for promptly identifying risks that could jeopardize the Company's ability to continue as a going concern. They report the results to the board of management and supervisory board.

Internal control system

The accounting-related internal control and risk management system is an important part of the Ströer Group's risk management. We understand the internal control and risk management system to be a holistic unit and refer to the definitions of the Institute of Public Auditors in Germany, Düsseldorf ["Institut der Wirtschaftsprüfer in Deutschland e.V.": IDW] with regard to the accounting-related internal control system (ICS) and the risk management system. According to the definition, an internal control system comprises the policies, procedures and measures installed by management which are aimed at implementing management's decisions in order to ensure the effectiveness and efficiency of operations, correct and reliable internal and external financial reporting, and compliance with legal provisions relevant to the Ströer Group. Furthermore, the internal control system aims to help the reporting convey a true and fair view of the net assets, financial position and results of operations of the Ströer Group.

We have the following structures and processes in place with regard to the group financial reporting process:

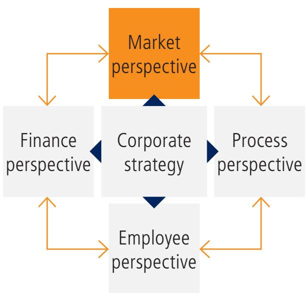
- The Chief Financial Officer is responsible for the internal control and risk management system with regard to the group financial reporting process.
- All entities included in the consolidated financial statements are integrated in this system by way of a defined management and reporting organization.
- The policies, structures and procedures and the processes of the Group's accounting-related internal control and risk management system are defined for the entire Group.

We consider those elements of the internal control and risk management system which could have a considerable impact on the Group's financial reporting process and the overall picture conveyed by the consolidated financial statements and combined management report to be significant. Those elements include:

- Identification of the main risk fields and control areas relevant to the group financial reporting process.
- Controls for monitoring the group financial reporting process and the results thereof at the level of the Group's board of management and the significant consolidated entities.
- Preventative control measures in the finance and accounting functions of the Group and the entities included in the consolidated financial statements and in operating processes which generate key information for the preparation of the consolidated financial statements (and the combined management report).
- Measures to ensure that group financial reporting issues and data are processed using appropriate IT systems.
- Measures to monitor the Group's accounting-related internal control and risk management system.
- Defined channels for communicating changes in controls promptly and in full.
- Sample-based checks of the effectiveness of the ICS by the internal audit function.

In addition, we also focus on monitoring the effectiveness of the internal control system, which goes beyond the Group's financial reporting, allowing us to comply with the requirements of the BilMoG ["Bilanzrechtsmodernisierungsgesetz": German Accounting Law Modernization Act].

Taking all identified opportunities and risks into account, the following section describes the areas that, from today's perspective, could have a significant positive or negative effect on the net assets, financial position and results of operations in the forecast period.



Market perspective

Macroeconomic developments could prove to be worse than assumed in the forecast due to political uncertainty or recent financial market turbulence, among other factors. As the advertising market is highly dependent on the economic environment, this represents a significant risk for all segments of the Ströer Group that, if it were to occur, could mean that the Group does not achieve its revenue and earnings targets.

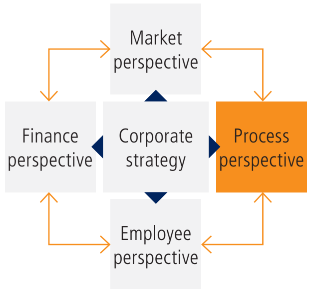
In the area of procurement, significant deviations from targets could result in particular from the loss of concessions for out-of-home advertising or their inadequate profitability. Adverse effects could also arise from delays in the approval process, an increase in the cost of obtaining the required building approval and the rejection of attractive locations by the approval authorities. We mitigate these risks through professional management of our international portfolio of advertising concessions, thereby reducing the probability of occurrence.

Procurement risks can also arise from potential increases in the prices of primary products and energy or from price volatility. Other conceivable risks include the loss of key suppliers and problems with the quality of delivered products. To limit these risks, we increasingly use cross-product standardization of components via intelligent platform concepts.

With regard to commercialization, substantial deviations from targets in the individual segments could arise through potential losses in income from orders placed by major advertisers or agencies, the loss of customers in intra and intermedia competition or reduced margins as a result of higher discounting in the media industry.

In the online media segment, there is the risk that websites in our portfolio attract less user interest than expected due to rival offerings, among other things. Fewer than anticipated unique visitors, unique users or ad impressions could adversely affect revenue from reach-based advertising.

