STRÖER MEDIA SE, COLOGNE

SEPARATE FINANCIAL STATEMENTS FOR 2014

Ströer Media SE (formerly Ströer Media AG), Cologne
Balance sheet as of 31 December 2014

ASSETS

	31 Dec 2014 EUR	31 Dec 2013 EUR
NON-CURRENT ASSETS		
Intangible assets		
Purchased concessions, industrial and similar rights and assets, and licences in such rights and assets	3.341.028,72	3.151.974,83
Prepayments	7.576.905,50	10.441.520,46
	10.917.934,22	13.593.495,29
Property, plant and equipment		
Other equipment, furniture and fixtures	2.868.208,08	2.235.874,94
Prepayments made and assets under construction	81.390,02	95.154,64
	2.949.598,10	2.331.029,58
Financial assets		
Shares in affiliates	523.926.134,56	454.600.972,34
Loans to affiliates	45.868.942,92	99.321.614,15
Other loans	26.929,74	29.000,00
	569.822.007,22	553.951.586,49
	583.689.539,54	569.876.111,36
CURRENT ASSETS		
Receivables and other assets		
Trade receivables	108.317,67	99.448,01
Receivables from affiliates	54.944.599,42	49.533.093,50
Receivables from other investees	0,00	170,65
Other assets	6.028.683,83	4.418.809,52
	61.081.600,92	54.051.521,68
Cash on hand and bank balances	14.375.075,65	9.246.752,65
	75.456.676,57	63.298.274,33
PREPAID EXPENSES	3.924.483,08	2.815.017,35
	663.070.699,19	635.989.403,04

EQUITY AND LIABILITIES

	31 Dec 2014 EUR	31 Dec 2013 EUR
EQUITY		
Subscribed capital	48.869.784,00	48.869.784,00
- Conditional capital: EUR 14,952,400.00 (prior year: EUR 14,952,400.00)		
Capital reserves	341.650.227,64	341.650.227,64
Retained earnings		
Other retained earnings	90.190.456,72	66.445.994,26
Accumulated profit	45.954.725,60	48.631.440,86
	526.665.193,96	505.597.446,76
PROVISIONS		
Provisions for pensions and similar obligations	20.323,00	32.349,00
Tax provisions	7.567.734,00	3.931.241,03
Other provisions	7.160.515,10	19.131.965,86
	14.748.572,10	23.095.555,89
LIABILITIES		
Liabilities to banks	49.167.091,73	57.511.897,01
- thereof due in up to one year: EUR 167,091.73 (prior year: EUR 511,876.65)		
Trade payables	3.977.727,85	4.508.854,35
- thereof due in up to one year: EUR 3,977,727.85 (prior year: EUR 4,508,854.35)		
Liabilities to affiliates	48.410.805,63	28.318.696,98
- thereof due in up to one year: EUR 48,410,805.63 (prior year: EUR 28,318,696.98)		
Liabilities to other investees	3.990.000,00	0,00
- thereof due in up to one year: EUR 3,990,000.00 (prior year: EUR 0.00)		
Other liabilities	1.425.693,02	1.204.284,11
- thereof due in up to one year: EUR 1,425,693.02 (prior year: EUR 1,204,284.11)		
- thereof for taxes: EUR 535,039.96 (prior year: EUR 326,703.44)		
	106.971.318,23	91.543.732,45
DEFERRED TAX LIABILITIES	14.685.614,90	15.752.667,94
	663.070.699,19	635.989.403,04

Ströer Media SE (formerly Ströer Media AG), Cologne
Income statement for fiscal year 2014

	2014 EUR	2013 EUR
Other own work capitalized	86.518,34	826.405,45
Other operating income	26.699.148,88	21.827.506,73
- thereof income from currency translation: EUR 790.35 (prior year: EUR 2,501.97)		
Personnel expenses		
Wages and salaries	-19.110.600,43	-15.521.417,04
Social security and pension costs	-2.250.522,90	-1.474.754,05
- thereof for pensions: EUR 59,063.88 (prior year: EUR 16,382.26)		
Amortization, depreciation and impairment of intangible assets and property, plant and equipment	-5.824.806,56	-3.962.238,91
Other operating expenses	-16.475.352,69	-19.523.749,23
- thereof expenses from currency translation: EUR 15,245.76 (prior year: EUR 25,019.97)		
Income from equity investments	4.500.000,00	295.438,43
- thereof from affiliates: EUR 4,500,000.00 (prior year: EUR 295,438.43)		
Income from profit and loss transfer agreements	46.932.199,87	47.494.866,80
Income from loans classified as non-current financial assets	2.639.671,24	8.132.257,33
- thereof from affiliates: EUR 2,639,671.24 (prior year: EUR 8,132,257.33)		
Other interest and similar income	212.844,28	174.365,30
- thereof from affiliates: EUR 181,207.35 (prior year: 33,522.46)		
Expenses from loss transfer	-980.102,35	0,00
Interest and similar expenses	-4.551.570,16	-4.516.985,91
- thereof to affiliates: EUR 7,731.32 (prior year: EUR 38,888.96)		
- thereof expenses from discounting: EUR 6,741.66 (prior year: EUR 1,683.17)		
Result from ordinary activities	**31.877.427,52**	**33.751.694,90**
Extraordinary expenses	-240.483,17	-26.322,50
Extraordinary result	**-240.483,17**	**-26.322,50**
Income taxes	-5.640.633,16	-5.032.608,55
- thereof income/expense from the change in deferred taxes: EUR 1,067,053.04 income (prior year: EUR 911,036.33 income)		
Other taxes	-41.585,59	-61.322,99
Profit for the period	**25.954.725,60**	**28.631.440,86**
Profit carryforward from the prior year	48.631.440,86	39.986.719,34
Allocations to other retained earnings	-23.744.462,46	-19.986.719,34
Profit distribution	-4.886.978,40	0,00
Accumulated profit	**45.954.725,60**	**48.631.440,86**

Ströer Media SE (formerly Ströer Media AG), Cologne

Notes to the financial statements for fiscal year 2014

A. General

Ströer Media SE (formerly Ströer Media AG), Cologne (Ströer SE, the Company or SMH), was established under its articles of association and bylaws dated 18 June 2014. It was entered in commercial register B on 15 October 2014 under HRB no. 82548. The transformation of Ströer Media AG, Cologne (Cologne Local Court, HRB no. 41548), by way of a change in legal form was executed in accordance with the conversion plan of 30 April 2014 and the resolution adopted by the shareholder meeting on 18 June 2014.

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 to 5 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 72k (prior year: EUR 35k).

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 4.62% 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 pension increases were taken into account at 1.0%. Employee turnover was not taken into account.

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, these differences are valued using the company-specific tax rates at the time they reverse; the amounts of any resulting tax charge and benefit 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 2014 EUR	Additions EUR	Disposals EUR	Reclassifications EUR	31 Dec 2014 EUR	1 Jan 2014 EUR	Additions EUR	Reversals EUR	31 Dec 2014 EUR	31 Dec 2014 EUR	31 Dec 2013 EUR
INTANGIBLE ASSETS											
Purchased concessions, industrial and similar rights and assets, and licences in such rights and assets	8,575,337.80	984,260.14	677,408.30	582,470.11	9,464,659.75	5,423,362.97	1,377,676.36	677,408.30	6,123,631.03	3,341,028.72	3,151,974.83
Prepayments	12,619,520.46	831,855.15	0.00	-582,470.11	12,868,905.50	2,178,000.00	3,114,000.00	0.00	5,292,000.00	7,576,905.50	10,441,520.46
	21,194,858.26	**1,816,115.29**	**677,408.30**	**0.00**	**22,333,565.25**	7,601,362.97	4,491,676.36	677,408.30	11,415,631.03	10,917,934.22	13,593,495.29
PROPERTY, PLANT AND EQUIPMENT											
Other equipment, furniture and fixtures	6,677,607.74	1,953,230.59	117,618.60	51,251.66	8,564,471.39	4,441,732.80	1,333,130.20	78,599.69	5,696,263.31	2,868,208.08	2,235,874.94
Prepayments and assets under construction	95,154.64	37,487.04	0.00	-51,251.66	81,390.02	0.00	0.00	0.00	0.00	81,390.02	95,154.64
	6,772,762.38	**1,990,717.63**	**117,618.60**	**0.00**	**8,645,861.41**	4,441,732.80	1,333,130.20	78,599.69	5,696,263.31	2,949,598.10	2,331,029.58
FINANCIAL ASSETS											
Shares in affiliates	455,164,836.41	4,428,648.00	667,349.85	65,000,000.00	523,926,134.56	563,864.07	0.00	563,864.07	0.00	523,926,134.56	454,600,972.34
Loans to affiliates	99,321,614.15	22,881,206.77	11,333,878.00	-65,000,000.00	45,868,942.92	0.00	0.00	0.00	0.00	45,868,942.92	99,321,614.15
Other loans	29,000.00	0.00	2,070.26	0.00	26,929.74	0.00	0.00	0.00	0.00	26,929.74	29,000.00
	554,515,450.56	**27,309,854.77**	**12,003,298.11**	**0.00**	**569,822,007.22**	563,864.07	0.00	563,864.07	0.00	569,822,007.22	553,951,586.49
	582,483,071.20	**31,116,687.69**	**12,798,325.01**	**0.00**	**600,801,433.88**	12,606,959.84	5,824,806.56	1,319,872.06	17,111,894.34	583,689,539.54	569,876,111.36

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 3,114k was recognized on this item due to its limited future usability.

b) Financial assets

With economic effect as of 3 January 2014, SMH acquired an additional 8.9% of the shares in Ballroom International GmbH (formerly Ballroom International CEE Holding GmbH), Glonn (Ballroom Holding). The purchase price for these additional shares amounted to EUR 2,850k. With effect as of 3 July 2014, SMH also acquired an additional 1.0% of the shares in Ballroom Holding for a purchase price of EUR 415k. Furthermore, in connection with the exercise of a put option by non-controlling interests, Ströer Media SE acquired an additional 4.0% of the shares in Ballroom Holding with economic effect as of 30 July 2014. The purchase price charged upon exercise of this put option amounted to some EUR 1,331k.

In February 2014, Ströer Venture GmbH, Cologne, was founded by SMH as the sole shareholder. The capital stock of Ströer Venture GmbH amounts to EUR 25k and is fully paid in.

Further shares in blowUP Media Espana S.A., Madrid, Spain, were acquired from two members of the board of management at an amount of EUR 2k.

In addition, SMH contributed a portion of the loans granted to its Turkish subsidiary Ströer Kentvizyon Reklam Pazarlama A.S., Istanbul, Turkey, to the subsidiary's equity. The capital increase amounted to EUR 45,000k. In December 2014, SMH contributed EUR 20,000k to the equity of its Polish subsidiary Ströer Polska Sp. z o.o., Warsaw, Poland, in the same way, converting several loans into an equity contribution.

The remainder of the change in loans to affiliates is, in part, attributable to the addition of interest receivables of EUR 942k due in fiscal year 2014 from Ströer Polska Sp. z o.o., Warsaw, Poland, and of interest receivables of EUR 1,336k due in the last quarter of 2013 from Ströer Kentvizyon Reklam Pazarlama A.S., Istanbul, Turkey. Further additions relate to loans granted to Ströer Venture GmbH, Cologne (EUR 10,555k after netting additions of EUR 11,289k and repayments of EUR 734k), GIGA Digital AG, Berlin

(EUR 2,300k), Ballroom Holding (EUR 1,000k) and GIGA Fixxoo GmbH, Berlin, (EUR 400k). Another loan of EUR 2,014k was granted to Ströer Kentvizyon Reklam Pazarlama A.S., Istanbul, Turkey. By contrast, Ströer Digital Group GmbH, Cologne, fully repaid its liability to the Company, which stood at EUR 2,000k at the beginning of the fiscal year. In the course of the year, it also repaid in full all the loans it had taken out during the year. In addition, Ströer Polska Sp. z o.o., Warsaw, Poland, repaid loans amounting to EUR 5,000k.

blowUP Media France SAS, Paris, France, was liquidated by shareholder resolution dated 20 December 2013 and following the related entry in the French commercial register ("Registre du Commerce") on 25 February 2014. SMH recognized proceeds of EUR 59k from the liquidation of this company.

2. Receivables and other assets

	31 Dec 2014 EUR k	31 Dec 2013 EUR k
Trade receivables	108	100
thereof due in more than one year	0	0
Receivables from affiliates	54,945	49,533
thereof due in more than one year	0	0
Other assets	6,029	4,419
thereof due in more than one year	504	513
	61,082	54,052

EUR 46,932k (prior year: EUR 47,495k) of receivables from affiliates relates to the profit and loss transfer agreement with Ströer Media Deutschland GmbH, Cologne (SMD), and EUR 2,309k (prior year: EUR 2,038k) to trade, while EUR 760k and EUR 220k relate to short-term loans granted to Ballroom Holding and RZV Digital A.S., Istanbul, Turkey, respectively. There is also a receivable of EUR 4,724k from the cash pooling in place with Ströer Digital Group GmbH, Cologne (SDG). Other assets primarily include tax assets of EUR 4,386k (prior year: EUR 3,666k), a tax-related recourse claim of EUR 911k (prior year: EUR 0k), deposits amounting to EUR 329k (prior year: EUR 326k) and interest receivables of EUR 100k (prior year: EUR 200k).

3. Prepaid expenses

Prepaid expenses mainly include fees of EUR 3,563k (prior year: EUR 2,464k) charged by banks and consultants in connection with the refinancing arrangements concluded in 2012 and 2014, which are expensed pro rata over the term of the loan until April 2019. See our explanations in section C. 8. a) iii).

4. Equity

a) Subscribed capital

Subscribed capital remains unchanged at EUR 48,870k.

It is 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 2014

By resolution of the shareholder meeting on 18 June 2014, the previous approved capital I was cancelled and new approved capital 2014 was created.

Subject to the approval of the supervisory board, the board of management is authorized to increase the Company's capital stock once or several times until 17 June 2019 by a maximum of EUR 18,938,495.00 in total by issuing up to 18,938,495 new bearer shares of no par value for contributions in cash or in kind (approved capital 2014); the increase, however, may not exceed the amount and the number of shares comprising the remaining capital stock pursuant to Art. 5 (1) of the articles of incorporation of Ströer Media AG on the date the change in the legal form of Ströer Media AG to a European Company (SE) pursuant to the conversion plan of 30 April 2014 took effect.

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) 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 following portions of capital stock must be credited to this maximum amount: the portion which is attributable to new or treasury shares issued or sold since 18 June 2014 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 18 June 2014 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 full or partial increase in the capital stock from approved capital or after expiry of the authorization period, the supervisory board is authorized to make any amendments to the articles of incorporation and bylaws, provided that such amendments are only to the wording.

Conditional capital 2010

The Company's capital stock is subject to a conditional increase by a maximum of EUR 11,776,000.00 by issuing a maximum of 11,776,000 new bearer shares of no par value (conditional capital 2010). This conditional capital increase, however, may not exceed the amount and the number of shares relating to the conditional capital increase pursuant to Art. 6 of the articles of incorporation of Ströer Media AG which had not yet been carried out on the date the change in the legal form of Ströer Media AG to a European Company (SE) pursuant to the conversion plan of 30 April 2014 took effect. The purpose of the conditional capital increase is to grant 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 based on item 4 of the agenda. New 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 who are obliged to do so 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 of new shares issued from approved capital. The new shares of no par value participate in profit from the beginning of the fiscal year in which they are issued 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 capital stock is subject to a conditional increase 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). This conditional capital increase, however, may not exceed the amount and the number of shares relating to the conditional capital increase pursuant to Art. 6A (1) of the articles of incorporation of Ströer Media AG which had not yet been carried out on the date the change in the legal form of Ströer Media AG to a European Company (SE) pursuant to the conversion plan of 30 April 2014 took effect. 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.

c) Retained earnings

By resolution of the shareholder meeting on 18 June 2014, EUR 23,744k from the accumulated profit for 2013 was allocated to other retained earnings.

d) Accumulated profit

By resolution of the shareholder meeting on 18 June 2014, EUR 4,887k (EUR 0.10 per qualifying share) was distributed as a dividend and EUR 20,000k from the accumulated profit for 2013 was carried forward to new account.

5. Provisions for pensions and similar obligations

Provisions for pensions of EUR 20k (prior year: EUR 32k) were recognized by the Company.

6. Tax provisions

Tax provisions include provisions for trade tax of EUR 7,568k.

7. Other provisions

Other provisions break down as follows:

	EUR k
Personnel provisions	5,602
Outstanding invoices	1,275
Miscellaneous	284
Total	**7,161**

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	49,167 *(prior year: 57,512)*	167 *(prior year: 512)*	49,000 *(prior year: 57,000)*	0 *(prior year: 0)*
Trade payables	3,978 *(prior year: 4,509)*	3,978 *(prior year: 4,509)*	0 *(prior year: 0)*	0 *(prior year: 0)*
Liabilities to affiliates	48,411 *(prior year: 28,319)*	48,411 *(prior year: 28,319)*	0 *(prior year: 0)*	0 *(prior year: 0)*
Liabilities to other investees	3,990 *(prior year: 0)*	3,990 *(prior year: 0)*	0 *(prior year: 0)*	0 *(prior year: 0)*
Other liabilities	1,425 *(prior year: 1,204)*	1,425 *(prior year: 1,204)*	0 *(prior year: 0)*	0 *(prior year: 0)*
	106,971 *(prior year: 91,544)*	57,971 *(prior year: 34,544)*	49,000 *(prior year: 57,000)*	0 *(prior year: 0)*

a) Liabilities to banks

i) Loan liability

On 14 April 2014, SMH and SMD obtained a syndicated loan in the amount of EUR 500,000k (including a credit facility) from a banking syndicate (facility agreement). The syndicate consists of 12 commercial banks and is led by Commerzbank AG, Luxembourg branch, as the loan agent. This loan served to update and optimize the previous financing arrangement dating from 2012.

The syndicated loan has a term of five years until 14 April 2019 and consists of a bullet term loan of EUR 250,000k and a revolving credit facility (RCF) of EUR 250,000k. 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 130 and 275 basis points (bp). As of 31 December 2014, the margin was 195 bp for the term loan and 160 bp for the RCF.

While the term loan is allocated to SMD, Ströer SE holds the RCF, of which EUR 49,000k had been drawn down as of 31 December 2014. The next interest payment on the RCF tranche will be made on 13 February 2015.

ii) Interest from the facility agreement

At the end of the fiscal year, the interest calculation for the period from 15 December 2014 to 16 February 2015 for the RCF tranche was not yet available. An interest liability of EUR 35k (prior year: EUR 258k) was recognized for the period from 15 December 2014 to 31 December 2014.

iii) Fees from the facility agreement

Loan commitment fees of EUR 3.2m were incurred in connection with the refinancing in 2014. Of this amount, EUR 1,620k was borne and recognized by SMH in line with its share in the refinancing, in addition to the loan commitment fees already recognized in connection with the refinancing in 2012. The amount is amortized over the term of the facility agreement on a straight-line basis and amounted to EUR 3,563k as of 31 December 2014 (prior year: EUR 2,464k).

