STRÖER

STRÖER SE & CO. KGAA, COLOGNE

FINANCIAL STATEMENTS AND COMBINED MANAGEMENT REPORT 2019

Ströer SE & Co. KGaA, Cologne
Balance sheet as of 31 December 2019

ASSETS

	31 Dec 2019 EUR	31 Dec 2018 EUR
NON-CURRENT ASSETS		
Intangible assets		
Purchased concessions, industrial and similar rights and assets, and licenses in such rights and assets	20,872,474.82	20,598,499.50
Prepayments	9,334,601.72	7,938,968.03
	30,207,076.54	**28,537,467.53**
Property, plant and equipment		
Other equipment, furniture and fixtures	9,470,435.50	8,872,765.32
Prepayments and assets under construction	386,254.09	91,164.76
	9,856,689.59	**8,963,930.08**
Financial assets		
Shares in affiliates	657,319,520.31	659,748,983.69
Loans to affiliates	113,893,717.02	142,333,704.02
Equity investments	1,656,901.44	1,515,370.45
Loans to other investees and investors	350,000.00	0.00
Other loans	6,240,002.00	8,000,002.00
	779,460,140.77	**811,598,060.16**
	819,523,906.90	**849,099,457.77**
CURRENT ASSETS		
Receivables and other assets		
Trade receivables	382,782.25	945,614.70
Receivables from affiliates	1,353,578,596.60	1,311,974,041.28
Receivables from other investees and investors	4,219.41	64,611.69
Other assets	7,782,186.19	11,661,556.96
	1,361,747,784.45	**1,324,645,824.63**
Cash on hand and bank balances	9,550,514.53	182,180.40
	1,371,298,298.98	**1,324,828,005.03**
PREPAID EXPENSES	**4,489,085.46**	**5,103,794.50**
	2,195,311,291.34	**2,179,031,257.30**

EQUITY AND LIABILITIES

	31 Dec 2019 EUR	31 Dec 2018 EUR
EQUITY		
Subscribed capital	56,576,571.00	56,171,871.00
- Conditional capital: EUR 16,192,393.00 (prior year: EUR 15,179,059.00)		
Capital reserves	644,853,612.92	638,101,212.92
Retained earnings		
Other retained earnings	381,769,170.76	55,039,275.39
Accumulated profit	285,828,307.25	653,459,790.74
	1,369,027,661.93	**1,402,772,150.05**
PROVISIONS		
Tax provisions	20,454,886.99	20,460,711.44
Other provisions	13,965,956.48	12,299,334.06
	34,420,843.47	**32,760,045.50**
LIABILITIES		
Liabilities to banks	594,565,625.34	559,974,288.88
- thereof due in up to one year: EUR 49,565,625.34 (prior year: EUR 64,974,288.88)		
- thereof due in more than one year: EUR 527,000,000.00 (prior year: EUR 495,000,000.00)		
Trade payables	8,714,840.71	17,728,704.52
- thereof due in up to one year: EUR 6,704,075.87 (prior year: EUR 13,568,456.90)		
- thereof due in more than one year: EUR 2,010,764.84 (prior year: EUR 4,160,247.62)		
Liabilities to affiliates	187,804,660.88	164,289,653.12
- thereof due in up to one year: EUR 187,804,660.88 (prior year: EUR 164,289,653.12)		
Liabilities to other investees and investors	0.00	280.17
- thereof due in up to one year: EUR 0.00 (prior year: EUR 280.17)		
Other liabilities	777,659.01	1,506,135.06
- thereof due in up to one year: EUR 777,659.01 (prior year: EUR 610,473.71)		
- thereof due in more than one year: EUR 0.00 (prior year: EUR 895,661.35)		
- thereof for taxes: EUR 458,870.81 (prior year: EUR 489,685.62)		
	791,862,785.94	**743,499,061.75**
	2,195,311,291.34	**2,179,031,257.30**