Process perspective
In the innovation process, there is a significant risk that we do not sufficiently identify customer wishes and that incorrect decisions are taken with regard to future market developments, with serious consequences. Another critical success factor in the production process is the observation of patents or industrial rights of third parties. This risk is mitigated by the fact that our development teams work in close consultation with the sales-related areas and base a large number of developments, e.g., in the field of performance marketing, on empirically verified market trends.



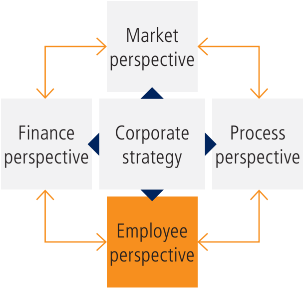
In our operating process, we focus in particular on potential quality risks to ensure the high quality and best management of our advertising media. The same applies to potential disruptions to the proper handling of quote and proposal preparation, order processing and complaints and receivables management.

On the sales side, it cannot be ruled out that the significant revenue increases targeted in regional sales following the establishment of the sales representative organization do not meet expectations.

Our business processes and communication are highly dependent on information technology. IT security is therefore a critical factor and must be ensured with regard to data integrity, confidentiality of information, authenticity and availability. A disruption or system failure could result in a considerable loss of data and have a significant adverse effect on IT-based business processes. These processes are subject to an ongoing improvement and standardization process; this means that the Group's results of operations could be substantially affected by an unexpected development such as individual projects not being continued. The Ströer Group is also exposed to communication risks that could ultimately lead to reputational risks. However, we have two important functions – group communication and investor relations – that make the relevant information available to recipients in good time and ensure that all the required compliance and governance standards are met.

Acquisitions such as the online marketers in 2013 naturally pose risks, e.g., relating to the post-merger integration of staff and business activities, higher working capital requirements as well as tax and compliance issues. We mitigate such risks through appropriate analyses and control measures. The Ströer Group also has extensive experience of integrating newly acquired companies.

Our business activities must comply with existing laws. We take a range of measures to mitigate the risks associated with this. Compliance with the law is ensured by a compliance organization under the umbrella of our legal department. Its main focus is on adherence to antitrust and capital market regulations, regulations on upstanding business practices and data protection rules. Other measures include support from business experts and law firms. Ongoing legal disputes could result in litigation risks that could ultimately differ from the risk assessments undertaken and the associated provisions.



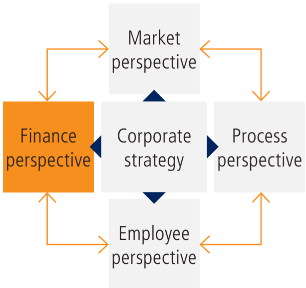
Employee perspective
A significant risk for Ströer is the unwanted turnover of key management personnel if they are not adequately replaced or not replaced in good time by in-house or new staff. We counter personnel risks with a number of established measures such as a performance-based remuneration system, training courses or deputization arrangements. We also strengthened our profile as an innovative and attractive company by establishing our new Online segment. In particular, any lack of specialists and managers in the Ströer Online segment could lead to the loss of a technological advantage and hinder further growth.

Finance perspective
Ströer's current debt poses a relatively high financing risk. The significance of this risk is dependent on meeting the covenants set out in the loan agreements with the banking syndicate as well as duties to provide information and obtain authorization.

→ For more details on financial risks, see page 140 of the notes to the consolidated financial statements

Ströer is also subject to currency risks, in particular a risk arising from the translation of the financial statements of foreign operations prepared in foreign currency. The other currency risks are insignificant.

The Ströer Group is mainly exposed to interest rate risks in connection with non-current floating-rate financial liabilities and existing cash and cash equivalents.



If the subsidiaries and other investees generate losses, an investment risk could arise that could have a negative effect on the Ströer Group's results of operations and liquidity. The impairment of goodwill cannot be completely ruled out if the business performance of individual companies falls short of expectations.

Due to the complexity of tax law, it is possible that the tax authorities and courts will take a different view of relevant tax issues, or that they will challenge previous procedures. We mitigate this risk by maintaining a close dialog with internal and external tax specialists.

Opportunities

General economic opportunities arise for us if increases in the net advertising volume in our core markets of Germany, Turkey and Poland prove to be higher than in our baseline forecasts. This could be the case if the general economic trend is better than expected and if the shift in advertising budgets towards out-of-home and online advertising is more pronounced than anticipated.