In addition, the loan commitment fees, which are invoiced every three months for the undrawn part of the credit facility, were outstanding as of 31 December 2014. The resulting liabilities amounted to EUR 132k as of the balance sheet date (prior year: EUR 221k).

b) Liabilities to affiliates

Liabilities to affiliates relate to cash pooling with companies in the SMH Group (EUR 46,107k; prior year: EUR 26,426k) and the profit and loss transfer agreement in place with Ströer Digital Group GmbH, Cologne (EUR 980k; prior year: EUR 0k). This item also includes trade payables of EUR 1,324k (prior year: EUR 1,893k).

c) Liabilities to other investees

Liabilities to other investees result from a short-term loan granted by X-City Marketing GmbH, Hannover.

d) Other liabilities

Other liabilities primarily include interest liabilities, of which EUR 878k (prior year: EUR 871k) relates to interest rate swaps. As of the balance sheet date, there were also liabilities from wage and church taxes for fiscal year 2014 of EUR 369k (prior year: EUR 327k), as well as VAT liabilities of EUR 166k (prior year: EUR 0k).

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 14,686k (prior year: EUR 15,753k). As in the past, deferred tax liabilities are attributable to the consolidation of the tax bases of the subsidiaries in the tax group at the level of SMH, the 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 8,185k (prior year: EUR 15,901k) used for offsetting are mainly due to unused tax losses as of 31 December 2014.

The following table shows how deferred taxes were offset:

In EUR k	31 Dec 2014		31 Dec 2013	
	Assets	Liabilities	Assets	Liabilities
Intangible assets	363	5,495	2	7,865
Property, plant and equipment	127	0	163	0
Financial assets	0	15,185	0	21,601
Pension provisions	530	0	346	0
Other provisions	2,602	2,187	3,027	2,189
Liabilities	92	4	329	0
Deferred taxes	**3,714**	**22,871**	**3,867**	**31,654**
Interest carryforwards	28	0	5,426	0
Loss carryforwards	4,443	0	6,607	0
Total	**8,185**	**22,871**	**15,901**	**31,654**
Offsetting	-8,185	-8,185	-15,901	-15,901
Carrying amount	**0**	**14,686**	**0**	**15,753**

As of 31 December 2014, there were tax loss carryforwards for corporate income tax (EUR 28,075k; prior year: EUR 41,758k) and for trade tax (EUR 0k; prior year: EUR 0k) as well as an interest carryforward of EUR 86k (prior year: EUR 16,721k). Including unused tax losses, the minimum taxation in 2014 and deferred tax assets on the existing interest carryforward, SMH's tax rate is 17.85%.

D. Notes to the income statement

1. Other own work capitalized

In fiscal year 2014, personnel expenses of EUR 87k were capitalized in connection with the in-house development of IT within the Ströer Group (prior year: EUR 826k, recognized in connection with the purchase of a uniform IT application environment).

2. Other operating income

Other operating income breaks down as follows:

	2014 **EUR k**
Income from commercial and technical services	22,176
Income from cost allocations	2,682
Income from recourse claims	911
Income from the reversal of provisions	811
Income from the disposal of non-current assets	67
Miscellaneous income	52
	26,699

Income from the reversal of provisions mainly relates to the reversal of provisions for bonuses (EUR 383k) and outstanding invoices (EUR 328k). Miscellaneous income comprises out-of-period income of EUR 20k from cost reimbursements for 2013.

3. Other operating expenses

Other operating expenses mainly contain IT expenses (EUR 3,144k), expenses which are charged on to affiliates (EUR 2,682k), legal and consulting fees (EUR 2,339k), premises expenses (EUR 1,400k), advertising and trade fair expenses (EUR 939k), development costs (EUR 767k), data communication costs (EUR 694k) and travel expenses (EUR 596k). Miscellaneous expenses include out-of-period expenses of EUR 181k, relating chiefly to backpayments of contributions to the Chamber of Industry and Commerce.

4. Income from equity investments

Income from equity investments is attributable to a dividend payment of EUR 4,500k made by blowUP Media GmbH, Cologne, to SMH by shareholder resolution dated 23 June 2014.

5. Income from profit and loss transfer agreements

Income from profit and loss transfer agreements stems from the 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. Expenses from loss absorption

Expenses from loss absorption stem from the absorption of SDG's profit or loss for the period. The Company entered into a corresponding profit and loss transfer agreement effective 1 July 2013.

7. Extraordinary expenses

Extraordinary expenses of EUR 240k include the costs of the conversion of the Company to a European public limited liability company (Societas Europaea, SE).

8. 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 the deduction of interest expenses and rules on minimum taxation result in taxable profit/trade earnings.

Income taxes primarily comprise corporate income tax expenses including solidarity surcharge of EUR 1,220k and trade tax expenses of EUR 6,129k for the fiscal year (prior year: EUR 1,068k). They also include income of EUR 1,067k for the recognition of deferred taxes and EUR 1,139k for creditable withholding taxes for the years 2010 to 2013, as well as income from reimbursements of tax on investment income (EUR 268k) and trade tax for 2012 (EUR 304k).

E. Other notes

1. Cash flow statement

	2014 EUR k	2013 EUR k
1. Cash flows from operating activities		
Profit or loss for the period before extraordinary items and profit and loss transfer	26.195	28.658
Amortization, depreciation and impairment losses (+) on/ write-ups (-) of non-current assets	5.825	3.962
Increase (+)/decrease (-) in provisions	3.481	-8.559
Other non-cash expenses (+)/income (-)	-47.884	-49.069
Gain (-)/loss (+) on disposals of non-current assets	-67	-2
Increase (-)/decrease (+) in trade receivables and other assets	41.438	31.138
Increase (+)/decrease (-) in trade payables and other liabilities	-1.170	-672
Cash received (+) from/cash paid (-) for extraordinary items	-240	0
Cash flows from operating activities	27.578	5.456
2. Cash flows from investing activities		
Cash received (+) from the disposal of property, plant and equipment	75	10
Cash paid (-) for investments in property, plant and equipment	-1.991	-340
Cash received (+) from the disposal of intangible assets	0	0
Cash paid (-) for investments in intangible assets	-1.816	-10.735
Cash received (+) from the disposal of non-current financial assets	16.395	2.767
Cash paid (-) for investments in non-current financial assets	-41.173	-48.315
Cash flows from investing activities	-28.510	-56.613
3. Cash flows from financing activities		
Dividends (-)	-4.887	0
Cash paid (-) for raising equity	0	-26
Cash received (+) from/cash paid (-) for cash pooling activities	14.957	29.054
Cash received (+) from the issue of bonds and borrowings	3.990	50.000
Cash repayments (-) of bonds and borrowings	-8.000	-21.641
Cash flows from financing activities	6.060	57.387
4. Cash at the end of the period		
Change in cash (subtotal 1 to 3)	5.128	6.230
Cash at the beginning of the period	9.247	3.017
Cash at the end of the period	14.375	9.247
5. Composition of cash		
Cash	14.375	9.247
Cash at the end of the period	14.375	9.247

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 250,000k 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 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 17,172k (of which to affiliates EUR 0k). These obligations include the following items:

Lease payments

- up to 1 year: EUR 2,279k
- 1 to 5 years: EUR 7,152k
- more than 5 years: EUR 4,267k

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 1,079k
- 1 to 5 years: EUR 2,017k
- more than 5 years: EUR 378k

There are also obligations to non-controlling interests from put options for which the vesting conditions had not been met as of 31 December 2014. The theoretical value of potential liabilities under these options came to EUR 14,299k 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 expired on 1 January 2015. They were 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 -878k	EUR 878k, other liabilities EUR 0k, other provisions

4. Off-balance sheet transactions

In the prior year, the Company outsourced operating functions to a group company which, as a shared service center, performed these services for most of the Ströer group companies in order to leverage synergy effects by centralizing and standardizing processes, leading to quantitative and qualitative advantages. In fiscal year 2014, this shared service center was integrated into SMH. Consequently, no significant expenses arose in this context in 2014.

5. Related party transactions

The following significant transactions with related parties were conducted:

Type of relationship Type of transaction	Subsidiaries EUR k	Other related parties EUR k
Performance of services	331	171
Purchase of services	5	2
Provision of other services	1,709	11
Purchase of other services	3	43
Purchases	0	10,705
Profit distributions received	4,500	0
Loans granted	8,030	0
Loans received	0	3,990

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 1,709k). For further information see our explanations in C.1.b). The Company also generated interest income of EUR 10k from the provision of other services to Media Ventures GmbH, Cologne, 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).

To settle the purchase price liability arising from contractually agreed price adjustment clauses (earn-out arrangements), a total amount of EUR 10,704k was paid to Media Ventures GmbH, Cologne, on two separate dates. An amount of EUR 2k is also included for the acquisition of further shares in blowUP Media Espana S.A., Madrid, Spain, from two members of the board of management.

SMH received a profit distribution from blowUP Media GmbH, Cologne, in accordance with a shareholder resolution dated 23 June 2014.

Both long and short-term loans were granted to several subsidiaries, primarily GIGA Digital AG, Berlin (EUR 2,300k), Ballroom Holding (EUR 1,760k) and Ströer Kentvizyon Reklam Pazarlama A.S., Istanbul, Turkey (EUR 3,350k).

In addition, SMH received a short-term loan of EUR 3,990k from a related party.

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	Kölner Aussenwerbung GmbH, Cologne
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		
Dr. Bernd Metzner (since 15 June 2014)		Anavex Life Sciences Corp., New York, USA
Supervisory board		
Prof. Dr. h. c. Dieter Stolte Journalist, retired director of ZDF (Chairman) (until 18 June 2014)		
Dieter Keller Auditor and tax advisor (Deputy chairman) (until 15 October 2014)		
Christoph Vilanek Chairman of freenet AG, Büdelsdorf (Chairman since 18 June 2014)	Netzpiloten AG, Hamburg mobilcom-debitel GmbH, Büdelsdorf	
Dirk Ströer Managing director of Ströer Aussenwerbung GmbH & Co. KG, Cologne (Deputy chairman since 18 June 2014)		
Ulrich Voigt Member of the management board of Sparkasse KölnBonn	Vebowag AG, Bonn	
Martin Diederichs Lawyer (until 15 October 2014)		DSD Steel Group GmbH, Saarlouis

Mr. Müller, Mr. Bührdel, Dr. Metzner 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 benefits granted under payment arrangements with the board of management and the supervisory board of the Ströer Group (excluding share-based payments) are presented below for the fiscal years 2014 and 2013:

Board of management	2014 EUR k	2013 EUR k
Short-term benefits	3,161	3,874
Other long-term benefits	1,082	1,119
	4,243	**4,993**

Supervisory board	2014 EUR k	2013 EUR k
Short-term benefits	200	200
	200	**200**

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 SE 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 has been agreed for share-based payments.

Calculating the value of the share-based payment requires an estimate to be made of the future share price as of each reporting date. This is done using a Black-Scholes valuation model that was based on volatility of 36% to 42% and a dividend yield of 1.5% as of 31 December 2014. The interest rates used for the model are between 0.1% and 0.8%.

For the share-based payment attributable to 2014, we currently assume that the share

price at the end of the vesting period will be 200% of the reference price. The 16,963 phantom stock options granted in 2014 each have a fair value of EUR 23.62.
EUR 638k of all long-term benefits (LTI) are due for payment in 2015.

Stock option plan:

Under the stock option plan resolved by the shareholder meeting in 2013, the board of management was granted a total of 1,954,700 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 3.61 (prior year: EUR 1.41). The weighted average fair value of all options granted under the Stock Option Plan 2013 was EUR 1.99 (prior year: EUR 1.41).

In fiscal year 2014, a severance payment of EUR 400k was made to a former member of the board of management.

As of 31 December 2014, a total of EUR 4,397k (prior year: EUR 3,330k) was recognized as provisions for all potential future short and long-term bonus entitlements of the board of management, EUR 1,255k (prior year: EUR 874k) of which is attributable to current entitlements from share-based payments.

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

8. Employees

An average of 242 staff were employed in fiscal year 2014 (prior year: 158).

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 31 Dec 2014 %	Equity as of 31 Dec 2014 EUR k	Profit or loss 2014 EUR k
Direct investments			
Ströer Media Deutschland GmbH, Cologne	100.00	121,245	*46,932
Ströer Kentvizyon Reklam Pazarlama A.S., Istanbul, Turkey	90.00	79,198	-936
Ströer Polska Sp. z o.o., Warsaw, Poland	100.00	19,065	-2,468
blowUP Media GmbH, Cologne	90.00	1,624	-889
Ballroom International GmbH, Glonn (formerly Ballroom International CEE Holding GmbH, Glonn)**	74.71	11,052	-446
Ströer Digital Group GmbH, Cologne	100.00	84,587	*-980
Ströer Venture GmbH, Cologne	100.00	-282	-307
Indirect investments			
adscale GmbH, Munich	97.09	9,536	1,232
Adscale Laboratories Ltd., Christchurch, New Zealand	100.00	417	135
ADselect GmbH, Duisburg**	50.10	255	16
ARGE Aussenwerbung Schönefeld GbR, Berlin	50.00	35	65
BB Elements Sp. z o.o., Warsaw, Poland	65.00	33	5
blowUP Media Belgium BVBA, Antwerp, Belgium	50.00	374	274
blowUP Media Belgium N.V., Antwerp, Belgium	100.00	-133	103
blowUP Media Benelux B.V., Amsterdam, Netherlands	100.00	-210	371
blowUP Media Espana S.A., Madrid, Spain	100.00	-1,112	-36
blowUP Media U.K. Ltd., London, UK	100.00	2,793	2,175
Business Advertising GmbH, Düsseldorf	50.40	919	479
City Design Gesellschaft für Aussenwerbung mbH, Cologne	100.00	36,773	*7,595
Click Motion Sp. z o.o., Warsaw, Poland	100.00	6	-18
CulturePlak Marketing GmbH, Berlin	100.00	31	*20
DERG Vertriebs GmbH, Cologne	100.00	50	*1,957
Digital Partners Reklam Hizmetleri A.S., Istanbul, Turkey	90.00	361	340
DSMDecaux GmbH, Munich	50.00	9,374	7,815
DSM Deutsche Städte Medien GmbH, Frankfurt am Main	100.00	12,611	*13,721
DSM Krefeld Aussenwerbung GmbH, Krefeld	51.00	1,602	132
DSM Zeit und Werbung GmbH, Frankfurt am Main	100.00	1,453	*473
ECE flatmedia GmbH, Hamburg	75.10	26	1,165
Evolution Media Net Sp. z o.o., Warsaw, Poland	100.00	-1,575	-1,613
Fahrgastfernsehen Hamburg GmbH, Hamburg	100.00	-154	413
GAN Ströer GmbH, Hamburg (formerly GAN Support GmbH, Hamburg)	70.00	0	-242
GAN Technologies UG, Hamburg	70.00	57	67
GIGA Digital AG, Berlin	90.20	1,735	1,580

GIGA fixxoo GmbH, Berlin	75.00	75	50
GIGA Kino GmbH, Cologne	100.00	25	*34
Hamburger Verkehrsmittel-Werbung GmbH, Hamburg	75.10	1,875	496
iBillBoard Internet Reklam Hizmetleri ve Bilisim Teknolojileri A.S., Istanbul, Turkey	96.00	35	7
iBillBoard Poland Sp. z o.o., Warsaw, Poland	100.00	44	43
INFOSCREEN GmbH, Cologne	100.00	8,227	*17,276
Instytut Badań Outdooru IBO SP. z o.o., Warsaw, Poland	40.00	9	-118
Internet BillBoard a.s., Ostrava, Czech Republic	50.50	983	310
INTREN Informatikai Tanacsado es Szolgaltato Kft., Budapest, Hungary	50.89	221	144
Kölner Aussenwerbung Gesellschaft mit beschränkter Haftung, Cologne	51.00	3,944	3,191
Konya Inter Tanitim ve Reklam Hizmetleri Anonim Sti., Istanbul, Turkey	50.00	156	-1
Kultur-Medien Hamburg GmbH Gesellschaft für Kulturinformationsanlagen, Hamburg	51.00	562	487
Linkz Internet Reklam Hizmetleri ve Bilisim Teknolojileri A.S., Istanbul, Turkey	100.00	139	-183
MBR Targeting GmbH, Berlin	79.07	-2,073	-1,531
mediateam Werbeagentur GmbH/Ströer Media Deutschland GmbH - GbR, Cologne	50.00	76	76
NEODAU GmbH & Co. KG, Hamburg	100.00	-88	84
NEODAU Verwaltungs GmbH, Hamburg	100.00	9	0
Objektif Kentvizyon Reklam Pazarlama Ticaret Ltd. Sti., Istanbul, Turkey	80.00	212	139
OnlineFussballManager GmbH, Cologne	50.10	352	232
Pacemaker AOS GmbH, Cologne	80.00	-233	-199
PRIME Networks GmbH, Cologne	100.00	-20	-45
RZV Digital Medya ve Reklam Hizmetleri A.S., Istanbul, Turkey (formerly Vidyoda ve Reklam Hizmetleri A.S., Istanbul, Turkey)	100.00	-615	-1,035
SEM Internet Reklam Hizmetleri ve Danismanlik A.S., Istanbul, Turkey	100.00	1,238	59
Ströer DERG Media GmbH, Kassel	100.00	5,492	*21,333
Ströer Deutsche Städte Medien GmbH, Cologne	100.00	500	*-3,896
Ströer Digital Media GmbH, Hamburg	100.00	2,516	1,563
Ströer Entertainment Web GmbH, Cologne	100.00	22	-3
Ströer KAW GmbH, Cologne	100.00	24	-1
Ströer Kulturmedien GmbH, Cologne	100.00	180	*469
Ströer Media Sp. z o.k., Warsaw, Poland	100.00	178	1,501
Ströer Media Sp. z o.o., Warsaw, Poland	100.00	1	-2
Ströer Mobile Media GmbH, Cologne	100.00	-22	*-793

Ströer Primetime GmbH, Cologne	100.00	25	*571
Ströer Sales & Services GmbH, Cologne	100.00	272	*7,590
TUBE ONE Networks GmbH, Hamburg	51.00	1,247	173
Trierer Gesellschaft für Stadtmöblierung mbH, Trier	50.00	789	101
Webguidez Entertainment GmbH, Berlin	90.00	601	7
X-City Marketing Hannover GmbH, Hanover	50.00	8,433	1,350

* Profit or loss for the period before profit and loss transfer
** Equity and profit or loss for the period as of 31 December 2013

10. Consolidated financial statements

The Company prepares the consolidated financial statements for the largest and smallest group of entities. 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 16 March 2015, the following parties reported to us that they hold more than 3% of the voting rights in the Company: Sambara Stiftung (5.73%), Allianz Global Investors (5.13%) and Credit Suisse (4.63%).
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 15 December 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, 16 March 2015

The Board of Management

Udo Müller Christian Schmalzl Dr. Bernd Metzner

Exhibit 1 to the notes to the financial statements of Ströer Media SE, 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]:

On 18 February 2014, UBS AG, Zurich, Switzerland, 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 14 February 2014 and amounted to 4.01% (corresponding to 1,958,829 voting rights) on this date. 0.03% of the voting rights (corresponding to 16,119 voting rights) is attributable to the company in accordance with Sec. 22 (1) Sentence 1 No. 1 WpHG.