Ströer SE & Co. KGaA, Cologne
Income statement for fiscal year 2019

	2019 EUR	2018 EUR
Revenue	27,776,181.37	25,524,027.25
Other operating income	6,859,372.84	18,553,987.24
- thereof income from currency translation: EUR 17,133.96 (prior year: EUR 11,492.50)		
Cost of materials		
Cost of purchased services	-8,823,289.90	-6,953,802.52
Personnel expenses		
Wages and salaries	-23,520,271.23	-27,729,052.98
Social security and pension costs	-3,806,965.53	-3,534,398.75
- thereof for old-age pensions: EUR 50,436.04 (prior year: EUR 91,948.15)		
Amortization, depreciation and impairment of intangible assets and property, plant and equipment	-7,629,455.42	-7,981,993.10
Other operating expenses	-32,115,027.16	-73,698,046.25
- thereof expenses from currency translation: EUR 7,190.48 (prior year: EUR 25,026.83)		
Income from profit and loss transfer agreements	193,626,122.80	783,199,688.62
Income from other securities and loans classified as non-current financial assets	2,385,253.85	3,721,694.02
- thereof from affiliates: EUR 2,326,147.00 (prior year: EUR 3,695,614.05)		
Other interest and similar income	16,811.65	16,587.94
Impairment of financial assets	-12,852,451.88	-28,375,090.92
Expenses from loss absorption	-30,480,677.56	-4,347,601.11
Interest and similar expenses	-8,983,548.59	-8,704,655.47
- thereof to affiliates: EUR 176,580.10 (prior year: EUR 176,071.17)		
- thereof expenses from unwinding the discount: EUR 710.37 (prior year: EUR 598.66)		
Income taxes	-30,259,332.74	-25,641,254.30
Post-tax profit	**72,192,722.50**	**644,050,089.67**
Other taxes	-41,168.62	-41,194.98
Profit for the period	**72,151,553.88**	**644,008,894.69**
Profit carryforward from the prior year	213,676,753.37	9,450,896.05
Accumulated profit	**285,828,307.25**	**653,459,790.74**

Ströer SE & Co. KGaA, Cologne

Notes to the financial statements for fiscal year 2019

A. General

Ströer SE & Co. KGaA, Cologne (Ströer KGaA), was established by transforming Ströer SE, Cologne (Cologne Local Court, HRB no. 82548), by way of a change in legal form in accordance with the resolution adopted by the extraordinary shareholder meeting on 25 September 2015. Its articles of incorporation and bylaws are dated 23 June 2016. It was entered in the commercial register of Cologne Local Court on 1 March 2016 under HRB no. 86922.

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.

In contrast to the prior year, no voluntary cash flow statement has been prepared for the fiscal year.

B. Accounting policies

The following accounting policies, 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 10 years
- Other equipment, furniture and fixtures 3 to 13 years

Low-value assets with an individual net value not exceeding EUR 250.00 are fully expensed in the year of acquisition, with their immediate disposal being assumed. With a view to efficiency, a collective item is recognized for assets with an individual net value of more than EUR 250.00 but no greater than EUR 1,000.00 and depreciated at a flat rate of 20% p.a. 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 220k (prior year: EUR 226k).

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 reporting date which constitute expenses for a certain period after this date are recognized as **prepaid expenses**.

Tax provisions and **other provisions** account for all uncertain liabilities and potential losses from pending transactions. 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 rate of 31.69% at the time they reverse; the amounts of any resulting tax charge or benefit are not discounted. Deferred tax assets and liabilities are offset. The option not to recognize deferred tax assets was exercised.

Foreign currency assets and liabilities are translated using the mean spot rate on the reporting 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 Ströer KGaA’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.