The structural change in the advertising industry that was triggered by the continuing digitalization of media offerings could accelerate the migration of advertising business from print media to online media in fiscal year 2014. In this context, demand for multi-screen solutions such as those offered by the Ströer Group could exceed forecasts. Equally, bookings for mobile advertising – including those linked to regional campaigns – could be higher than expected. Our strong positioning in performance technologies and in our core out-of-home business also offers us considerable growth potential that could result from greater customer demand for content-independent advertising.

In addition, market-related opportunities arise from the ongoing consolidation pressure in the online advertising market. The Ströer Group's credible positioning as an independent media company could lead to further specific opportunities for external growth in the future. The continuing expansion of the Group's online inventory and the further improvement of its technology position – as well as the systematic international roll-out of its fully integrated business model – could result in positive economies of scale and synergy effects that are not included in baseline forecasts.

Strategic opportunities primarily arise from the consistent implementation of our fully integrated business model. Additional positive effects could emerge in our three core growth areas, including and especially in connection with our intensified sales activities and the general increase in the Ströer Group's relevance among media agencies. With our fully integrated business model, we are confident that we can position ourselves even better when competing against the large publisher-based marketers and TV offerings and that we can gain market share.

The quality of our advertising media portfolio is a key success factor here. Our close partnership with cities and train station operators in the area of out-of-home advertising and with publishers in the online segment could enable us to leverage additional potential at both national and international level. In Germany as well as in Turkey and Poland, the Ströer Group has a prominent position that allows it to actively shape the out-of-home advertising markets. We also expect good growth opportunities in the regional business.

Operational opportunities are mainly based on improving our sales and operational excellence. Expanding and training our sales teams in marketing our integrated offering could increase revenue per sales team member even more sharply than in our baseline forecast. Additional potential could come from leveraging the economies of scale and synergy effects that primarily arise from the strategic and operational integration of the companies of the Ströer Digital Group acquired in 2013 and the international roll-out of our business model. The post-merger integration of the recently acquired companies and the transfer of key expertise from out-of-home advertising should also have significant effects on our functionally optimized organizational structure, as should the group-wide management of campaigns on our online platforms.

FORECAST[1)]

Overall assessment of the board of management of the Group's expected performance in 2014

The Ströer Group is very well positioned to respond to the unstoppable structural change occurring in the advertising industry which has been triggered by the continued digitalization of media offerings. Our portfolio of out-of-home and online media offers us a wide variety of opportunities for value-based growth that we are systematically leveraging. The key growth drivers are multi-screen offerings, which allow us to optimally manage campaigns on our digital Out-of-Home Channel and online displays, as well as the expansion of regional online advertising and mobile marketing. We are continuing to expand our out-of-home and online inventory and simultaneously position ourselves as a leading content-independent marketer of online advertising space by using innovative performance technologies.

On the basis of the structural market changes and the positive effects from strategic projects, we aim to grow organically once again in 2014. On a like-for-like basis, we expect a mid-single-digit percentage rise in revenue and an almost unchanged operational EBITDA margin at Group level. Assuming that finance costs are not significantly higher, consolidated profit after taxes should increase further. We anticipate that the online companies will also contribute to the improvement in the financial position because they only require limited ongoing investments. Although we did not reach our debt target in the reporting year due to the new acquisitions, we aim to reduce our leverage ratio (net debt to operational EBITDA) close to our target range of 2.0 to 2.5 by the end of 2014.

However, this does not take into account any further acquisitions. We will thoroughly examine external growth opportunities in the out-of-home and online segments and will take advantage of these in the interest of our shareholders. At present, we believe that strategic fill-in acquisitions and further consolidation steps are primarily likely in our online marketing business. Because some of the online activities can be adapted for foreign markets relatively easily, we also consider it a possibility that we will acquire platforms for these activities in other international markets. There are no specific plans to sell any business areas, but this is a strategic option for us.

Forward-looking statements

Our forecasts for future business development reflect the significant factors that were known at the time the financial statements were prepared and that could influence our activities in 2014. Furthermore, they are based on assumptions with regard to the economic trends in the relevant countries and the relevant segments of the advertising market. The actual development may differ substantially from the forecast development.

The Ströer Group's future revenue and earnings development depends primarily on how advertising spending develops in Germany, Turkey and Poland as well as on the total market share of out-of-home and online media. Forecasts must therefore focus on the effect of economic fluctuations and the intensity of consumer spending on advertising investments. In addition, changes in the net advertising market cannot always be reliably predicted on the basis of expected economic development (GDP) because the correlation between these two parameters can vary greatly from year to year.