On 20 February 2014, 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 3% of the voting rights on 18 February 2014 and amounted to 0% (corresponding to 0 voting rights) on this date.

On 27 February 2014, UBS AG, Zurich, Switzerland, 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 24 February 2014 and amounted to 2.84% (corresponding to 1,389,224 voting rights) on this date. 0.03% of the voting rights (corresponding to 16,119 voting rights) is attributable to the company in accordance with Sec. 22 (1) Sentence 1 No. 1 WpHG.

On 11 June 2014, 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 6 June 2014 and amounted to 3.02% (corresponding to 1,473,542 voting rights) on this date.

3.02% of the voting rights (corresponding to 1,473,542 voting rights) is attributable to the company in accordance with Sec. 22 (1) Sentence 1 No. 1 WpHG.

On 7 July 2014, 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 7 July 2014 and amounted to 2.95% (corresponding to 1,443,542 voting rights) on this date.
2.95% of the voting rights (corresponding to 1,443,542 voting rights) is attributable to the company in accordance with Sec. 22 (1) Sentence 1 No. 1 WpHG.

On 7 August 2014, 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 6 August 2014 and amounted to 3.0047% (corresponding to 1,468,419 voting rights) on this date.
3.0047% of the voting rights (corresponding to 1,468,419 voting rights) is attributable to the company in accordance with Sec. 22 (1) Sentence 1 No. 1 WpHG.

On 13 November 2014, HMI Capital, LLC, San Francisco, USA, notified us pursuant to Sec. 21 (1) WpHG that its share of the voting rights of Ströer Media SE, Cologne, Germany, had fallen below the threshold of 3% of the voting rights on 12 November 2014 and amounted to 2.86% (corresponding to 1,397,107 voting rights) on this date.
0.81% of the voting rights (corresponding to 398,063 voting rights) is attributable to the company in accordance with Sec. 22 (1) Sentence 1 No. 1 WpHG. 2.04% of the voting rights (corresponding to 999,044 voting rights) is attributable to the company in accordance with Sec. 22 (1) Sentence 1 No. 1 WpHG.

On 8 December 2014, J O Hambro Capital Management Limited, London, UK, notified us pursuant to Sec. 21 (1) WpHG that its share of the voting rights of Ströer Media SE, Cologne, Germany, had fallen below the threshold of 3% of the voting rights on 3

December 2014 and amounted to 2.91% (corresponding to 1,423,931 voting rights) on this date.

2.91% of the voting rights (corresponding to 1,423,931 voting rights) is attributable to the company in accordance with Sec. 22 (1) Sentence 1 No. 6 WpHG.

COMBINED MANAGEMENT REPORT

The references made in this combined management report of Ströer Media SE (formerly “Ströer Media AG”; hereinafter “Ströer SE”) 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 SE 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, public video (formerly 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, 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 25

On the cost side, the Ströer Group leverages positive economies of scale arising in areas such as finance, procurement, development, information technology 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 SE. 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 strategy and management, see page 24

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.

Our reporting segments comprise Ströer Germany, Ströer Turkey and the “Other” segment, which includes the business in Poland and the giant poster business BlowUP. In addition, the Ströer Digital segment 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 around 290,000 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 lease 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 7 of the 10 largest Turkish cities and operates in all product groups. With some 43,000 marketable advertising faces in approximately 20 cities and provinces, we also generate the highest revenue in our sector in Turkey and 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. 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 130 cities and municipalities with some 14,000 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 up to more than 1,000m^2 positioned on building façades. The company currently markets more than 150 sites, some of which are digitized, 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 and Belgium.

Digital business

Ströer Digital segment

In the Ströer Digital segment (formerly the Online segment), the Ströer Group offers digital advertising on the internet and on mobile devices. The segment comprises in particular the three intermediate holding companies, Ströer Digital Group GmbH, Ströer Venture GmbH and Ballroom International GmbH, with their respective subsidiaries.

The Ströer Digital Group with its various subsidiaries holds a strong position in the commercialization 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, 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 Turkey and Poland.

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 biggest 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 41 million unique visitors and some 10 billion ad impressions (as of the end of 2014). With its wide-ranging portfolio of some 5,000 websites, adscale reaches more than three quarters of all German internet users.[1)]

MBR 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 nearly 400 websites and a reach of more than approximately 37 million unique users[2)], Ströer Digital Media was ranked the number one marketer by the industry group Arbeitsgemeinschaft Online Forschung (AGOF), making it one of the most important online marketers in the German advertising market.[3)]

Ströer Primetime bundles our activities in moving-picture advertising on personal screens (smartphones and tablets), home screens (PCs) and public screens (public videos). 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 2014
[2)] Per month
[3)] Source: AGOF internet facts, November 2014

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.

Ströer Venture GmbH is a new company of Ströer Media SE established in the fiscal year and works on enhancing the digital assets in our portfolio. The Company's registered office is in Cologne.

International online marketing

The Ballroom group is one of the biggest 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.

Shareholdings and activities

The following overview as of 31 December 2014 outlines the main investment structure and its allocation to the core markets.

Ströer Media SE

	100%	90%	100%	90%	100%	75%	100%
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 GmbH	Ströer Venture GmbH
Geographical activity	Germany	Turkey	Poland	Germany/GB/Belgium/Spain/Netherlands	Germany	Germany/Hungary, Turkey/Poland/Czech Republic	Germany
Subsidiaries[1]	**17**	**1**	**2**	**5**	**13**	**11**	**8**
Sales by segment 2014	**EUR 465m**	**EUR 86m**	**EUR 62m**		**EUR 123m**		
Segment	Ströer Germany	Ströer Turkey	Other		Ströer Digital		

[1] Number of fully consolidated companies

Management and control

The board of management of Ströer SE as of 31 December 2014 comprises three members: Udo Müller (CEO), Christian Schmalzl (COO) and Dr. Bernd Metzner, who was appointed to the board of management as CFO on 15 June 2014. He succeeds Alfried Bührdel, who left the board of management on 21 February 2014. 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	October 2019	Chairman Strategy
Dr. Bernd Metzner	June 2014	June 2017	Chief Financial Officer Group finance and tax Group HR Group IT Group legal Group M&A / Corporate Finance Group revision Group investor relations
Christian Schmalzl	November 2012	October 2019	Management and supervision of national, international and digital companies Group business development Group corporate communications

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

The supervisory board currently comprises three members: Christoph Vilanek, Dirk Ströer and Ulrich Voigt. In its meeting on 18 June 2014, the supervisory board of Ströer Media AG appointed Christoph Vilanek as the new chairman with immediate effect. He replaces Prof. Dr. h.c. Dieter Stolte, whose term of office ended at the end of the reporting period and was not renewed at his own request. 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 SE (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 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 operators, 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 legislatures 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 mobile end devices 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 media with the precise targeting provided by online media, the Ströer Group can offer customized communications solutions to meet almost all customer requirements.

New multi-screen offering

The significant growth potential of our multi-screen products arises from the increasing use of media across a range of screens in public, professional and private environments. As a result, advertisers are increasingly aiming for a combination of different screens when planning 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 public video and online/mobile video. The Ströer Group has established a new kind of media channel to complement traditional moving pictures in television and online. Hence we are no longer talking about digital OOH, but rather public video – i.e., moving pictures in the public space. Online and public video particularly appeal to young and mobile target groups, who react positively to moving pictures and who are reached less and less by linear television.

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 public and online video. The main growth driver 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 since September 2013. The OC Mall and OC Station media are now marketed under Mall Video and Station Video. Together with Infoscreen and Adwalk, they form the Ströer Group's public video network. 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.

The group-wide marketing of multi-screen campaigns was made easier in the reporting year by an ad server solution in the form of a multi-screen planning and booking tool that enables dynamic and regional campaign management. In order to make the reaches comparable, Ströer converted the video views achievable via out-of-home advertising into ad impressions, with the help of GfK's (Gesellschaft für Konsumforschung) Media Efficiency Panel. Ströer generates up to three billion video ad impressions per month via online video and public video.[1)] Our digital out-of-home advertising portfolio currently comprises approximately 3,000 screens at the most highly frequented locations in public spaces.

The cross-media combination aims to create benefits for both advertisers and publishers, since the additional digital moving-picture screens tap into new target groups and increase overall reach.

1) GfK (Gesellschaft für Konsumforschung)

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 (hunters) to acquire new customers, as well as by further expanding the organization of independent sales representatives.

We successfully increased our revenue at the regional level during the reporting year. We also strengthened our regional sales force by more than 100 sales representatives.

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 a driver of innovation 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 2014, our activities were dominated by the continued systematic modularization and standardization 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 energy consumption in existing product ranges. In Frankfurt am Main, the Ströer Group has already converted some 2,900 advertising media to LED operation as part of a pilot project.

Crucial to the attractiveness of public video for advertising and media agencies is the timely 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 videoboards, which can also be used in the outdoor segment. Two-sided LED systems were planned and tested in 2014, and are to be launched on the market in the coming years. Currently, a combination of digital display screens and analog scrolling posters is also planned. There are further digital products on the R&D roadmap for 2015.

In addition, this year, in cooperation with Deutsche Bahn, we set up the first iBeacon testing platform (Düsseldorf), and in so doing made our advertising media fully interactive. The use of this technology, which is based on Bluetooth low energy, makes it possible to connect the analogue world with the digital world. Retail customers in particular could profit from this development as the iBeacon technology allows the mechanisms of e-commerce to be integrated into stationary trade. In this way, additional information that is pinpointed in terms of time and place concerning products, advertising campaigns or coupons is channeled to consumers directly and can guide them to the POS.

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 was involved in the introduction of measurement systems in the reporting period that are comparable with the internationally recognized audience measurement system POSTAR.

The digital strategy is based on the Group's 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 volumes of anonymized data 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. Thus a demand-side platform (DSP) was developed that enables advertisers to automatically procure the advertising faces of other providers. With the launch of the DSP, Ströer is now able to cover almost the entire German market for online display advertising.

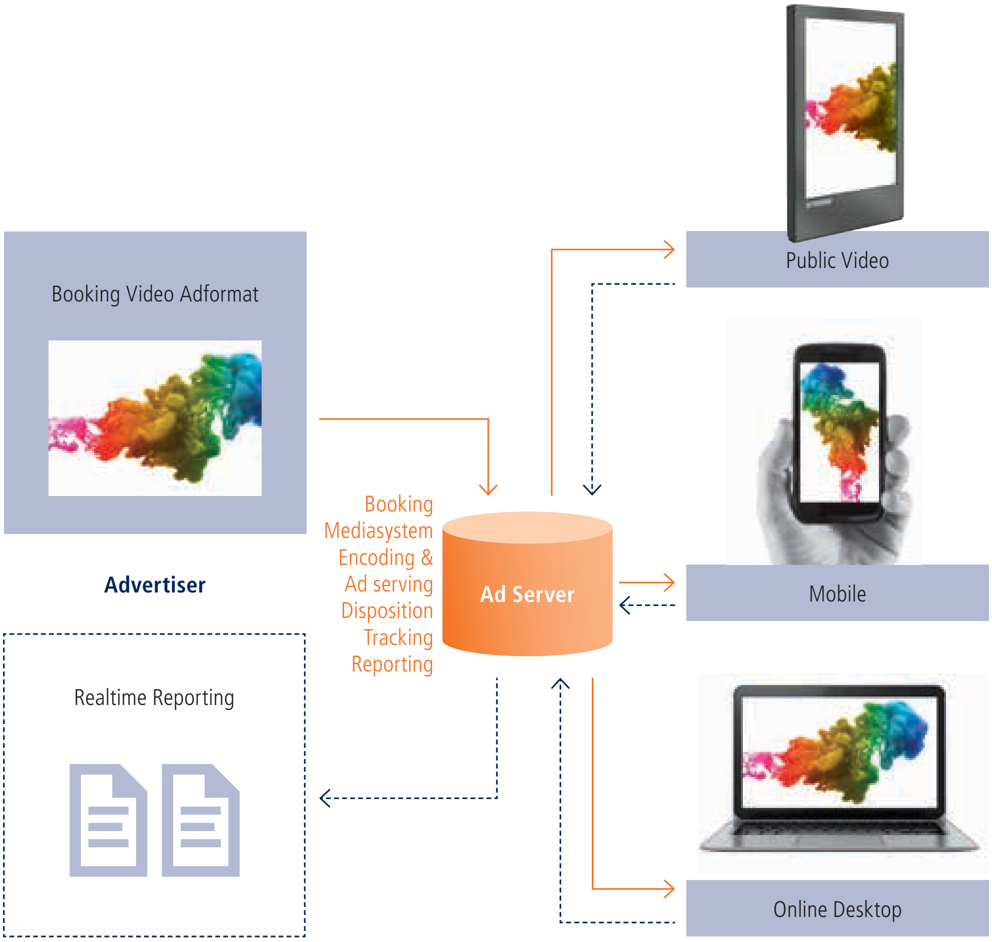
Thanks to its improved targeting mechanisms, our supply-side platform (SSP) adscale helps customers to optimize their advertising campaigns. The new targeting algorithms make it possible, among other things, to identify potential new customers on the internet (new customer prediction) and then to address 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.

Technology position in terms of precisely identifying online target groups was improved continuously in the reporting period. MBR's user-centric consumer action mining (CAM) algorithm enables the processing of large data volumes in real time, is less prone to failure and much more dynamic and efficient than comparable targeting technologies. Thus Ströer can meet its customers' growing performance requirements and better capitalize on the inventory of publishers.

With our products geared to performance, we cover the entire digital value chain, from ad servers through demand and supply-side platforms, real-time bidding and ad exchanges to targeting driven by proprietary technology.

In the Digital segment, product development accounted for around 100 employees as of the end of 2014. Added to this were 44 employees in the Company's internal product development department for out-of-home advertising.

Introduction of multi-screen Ad Server



Selective expansion of digital assets at Ströer Venture

In order to complement our portfolio, we will fully integrate individual attractive publishers into our portfolio in the future.

In the reporting year, Ströer Media SE already added a small number of attractive publishers to its portfolio, such as GIGA Digital AG. This company brings together the product worlds of GIGA APPLE, GIGA ANDROID, GIGA GAMES, GIGA SOFTWARE and GIGA FILM and is a digital media company with a focus on technology, games and entertainment.

Our portfolio also includes "kino.de" and OnlineFussballManager. "kino.de" is one of the most popular websites for information on the latest cinema program. OnlineFussballManager is one of the biggest providers of free browser-based games in Germany.

We would also like to further expand our market position in the online video segment. Moving-picture content on the internet is increasingly providing competition for television. It enjoys huge popularity, and not just among younger target groups. In the last year, we took over one of Germany's biggest video marketing networks. The marketer Tube One receives around 400 million video views per month on social media platforms such as YouTube and Facebook.[1)] The YouTube channels of celebrities such as Simon Desue or DieAussenseiter have well over a million subscribers.

[1)] Own survey

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, free cash flow, ROCE (return on capital employed), as well as net debt and the leverage ratio derived from it.

→ For more information on the financing strategy, see page 41

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.

Operational EBITDA gives an insight into the sustainable development of earnings of our Group adjusted to exclude 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.

Free cash flow is calculated from the difference between cash flows from operating activities and cash flows from investing activities and as such represents the earnings power of our Company. Free cash flow is an important determining factor for our investment, financing and dividend policy.

Our aim is to sustainably increase our return on capital employed. To achieve this, we have systematically enhanced our management and financial control systems. ROCE is calculated as adjusted EBIT divided by capital employed and provides us with a tool that enables value-based management of the Group and its segments. Positive value added and thus an increase in the Company's value are achieved when ROCE exceeds the cost of capital.

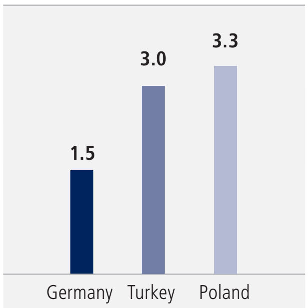
The Company's net debt and net debt ratio are also key performance indicators for the Group. The net debt ratio is measured as the ratio of net debt to operational EBITDA. As non-financial indicators, we take into account the increasing digitalization of our business model in terms of the percentage of our total revenue accounted for by digital out-of-home 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 (2014)
In %



Source: OECD Economic Outlook 96, November 2014

General economic developments in 2014

The global economy proved to be less dynamic in fiscal year 2014 than initially anticipated at the beginning of the year. According to the International Monetary Fund's World Economic Outlook, the global economy grew by 3.3%, meaning growth remained on a par with the prior-year level.[1] Overall, however, the second half of the year was more robust. This marginally positive trend was driven chiefly by strong growth in the US, but also by an upturn in economic activity during the course of the year in emerging economies, such as China and India in particular, which had previously stuttered. The sharp drop in the price of oil is also expected to have had a positive effect on the economy.[2] Slight growth of 0.8% was once again recorded in the eurozone in 2014 following two years of decline. At 1.3%, growth in the EU proved to be more dynamic owing, in particular, to buoyant economic activity in the UK.

Economic activity in our three key markets – Germany, Poland and Turkey – also remained stable overall in the reporting year, although continued macro uncertainties had a detrimental impact in Turkey, in particular. After cooling off slightly as the year progressed, moderate overall growth compared with the two prior years was recorded in our most important market, Germany. In Poland, GDP returned to its robust growth path following a weak phase in the prior year. Overall, GDP growth in all three core markets was again higher than the European average. Nonetheless, geopolitical uncertainty in Ukraine, Syria and Iraq had a negative impact on the advertising climate in these core markets.

Germany

Following a strong start to the year and a weak phase towards the middle of the year, the German economy proved stable on average over the course of 2014. According to initial calculations by the German Federal Statistical Office ["Statistisches Bundesamt"], price-adjusted GDP increased by 1.5% year on year and has grown above the average of the last 10 years (1.2%).[3] This puts Germany above the European average.

According to the German Federal Statistical Office, the German economy maintained its position in a difficult global economic environment and profited, above all, from strong domestic demand. Adjusted for price changes, consumer spending rose by 1.1% and public-sector spending by 1.0%.

The number of people in employment reached 42.7 million in 2014, a new record high for the eighth consecutive year. Households' real disposable income increased about 2.2%. This growth was almost matched by household spending calculated on the basis of current prices, which grew by 2.1%. Due to historically low interest rates, preliminary calculations put the household saving ratio in 2014 at 9.2%, the lowest level seen since 2000.