STATEMENT OF CHANGES IN NON-CURRENT ASSETS IN FISCAL YEAR 2019

	ACQUISITION AND PRODUCTION COST					ACCUMULATED AMORTIZATION, DEPRECIATION AND IMPAIRMENT					NET BOOK VALUES	
	1 Jan 2019 EUR	Additions EUR	Disposals EUR	Reclassifications EUR	31 Dec 2019 EUR	1 Jan 2019 EUR	Additions EUR	Disposals EUR	Reclassifications EUR	31 Dec 2019 EUR	31 Dec 2019 EUR	31 Dec 2018 EUR
INTANGIBLE ASSETS												
Purchased concessions, industrial and similar rights and assets, and licenses in such rights and assets	36,164,256.36	1,165,845.86	405,806.93	3,728,728.85	40,653,024.14	15,565,756.86	4,620,599.39	405,806.93	0.00	19,780,549.32	20,872,474.82	20,598,499.50
Prepayments	7,938,968.03	5,134,836.19	0.00	-3,739,202.50	9,334,601.72	0.00	0.00	0.00	0.00	0.00	9,334,601.72	7,938,968.03
	44,103,224.39	**6,300,682.05**	**405,806.93**	**-10,473.65**	**49,987,625.86**	**15,565,756.86**	**4,620,599.39**	**405,806.93**	**0.00**	**19,780,549.32**	**30,207,076.54**	**28,537,467.53**
PROPERTY, PLANT AND EQUIPMENT												
Other equipment, furniture and fixtures	20,598,901.69	3,571,913.19	43,355.70	34,738.13	24,162,197.31	11,726,136.37	3,008,856.03	43,230.59	0.00	14,691,761.81	9,470,435.50	8,872,765.32
Prepayments and assets under construction	91,164.76	319,353.81	0.00	-24,264.48	386,254.09	0.00	0.00	0.00	0.00	0.00	386,254.09	91,164.76
	20,690,066.45	**3,891,267.00**	**43,355.70**	**10,473.65**	**24,548,451.40**	**11,726,136.37**	**3,008,856.03**	**43,230.59**	**0.00**	**14,691,761.81**	**9,856,689.59**	**8,963,930.08**
FINANCIAL ASSETS												
Shares in affiliates	675,249,077.61	0.00	0.00	0.00	675,249,077.61	15,500,093.92	2,429,463.38	0.00	0.00	17,929,557.30	657,319,520.31	659,748,983.69
Loans to affiliates	153,208,703.02	34,680,000.00	53,896,998.50	-3,185,000.00	130,806,704.52	10,874,999.00	6,422,988.50	0.00	-385,000.00	16,912,987.50	113,893,717.02	142,333,704.02
Equity investments	1,515,370.45	141,530.99	0.00	0.00	1,656,901.44	0.00	0.00	0.00	0.00	0.00	1,656,901.44	1,515,370.45
Loans to other investees and investors	0.00	350,000.00	0.00	0.00	350,000.00	0.00	0.00	0.00	0.00	0.00	350,000.00	0.00
Other loans	18,890,000.00	0.00	560,000.00	3,185,000.00	21,515,000.00	10,889,998.00	4,000,000.00	0.00	385,000.00	15,274,998.00	6,240,002.00	8,000,002.00
	848,863,151.08	**35,171,530.99**	**54,456,998.50**	**0.00**	**829,577,683.57**	**37,265,090.92**	**12,852,451.88**	**0.00**	**0.00**	**50,117,542.80**	**779,460,140.77**	**811,598,060.16**
	913,656,441.92	**45,363,480.04**	**54,906,161.13**	**0.00**	**904,113,760.83**	**64,556,984.15**	**20,481,907.30**	**449,037.52**	**0.00**	**84,589,853.93**	**819,523,906.90**	**849,099,457.77**

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.

b) Financial assets

The financial assets of Ströer KGaA decreased in the fiscal year by EUR 32,138k to EUR 779,460k. This is partly attributable to write-downs on intragroup loan receivables and other loans of an amount of EUR 10,423k and an impairment loss of EUR 2,429k on the equity investment in Ströer Digital International GmbH, Cologne, in accordance with Sec. 253 (3) Sentence 5 HGB.

2. Receivables and other assets

	31 Dec 2019 EUR k	31 Dec 2018 EUR k
Trade receivables	383	946
thereof due in more than one year	0	0
Receivables from affiliates	1,353,579	1,311,974
thereof due in more than one year	0	0
Receivables from other investees and investors	4	65
thereof due in more than one year	0	0
Other assets	7,782	11,661
thereof due in more than one year	512	497
	1,361,748	1,324,646

Receivables from affiliates relate to the profit and loss transfer agreement with Ströer Media Deutschland GmbH, Cologne (SMD) (EUR 146,831k; prior year: EUR 736,963k), as well as to the profit and loss transfer agreements in place with Ströer Digital Publishing GmbH, Cologne (SDP) (EUR 34,192k; prior year: EUR 36,807k), with Ströer Digital Commerce GmbH, Cologne (SDC) (EUR 8,004k; prior year: EUR 3,447k), with Ströer Content Group GmbH, Cologne (SCG) (EUR 3,001k; prior year: liability of EUR 3,137k), and with Ströer Venture GmbH, Cologne (SVE) (EUR 1,598k; prior year: liability of EUR 1,209k). There are also trade receivables of EUR 6,316k (prior year: EUR 7,296k). In addition, there are receivables from cash pooling of EUR 786,645k (prior year: EUR 201,070k) with SMD, of EUR 169,989k (prior year: EUR 125,753k) with SVE, of EUR 107,283k (prior year: EUR 99,749k) with Ströer Sales Group GmbH, Cologne (SSG), of EUR 58,439k (prior year: EUR 59,999k) with SCG and of EUR 31,280k (prior year: EUR 34,019k) with SDC.