Furthermore, the short-term booking behavior of out-of-home advertising customers, which looks only a few weeks or months into the future at a time, also significantly limits the reliability of our statements on the long-term development of revenue and earnings. The same is true for online media, which are generally booked on even shorter notice. It is even more difficult to make forward-looking statements on bookings for the automated real-time marketing of online advertising space.

[1)] Comparisons to the forecast values for the next year are generally based on the actual 2013 values

In addition, it should be noted that for the outlook on consolidated profit, it is almost impossible to forecast the development of the relevant external market parameters, such as yield curves and exchange rates. We would like to point out that uncertainties in the forecasts for these parameters could also impact non-cash items in the financial result. For example, interested-related changes in the value of derivatives can lead to an increase or decrease in the financial result. In this forecast, we expect the parameters to remain unchanged compared with the end of the reporting period.

Future macroeconomic conditions

The outlook for the global economy improved considerably at the end of 2013. In its World Economic Outlook for 2014, the International Monetary Fund (IMF) projects an increase of 3.7% in world output versus just 3.0% in the prior year. According to the IMF, the key driver of this trend will be the increasing momentum in the industrialized economies, led by the US, which is benefiting from a stabilizing environment, a declining trade deficit and the continuation of its expansive monetary policy. The eurozone is forecast to emerge from recession, due chiefly to exports. The OECD also attributes this to the first successful reforms in the eurozone countries and expects them to report slight growth of 1% in GDP in 2014.

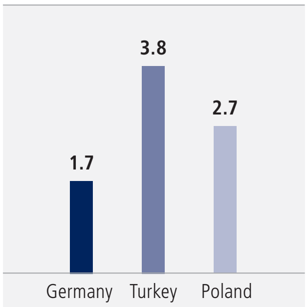
However, individual countries have not yet overcome their sovereign debt crisis. The consolidation programs implemented by the crisis-hit countries continue to weigh heavily on domestic demand. Nevertheless, we expect the prevailing uncertainties related to the sovereign debt crisis in the eurozone will further subside.

We do not anticipate any radical changes in the interest and capital market environments. Although the US Federal Reserve announced a tapering of its bond purchases at the end of the reporting year, we expect the average annual base interest rate to decline slightly.

During the course of the fiscal year, the comparatively robust fiscal situation and high productivity in **Germany** contributed to the country's economic development being more stable than the average performance among other countries in the eurozone. Investments and consumer spending are being boosted by the low interest rates in the eurozone. In the view of many economists, this situation should lead to an upturn in the coming year, particularly in the domestic economy. At the end of the reporting year, the German government forecast growth of 1.7% in Germany for 2014, which nearly matched the outlook from the OECD as well as several research institutes and the German Council of Economic Experts (+1.6%). Risks to economic growth are seen as the gradual scaling back of the expansive monetary policy in the US and any renewed flare-up of the sovereign debt crisis in the eurozone.

Expected real GDP growth in 2014

In %



Source: OECD

Despite the weakening of the Turkish economy in the second half of 2013, which was chiefly related to interest and currency rates, at year-end the OECD still expected moderate growth of 3.8% in the coming years. This will be significantly encouraged by major public infrastructure investments by the Turkish government. Although we still consider **Turkey** to be an attractive market and location for investment, political uncertainty is increasingly influencing the macroeconomic environment and contributing to the volatility of the Turkish currency. A further negative impact could result if foreign investors continue to withdraw capital, which would put more pressure on the currency. In our view, the fulfillment of this growth forecast will depend on whether the government and central bank will be able to take appropriate measures to counter these developments in the long term.

In **Poland**, the economic situation should improve over the course of the coming year. It is expected that the positive trend in foreign trade will continue and domestic demand will recover slightly after some weaker years. The quantitative estimates for economic growth are therefore positive. The Polish government expects GDP growth of 2.7%, which is consistent with the OECD's forecast.

Future industry performance

The improving macroeconomic environment in western Europe should have a positive effect on the traditionally cyclical advertising sector. The agency ZenithOptimedia expects advertising spending to grow by an average of 1.9% in the western European countries. However, there will be two distinct trends: While advertising spending in those countries particularly affected by the sovereign debt crisis (Greece, Ireland, Italy, Portugal and Spain) is only forecast to decrease slightly by 0.9% in 2014, the remaining western European countries, including some countries in central Europe, are predicted to see growth of 2.4%. MagnaGlobal expects growth of 2.1% in western Europe. In general, print media is expected to continue to lose market share to the fast-growing online advertising segment. This trend is being accelerated by the increasing availability of mobile internet infrastructure.