Price development in Germany was clearly subdued in 2014, due mainly to lower prices for petroleum products. Prices for energy products such as electricity and gas also fell on average in Germany.

[1] Source: World Economic Outlook Update, International Monetary Fund, January 2015; see also Global Economic Perspectives, World Bank, January 2015
[2] Source: See, for instance, Review of World Economics 2014/Q4, Kiel Institute for the World Economy, December 2014
[3] Source: Gross domestic product 2014 for Germany, German Federal Statistical Office, January 2015

Turkey

In Turkey, Europe's sixth largest economy, economic development slowed in the reporting period. Consumer spending and investment were adversely affected by political measures aimed at curbing domestic demand in view of the country's substantial current account deficit, increased volatility on the capital markets and continued political uncertainty. According to IMF and OECD estimates, GDP growth was around 3.0% in 2014, compared with 4.1% in 2013. The increase in consumer prices accelerated in the first half of 2014 from 7.8% in January to 9.7% in May and reached 8.2% as of year end.

Poland

The Polish economy continued to grow in the reporting period at a stronger rate than in the prior year. While growth of only 1.7% was achieved in 2013 (the lowest rate since 2001), OECD figures suggest that real GDP is likely to have almost doubled to 3.3% in 2014[1], putting Poland again in the lead in terms of real GDP growth in the EU. This positive development was driven mainly by domestic demand, which benefited from stable consumer spending and surprisingly robust investment (up 9.1%). The labor market in the manufacturing industry gained considerable momentum at the beginning of 2014, which resulted in a corresponding reduction in unemployment of around 12%. This was a significant improvement on the two prior years. The rate of inflation remained at a historically low level and even turned negative in the third quarter. This was the first instance of deflation recorded in a three-month period in Poland since the change of political regime in Poland in 1989. An average rate of inflation of 0.2% is anticipated over the course of the year. The combination of higher employment and historically low inflation (and therefore growing real wages) boosted the purchasing power of Poles with their high propensity to consume.

Development of the out-of-home and online advertising industry in 2014

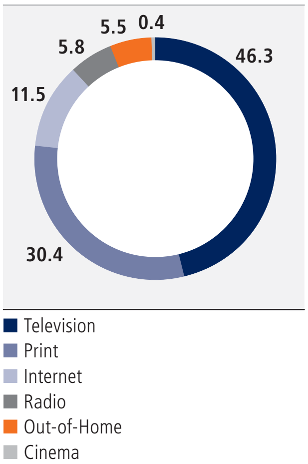
The impact of muted economic growth in Europe as a whole also filtered through to the western European advertising market in 2014. ZenithOptimedia[2], for example, estimates that net advertising spending on the main media increased by 2.4% in this region, after falling slightly by 0.8% in the prior year. While print media continued to contend with substantial losses of market share, net advertising spending in the online segment once again rose sharply by 11.6%. Out-of-home advertising in the western European advertising market increased only marginally by 1.4%. In eastern and central European countries[3], overall development in the advertising industry was less dynamic (up 1.3%). Here, too, the main growth driver was the internet. However, there were major disparities between developments in individual countries in this region.

Germany

According to the gross advertising spending calculated by Nielsen Media Research, the advertising market in Germany grew by 4.5% in 2014.[4] 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 increased only slightly in 2014 – 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 2015. Our estimate for 2014 is also supported by a ZenithOptimedia forecast, which expects a 1.5% increase in net advertising spending following a stagnation in 2013.[5]

Market share of advertising media in Germany (2014)

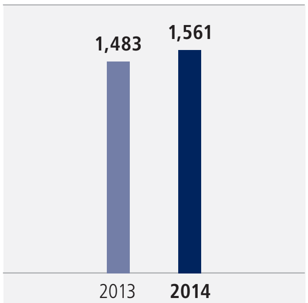
In %



Source: Nielsen Media Research

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

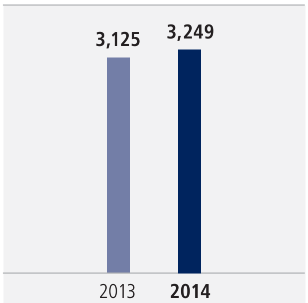
In EUR m



*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: OECD Economic Outlook, November 2014
2) Source: Publicis
3) 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.
4) Source: Nielsen advertising trends for 12-2014, Nielsen, January 2015
5) Source: ZenithOptimedia Advertising Expenditure Forecast, December 2014

In terms of gross advertising spending, the out-of-home segment grew by 5.3% in 2014, following an increase of 11.0% in 2013. For the digital segment, growth in gross advertising spending was measured at 4.0%. At −0.1%, the print segment is expected to have stagnated in the fiscal year, while substantial growth in gross advertising spending of 8.0% was once again recorded in the TV segment. 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 due to the rising share of digital revenue in out-of-home advertising and strong growth in poster media.

Turkey

The Turkish advertising market was subdued in 2014 compared with prior years owing to continued domestic and international political uncertainty and the impact this had on the country's macroeconomic environment. Based on the ZenithOptimedia report published in December 2014, we still anticipate nominal growth (i.e., before adjustment for inflation) of around 6% in the overall advertising market in 2014.[1] Nonetheless, this is the lowest level of growth since 2009. 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 2014 as a whole, it can be assumed that, contrary to the prior year, the media market will not have grown in real terms. Consistent information on the net development of the Turkish out-of-home media market is not available. However, we expect nominal growth in this market segment to be just above the prior-year level. Based on ZenithOptimedia's data, the internet segment is expected to have grown considerably above-average again and gained further market share in 2014, mainly at the expense of the print segment, whose decline in market share in recent years looks set to continue despite slight nominal growth.

Poland

The economic upturn had a positive effect on the Polish advertising industry in the reporting year. According to the ZenithOptimedia report from December 2014, a 2.4% increase in advertising spending is expected compared with 2013. This is an encouraging development following the marked decline of 5.3% in 2013 and 5.5% in 2012. However, the out-of-home advertising sector was hit disproportionately hard by cuts in the budgets of advertisers in the telecommunications sector, which resulted, among other things, in the year-on-year decrease in advertising spending of 0.9% reported by ZenithOptimedia. Compared with the marked decline of 11.2% in the prior year, however, the situation has clearly stabilized in a market environment that has continued to be fraught with difficulty. We anticipate that, in 2014, market share in the advertising market will have mainly shifted to online media from print media, but to some extent also from out-of-home advertising. TV, radio and cinemas will also record slight gains in market share.

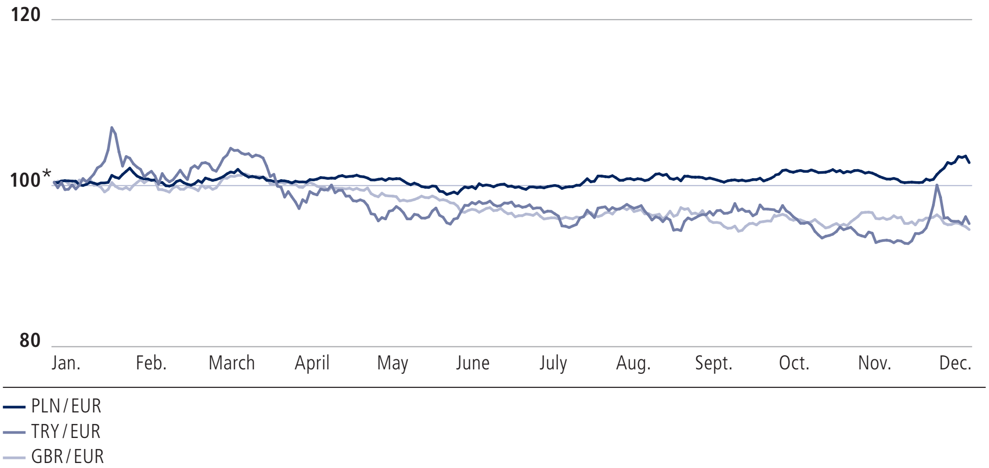
[1] Source: ZenithOptimedia Advertising Expenditure Forecast, December 2014

Development of the exchange rate
In 2014, the development of the euro exchange rate against the Turkish lira, the Polish zloty and the pound sterling were primarily relevant for our business. The Turkish lira initially continued to plummet at the beginning of the year, a development which began in the second half of 2013 in the wake of political uncertainty, and reached a record low of 3.19 TRY/EUR in January 2014. The Turkish lira was able to gain back some ground during the course of the year and was quoted at 2.83 TRY/EUR as of year-end, around 5% higher than at the end of 2013. Nonetheless, the average exchange rate quoted for the Turkish lira against the euro in 2014 was 13% below the prior-year average. The Polish zloty remained broadly stable in the reporting period and was quoted at an annual average of 4.18 PLN/EUR, almost exactly the same as the prior-year average. The zloty was quoted at 4.17 PLN/EUR at the beginning of the year and 4.27 PLN/EUR at year-end, which represents an increase of just over 2% against the euro over the course of the year.[1)]

The pound sterling appreciated considerably against the euro over the course of the year, primarily due to the UK's stronger economic development compared with the eurozone and to the European Central Bank's more expansionary monetary policy. At the end of the year, it was quoted at 0.78 GBP/EUR, well above the initial level of 0.83 GBP/EUR at the beginning of the year. The average exchange rate for 2014 of 0.81 GBP/EUR is 5% higher than the prior-year level.

Development of the exchange rate in 2014

Indexed



*2 January 2014 = 100, exchange rate indexed
Source: European Central Bank (ECB)

1) Source: European Central Bank (ECB)

Results of operations of the group and the segments

Overall assessment of the board of management on the economic situation

2014 was a very successful fiscal year for the Ströer Group. The further expansion of the digital business, the central management and optimization of the national out-of-home business and the stronger expansion of regional sales in Germany had a particularly positive effect on the results. As a result of these strategic measures, consolidated profit rose significantly to EUR 24.0m. At the same time, the two main performance indicators for the Ströer Group – revenue and operational EBITDA – also improved considerably. It is also worth mentioning in this context that all segments and sub-segments of the Group made a positive contribution to the growth of operational EBITDA.

The Group's net assets and financial position improved again in 2014. A marked increase in free cash flow and a considerable reduction in net debt are just two of many indicators that reflect this positive development. With a comfortable equity ratio of 33.6%, this gives us a very sound overall financial position as of 31 December 2014.

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 2014 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 2014 was largely in line with our expectations. As such, we either fully met or exceeded our targets.

Organic revenue growth came to 11.4% in fiscal year 2014. Based on the ambitious forecast we made at the end of fiscal year 2013, we expected growth to be in the mid-single-digit range. Organic revenue growth therefore developed better than expected and overall significantly outperformed the advertising market. We had also strived to achieve inorganic revenue growth in the double-digit million range. At EUR 42.2m, this goal was also clearly achieved.

Operational earnings before interest, taxes, depreciation and amortization **(operational EBITDA)** amounted to EUR 148.1m, EUR 30.1m above the prior-year figure. We had predicted a moderate increase in operational EBITDA. This result therefore exceeded our expectations.

The Group's **operational EBITDA margin**[1] was 20.2% in 2014, just above the prior-year figure of 18.6%. In our 2013 report, we forecast a slight improvement in this margin, which proved to be a correct assumption.

Consolidated profit after taxes amounted to EUR 24.0m in fiscal year 2014, a substantial EUR 19.6m above the prior-year figure. Our forecast projected a further increase in consolidated profit, our expectations were thus exceeded.

The **leverage ratio** at the end of 2014 was 1.9, a significant reduction on the 2013 year-end figure of 2.8. In our forecast from 2013, we said that we wanted to bring the leverage ratio back down to a level of between 2.0 to 2.5, on the basis of an expected moderate increase in operational EBITDA and a slight decrease in net debt. We exceeded this expectation in the fiscal year.

We expected a slight increase in relation to the return on capital employed adjusted for amortization of our advertising concessions **(ROCE)**. Ströer's ROCE ultimately came to 13.8% and was thus considerably up on the prior year (prior year: 10.3%).

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

Results of operations of the Group

Consolidated income statement					
In EUR m	**2014**	2013	2012*	2011*	2010*
Revenue	721.1	622.0	560.6	577.1	531.3
Cost of sales	−505.2	−434.2	−386.5	−372.1	−332.7
Gross profit	**215.9**	**187.8**	**174.1**	**205.0**	**198.6**
Selling expenses	−91.7	−84.2	−75.4	−74.5	−70.7
Administrative expenses	−87.9	−82.6	−71.8	−75.1	−88.0
Other operating income	25.1	18.7	16.5	15.9	79.5
Other operating expenses	−11.5	−9.8	−9.6	−14.3	−8.3
Share in profit or loss of equity method investees	3.7	4.1	0.0	0.0	0.0
EBIT	**53.5**	**34.0**	**33.7**	**56.9**	**111.2**
EBITDA	**134.3**	**108.8**	**100.4**	**121.1**	**165.2**
Operational EBITDA	**148.1**	**118.0**	**107.0**	**132.3**	**127.3**
Financial result	−14.8	−19.8	−31.9	−49.8	−52.8
EBT	**38.7**	**14.2**	**1.8**	**7.1**	**58.3**
Income taxes	−14.7	−9.7	−3.6	−10.7	−0.2
Consolidated profit or loss for the period	**24.0**	**4.5**	**−1.8**	**−3.6**	**58.1**

* A retrospective adjustment in relation to IFRS 11 was not made

[1] Operational EBITDA margin: Joint ventures are accounted for on a proportionate basis in both revenue and operational EBITDA

→ See our comments in the notes to the consolidated financial statements in section 4 "Changes in accounting policies"

With effect from 1 January 2014, the EU Commission adopted the new provisions of IFRS 11 issued by the International Accounting Standards Board (IASB) with binding effect for the whole European Union. As a result of these new requirements, four joint ventures which the Ströer Group previously accounted for on a proportionate basis were accounted for using the equity method with retroactive effect as of 1 January 2013. Consequently, the pro rata contributions of these four entities are no longer included in the individual income and expense items of the consolidated income statement, but are presented as a net item under "Share in profit or loss of equity method investees" (see below). The prior-year figures were restated accordingly.

Development of revenue

The Ströer Group expanded its business extremely successfully in fiscal year 2014 and once again increased its revenue significantly on the prior year. Revenue totaled EUR 721.1m in 2014 and therefore exceeded the prior-year figure by an encouraging EUR 99.1m. EUR 58.5m of this increase is attributable to the digital advertising companies acquired successively from April 2013. The revenue from these companies was not included in the comparative prior-year figures or was only included on a pro rata basis. By comparison, EUR 40.6m of this increase is attributable to our out-of-home business, whereby the Ströer Germany segment and the BlowUP sub-segment proved particularly dynamic. By contrast, the weak position of the Turkish lira against the euro dampened much of the positive development of our business activities in Turkey. If the exchange rates had remained unchanged on the prior year, the Ströer Group would have generated total revenue of EUR 734.1m in 2014.

The following table presents the development of external revenue by segment:

In EUR m	**2014**	2013
Ströer Germany	464.6	419.6
Ströer Turkey	85.0	94.5
Ströer Digital	122.8	64.4
Other	61.2	56.4
Reconciliation using the equity method IFRS 11	– 12.5	– 12.8
Total	**721.1**	**622.0**

A breakdown by geographical region shows that domestic revenue (without joint ventures) increased considerably by 20.1% to EUR 556.8m (prior year: EUR 463.8m), while external revenue increased only slightly by 3.8% to EUR 164.2m (prior year: EUR 158.2m), with some core markets recording declines.

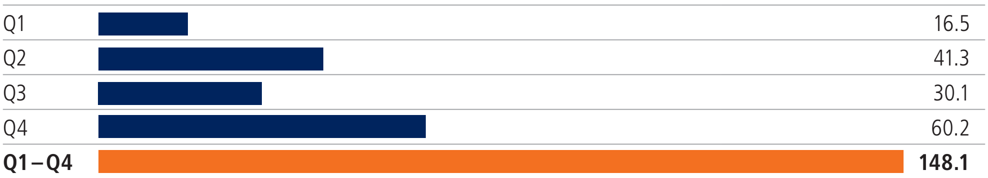
Revenue development in the online and out-of-home advertising industry is subject to generally similar seasonal fluctuations, as is the rest of the media industry. This also affects the development of the Ströer Group during the year. While the second and fourth quarters are generally marked by higher 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.

Revenue development by quarter

In EUR m

Operational EBITDA development by quarter

In EUR m



Earnings development

In light of the positive business development, **gross profit** also increased appreciably by EUR 28.0m to EUR 215.9m. This is a reflection, in particular, of the Group's dynamic revenue growth paired with considerably lower increases in the cost of sales. The gross profit margin came to 29.9%, which was down only slightly on the prior-year level (30.2%).

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

The significant improvement in operating activities had a corresponding effect on the Ströer Group's **consolidated profit**. Positive contributions were also made by the other operating result and the sustainably optimized financial result. By contrast, higher administrative expenses and selling expenses and a higher tax expense had a negative impact, although these effects only had a minimal impact on the positive developments described above. Ströer ultimately generated a consolidated profit of EUR 24.0m in the fiscal year, a significant increase of EUR 19.6m on the prior year.

The earnings indicators adjusted for exchange gains/losses and other exceptional items also reflect the positive trend in the operating business. **Net income (adjusted)**[1] rose by EUR 20.0m year on year to EUR 56.3m, due mainly to the impact of **operational EBITDA**[2] of EUR 148.1m, which exceeded the prior-year figure by EUR 30.1m. By contrast, the adjusted tax result, with a EUR 9.6m increase in the tax expense, tangibly reduced net income (adjusted). Return on capital employed **(ROCE)** adjusted for amortization of our advertising concessions came to 13.8% (prior year: 10.3%).

→ See the adjusted income statement on page 168

Development of key income statement items

The revenue increase was accompanied by an increase in **cost of sales**, which rose by EUR 71.0m year on year to EUR 505.2m in the reporting period. This was primarily attributable to acquisitions of digital advertising companies. At the same time, higher revenue in the Ströer Germany segment and the blowUP sub-segment gave rise to a revenue-driven rise in lease expenses. By contrast, cost of sales in Turkey was considerably lower due to conservative cost management and the weakness of the Turkish lira against the euro. The cost of sales in Poland also fell, mainly as a result of a comprehensive cost cutting program and lower lease expenses.

[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

Selling expenses rose by EUR 7.5m in the reporting period and came to EUR 91.7m at the end of the fiscal year. EUR 6.2m of this rise relates to newly acquired companies in the digital advertising business. At the same time, regional sales force in the Ströer Germany segment once again grew considerably, which contributed to a corresponding rise in selling expenses. However, due to an increase in revenue selling expenses as a percentage of revenue decreased by 0.8 percentage points and came to 12.7%.