3. Equity

a) Subscribed capital

In fiscal year 2019, the Company's subscribed capital increased by 404,700 to 56,576,571 shares as a result of stock options being exercised. As of 31 December 2019 therefore, subscribed capital is split into 56,576,571 bearer shares of no par value. They have a nominal value of EUR 1 each and are fully paid in.

The following notes are mainly taken from the articles of incorporation and bylaws of Ströer SE & Co. KGaA.

Approved capital 2014

The approved capital 2014 of EUR 12,525,780 expired in fiscal year 2019.

Approved capital 2019

Subject to the approval of the supervisory board, the general partner is authorized to increase the Company's capital stock once or several times until 18 June 2024 by a maximum of EUR 5,652,657.00 in total by issuing up to 5,652,657 new bearer shares of no par value for contributions in cash or in kind (approved capital 2019). 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, (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 general partner 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 portion of capital stock must be credited to this maximum amount, which is attributable to new or treasury shares issued or sold since 19 June 2019 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 19 June 2019 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 shares issued under the above authorization subject to the exclusion of shareholder subscription rights in capital increases in return for cash contributions or contributions in kind may not exceed 10% of the capital stock either at the time such authorization becomes effective, or – if this figure is lower – at the time it is exercised. The proportionate amount of the capital stock of those shares which are issued during the term of this authorization under another authorization subject to the exclusion of subscription rights shall be deducted from this maximum amount of 10%. Likewise, rights issued during the term of this authorization until the date of their exercise under other authorizations subject to the exclusion of subscription rights and which carry the ability or obligation to subscribe to the Company’s shares shall also be deducted.

The general partner 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 2013

The capital stock is subject to a conditional increase by a maximum of EUR 812,548.00 by issuing a maximum of 812,548 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 SE which had not yet been carried out on the date the change in the legal form of Ströer SE to a KGaA pursuant to the conversion resolution dated 25 September 2015 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 and pursuant to the conversion resolution of the shareholder meeting on 25 September, 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 general partner, having obtained the approval of the supervisory board, has been authorized to determine the further details of the conditional capital increase unless stock options and shares are to be granted to members of the general partner's board of management. In that event, the supervisory board will determine the further details of the conditional capital increase. The supervisory board has been authorized to amend the articles of incorporation and bylaws to reflect the scope of the capital increase from the conditional capital 2013.

Conditional capital 2015

The capital stock is subject to a conditional increase by a maximum of EUR 2,123,445.00 by issuing a maximum of 2,123,445 bearer shares of no par value (conditional capital 2015). This conditional capital increase, however, may not exceed the amount and the number of shares relating to the conditional capital increase pursuant to Art. 6B (1) of the articles of incorporation of Ströer SE which had not yet been carried out on the date the change in the legal form of Ströer SE to a KGaA pursuant to the conversion resolution dated 25 September 2015 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 25 September 2015, rights to bearers of stock options under the Stock Option Plan 2015. 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 25 September 2015 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 general partner, 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 general partner'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 2015.

Conditional capital 2017

The Company's capital stock will be subject to a conditional increase by a maximum of EUR 11,056,400.00 by issuing a maximum of 11,056,400 new bearer shares of no par value (conditional capital 2017). The purpose of the conditional capital increase is to grant bearer shares of no par value to owners/creditors of convertible bonds and/or bonds with warrants which are being issued by the Company or an investee as a result of the authorization granted by the shareholder meeting of 14 June 2017 based on item 9 of the agenda. New bearer shares of no par value are issued at a particular conversion or option price 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 own equity instruments or of new shares issued from approved capital. The new bearer shares of no par value participate in profit from the beginning of the fiscal year in which they result through the exercise of options or conversion rights or the fulfillment of conversion obligations. The general partner, having obtained the approval of the supervisory board, is authorized to determine the further details of the conditional capital increase.