Development of the German advertising market

At the end of the fiscal year, the outlook for the advertising sector in 2014 was positive. In the fall survey conducted by the Central Association of the German Advertising Industry ["Zentralverband der deutschen Werbewirtschaft": ZAW], 32% of ZAW member associations anticipated that advertising revenue would rise, while 47% expected it to be stable and 15% believed it would decrease slightly. Just 3% projected a fall in advertising revenue. A similar picture is also painted by the German Advertisers Association ["Organisation Werbungtreibende im Markenverband": OWM]. According to the organization, 51% of its member companies plan to raise their advertising budgets in 2014 while one third plans to keep their budgets stable. In their year-end forecasts, media agencies ZenithOptimedia and Magna Global predict growth in the overall advertising market – measured by net advertising revenue – of 1.5% (Zenith) and 1.8% (Magna). It its study "German entertainment and media outlook," the audit firm PwC forecasts even more stable growth of 2.0% in advertising revenue for 2014.

ZenithOptimedia and PwC expect advertising revenue in the German out-of-home segment in 2014 to be more stable than the overall advertising market. ZenithOptimedia forecasts 6.1% growth in out-of-home, while PwC expects moderate growth of 2.7% in this segment. According to our own forecasts, out-of-home will further increase its market share of total advertising revenue, which will result in part from the structural advantages of out-of-home media, growing digitalization and more intense sales activities in the sector. However, given that advance booking times remain very short and there is strong pressure to grant discounts, we anticipate the development of the market will be somewhat more modest than ZenithOptimedia's forecasts and expect growth of no more than 1% in the overall advertising market and in the low-single-digit range in the OOH segment.

The online advertising segment is still considered to have the most dynamic growth among the various media. Advertisers are especially following the growing digital trend. Technological developments, in particular targeting solutions based on user data evaluation, make it possible to address increasingly precise target groups and improve the effectiveness of advertising. ZenithOptimedia expects the online advertising market to grow by 8.5% in 2014, nearly matching PwC's forecast of 8.4%. Search term marketing, which is dominated by Google, accounts for nearly half of the online advertising market. For display advertising (including social networks), PwC predicts a 6.9% growth rate. Online video advertising and mobile advertising on smartphones and tablets are expected to grow much faster – by around 27 – 33% – but are starting from a relatively low level.

Development of the Turkish advertising market

With support from a stabilized economic environment, the Turkish advertising market should be able to perform well in 2014. Despite the increased political risks, we believe that the socio-economic conditions in Turkey offer a long-term positive environment for the development of the advertising market. There is substantial catch-up potential in advertising spending per capita vis-à-vis other comparable European markets. For this reason, market specialists' growth forecasts for the Turkish media market are often two to three times higher than GDP growth. PwC's "Global entertainment and media outlook 2013-2017" also projects annual average growth rates of more than 10% in the coming years. MagnaGlobal also forecasts double-digit growth for the Turkish advertising market in 2014. ZenithOptimedia has a somewhat more conservative prediction (8.8%) for the rise in advertising spending. The agency believes that nearly half of this increase should come from online advertising alone, which is growing at a rate of more than 20%. The recently mounting uncertainties in the economic environment mean that, in our view, it cannot be ruled out that the advertising markets will be unable to escape this trend and will underperform the abovementioned forecasts. In light of the gradual quality improvements and the establishment of premium locations, we expect the out-of-home media market to perform roughly in line with the overall advertising market in local-currency terms.

Development of the Polish advertising market

The weak economic growth combined with the high pressure to grant rebates that spread from the TV market weighed heavily on the Polish advertising sector in the fiscal year. However, the brightening consumer climate in the second half of the year should send out a positive signal for domestic demand in 2014 and the advertising market. ZenithOptimedia expects slight growth of 1.4% for the Polish advertising market. In light of the improved economic environment, PwC expects the advertising sector to grow slightly by 2.4% in 2014. By contrast, we anticipate stagnating development in the overall advertising market and no significant structural improvement in the market environment for out-of-home advertising. The out-of-home market volume should stabilize slightly below the prior-year level. Online advertising, on the other hand, should see double-digit growth despite the challenging market environment, according to ZenithOptimedia.

Anticipated revenue and earnings development

Ströer Group

In line with the macroeconomic forecasts outlined above, for the Ströer Group as a whole we expect the business climate in our markets to generally be more positive than in the prior year. The fundamental conditions for the advertising sector as well as for the out-of-home business remain sound. Our acquisitions in the online media sector have additionally boosted our relevance among advertising customers and agencies. Innovative products, also in combination with out-of-home and online media, as well as structural changes in regional marketing offer new revenue potential for the Company.