Administrative expenses amounted to EUR 87.9m in the fiscal year, EUR 5.3m above the prior-year level; after adjustment for the new Digital segment, however, they were significantly lower than the prior-year level. This adjusted decrease was primarily due to rigorous cost management and the exchange rate effects of the weak Turkish lira. At 12.2%, administrative expenses as a percentage of revenue ended the year 1.1 percentage points down on the prior year.

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

Other operating income increased by EUR 6.5m in the fiscal year to EUR 25.1m. This increase was due, among other things, to compensation claims for acquired advertising rights that could not be used to the agreed extent and to a variety of other effects that, when viewed in isolation, were of only marginal importance.

Other operating expenses amounted to EUR 11.5m, up EUR 1.7m on the prior year. Adjusted for the companies in the Digital segment, the increase was EUR 0.8m and can be attributed to a number of insignificant individual factors. Other operating expenses include bad debt allowances, exchange losses from operating activities and losses from the disposal of assets.

The **share in profit or loss of equity method investees** fell slightly year on year by EUR 0.4m and amounted to EUR 3.7m as of the reporting date.

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

The **financial result** improved by EUR 5.0m on the prior year, resulting in net expenses of EUR 14.8m as of the end of the fiscal year. In addition to the continued favorable interest rate development in the capital markets, this was due mainly to the substantially improved interest rates secured under the new credit facilities agreement concluded in April 2014. At the same time, the significant decrease in the leverage ratio in the course of the year had a very positive effect on the interest margin payable to our lenders. Unlike in prior years, there were scarcely any exchange rate effects in 2014.

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

The **income tax expense** amounted to EUR 14.7m in the fiscal year (prior year: EUR 9.7m). The increase in this expense is mainly due to the improvement in the Ströer Group's operating business and the corresponding significant increase in the tax assessment base. Due to the higher assessment base, individual effects such as the additions of lease expenses for trade tax purposes had a smaller impact and the tax rate decreased overall.

Business performance and results of operations of the segments

Ströer Germany

In EUR m	2014	2013	Change (%)
Segment revenue	**465.1**	**420.6**	**10.6**
Billboard	198.3	165.9	19.5
Street Furniture	129.5	120.7	7.3
Transport	101.2	96.8	4.6
Other	36.1	37.3	−3.0
Operational EBITDA	**118.9**	**100.5**	**18.4**

The adjustment to the provisions of IFRS 11 explained above also had an effect on significant KPI's of the Ströer Group. Notwithstanding these new provisions, however, reporting on the individual segments continues to follow the management approach under IFRS 8, according to which external segment reporting should follow the internal reporting structure. The internal reporting structure of the Ströer Group is still based on the concept of proportionate consolidation of joint ventures. As a result, 50% of the joint ventures' contributions are still included in the figures for the Ströer Germany segment detailed below. The other segments are not affected by the new provisions.

→ For information on the reconciliation of segment figures to group figures, see our explanations in note 34 of the notes to the consolidated financial statements "Segment reporting"

Revenue in the Ströer Germany segment rose sharply in the reporting period. This positive development was the result of both organizational restructuring of national sales and the expansion of our regional sales with a number of individual sales activities that ultimately benefited all product groups.

In the **billboard** product group, inadequately utilized billboard space was removed from the network on a large scale for the first time in fiscal year 2014 in order to be able to generate revenue through the selected marketing of these individual spaces. This enabled national geotargeting campaign buyers as well as regional and local customers to selectively use individual premium advertising media in the billboard product group. In addition, Ströer has taken on more than 100 field staff since the beginning of 2013 in order to strengthen its regional sales force. Start-up costs of around EUR 6.5m were incurred in this connection in fiscal year 2014, which had a corresponding effect on operational EBITDA. In addition, Ströer also benefited from agreements signed with third-party providers on the marketing of additional advertising inventory and from renewing and concluding new advertising concession contracts with municipal partners and grew its revenue as a result.

While the billboard product group targets mainly regional and national customers, the majority of customers in the **street furniture** product group operate on a national or international level. The street furniture product group therefore benefited greatly from the rise in demand from our national customers, both winning new customers and, in many cases, intensifying cooperation with existing customers. Revenue growth in the **transport** product group largely stems from business with digital out-of-home advertising media. Digital formats accounted for 10.5% of Ströer Germany's revenue. The overall performance of the **other** product group under which very different revenue sources are subsumed, such as from event media, production and procurement, declined slightly.

Revenue growth was accompanied by an increase in **cost of sales**. However, the additional revenue was only partially offset by these higher expenses. The increase in the cost of sales related mainly to a revenue-driven rise in lease expenses. Running costs and overheads benefited from rigorous cost management and were slightly lower than in the prior year. Overall, the Ströer Germany segment reported an EUR 18.5m increase in **operational EBITDA** and an improvement in the **operational EBITDA margin** by 1.7 percentage points to 25.6%.

Ströer Turkey

In EUR m	2014	2013	Change (%)
Segment revenue	**85.5**	**94.6**	**–9.6**
Billboard	66.2	70.8	–6.4
Street Furniture	19.3	23.6	–18.2
Transport	0.0	0.2	–100.0
Other	0.0	0.0	–100.0
Operational EBITDA	**14.0**	**13.8**	**1.5**

The Ströer Turkey segment generated **revenue** of EUR 85.5m in the fiscal year, a EUR 9.0m decline on the prior year. This was due primarily to the ongoing weakness of the Turkish lira against the euro. In local currency, however, the segment grew again and delivered a convincing result that was driven chiefly by impetus from regional sales. The positive development in local currency is reflected in organic growth adjusted for exchange rate effects of 3.5%. Geopolitical instability in this region, which had an impact on the advertising budgets of our customers, slowed growth in this segment. In line with the revenue trend, cost of sales was also influenced by exchange rate effects and therefore decreased noticeably in the reporting period. In local currency, cost of sales also fell slightly. While the considerable volume and price-related increase in electricity costs had a negative impact, this was more than offset by other savings made in the operational business. Overall, **operational EBITDA** improved slightly by EUR 0.2m to EUR 14.0m, while the **operational EBITDA margin** rose by 1.8 percentage points to 16.4%.

Other

In EUR m	2014	2013	Change (%)
Segment revenue	**61.8**	**56.4**	**9.5**
Billboard	57.6	52.2	10.4
Street Furniture	0.7	0.6	9.4
Transport	0.7	0.7	–3.5
Other	2.8	2.9	–3.8
Operational EBITDA	**10.6**	**6.4**	**64.7**

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

In spite of the persistently challenging market environment, revenue in the **Poland** sub-segment remained stable in the fiscal year at just below the prior-year level after suffering substantial losses in 2013. The market was shaped by higher utilization rates and lower capacities in the fiscal year, which were negatively impacted by continued price pressure. Nevertheless, the Polish out-of-home advertising market increasingly showed growing signs of a budding recovery. As in the prior year, the sub-segment also harnessed considerable savings potential on the cost side, thus leading to another perceptible improvement in operational EBITDA and an operational EBITDA margin almost double the prior-year figure.

The **BlowUP** sub-segment ended the fiscal year with a strong increase in revenue, thus continuing on its road to success. The main growth drivers in this sub-segment were business activities in Germany and the UK, where demand for our product portfolio, which now includes our digital boards, was especially high. By contrast, the increase in cost of sales was relatively moderate, which meant that the BlowUP sub-segment was also able contribute to the improvement in operational EBITDA.

The “Other” segment generated total revenue of EUR 61.8m in the fiscal year, EUR 5.4m more than in the prior year. Operational EBITDA also improved significantly, amounting to EUR 10.6m as of year-end, which represents an increase of EUR 4.2m.

Ströer Digital

In EUR m	**2014**	2013	Change (%)
Segment revenue	**122.9**	**64.4**	90.8
Digital	122.2	64.2	90.4
Other	0.7	0.2	> 100
Operational EBITDA	**12.4**	**6.4**	94.9

In addition to the revenue and earnings contributions of the companies acquired in 2013, the new Ströer Digital segment (called the Online segment until the end of 2013) contains the contributions from the interest in the GAN group acquired in 2014 and from Tube One Networks GmbH, GIGA digital AG, the “kino.de” and “video.de” portals and in Webguidez Entertainment GmbH. While comparative prior-year figures are available for the segment, they only contain the revenue and earnings contributions of adscale GmbH, the location-based advertising segment of servtag GmbH, Ströer Digital Group and the Ballroom companies. These companies, which were acquired in 2013, recorded a sharp rise in revenue as well as earnings increases which fully met our expectations. Integration of these operations into the Ströer Group is proceeding as planned.

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 12 selected national and international institutions. The financing comprises a new long-term bullet loan of EUR 250m granted until April 2019, which was agreed in the fiscal year (economic effect: 8 April 2014) and a revolving working capital facility, also of EUR 250m, with the same maturity. The loans were issued without collateral. The funds were used to repay the existing syndicated credit agreement, which also had a volume of EUR 500m. This provides the Ströer Group with stable, long-term financing at low borrowing costs. The one-time costs incurred in connection with the new financing arrangement are amortized over the term of the agreement.

As of the reporting date, no single bank accounted for more than 15% of all loan amounts, hence there is a balanced diversification with regard to the provision of credit. Since we had only utilized EUR 71.5m (including utilization by bank guarantees) of our groupwide working capital facilities amounting to a total of EUR 260.6m as of the 2014 reporting date, we still have substantial unutilized financing facilities available beyond the existing cash on hand (EUR 46.1m). The credit margins for the different loan tranches range between 130 and 275 basis points, depending on the leverage ratio (prior year: 175 to 360 basis points). 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 2014, the Group had unutilized short and long-term credit facilities of EUR 189.2m (prior year: EUR 166.1m).

The loans largely have a floating rate of interest. As of the balance sheet date, there were still fixed interest rate swaps for around EUR 40m of these syndicated credit facilities, although their terms ended at the beginning of 2015. 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 2014. At group level, any liquidity surpluses in the individual entities are pooled, where legally possible. Through the group holding company, we ensure at all times that the financing requirements of the individual Ströer group entities are adequately covered.

Due to the encouraging earnings development, the net debt of the entire Ströer Group fell considerably by EUR 50.6m in the fiscal year to EUR 275.4m. In 2014, Ströer SE and its group entities complied with all loan covenants and obligations from financing agreements.

→ Further information on our financial liabilities in fiscal year 2014 can be found in note 30 to the consolidated financial statements

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.

The Ströer Group only makes limited use of off-balance sheet financing instruments in the form of factoring. In fiscal year 2014, such an agreement was in place for a period on 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 to finance our company 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 April 2019. The credit facilities 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 46.1m (prior year: EUR 40.5m) as well as unutilized long-term agreed credit facilities of EUR 189.2m (prior year: EUR 166.1m). The leverage ratio – the ratio of net debt to operational EBITDA – amounted to 1.9 as of the end of the reporting year (prior year: 2.8). This extremely positive development is chiefly due to a tangible increase in operating activities, which is also reflected in a significant rise in operational EBITDA. The Ströer Group's equity gearing also improved further on the prior year. The equity ratio rose from 31.1% to 33.6%, thereby remaining very comfortable.

Financial position

In EUR m	2014	2013	2012*	2011*	2010*
Cash flows from operating activities	123.4	74.4	54.9	95.0	30.3
Cash flows from investing activities	–57.9	–70.3	–44.1	–57.0	–98.5
Free cash flow	65.5	4.1	10.8	38.0	–68.2
Cash flows from financing activities	–59.9	14.6	–121.4	–10.1	117.1
Change in cash	5.6	18.8	–110.6	27.9	48.9
Cash at the end of the period	46.1	40.5	23.5	134.0	106.1

* A retrospective adjustment in relation to IFRS 11 was not made

Liquidity and investment analysis

Cash flows from operating activities amounted to EUR 123.4m in the fiscal year, an impressive EUR 49.0m increase on the already strong prior-year figure. This rise is primarily a reflection of the significant improvement in EBITDA and thus the tangible upward trend in the Ströer Group's operating activities. Lower income tax payments also had a favorable effect compared with the prior year, when cash flows from operating activities were weighed down by non-recurring trade tax backpayments. The reduction in working capital likewise contributed to the significantly higher cash flow.

Cash flows from investing activities resulted in outflows of EUR 57.9m in the fiscal year, EUR 12.3m less than the prior year. This was largely due to significantly lower investments in connection with acquisitions. While substantial start-up investments were required in the prior year to establish the new Digital segment, investments in the current fiscal year focused on further acquisitions to expand and round off the portfolio. Payments for acquisitions relate mainly to the acquisition of MBR Targeting GmbH, GIGA Digital AG, the "kino.de" and "video.de" portals, and Webguidez Entertainment GmbH. By contrast, payments relating to investments in property, plant and equipment were slightly above and in intangible assets on prior year level.

At the end of the fiscal year, **free cash flow** totaled EUR 65.5m, up EUR 61.4m on the prior year. Strong internal financing power therefore remains a defining feature of the Ströer Group. In the last five years, it has financed all replacement and expansion investments and payments for growth projects and acquisitions entirely from the total amount of cash flows from operating activities.

Cash flows from financing activities resulted in outflows of EUR 59.9m in fiscal year 2014 and primarily include repayments of loan liabilities of EUR 47.5m. EUR 11.3m was paid to shareholders, around EUR 4.9m of which as a dividend to shareholders of Ströer Media SE. The remaining amount relates to further distributions to non-controlling interests in various subsidiaries and purchase price payments made to non-controlling interests who offered us their shares in connection with the exercise of put options.

At the end of the reporting period, **cash** came to EUR 46.1m, up EUR 5.6m on the prior-year figure. In conjunction with the additional free credit facilities of EUR 189.2m that are available long term, we believe that the Ströer Group's liquidity remains very comfortable.

Financial structure analysis

As of the end of 2014, around 76% of the Ströer Group's **financing** was covered by equity and non-current debt (prior year: 78%). Even after entering the digital advertising business, well over 100% of the current liabilities of EUR 230.2m (prior year: EUR 212.5m) is financed at matching maturities by current assets of EUR 169.1m (prior year: EUR 160.3m) as well as available, long-term credit facilities of EUR 189.2m (prior year: EUR 166.1m).

As of 31 December 2014, **financial liabilities** in the Ströer Group amounted to EUR 348.6m, down EUR 50.1m on the prior-year figure. EUR 33.9m of this reduction was attributable to the further repayment of our liabilities to banks (of our facilities agreement). We also reduced our liabilities incurred in connection with acquisitions by EUR 14.2m in the fiscal year.

Net debt, operational EBITDA and the leverage ratio are calculated in accordance with the Ströer Group's internal reporting structure. As such, these three ratios are unaffected by the transition to IFRS 11.

In EUR m	**31 Dec 2014**	31 Dec 2013	31 Dec 2012*	31 Dec 2011*	31 Dec 2010*
(1) Non-current financial liabilities**	307.7	351.2	311.0	413.1	426.6
(2) Current financial liabilities**	36.9	42.3	31.6	52.6	39.2
(1) + (2) Total financial liabilities	344.6	393.5	342.5	465.7	465.7
(3) Derivative financial instruments**	21.6	24.3	16.9	27.4	39.5
(1) + (2) − (3) Financial liabilities excluding derivative financial instruments	323.0	369.2	325.6	438.3	426.2
(4) Cash**	47.6	43.1	23.5	134.0	106.1
(1) + (2) − (3) − (4) Net debt	**275.4**	**326.1**	**302.1**	**304.3**	**320.1**
Leverage ratio**	**1.9**	**2.8**	**2.8**	**2.3**	**2.5**
Equity ratio (in %)	**33.6**	**31.1**	**32.4**	**27.8**	**29.8**

* A retrospective adjustment in relation to IFRS 11 was not made
** Joint ventures are consolidated proportional (management approach)

Despite further investments in the digital advertising companies, the Ströer Group was able to significantly scale back its net debt by EUR 50.6m in fiscal year 2014 to EUR 275.4m. The Group profited from the strong upturn in the operating business and the resulting substantial improvement in free cash flow and operational EBITDA. Consequently, the leverage ratio, defined as the ratio of net debt to operational EBITDA, also improved considerably to 1.9.

Trade payables rose significantly by EUR 18.6m in 2014 to EUR 121.7m. The majority of this increase (EUR 10.0m) was due to our newly acquired digital advertising companies.

The Ströer Group's **equity** increased by EUR 23.4m in the fiscal year to EUR 320.1m, primarily due to the consolidated profit of EUR 24.0m generated in the fiscal year. Exchange rate effects, especially those relating to the translation of our Turkish activities, had a positive effect on equity, while the dividend of EUR 4.9m distributed to the shareholders of Ströer Media SE decreased equity. Overall, the equity ratio improved from 31.1% to 33.6%.

→ For more information, see note 19 "Intangible assets" to the consolidated financial statements

Capital structure costs

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 2014**	31 Dec 2013	31 Dec 2012*	31 Dec 2011*	31 Dec 2010*
Assets					
Non-current assets					
Intangible assets	230.1	248.0	262.0	278.4	306.5
Goodwill	310.4	301.4	226.1	224.2	225.0
Property, plant and equipment	198.7	201.1	225.9	221.8	212.8
Investments in equity method investees	24.0	24.5	–	–	–
Tax assets	4.7	7.7	5.0	15.5	9.4
Receivables and other assets	15.0	10.6	14.3	14.4	10.7
Sub-total	**782.9**	**793.3**	**733.3**	**754.3**	**764.5**
Current assets					
Receivables and other assets	117.8	112.8	96.7	85.8	107.2
Cash	46.1	40.5	23.5	134.0	106.1
Tax assets	4.3	4.2	4.8	3.1	4.2
Inventories	0.9	2.8	5.5	5.4	5.1
Sub-total	**169.1**	**160.3**	**130.5**	**228.4**	**222.6**
Total assets	**952.0**	**953.6**	**863.7**	**982.6**	**987.1**
Equity and liabilities					
Equity and non-current liabilities					
Equity	**320.1**	**296.7**	**279.6**	**273.5**	**294.4**
Financial liabilities	307.7	351.2	311.0	413.1	426.6
Deferred tax liabilities	53.1	54.9	55.1	71.4	64.9
Provisions	40.8	38.4	37.2	31.3	36.8
Sub-total	**401.6**	**444.4**	**403.2**	**515.8**	**528.3**
Current liabilities					
Trade payables	121.7	103.2	80.5	77.5	67.9
Financial and other liabilities	74.8	82.1	65.9	81.7	70.3
Provisions	23.1	20.6	18.6	21.0	17.7
Income tax liabilities	10.5	6.6	16.0	13.1	8.4
Sub-total	**230.2**	**212.5**	**180.9**	**193.3**	**164.3**
Total equity and liabilities	**952.0**	**953.6**	**863.7**	**982.6**	**987.1**

* A retrospective adjustment in relation to IFRS 11 was not made

Analysis of the net asset structure

The Ströer Group's **total assets** amounted to EUR 952.0m as of 31 December 2014, down EUR 1.6m on the prior year.