On the basis of above-average revenue growth in our online activities, we anticipate that it will be possible to achieve organic consolidated revenue growth in the mid-single-digit percentage range in 2014. We are also forecasting external revenue growth in the double-digit million range owing to the full-year effects of the acquisitions completed in the reporting year as well as the takeover of Game Ad Net GmbH (GAN) after the reporting date. On the other hand, the high pressure to grant rebates remains a challenge and is likely to intensify given the ongoing consolidation trend on the demand side. Exchange rate effects could also have a negative impact on revenue development.

We expect there will continue to be a strong demand for the digital media in our advertising media portfolio. Due to new installations of our digital out-of-home media as well as their closer integration with our online marketing activities, we anticipate that digital revenue will continue to account for an ever larger share of consolidated revenue.

We expect direct advertising media costs in 2014 to rise at a slightly slower rate than revenue. The largely revenue-driven rise in leasing and running costs will also result in higher energy costs due to market prices and inflation adjustments on fixed leasing obligations in Turkey. We anticipate that overheads will rise at roughly the same rate.

Assuming unchanged exchange rates, the Group's operational EBITDA should increase moderately in 2014. Overheads should rise more slowly than revenue, which will more than offset the effect of generally lower EBITDA margins in the newly acquired online activities in comparison to the out-of-home advertising business; as a result, we expect a slightly better EBITDA margin overall compared to the prior year.

The expected improvement in the Ströer Group's profitability in 2014 – taking into account higher personnel expenses for the expansion of the Online segment and sales activities – should lead to a further increase in consolidated profit after taxes and therefore higher earnings per share. In this forecast we anticipate that finance costs will rise only moderately because the utilization of available credit lines on average over the year should be partially offset by a lower base interest rate.

With regard to tax expense, on a Group basis we anticipate higher expenditures because of the expected higher taxable income in all segments. In Germany, the unused trade tax losses from prior years were used up in 2013 so the trade tax base will be higher than in prior years.

Germany segment

We expect various factors to provide growth impetus for the business in Germany. The increasing share of digital advertising media in our out-of-home portfolio – due to new installations and full-year effects from the portfolio expansion in the reporting year – should contribute to revenue growth and lift digital media's share of total revenue in Germany to a clearly double-digit percentage figure. In particular, the combined marketing of moving-picture advertising in the Online segment and on digital advertising media, which was initiated in the reporting year under the Ströer Primetime brand, should contribute to growth. In the regional out-of-home business, we anticipate a successful growth story owing to the expanded sales structures that have been in place for a few months. With these new regional sales structures, we will be able to penetrate the small and medium-sized customer market even more systematically. In our view, there is still considerable growth potential in the regional advertising markets, especially because the local print media, which have until now been the first choice of small and medium-sized advertisers, are losing reach and therefore becoming less effective forms of advertising.

In view of the advertising environment in Germany, we expect that we will not be able to exceed the organic growth rate that we achieved in 2013 with our own abovementioned growth drivers, although digital media should grow at a faster pace than the traditional out-of-home business.

However, due to revenue-related higher leasing fees and increased energy consumption as a result of newly installed digital advertising media in addition to higher energy costs, we anticipate that there will be no significant improvement in the gross margin. Nevertheless, the fact that overheads are expected to rise at a comparatively slower rate should lead to another slight improvement in the operational EBITDA margin in Germany.

Turkey segment

With new product and sales concepts, including for the regional business, the giant poster business and directional media, we aim to build on our market-leading position and further increase the capacity utilization of our advertising media. Macroeconomic uncertainties arose in Turkey during the reporting year as a result of socio-political disputes and their consequences. Although these did not have any significant effect on our business in the reporting year, for reasons of prudence we only expect organic revenue growth in the mid-single-digit percentage range in 2014. This does not take into account a possible continuation of the negative currency effects. The share of revenue generated by digital out-of-home advertising as compared to the total revenue of our Turkish companies is still negligible.

In view of the relatively high proportion of fixed lease contracts and moderate inflation adjustments, the higher revenue should lead to generally improved margins. Furthermore, we expect overheads to rise in line with revenue due to inflation-driven salary adjustments and the creation of a regional sales organization that is similar to the one in Germany. All in all, we are therefore forecasting a slight rise in the operational EBITDA margin in 2014.

Other segment

The forecast for our Polish subsidiary is made more difficult by the volatile conditions on the Polish media market, although we identified a slight stabilization trend at the end of the reporting year. We are facing persistently fierce competition from other providers of out-of-home advertising as well as a revision of the regulatory framework for some advertising media locations in the Polish market. However, the strengthening of our regional marketing activities during the reporting year and the introduction of a professional system for measuring the effect of advertising in accordance with western European standards should help stabilize revenue over the course of 2014. Overall, we expect revenue to match or slightly exceed the prior-year level.

For the giant poster business (BlowUP), we anticipate robust revenue increases in 2014 due to the stabilization of the economic outlook in the countries where it operates. In terms of products, once again the main driver of revenue growth in the UK and the Benelux countries should be the large-format digital boards which are becoming increasingly sought-after among our customers. Mainly as a result of this, digital revenue in the “Other” segment is likely to make up a high single-digit percentage of total revenue in the segment.

Overall, we expect a significantly positive development in operational EBITDA and the operational EBITDA margin in the segment “Other”. This will probably be chiefly related to the considerable cost savings in the Polish business, which were already partially seen in the segment during the reporting year, as well as a slight improvement in the earnings of the BlowUP group.

Online segment

The development of revenue in the Online segment in 2014 will be strongly influenced by the full-year effects of the first-time consolidation of the online investments acquired in the reporting year; as a result, the segment’s revenue in 2014 should grow to a triple-digit million figure. We believe organic growth in the low double-digit range is realistic in Germany and will mainly be driven by the dynamic development of the online advertising market, but also by revenue synergies among the acquired online businesses. In this regard, the greater integration of the MBR targeting technology into our online products as well as the intensified marketing of the highly sought-after video and mobile inventory should play a very important role.

For the Turkish online business – which, along with the Polish online business, is included in the Ballroom Group acquired in the reporting year – we anticipate considerably higher growth rates owing to the comparatively less mature online advertising market and the expected gains in market share. Despite a strong online focus, our forecast for the Polish online advertising market is much more conservative due to the state of the overall media market and we only expect slight growth here.

In light of our stronger market position among agencies and publishers due to our new acquisitions, we anticipate that a positive margin development will accompany the revenue growth. The establishment of our new segment structures will initially have a negative impact on the cost situation in the Online segment. We nevertheless expect a slight increase in operational EBITDA and the operational EBITDA margin.

Planned investments

During the forecast period, we have planned investments within normal business levels primarily in our out-of-home advertising media portfolio in order to modernize our existing advertising media networks or to create new infrastructure in connection with extending or acquiring concessions. In addition, we will continue to build our network of digital out-of-home media. Our focus in 2014 will again be on expanding our OC Mall and OC Station products by installing digital screens in more shopping malls and train stations as well as the targeted expansion of our Infoscreen network. Furthermore, we plan to continue with the harmonization of our group-wide IT landscape. The planned investing activities in Turkey are aimed on the one hand at the procurement of street furniture, possibly in connection with the acquisition of new concessions, and on the other hand at the conversion of existing advertising media locations into premium products. In Poland we are planning a low level of investments, mainly to increase the number of backlit locations. The BlowUP group will continue to expand its digital business and to achieve this it is planning investments in large-format digital screens at highly frequented stand-alone locations, primarily in the UK and Benelux countries. In the Online segment, investments will be mainly limited to new developments for the ongoing optimization of the automated trading platform of adscale GmbH.

For the Ströer Group, we anticipate the volume of total investments – excluding new business combinations – to amount to a mid to high double-digit million figure in 2014. As a considerable proportion of these investments is not backed by binding investment commitments, we can significantly scale back investments if this is necessitated by market developments or the Company's situation.

Expected financial position

In our view, despite the growth-related increase in working capital, the expected higher profitability should result in a slight rise in cash flows from operating activities. All segments are expected to contribute to this.

The Ströer Group's syndicated loan is secured until the middle of 2017. The covenants are designed to provide sufficient headroom even during economic and seasonal fluctuations. Following the rise in our leverage ratio due to the acquisitions completed in the reporting year, our short to medium-term goal – excluding any further acquisitions – is to reduce our leverage ratio to a level of between 2.0 and 2.5. Given the forecast cash flow trend, we believe that it will be possible to get close to this range by the end of 2014.

We maintain our view that the existing loan gives us sufficient scope to carry out planned investments and seize any additional business opportunities that may arise during the forecast period. We assess the terms of our financing arrangements on an ongoing basis with regard to the current developments on the debt capital markets. If necessary, we will pursue any economically favorable opportunities to adjust these terms.

SUBSEQUENT EVENTS

TUBE ONE Networks GmbH

With expected effect from April 2014, the Ströer Group acquired a total of 51.0% of the shares in TUBE ONE Networks GmbH, Kassel, via its group company PRIMETIME Networks GmbH. TUBE ONE Networks GmbH is a broadly positioned online video network covering entertainment, gaming, beauty and sport. This acquisition allows the Ströer Group to further expand its online video inventory. The purchase price for the shares is approximately EUR 0.5m.