The Ströer Group's **non-current assets** fell by EUR 10.4m in fiscal year 2014 to EUR 782.9m, due mainly to changes in intangible assets, which were EUR 17.8m lower than in the prior year. In this context, additions from investments were more than offset by amortization. Another significant change relates to goodwill, which increased by EUR 8.9m due to acquisitions. In the case of property, plant and equipment, additions from investments were slightly less than depreciation, which resulted in a EUR 2.4m decrease in the carrying amounts. The EUR 4.4m increase in receivables and other assets is mainly attributable to additional advance lease payments. By contrast, deferred tax assets decreased slightly.

Current assets came to EUR 169.1m as of 31 December 2014, EUR 8.8m above the prior-year level. The only significant change in current assets resulted from the planning-related high level of cash as of the reporting date, which was EUR 5.6m higher than the prior-year figure.

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. Other financial obligations amounted to EUR 1,011.6m as of 31 December 2014 (prior year: EUR 1,062.9m) and relate 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 in non-current assets. In addition, there are obligations of EUR 5.8m arising from acquisitions of shares in companies contractually agreed in 2014 and executed in 2015.

→ For more information on the off-balance sheet assets in the Ströer Group's human capital, see our report in the section "Employees" on page 58

STRÖER MEDIA SE

The management report of Ströer Media SE ("Ströer SE") (formerly Ströer Media AG) and the group management report for fiscal year 2014 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 SE 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 SE 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** amounted to EUR 31.9m in the fiscal year, thereby almost matching the excellent result achieved in the prior year. As in the prior fiscal year, this was due mainly to intragroup profit or loss transfers that came to EUR 46.0m in 2014 (prior year: EUR 47.5m). Ströer SE's income from equity investments also improved by EUR 4.2m. By contrast, the lower intragroup interest rates on loans to subsidiaries had a major impact on income from loans classified as non-current financial assets, resulting in an overall decline of EUR 5.5m. Other operating income and personnel expenses also include the effects from the acquisition of an intragroup shared service center, which, however, had no significant impact on the result overall. At EUR 5.6m, the tax expense remained roughly at the prior-year level. **Profit for the reporting period** therefore ultimately fell slightly by EUR 2.7m year on year due to the various opposing effects described above.

In EUR k	**2014**	2013
Other own work capitalized	87	826
Other operating income	26,699	21,828
Personnel expenses	–21,361	–16,996
Amortization, depreciation and impairment of intangible assets and property, plant and equipment	–5,825	–3,962
Other operting expenses	–16,475	–19,524
Income from equity investments	4,500	295
Income from loans classified as non-current financial assets	2,640	8,132
Income from profit and loss transfer agreements	45,952	47,495
Interest and similar expenses / income	–4,339	–4,343
Result from ordinary activities	**31,877**	**33,752**
Extraordinary result	–240	–26
Income taxes	–5,641	–5,033
Other taxes	–42	–61
Profit for the period	**25,955**	**28,631**
Profit carryforward	48,631	39,987
Allocation to other retained earnings	–23,744	–19,987
Dividend distribution	–4,887	0
Accumulated profit	**45,955**	**48,631**

Other operating income increased by EUR 4.9m on the prior year to EUR 26.7m. This was due principally to the considerable increase in intragroup services, which rose by EUR 4.4m to EUR 22.2m (prior year: EUR 17.7m) owing, in particular, to the acquisition of the intragroup shared service center. In addition to commercial services amounting to EUR 11.8m (prior year: EUR 5.1m), intragroup services primarily relate to IT services totaling EUR 8.0m (prior year: EUR 9.5m). This item also includes income from cost allocations of EUR 2.7m (prior year: EUR 3.2m), income from the reversal of provisions of EUR 0.8m (prior year: EUR 0.9m) and miscellaneous other income of EUR 1.0m (prior year: EUR 0.0m).

Ströer SE's **personnel expenses** increased by EUR 4.4m in the fiscal year to EUR 21.4m, due chiefly to the acquisition of the intragroup shared service center, as described above. At the same time, other effects also contributed to this increase, which were only marginally when considered in isolation.

Amortization, depreciation and impairment of intangible assets and property, plant and equipment amounted to EUR 5.8m, up EUR 1.9m on the prior year. As in the prior year, notable developments in this connection include the additional amortization charge on intangible assets recognized within the context of the restructuring of the IT landscape.

Other operating expenses came to EUR 16.5m in the fiscal year, a reduction of EUR 3.0m. This was driven by the EUR 2.2m decline in IT expenses and the EUR 1.2m reduction in legal and consulting fees.

Income from equity investments of EUR 4.5m (prior year: EUR 0.3m) relates mainly to a dividend payment by BlowUP Media GmbH, Cologne.

Income from profit and loss transfer agreements of EUR 46.0m (prior year: EUR 47.5m) largely comprises the profit and loss transferred by Ströer Media Deutschland GmbH to Ströer SE for fiscal year 2014 under the profit and loss transfer agreement concluded in 2010. As in the prior year, the pleasingly high transfer of profit is attributable to the continued robust development of the German group's business.

Income from loans classified as non-current financial assets relates primarily to intragroup loans that Ströer SE granted to its subsidiaries in the fiscal year or in prior years. The significant decline in this item relates, among other things, to the reduction in the Ströer Group's cost of refinancing, which we passed on to our subsidiaries in the form of reduced interest rates. In addition, significant shares of existing loans to our subsidiaries in Poland and Turkey were converted into equity.

At EUR – 4.3m, **interest and similar expenses / income** remained at the prior-year level. As the total group refinancing of EUR 500m with the term loan of EUR 250m is largely attributable to Ströer Media Deutschland GmbH and only the working capital facility, which was used to only a limited extent, is attributable to Ströer SE, the considerable reduction in the cost of group refinancing had only a marginal effect on Ströer SE and was also offset by opposing effects.

→ For detailed information on deferred taxes, see section C.9 in the notes to the financial statements of Ströer SE

The tax expense came to EUR 5.6m, a slight increase on the prior-year level. Among other things, this reflects the improved tax result of the German tax group, which was contrasted by the reduction in deferred tax liabilities.

Net assets and financial position

Ströer SE's total assets rose by EUR 27.1m in fiscal year 2014 to EUR 663.1m due mainly to the EUR 15.9m increase in financial assets. Further notable increases include the EUR 5.4m rise in receivables from affiliates and the EUR 5.1m rise in cash. Under equity and liabilities, the most marked increases relate to equity (up EUR 21.1m), liabilities to affiliates (up EUR 20.1m) and liabilities to other investees (up EUR 4.0m). By contrast, both provisions and liabilities to banks decreased. Both items had declined by EUR 8.3m by the end of the year.

In EUR k	**2014**	2013
Assets		
Non-current assets		
Intangible assets and property, plant and equipment	13,868	15,925
Financial assets	569,822	553,952
	583,690	**569,876**
Current assets		
Receivables and other assets	61,082	54,052
Cash on hand and bank balances	14,375	9,247
	75,457	**63,298**
Prepaid expenses	**3,924**	**2,815**
Total assets	**663,071**	**635,989**
Equity and liabilities		
Equity	**526,665**	**505,597**
Provisions		
Provisions for pensions and similar obligations	20	32
Tax provisions	7,568	3,931
Other provisions	7,161	19,132
	14,749	**23,096**
Liabilities		
Liabilities to banks	49,167	57,512
Trade payables and other liabilities	5,403	5,713
Liabilities to affiliates	48,411	28,319
Liabilities to other investees	3,990	0
	106,971	**91,544**
Deferred tax liabilities	**14,686**	**15,753**
Total equity and liabilities	**663,071**	**635,989**

Analysis of the net asset structure

Intangible assets and property, plant and equipment fell by EUR 2.1m in the fiscal year to EUR 13.9m. This decrease was chiefly the result of amortization charges on software and the amortization of expenses within the context of the restructuring of the IT landscape that had been recognized as assets in prior years.

Shares in affiliates came to EUR 523.9m as of the end of fiscal year 2014, an increase of EUR 69.3m. The increase in shares arose primarily from a capital increase of EUR 45.0m at the Turkish subsidiary Ströer Kentvizyon Reklam Pazarlama A.S., Istanbul, Turkey, and a capital increase of EUR 20.0m at the Polish subsidiary Ströer Polska Sp. Z.o.o., Warsaw, Poland. Within the scope of the two capital increases, existing loan receivables of EUR 45.0m and EUR 20.0m were contributed to equity by way of a non-cash contribution. In the fiscal year, Ströer SE also acquired an additional share of 13.9% in Ballroom International GmbH (formerly Ballroom International CEE Holding GmbH) for a purchase price of around EUR 4.6m.

Loans to affiliates fell by EUR 53.5m in the fiscal year to EUR 45.9m. This decrease relates primarily to the abovementioned exchange of debt for equity totaling EUR 65.0m at our foreign subsidiaries in Turkey and Poland. At the same time, the Polish subsidiary repaid EUR 5.0m of its loan. By contrast, this item was increased in particular by loans of EUR 10.6m granted to our newly founded subsidiary Ströer Venture GmbH and of EUR 2.3m granted to GIGA Digital AG, which was acquired in the fiscal year.

Receivables and other assets amounted to EUR 61.1m at the end of the year, EUR 7.0m higher than in the prior year. The EUR 5.4m increase in receivables from affiliates was particularly noticeable in this regard. This resulted mainly from the EUR 4.7m increase in cash pooling receivables vis-à-vis Ströer Digital Group GmbH. By contrast, receivables resulting from profit and loss transfers vis-à-vis Ströer Media Deutschland GmbH came to EUR 46.9m, slightly below the prior-year level (down EUR 0.6m). Furthermore, other assets increased moderately by EUR 1.6m, due mainly to tax-related receivables.

→ For further information, see the liquidity analysis in the following section

Bank balances amounted to EUR 14.4m as of the reporting date, up EUR 5.1m on the prior-year value.

Prepaid expenses came to EUR 3.9m on balance as of the end of the fiscal year, which represents an increase of EUR 1.1m. This was chiefly due to the capitalization of costs incurred in April 2014 as part of the new refinancing arrangement, which will be amortized over the loan period of five years.

Financial structure analysis

Ströer SE's **equity** rose by EUR 21.1m to EUR 526.7m in fiscal year 2014. This was mainly attributable to the profit of EUR 26.0m generated in the fiscal year. By contrast, the dividend of EUR 4.9m distributed to the shareholders of Ströer SE during the course of the year led to a reduction in equity. The structure of equity changed such that, by way of a resolution of the shareholder meeting on 18 June 2014, EUR 23.7m was transferred from the accumulated profit to other retained earnings and EUR 20.0m was carried forward to new account. Ströer SE's equity ratio remains very comfortable at 79.4% (prior year: 79.5%).

Ströer SE's **provisions** decreased by EUR 8.3m year on year to EUR 14.7m. This was primarily attributable to provisions for performance-based purchase price obligations (earn-out liabilities) that decreased by EUR 11.0, mainly as a result of drawdowns. At the same time, provisions for onerous losses fell by EUR 1.7m, as the interest rate hedging instruments entered into in prior years had almost all expired by the end of 2014. By contrast, tax provisions increased by EUR 3.6m to EUR 7.6m. Among other things, this reflects the improved tax result of the German tax group.

Liabilities to banks amounted to EUR 49.2m at the end of the reporting period, EUR 8.3m lower than the prior-year figure. This was due chiefly to the lower utilization of working capital facilities.

Trade payables and **other liabilities** changed only marginally year on year. Totaling EUR 5.4m, they were just EUR 0.3m below the prior-year level.

Liabilities to affiliates came to EUR 48.4m as of the reporting date, an increase of EUR 20.1m. EUR 19.7m of this increase relates to higher liabilities from the Group's cash pooling, which Ströer SE manages.

Liquidity analysis

In EUR m	**2014**	2013
Cash flows from operating activities	27.6	5.5
Cash flows from investing activities	−28.5	−56.6
Free cash flow	**−0.9**	**−51.2**
Cash flows from financing activities	6.1	57.4
Change in cash	**5.1**	**6.2**
Cash at the end of the period	14.4	9.2

In fiscal year 2014, Ströer SE generated **cash flows from operating activities** of EUR 27.6m, up EUR 22.1m on the prior year. This was due mainly to Ströer Media Deutschland GmbH's payment of EUR 47.5m from the transfer of profit and loss, which increased by EUR 17.1m. In addition, it should be noted that the prior year 2013 was still affected by significant tax backpayments for prior assessment periods of around EUR 9.8m owing to a one-time tax effect. By contrast, tax provisions increased slightly in 2014.

Cash flows from investing activities were reduced by EUR 28.1m in the fiscal year to EUR −28.5m. While cash flows from investing activities in the prior year were affected by the substantial start-up investments needed to establish the digital business, the majority of investments in the fiscal year (EUR 10.9m) related to the settlement of outstanding liabilities in connection with prior-year acquisitions, while EUR 10.6m related to the significant increase in loans to Ströer Venture GmbH. The remaining investments relate chiefly to additional intragroup loans.

Free cash flow – defined as cash flows from operating activities less cash flows from investing activities – amounted to EUR −0.9m in fiscal year 2014, up EUR 50.2m on the prior year.

Cash flows from financing activities were influenced significantly by the substantial improvement in free cash flow. At the same time, Ströer SE also recorded additional cash received from cash pooling and from equity investments. Payments related to the working capital facility, which was reduced by EUR 8.0m to EUR 49.0m, and to the payment of dividends amounting to EUR 4.9m to Ströer SE shareholders.

Cash increased slightly by EUR 5.1m year on year as of the reporting date to EUR 14.4m for planning reasons.

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

In EUR m	**31 Dec 2014**	31 Dec 2013
(1) Non-current financial liabilities	−49.0	−57.0
(2) Current financial liabilities (including intragroup financial liabilities)	−49.5	−29.7
(1)+(2) Total financial liabilities	**−98.5**	**−86.7**
(3) Intragroup non-current and current financial receivables	100.8	148.9
(1)+(2)−(3) Financial liabilities (less intragroup financial receivables)	**2.4**	**62.2**
(4) Cash	14.4	9.2
(1)+(2)−(3)−(4) Net financial assets	**16.7**	**71.4**
Equity ratio (in %)	**79.4**	**79.5**

At EUR 16.7m, net financial assets fell by EUR 54.7m compared with the prior year (EUR 71.4m). Although the free cash flow increased by a substantial EUR 50.2m year on year, mirroring the dramatic improvement in Ströer SE's liquidity position, this positive development was overshadowed by the conversion of intragroup loans to equity at our Turkish and Polish subsidiaries. In spite of this technical effect, Ströer SE's net financial assets remain positive and the Company thus has an extremely stable financing structure.

As the holding company, Ströer SE is closely linked to the performance of the entire Ströer Group. Due to its comfortable equity ratio, the continued very positive results of its subsidiaries and the significant improvement in the free cash flow, we are confident that the Company, like the entire Group, is extremely well positioned to meet future challenges.

Anticipated development of the Company

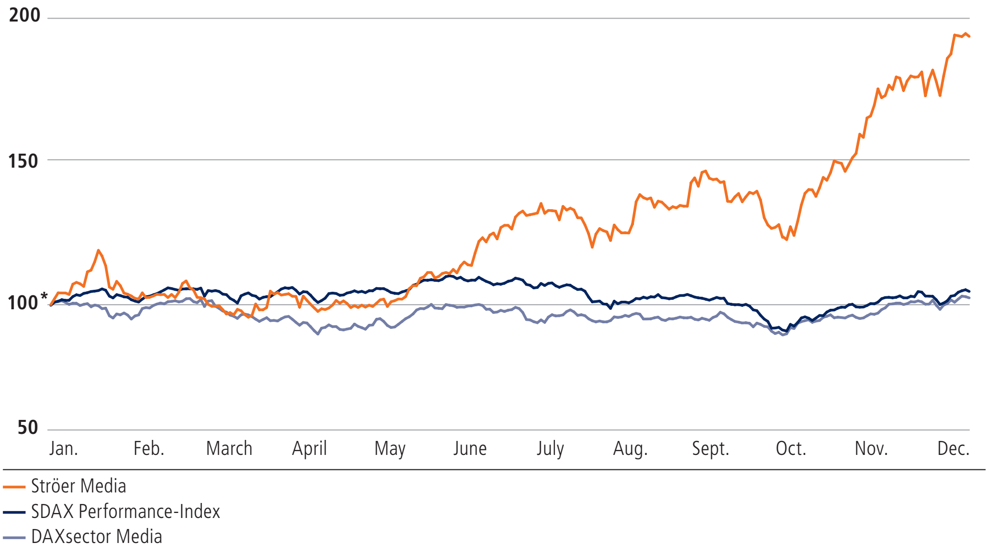
Due to its role as group parent, the anticipated development of Ströer SE depends on the development of the Group as a whole. Based on the Group's predicted results of operations for 2015 presented under "Forecast," we expect the subsidiaries to generate even higher earnings contributions overall and Ströer SE to achieve even higher results in the future.

INFORMATION ON THE SHARE

Despite a number of sharp fluctuations, the DAX performed extremely positively in 2014, reaching a record high of 10,087.12 points in December. This increase was supported by low base interest rates and the ECB's expansive monetary policy. Overall, the DAX gained around 3% compared with the start of the year.

Ströer stock performed well above average in 2014, achieving the best performance on the SDAX. After closing 2013 at around EUR 12.90 (as of 30 December 2013), the share closed the reporting year at EUR 24.72 (as of 30 December 2014). This corresponds to an increase of more than 90% over the year as a whole.

The Ströer share compared with the SDAX and DAXsector Media in 2014



*2 January 2014 = 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, Scandinavia and the west coast of the US.

In addition, we hold Capital Market Days, Analyst Days and Lender Days to address individual issues from different capital market perspectives. Furthermore, we place value on a personal dialog with private shareholders, to whom we also pay close attention by participating in 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

Ströer Media AG's shareholder meeting was held at the Koelnmesse Congress Center on 18 June 2014 and was attended by approximately 60 shareholders, guests and representatives of the press. Overall, nearly 75% of the capital stock was represented. All resolutions proposed by the supervisory board and board of management were accepted by majorities of more than 80%. This also included the distribution of a dividend of EUR 0.10 per qualifying share.

Stock exchange listing, market capitalization and trading volume

Ströer Media SE 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 30 December 2014, market capitalization came to around EUR 1.2b. The average daily volume of Ströer stock traded on German stock exchanges was some 70,000 shares over the 12 months of 2014, almost double the prior-year volume.