Acquisition of GAN

In January 2014, the Ströer Group acquired a 70% interest in the GAN group via its group company Ströer Digital Media GmbH and thereby further expanded its online portfolio. The GAN group includes specialist gaming marketer GAN Game Ad Net, the games marketing specialist NEODAU and the technology provider GAN Technologies.

Resignation of Alfried Bührdel from the board of management

Alfried Bührdel (Chief Financial Officer and deputy chairman of the board of management) resigned from the board of management effective 21 February 2014 by agreement with the Company.

INFORMATION IN ACCORDANCE WITH SEC. 315 HGB AND EXPLANATORY REPORT OF THE BOARD OF MANAGEMENT OF STRÖER AG

The following information required under takeover law is presented in accordance with Sec. 315 (4) HGB.

Composition of subscribed capital

On 3 June 2013, Ströer AG's capital stock was increased by EUR 6,771,546.00 from EUR 42,098,238.00 to EUR 48,869,784.00 due to the utilization of the authorized capital. It is divided into 48,869,784 bearer shares of no par value. Each share has a nominal value of EUR 1 in the capital stock.

Restrictions concerning voting rights or the transfer of shares

The board of management is not aware of any restrictions between shareholders concerning voting rights or the transfer of shares.

Investments in capital exceeding 10% of voting rights

Udo Müller holds 24.22% and Dirk Ströer 29.95% of total stock. Both shareholders are resident in Germany. The board of management has not received any notification as required by the WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act] of other investments which exceed 10% of voting rights.

Special rights granting control authority ["Wertpapierhandelsgesetz": German Securities Trading Act]

There are no shares with special rights granting control authority.

Appointment and dismissal of members of the board of management and amendments to the articles of incorporation and bylaws

Pursuant to Sec. 84 AktG, the supervisory board is responsible for the appointment and dismissal of members of the board of management. The composition of the board of management is governed by Art. 8 of the articles of incorporation of Ströer AG. In accordance with Sec. 119 (1) No. 5 AktG, the shareholder meeting decides on amendments to the articles of incorporation and bylaws. More information on the procedure for amendments can be found in Sec. 181 AktG in conjunction with Art. 12 of the articles of incorporation of Ströer AG.

Authorization of the board of management to issue or reacquire shares

Under a resolution approved by the shareholder meeting on 13 July 2010, the board of management is authorized, with the approval of the supervisory board, to issue convertible bonds and/or bonds with warrants of up to a maximum of EUR 11,776k until 12 July 2015. The capital stock of Ströer AG was increased conditionally by a maximum of EUR 11,776k by issuing up to 11,776,000 new bearer shares of no par value. The purpose of the conditional capital increase is to grant bearer shares of no par value to owners/creditors of convertible bonds and/or bonds with warrants which are issued as a result of the above resolution.

According to the resolution adopted by the shareholder meeting on 10 July 2010, the board of management of Ströer AG is authorized to acquire treasury shares of up to 10% of capital stock. The authorization expires on 9 July 2015. Use has not been made to date of the option to acquire treasury shares.

Furthermore, the capital stock has been increased conditionally by a maximum of EUR 3,176,400 by issuing a maximum of 3,176,400 bearer shares of no par value (conditional capital 2013). The sole purpose of the conditional capital increase is for the board of management to grant, as authorized by resolution of the shareholder meeting dated 8 August 2013, rights to bearers of stock options under the Stock Option Plan 2013. The conditional capital increase will only be implemented to the extent that the bearers of stock options granted under the authorization of the shareholder meeting on 8 August 2013 exercise these stock options and that the Company does not settle the stock options in cash.

Significant agreements entered into by the Company in the event of a change in control as a result of a takeover bid and the ensuing effects

Facility agreement

A facility agreement is in place between Ströer AG and a syndicate of various banks and credit institutions. The syndicate granted the Company a loan of EUR 275m and a credit line of EUR 225m. This new facility agreement concluded in 2012 replaced the existing loan liabilities and subordinated loans.

The provisions relating to a change in control reflect normal market arrangements. They do not result in automatic termination but grant the contracting partners the option to terminate in the event of a change in control.

Put option

In 2010, a non-controlling shareholder of the Turkish company Ströer Kentvizyon Reklam Pazarlama A.S. was granted the right to offer Ströer AG his non-controlling interest in the company for sale in the event of a change in control under a put option.

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