Analysts' coverage

The performance of Ströer Media SE is tracked by 12 teams of analysts. Based on the assessments at the end of the 12-month reporting period, 10 of the analysts are giving a "buy" recommendation and 2 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	Buy
Close Brothers	Buy
Commerzbank	Buy
KeplerCheuvreux	Buy
Deutsche Bank	Buy
Exane BNP	Buy
Goldman Sachs	Buy
Hauck & Aufhäuser	Buy
J.P. Morgan	Buy
Liberum	Buy
Morgan Stanley	Hold

*As of 30 December 2014

Shareholder structure

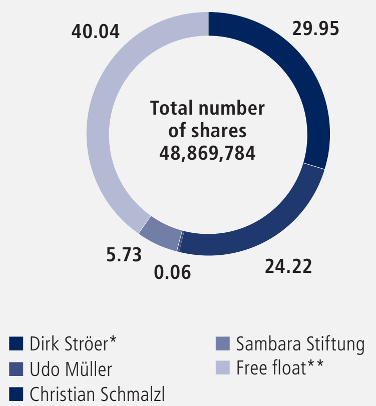
CEO Udo Müller holds 24.22%, supervisory board member Dirk Ströer holds 29.95% and Christian Schmalzl holds around 0.06% of Ströer Media SE shares. The free float comes to around 40%.

According to the notifications made to the Company as of the date of preparation of this report on 16 March 2015, the following parties reported to us that they hold more than 3% of the voting rights in Ströer Media SE: Sambara Stiftung (5.73%), Allianz Global Investors Europe (5.13%) and Credit Suisse (4.63%).

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

Shareholder structure of Ströer Media SE

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:

Christian Schmalzl	0.06%
Sambara Stiftung	5.73%
Allianz Global Investors Europe[1]	5.13%
Credit Suisse[1, 2, 3]	4.63%

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

Dividend policy

In the reporting year, Ströer Media SE paid a dividend of EUR 0.10 per qualifying share for the first time. Ströer Media SE intends to continue to allow shareholders to participate in any successful profit development.

Key data of Ströer Media SE 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)
First listing	15 July 2010
ISIN	DE0007493991
SIN	749399
Stock ticker	SAX
Reuters	SAXG.DE
Bloomberg	SAX/DE
Market segment	Prime Standard
Index	SDAX
Designated sponsors	Close Brother Seydler Bank AG
Opening price 2014 (2 January)	EUR 12.53
Closing price 2014 (30 December)*	EUR 24.72
Highest price 2014 (20 November)*	EUR 24.85
Lowest price 2014 (19 March)*	EUR 11.96

*Closing price in XETRA in EUR

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 2,380 (prior year: 2,223) full and part-time employees. The increase of around 150 positions is attributable to the digital business in Germany. In the coming year, we expect our headcount to rise, due in particular to the further expansion of our sales structure.

Length of service

As of the reporting date, employees had been working for an average of 7.4 years (prior year: 7.9 years) for the Ströer Group. The decline is due to the inclusion of employees in the Digital 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. They work with mentors who can support them in their careers and draw on their own extensive professional experience.

Gender structure

The percentage of female employees declined by 1.9%, but remained high. 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.

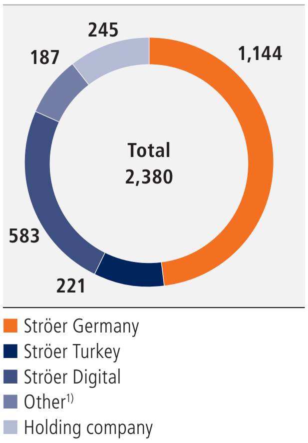
Vocational training

We systematically pursued our vocational training strategy again in 2014. As of the reporting date, Ströer provided a total of 64 young talents throughout Germany with vocational training as digital and print media designers, office management assistants, marketing communications assistants and IT specialists, a substantial increase against the prior year. We recruited 28 new trainees/BA students in Germany in the course of 2014.

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 (BA degree), with numbers currently in the double-digit range. This also offers the Company a variety of ways to ensure the supply of qualified young staff.

Employees by segment

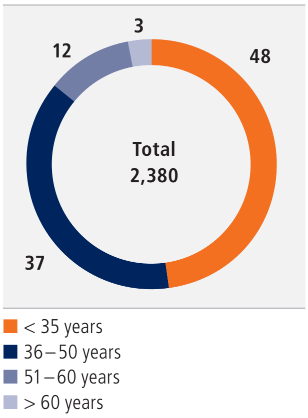
as of 31 December 2014



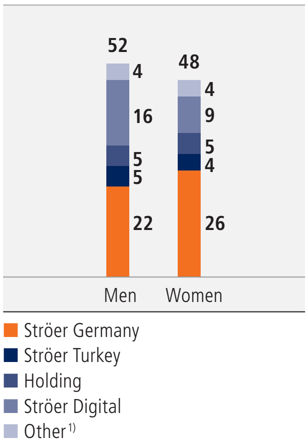
[1] Other: BlowUP and Poland

Age structure of the Ströer Group

2014 in %



Gender structure by segment
2014 in %



[1] Other: BlowUP and Poland

Ströer offers BA students and trainees good chances of receiving permanent positions. In 2014, we again hired a large number of young talents in a wide range of business areas.

We began recruiting our next trainee intake for 2015 at the end of 2014.

Last year, we successfully introduced trust-based working hours in Germany. We also plan to introduce target agreements in the future. 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 – with the exception stated in the Company's declaration of compliance pursuant to Sec. 161 AktG ["Aktiengesetz": German Stock Corporation Act] 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 2014, 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 2014 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.

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 275k. 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 307k. 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 for the fiscal year 2014 upon reaching the target in full is EUR 226k, which as of the reporting date corresponds to 16,962 phantom stock options each with a fair value of EUR 23.62. 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 the Group's 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 2014 (2013) is presented in the table below:

Benefits granted for 2014 (2013) in EUR	**2013**	**2014**	**2014 Minimal achievable value**	**2014 Maximal achievable value**
Fixed remuneration	2,240,000	2,070,800	2,070,800	2,070,800
Fringe benefits	490,000	238,000	238,000	238,000
Total	**2,730,000**	**2,308,800**	**2,308,800**	**2,308,800**
One-year variable remuneration (target reached in full)	**1,280,000**	**852,000**	**0**	**1,006,000**
Severance payment	**400,000**	**0**	**0**	**0**
Multi-year variable remuneration (amount based on a probability scenario)				
LTI "ROCE" (3 years)	257,380	412,500	0	549,900
LTI "revenue growth" (3 years)	714,400	614,700	0	614,700
LTI "share price" (4 years)	481,500	452,900	0	452,900
LTI "other" (4 years)	0	55,000	0	55,000
Share-based subscription rights (5 years)*				
	1,453,280	**1,535,100**	**0**	**1,672,500**
Total remuneration	**5,863,280**	**4,695,900**	**2,308,800**	**4,987,300**

Re "LTI other":
The remuneration of EUR 55k to a member of the board of management is dependent on the member remaining four years with the Company. The amount is fully repayable in the event of early termination.

*Re "Share-based subscription rights":
2013: 1,400,000 stock options each with a weighted fair value of EUR 1.41 as of the grant date
2014: 554,700 stock options each with a weighted fair value of EUR 3.61 as of the grant date

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 fixed remuneration 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
An arrangement has been agreed for one member of the board of management that stipulates that in the event of termination by the Company or at the Company's request, the fixed remuneration and 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, 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 2014 came to EUR 199,542k (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 the board of management's comprehensive risk assessment. Our risk strategy is not based on the strict avoidance of risks but on ensuring that the business decisions we make are based on careful consideration of the opportunities and risks. At the same time, we aim to identify risks that could jeopardize the Company's ability to continue as a going concern in good time to ensure that we can immediately take action to avoid or limit any such risks. We expect all employees to deal with risks in a responsible manner.

We revised our risk management process in the reporting period in order to better reflect our risk strategy. In doing this, we focused on streamlining the process and risk reporting in order to direct employee discussions and the board of management's attention more strongly toward key risk issues.

We believe that, as of the publication date of this report, the risks currently identified and described below 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 the internal measures needed to adjust its investment and cost budgets.

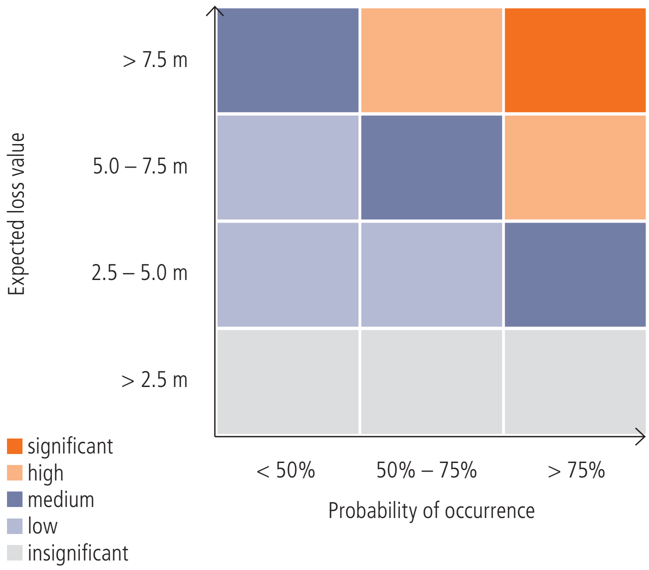
Opportunity and risk management system

Our Chief Financial Officer is responsible for opportunity and risk management, which is an integral part of corporate governance. Ströer's opportunity management is based on the success factors identified in the corporate strategy. Depending on the goals and strategies of the individual segments, responsibility for opportunity management lies with the segment's operational management in close collaboration with the headquarter offices and the board of management. 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.

The opportunities and risk report optimized in the reporting period covers the identification, assessment, management and monitoring of core risks. These risks include all matters which pose a significant threat to our success factors and have a material effect on our earnings and liquidity situation. They can be assigned to individual risk classes according to their expected loss value (significant, high, medium, low, insignificant), which in turn are linked to various requirements for risk management. The expected loss value is determined as part of a standardized group-wide control process based on the metrics "expected loss to earnings (EBITDA) and/or cash flows" and "probability of occurrence." The following figure shows the scale of both metrics (expected loss and probability of occurrence) and the related risk matrix.

The risk relating to the expected loss value (ELV) is classified as significant, high, medium, low or insignificant based on the expected loss amount together with the probability of occurrence.



A risk officer is appointed for each business unit and is responsible for managing the risk situation in his/her unit (decentralized risk management) and reports to the group risk management department. Each business unit has risk owners for the different risk areas who report to the respective risk officer in their business unit.

In order to ensure close collaboration on operational and financial matters, the group risk management department is part of the group controlling unit at the Company's headquarters. It 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 internal risk report is issued regularly and 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 risk profiles over time. All risk officers are obligated to report ad-hoc on any unexpected risks that are identified outside the scheduled dates for the control process and exceed specific materiality thresholds.

The effectiveness of the risk management system is reviewed at regular intervals and improved when necessary. 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, Dusseldorf [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.

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. The following risks are classified according to their risk of expected loss value based on the above evaluation of the expected loss value relating to the expected EBITDA and/or cash flow and probabilitay of occurrence (e.g., "ELV: medium).

Market risks (ELV: medium)
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 dependent on the economic environment, this represents a 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.

We see particular economic risks for the Turkish advertising market which was impacted at the beginning of 2015 by domestic political uncertainties and geopolitical issues concerning Turkey's southern borders to Syria and Iraq.

In the area of procurement, significant deviations from targets could result in particular from the loss of concessions for out-of-home advertising or large publisher contracts in the digital segment. 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. 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. These risks, however, are very limited thanks to our highly diverse portfolio in the out-of-home and digital segment.

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 use cross-product standardization of components and a multi-source procurement strategy.

With regard to commercialization, 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 this connection, we regularly review our sales activities and take appropriate measures to counter the pressure for discounts.

The fast-growing change in user surfing behavior away from stationary computers toward mobile devices is presenting new challenges in particular for online display advertising. We are addressing this risk in particular by expanding our mobile advertising activities.

The increased use of ad blockers is also posing a risk to online advertising. The wider proliferation of these technologies could have a negative impact on advertising revenue from the performance-based areas of our online advertising activities. We are working on technological measures and increasing our communication with different partners in the advertising industry.

Political and legal risks (ELV: medium)
The ongoing discussion on data protection in politics and society at large presents a risk for our digital business activities, for which data processing is a key element. Uncertainty arises here in particular with regard to the EU's proposed General Data Protection Regulation. Changes in legal conditions, e.g., for cookie identifiers or similar technologies, are, among other things, the subject of discussion here. Even though such legal changes would only affect individual business models in our portfolio and large volumes of data are used anonymously, we are currently working on technological measures aimed at limiting the risk from any earnings losses.

In addition, there is a general risk from an increase in the scope of advertising bans as has been repeatedly called for in political discussions over the last years. We are addressing this risk with different communications measures and by reducing our dependency on individual advertising customers and industries.

Process risks (ELV: insignificant)
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 loss of data and have an adverse effect on IT-based business processes. These processes are subject to ongoing improvement measures aimed to reducing these risks.

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.

Employee risks (ELV: insignificant)
A 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 media company by establishing and expanding our new Digital segment.

Financial risks (ELV: low)
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. However, this risk has decreased considerably over the course of the reporting period due to refinancing arranged in spring and the systematic reduction of debt.

→ For more detailed information on financial risks see note 35 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. Transaction-based currency risks, however, do not pose a significant risk to the Ströer Group.

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.

Other risks (ELV: insignificant)
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 enable us to take appropriate action.

Company acquisitions such as the acquisition of several companies in the digital segment over the past two years naturally entail risks stemming from, for example, customer migration, unwanted employee turnover, an increased working capital requirement or from tax and compliance issues. We mitigate such risks through appropriate analyses and control measures. The Ströer Group also has extensive experience in the integration of newly acquired companies.

Our business activities must comply with existing laws. We take a range of measures to mitigate the legal 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 ultimately differ from the risk assessments undertaken and the associated provision.

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 is reflected in particular by the continuing digitalization of media offerings could further accelerate the migration of advertising business from print media to online media in fiscal year 2015. In this context, demand for multi-screen solutions (public video, desktop, mobile) only offered in this form by the Ströer Group could exceed forecasts. Given the continuing megatrends of digitalization, urbanization and the increasing mobility of the population, our range of out-of-home and online media products puts us in a good position to offer optimal solutions to our customers. This will give rise to opportunities to gain more market share in intermedia competition than previously forecast.

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, strategic opportunities arise from the ongoing consolidation pressure in the online advertising market. The Ströer Group's credible positioning as a largely content-independent media company could lead to further specific opportunities for inorganic 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 accelerated 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. 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 increased integration efforts currently being implemented at the numerous companies acquired over the past two years may lead to unexpected synergies at the revenue/cost level. The increased exchange of technological know-how between the newly acquired units provides us with an additional opportunity to further improve our position in this area.

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 and online advertising markets. We also expect to see good growth opportunities from the recent strong increase in our regional sales presence. Synergies between digital and analog products may be greater than originally expected.

FORECAST[1)]

Overall assessment of the board of management of the Group's expected performance in 2015

Digitalization continues to be the driving force behind structural change in the media industry. More and more content is available in digital format and finds its way to the consumer via an ever wider variety of channels. The market penetration of smartphones and tablets is driving the use of mobile media content and services. At the same time, the universal availability of high-performance broadband technologies is boosting both demand and supply for videos in relation to editorial content and advertising.

For the Ströer Group, these market changes offer great opportunities that we are systematically looking to leverage. With Ströer Primetime, we plan to expand our multi-screen approach in 2015 by managing moving-picture content on online desktop, mobile and public video screens for the first time via a central ad server. We are therefore strengthening our position as a one-stop media shop for our advertising customers and our reputation as a provider of innovative communication solutions. We also consider the regional marketing of our out-of-home portfolio to be a major growth area. To harness this potential, we plan to drive forward the expansion of our regional sales organization, especially our sales representative organization, in Germany in 2015. We will continue to work intensively to safeguard and further expand our marketable portfolio in both the out-of-home and digital segments.

Based on our excellent market position, we again expect significant organic growth for the entire Ströer Group in 2015. Organic growth should be in the mid-single-digit percentage range with a further slight improvement in the operational EBITDA margin compared with fiscal year 2014. Based on a higher cash flow forecast and owing to optimized financing terms in the fiscal year, we expect a further decline in finance costs. Notwithstanding M&A transactions, we will strive to further reduce the Ströer Group's leverage ratio (net debt to operational EBITDA). Factoring in investment requirements for the coming year, we anticipate (without M&A transactions) a significant increase in free cash flow. We also anticipate a further rise in our return on capital employed (ROCE) in the coming year.

Forward-looking statements

Our forward-looking statements for future business development reflect only the significant factors that were known at the time the financial statements were prepared and that could influence our activities in 2015. Based on past experience, the Ströer Group's revenue and earnings development is dependent on economic developments in our markets and developments in the relevant advertising markets. Revenue development is also influenced by the country-specific market share of digital and out-of-home media as a percentage of the overall advertising market. However, it is not possible to directly forecast revenue on the basis of these macroeconomic or industry-specific parameters, as the correlations between these parameters and revenue can vary considerably from year to year. In addition, conditions can change during the course of the year, which can result in significant deviations between the actual and forecast development of revenue and earnings.

The booking behavior of advertising customers throughout the advertising industry is characterized by extremely short and increasingly shorter booking lead times. This is true of out-of-home marketing and, in particular, digital marketing, where campaigns can be booked at even shorter notice for technical reasons. The expansion of RTB platforms, which enable transactions to be processed in real time, has played a major role in this development. Short booking lead times severely restrict our ability to forecast revenue and therefore earnings development.

[1)] Comparisons to the forecast values for the next year are generally based on the actual 2014 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. Uncertainties in the forecasting of these parameters can also impact non-cash items in the financial result. The derivatives used to hedge these uncertainties expired in January 2015. There are currently no plans to utilize new hedging instruments. In this forecast, we expect the parameters to remain largely unchanged compared with the end of the reporting period.

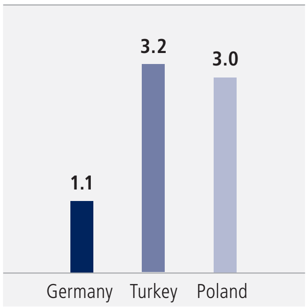
Future macroeconomic conditions

While global economic development fell short of expectations in 2014, a slight improvement is expected in 2015. In its World Economic Outlook for 2015, the International Monetary Fund (IMF) projects an increase of 3.8% in world output versus just 3.3% in the prior year.

The OECD expects the eurozone's GDP to grow by 1.1% in 2015. The main drivers of this growth will be the ECB's continued expansionary monetary policy, favorable financing conditions, a gradual improvement in the labor market and the easing of the slowdown caused by the consolidation of government budgets. In structural terms, however, it appears that the eurozone crisis is not yet over. Furthermore, the economic sanctions imposed in connection with the political conflict with Russia are curbing economic expectations. We do not anticipate any major year-on-year changes in interest rates or capital markets.

Expected real GDP growth in 2015

In %



Source: OECD

Following a surprisingly good start to 2014, the **German** economy slowed somewhat towards the end of the year. This was due mainly to the effects of the conflict in Ukraine and the EU's sanctions against Russia. The German government expects growth of 1.3% for 2015, which is roughly in line with the forecasts of several economic research institutes and the German Council of Economic Experts (1.0% to 1.5%), while the OECD anticipates GDP growth of as much as 1.1%. In 2015, overall economic output is expected to rise due to higher business investment and increased capacity utilization. This development will be supported by the historically low interest rate level and the falling price of crude oil. The stable labor market is expected to stimulate consumer spending.

Although **Turkey** developed at a slower pace than predicted by long-term forecasts, the Turkish government and the OECD expect robust GDP growth of 3.2% in 2015. Economic development in the coming months will depend, among other things, on the outcome of the parliamentary elections scheduled for June 2015 and the economic situation in the EU. Uncertainty may arise in connection with the development of the conflict in the neighboring south-eastern countries of Syria and Iraq and due to the exchange rate volatility of the Turkish lira against the US dollar and the euro.

The quantitative estimates for economic growth in **Poland** are positive. The OECD expects GDP growth of 3.0% for 2015. This positive outlook is based chiefly on growing domestic demand stemming from large-scale investment plans, higher business investment and an increase in consumer spending. The promise of EU funds is also likely to have a positive effect on the economy. Fluctuations in the zloty exchange rate, however, pose a financial risk for imports and exports.

Future industry performance

According to MagnaGlobal's calculations, global advertising investments are set to rise by 4.8% in the coming year. Compared with growth of 5.5% in 2014, the anticipated strong economic conditions will not be able to fully compensate for the absence of major media events, such as the Winter Olympic Games and the FIFA World Cup.

In the eurozone, too, the positive growth forecast should have a stabilizing effect on the traditionally cyclical advertising sector. MagnaGlobal expects growth of 2.8% in western Europe. Zenith Optimedia also predicts average growth of 2.8% and expects growth rates in the peripheral countries (Greece, Ireland, Italy, Portugal and Spain) to return to levels closer to those of other countries in western Europe.

The increasing dominance of digital media is reflected nowhere better than in the advertising sector. In its study, "Global Entertainment and Media Outlook," PricewaterhouseCoopers (PwC) predicts that one-third of all advertising revenue will stem from digital channels in 2018.

Development of the German advertising market
The development of the advertising market in Germany was also characterized by strong growth in the digital segment in 2014. According to ZenithOptimedia, the advertising market grew by 1.5% and is expected to grow by 1.3% in 2015. MagnaGlobal predicts that advertising revenues will grow at an even more stable rate of 2.0% in 2015.

These positive forecasts for 2015 are consistent with the results of a survey conducted by the German Advertisers Association ["Organisation Werbungtreibende im Markenverband": OWM]. Owing to the stable economic outlook, advertising companies are cautiously optimistic about 2015. In the German Advertisers Association's survey, 45% of advertisers said that they expect advertising revenue to rise, just under half expect revenue to remain stable and only 11% expect a decline. This mood is also reflected in the results on the development of advertising budgets. According to the survey, one in three companies plan to raise their advertising budgets in 2015, while 39% plan to keep their budgets stable.

Established studies forecast a slightly stronger rise in advertising revenue in the out-of-home segment compared with the advertising market as a whole. According to PwC, advertising revenue will grow at a rate of 2.7% in 2015. ZenithOptimedia forecasts slightly lower growth of 2.5%. The main growth drivers are likely to be digital advertising media, which PwC expects to grow by an average rate of 9% in the coming years. In addition, the increased flexibility and regionalization of advertising formats as well as society's increasing level of mobility will bolster the positive development of out-of-home advertising. New technological innovations, such as iBeacons and near field communication (NFC) are opening up new potential uses for out-of-home media by combining these with other forms of advertising and through new formats that enable interaction between advertisers and consumers via their smartphones. Based on the positive market outlook, we expect growth in the low to mid-single-digit range in the out-of-home segment.

The positive development in the online advertising market in 2014 is also expected to continue in 2015. The most dynamic growth among the various media types stems from the increasing digitization of the media landscape and the strong development of the internet as an advertising medium. Improved advertising efficiency through more precise targeting and performance-based offerings provides sustainable opportunities for growth. PwC and ZenithOptimedia both predict growth in online advertising revenue of 7.1% for 2015. PwC expects growth in the stationary online advertising market to gradually slow in light of the increasing maturity of the market. Average growth of 5.2% is expected until 2018. Mobile online advertising offers greater growth potential. PwC expects this area to grow by an average of 25.6% until 2018. This growth will be driven by the increasing penetration of internet-enabled mobile devices (smartphones and tablets), the associated shift in media usage and improved monetization opportunities. We agree with these market assessments. Based on our excellent market position in the display, video and mobile advertising segments, we expect to gain further market share in these areas. Our recently attained position as the online marketer with the widest reach in Germany will contribute to this growth.

Development of the Turkish advertising market

Revenue development in the advertising market in Turkey also depends largely on the prevailing economic conditions. Provided that the political environment remains stable, revenue in the Turkish advertising market should rise in 2015 owing to the positive economy. We believe, based on sound fundamental socioeconomic data, that the Turkish market offers a positive long-term environment for the development of the advertising market. Following relatively low growth of 2.5% (adjusted for inflation) in 2014, ZenithOptimedia expects advertising spending to grow by a similar level in 2015. With a growth rate of 23.0%, growth will be primarily driven by the online advertising market. In the out-of-home segment, ZenithOptimedia expects stable advertising revenue in 2014 to be followed by growth of 2.0% in 2015 in local currency.

Development of the Polish advertising market

The positive outlook on the Polish advertising market is underpinned by economic growth prospects. After several years of decline, advertising revenue started to increase in the first half of 2014. This resulted in an increase in total advertising spending of 2.4% (ZenithOptimedia). For 2015, ZenithOptimedia expects growth of as much as 3.1%. This is largely attributable to the rapidly advancing online advertising segment, where ZenithOptimedia forecasts double-digit growth. In out-of-home advertising, advertising revenue is expected to stagnate or decrease slightly. We also anticipate an increase in revenue in the overall advertising market and a largely unchanged market environment for out-of-home advertising.

Anticipated revenue and earnings development

Ströer Group

We expect the Ströer Group to record organic consolidated revenue growth in the mid-single-digit percentage range in 2015. As well as strong growth impulses in both the Digital segment and in Turkey, this will be driven primarily by robust revenue growth in the Germany segment (out-of-home). The full-year positive effects on revenue of the acquisitions made in the fiscal year and after the reporting date will be in the low double-digit million range.

For the first time, we met the requirements in the fiscal year for combining public video infrastructure (digital out-of-home displays) with online assets in both the desktop and the mobile sectors. Initial customer feedback on this novel product combination in the moving-picture sector has been remarkably positive. In terms of marketing this product innovation and the associated growth of digital media in 2015, we expect digital revenue as a percentage of consolidated revenue to increase to over 25%.

Revenue in Poland and Turkey, and some BlowUP and digital advertising revenue, is generated in foreign currency and therefore subject to exchange rate effects. Because it is almost impossible to predict the development of exchange rates, this can have a positive or negative effect on revenue and earnings in the group currency. This forecast is based on the assumption that the parameters will remain virtually unchanged compared with the end of the reporting period.

We expect a slight volume and inflation-related increase in direct advertising media costs in 2015. The increase is expected to remain below the level of organic revenue growth as we anticipate further cost savings and a more favorable product mix for the margin in the out-of-home segment. We expect an increase in overheads for the Group as a whole, which will also be smaller than the increase in revenue. The planned cost increases – which will be subject to strict cost management – relate primarily to inflation-related salary and other cost adjustments, as well as the strengthening of regional sales structures in Germany and the significant increase in business volume in the digital segment.

Based on the anticipated increase in business volume combined with a moderate rise in costs, we expect – provided there are no negative exchange rate effects – a noticeable increase in operational EBITDA in 2015. The EBITDA margin in the fast-growing digital business tends to be lower than that of the out-of-home segment; however, the associated investment expenditure is also much lower. Overall, we expect the Group's operational EBITDA margin to remain stable or to increase slightly since costs are likely to increase at a slower rate than revenue.

Notwithstanding significant M&A transactions in 2015, the Group's finance costs are likely to fall further due to the reduction in financial leverage in the fiscal year, the further decrease in the base interest rate and the successful renegotiation of borrowing terms in the fiscal year. We expect the consolidated tax expense to rise considerably in connection with the planned increase in taxable profit in the forecast period.

In view of the higher anticipated consolidated profit after taxes, we expect a further rise in earnings per share in 2015.

Ströer Germany segment

In Germany we are optimistic about 2015. The economic outlook and consumer sentiment are positive given the persistently low interest rate level and robust labor market. We believe that the advertising sector will also benefit from this general mood, although there is no way to reliably predict the availability and distribution of actual advertising budgets or the development of discounts. Among other things, this is because of radical changes in the media landscape and the increasing diversity of advertising offerings, especially in digital media channels, and growing importance of social networks for the advertising industry. In this market environment, we are carving out a position for ourselves with a portfolio of attractive out-of-home and digital media that is unrivaled in Germany.

In the Germany segment, we expect organic revenue growth in the mid-single-digit percentage range, which will be slightly higher than the market growth of 2.5% predicted by ZenithOptimedia in the out-of-home advertising segment.[1)] The digital public video infrastructure (out-of-home displays) is expected to make a bigger contribution to anticipated growth than traditional out-of-home media.

[1)] ZenithOptimedia Advertising Expenditure Forecast, December 2014

On the cost side, we expect revenue-related higher leasing fees and inflation-driven changes in direct costs. Thanks to our advantageous product mix, we also anticipate cost reductions. Due to the further expansion of the regional sales organization, in particular, overheads are likely to increase at a faster rate than inflation, but at a slower rate than revenue.

In Germany we expect a slight increase in the operational EBITDA margin in the next fiscal year.

Ströer Turkey segment
In the Turkish market, the economic situation appears to have stabilized despite the socio-political uncertainty of 2014. This should also filter through to the advertising sector.

With the roll-out of an audience measurement system based on the internationally recognized POSTAR standard, the Turkish out-of-home advertising sector laid the foundations in the fiscal year for the long awaited measurement system that enables the performance of different media to be directly benchmarked for advertising customers. We are also making efforts to strengthen the quality of our advertising media portfolio by very selectively expanding our premium advertising media in a number of major cities in Turkey. In the coming year, we expect organic revenue growth before exchange rate effects in the mid to high single-digit percentage range. Digital out-of-home displays play only a minor role in our Turkish business and therefore account for a negligible percentage of total revenue in this segment.

Combined with further targeted cost management, we expect the increase in revenue to result in an improvement in operational EBITDA and a perceptible rise in the operational EBITDA margin in 2015.

"Other" segment
Despite challenging market conditions, our Polish subsidiary realized considerable cost savings in the fiscal year that more than offset the decline in revenue.

For 2015, we agree with the market forecasts and expect a slight single-digit percentage increase in revenue in Poland, although we believe that the conditions in the out-of-home market and the products we offer to advertising customers and agencies have improved. After several years of preparation, an audience measurement system based on the international POSTAR standard is also due to be introduced in Poland in 2015. This will for the first time enable participating out-of-home providers to objectively demonstrate their performance based on data. We expect this to generate even more commercialization success in the coming year.

In the giant poster business (BlowUP), we plan to build on this year's positive result in 2015. We expect revenue growth to remain robust in continental Europe, especially in Germany, and more moderate growth at a high level in the UK.

Overall, we expect a revenue increase in the "Other" segment in the mid to high single-digit percentage range.

The full-year effects of cost savings in Poland and other savings resulting from portfolio optimization should result in Polish activities making a significant contribution to the segment result. Having started at a high level, the BlowUP group expects the earnings development to remain positive. We anticipate another increase in operational EBITDA in the segment and a further significant improvement in the operational EBITDA margin.

Ströer Digital segment
The Ströer Digital segment is benefiting greatly from strong growth in the online advertising market, particularly in Germany. In addition to positive business development, revenue in 2015 will encompass the full-year effects of the first-time consolidation of new acquisitions in the fiscal year and in the months following the reporting date.

We started 2015 on a sound footing in the Digital segment. According to the most recent figures published by the industry group Arbeitsgemeinschaft Online Forschung (AGOF) (reach in November 2014), Ströer Digital was the number one online marketer in Germany with 37.2 million unique users.[1] This ranking should further raise Ströer Digital's profile among customers and publishers, which will again improve our reputation as an advertising and marketing partner in 2015.

As described above in the Germany segment, we have combined personal (desktop, tablets, smartphones) and public screens (out-of-home displays) in a new multi-screen solution. We expect this dovetailing to give rise to marketing success in 2015 in the Digital and Germany segment alike.

In the area of performance-based digital products, technological advancement is playing an ever greater role in business expansion. We expect the recently developed demand-side platform (DSP), which enables customers of our RTB subsidiary adscale to automatically buy advertising space from other providers via the adscale platform, to boost revenue in the digital business. Thanks to DSP, adscale now covers nearly the entire German market for online display advertising. An improved retargeting mechanism that is able to identify the new customer potential of users will also improve the attractiveness of our offering. In 2015, some 100 internationally active product developers in the digital segment will continue to strive to improve our technology position to safeguard our innovative power and competitiveness.

Via our subsidiary Ströer Venture GmbH, which was founded in the fiscal year, we plan to focus on harnessing business potential in the online sector that will usefully complement our existing activities in the digital segment to achieve greater reach and better marketing opportunities. It should be possible to seize external growth opportunities in this area in 2015 as well.

In the Digital segment, we are optimistic about 2015 and subsequent years. Based on the above initiatives and revenue synergies between acquired entities, we expect organic revenue growth of significantly more than 10% in 2015. We expect this revenue growth to be driven by higher expenditure in the high-demand mobile and video segments. In particular, the harnessing of cost synergies in the area of marketing in Germany is likely to have a positive effect on operating costs. In conjunction with the revenue growth, we therefore expect a clear rise in operational EBITDA and a gradual increase in the operational EBITDA margin.

Planned investments

Our investments in the forecast period will focus on the installation and exchange of out-of-home advertising media due mainly to the extension or acquisition of public advertising concessions. In this way, we are maintaining, modernizing and expanding our advertising infrastructure, which forms the basis for marketing out-of-home advertising faces in national and regional networks in our regions. Major investments are planned for 2015, e.g., in Cologne, where we won the city contract for large-format advertising faces in 2014, and in the Turkish cities of Izmir and Samsun. We also plan to install additional glass-encased and backlit premium billboards in Istanbul.

[1] Per month

In Germany, in addition to investments in analog and digital advertising media, we plan to convert more lighting systems to LED technology in order to further reduce the energy consumption of our advertising media. Due to the impressive demand for large-format digital advertising media, blowUP plans to continue to pursue its digital strategy and to install further digital advertising media in select, highly frequented locations in European cities. In Poland, by contrast, relatively little investment in portfolio improvements is in the pipeline. The majority of investments in the digital segment will relate to software and rights. At group level, we remain committed to further developing our IT landscape. Moderate investments are also planned for earnouts and subsequent purchase price payments.

In the Ströer Group, we anticipate the volume of total investments – excluding M&A activities – to amount to a mid to high double-digit million figure in fiscal year 2015. 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.

With regard to investments for M&A, the necessary process prevents us from making any forecast. We are constantly looking for acquisition opportunities with a view to sustainably increasing the value of the Company. At present, possible options include further consolidation steps in the digital segment and strategic fill-in acquisitions in the domestic and international out-of-home segment. In existing business areas, we regularly review various strategic options, which may include M&A strategies.

Expected financial position

As a result of the further year-on-year increase in the Ströer Group's results of operations, we also anticipate a further improvement in the Group's financial position. While we expect a growth-related increase in working capital and higher business taxes, these effects should be more than offset by the improvement in the results of operations. We therefore expect an increase in cash flows from operating activities. Based on our assessment of investment requirements in the coming year, we forecast free cash flow before M&A transactions in the mid to high double-digit million range. Due to the increase in our adjusted EBIT and an improved capital structure there should be a noticable increase of our Return on Capital Employed in the next year.

Following refinancing in the fiscal year, the Ströer Group's syndicated loan is secured until the middle of 2019. During the course of refinancing, we were able to adjust our borrowing terms in line with the declining spreads on the financial markets. The covenants are designed to provide sufficient headroom even during economic and seasonal fluctuations. The leverage ratio of 1.9 at the end of the reporting period means that we exceeded our target of bringing the leverage ratio back down to between 2.0 and 2.5. Notwithstanding large M&A transactions, we expect to further reduce the leverage ratio.

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

Erdbeerlounge GmbH

With economic effect as of 2 January 2015, the Ströer Group acquired all the shares in Erdbeerlounge GmbH, Cologne. Erdbeerlounge GmbH runs a website with an interactive online offering aimed expressly at women. It offers users a communication network, a magazine with editorial content on women-specific issues and an entertainment section. The purchase price for the acquired shares amounts to approximately EUR 2.3m.

Pacemaker AOS GmbH

With economic effect also as of 2 January 2015, the Ströer Group acquired a further 10.0% stake in Pacemaker AOS GmbH, Cologne, and now holds 90.0% of the shares overall. The company operates in the area of re-targeting advertising on the internet. The purchase price for the acquired shares amounts to approximately EUR 2.2m.

Kölner Aussenwerbung Gesellschaft mit beschränkter Haftung

In addition, with economic effect as of 1 January 2015, Ströer acquired the remaining 49.0% of the shares in Kölner Aussenwerbung Gesellschaft mit beschränkter Haftung, Cologne, for a purchase price of EUR 2.5m. The Ströer Group now thus holds all shares in the company.

spieletipps.de

With economic effect as of 1 February 2015, the Ströer Group assumed a business unit for the operation of the “spieletipps.de” internet portal. Under this domain, the business unit operates an internet games portal with a database containing tips and solutions for computer and video games, as well as an online editorial that offers news, test reports and background reports. The overall purchase price for the assumed business unit is EUR 3.5m.

SpielAffe / KralOyun / Games1.com

With economic effect as of 1 January 2015, the Ströer Group assumed a business unit for the operation of the “SpielAffe,” “KralOyun,” and “Games1.com” internet portals. These portals offer free online games to internet users. The purchase price for the assumed business unit is EUR 4.4m.

Ballroom International GmbH (formerly Ballroom International CEE Holding GmbH)

On 2 February 2015, the Ströer Group entered into a contractual agreement whereby the remaining shares in Ballroom International GmbH, Glonn, were transferred to Ströer by being offset against warranty claims without any further purchase price payment. A purchase price liability originally recognized as of the reporting date was no longer paid.

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

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 SE'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 SE. 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 SE.

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 SE 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 SE 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 rights 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 SE and a syndicate of various banks and credit institutions. The syndicate granted the Company a loan of EUR 250m and a credit line of EUR 250m. This facility agreement concluded in fiscal year 2014 replaced the previous facility agreement dating from 2012.

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 SE his interest in the company for sale in the event of a change in control under a put option.