Conditional capital 2019

The capital stock is subject to a conditional increase by a maximum of EUR 2,200,000.00 by issuing a maximum of 2,200,000 bearer shares of no par value (conditional capital 2019). The sole purpose of the conditional capital increase is to grant, as authorized by resolution of the shareholder meeting dated 19 June 2019, rights to bearers of stock options under the Stock Option Plan 2019. 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 19 June 2019 exercise these stock options and that the Company does not settle the stock options in cash or by granting treasury shares. 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 general partner has been authorized to determine the further details of the conditional capital increase unless stock options and shares are to be granted to members of the general partner's board of management. In that event, the supervisory board of the general partner will determine the further details of the conditional capital increase. The Company's supervisory board is authorized to amend the articles of incorporation and bylaws to reflect the scope of the capital increase from the conditional capital 2019.

b) Capital reserves

As of the reporting date, the Company had capital reserves of EUR 644,854k (of which EUR 610,403k pursuant to Sec. 272 (2) No. 1 HGB and EUR 34,451k pursuant to Sec. 272 (2) No. 2 HGB), which exceeds 10% of subscribed capital.

In fiscal year 2019, the Company's capital reserves increased by EUR 6,752k as a result of stock options being exercised.

c) Accumulated profit

By resolution of the shareholder meeting on 19 June 2019, EUR 113,053k (EUR 2.00 per qualifying share) was distributed as a dividend and EUR 326,730k was allocated to other retained earnings. The remainder of the accumulated profit for 2018 of EUR 213,677k was carried forward to new account.

4. Other provisions

Other provisions break down as follows:

	EUR k
Outstanding invoices	7,946
Personnel provisions	5,362
Financial statement and audit fees	490
Potential losses	167
Miscellaneous	1
Total	**13,966**

5. Liabilities

A breakdown of 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	594,566 *(prior year: 559,974)*	67,566 *(prior year: 64,974)*	527,000 *(prior year: 382,000)*	0 *(prior year: 113,000)*
Trade payables	8,715 *(prior year: 17,729)*	6,704 *(prior year: 13,569)*	2,011 *(prior year: 4,160)*	0 *(prior year: 0)*
Liabilities to affiliates	187,805 *(prior year: 164,290)*	187,805 *(prior year: 164,290)*	0 *(prior year: 0)*	0 *(prior year: 0)*
Other liabilities	777 *(prior year: 1,506)*	777 *(prior year: 610)*	0 (prior year: 896)	0 *(prior year: 0)*
	791,863 *(prior year: 743,499)*	262,852 *(prior year: 243,443)*	529,011 *(prior year: 387,056)*	0 *(prior year: 113,000)*

Liabilities to banks of EUR 98,774k are secured by way of joint and several liability of entities of the Ströer KGaA Group (guarantors) as evidenced by an independent guarantee.

EUR 131,684k (prior year: EUR 119,326k) of liabilities to affiliates is attributable to cash pooling with companies in the Ströer Group. Once again, short-term loans were granted in the fiscal year by Permodo GmbH, Munich (EUR 6,321k; prior year: EUR 10,658k), StayFriends GmbH, Erlangen (EUR 5,007k; prior year: EUR 5,007k), Business Advertising GmbH, Düsseldorf (EUR 4,700k; prior year: EUR 4,000k), Statista GmbH, Hamburg (EUR 3,500k; prior year: EUR 5,000k), Ströer Netherlands C.V., Amsterdam, Netherlands (EUR 2,500k; prior year: EUR 2,200k) and Seeding Alliance GmbH, Cologne (EUR 580k; prior year: EUR 2,600k). This item also includes trade payables of EUR 3,032k (prior year: EUR 7,450k) as well as liabilities from profit and loss transfer agreements with SSG (EUR 28,174k; prior year: receivable of EUR 4,725k), blowUP media GmbH, Cologne (BUM) (EUR 1,966k; prior year: receivable of EUR 1,229k), with Ströer Digital International GmbH, Cologne (SDInt) (EUR 339k; prior year: receivable of EUR 30k) and with Ströer Performance Group GmbH (SPG) (EUR 1k; prior year: EUR 2k).

6. Deferred taxes

Deferred taxes at the level of Ströer SE & Co. KGaA (tax group parent) are calculated based on the tax rate of 31.69% (prior year: 31.72%). This comprises corporate income tax of 15%, solidarity surcharge on corporate income tax of 5.5% (15.825% in total) and average trade tax of 15.865%.

As in the past, deferred taxes are attributable to the consolidation of the tax bases of the subsidiaries in the tax group at the level of Ströer SE & Co. KGaA, the tax group parent.

Overall, the surplus of deferred tax assets in fiscal year 2019 amounts to EUR 6,359k. The option to recognize deferred tax assets afforded by Sec. 274 HGB was not exercised.

The deferred tax assets essentially arise from the different treatment of goodwill, write-downs on loan receivables and the different recognition of provisions for tax purposes as of 31 December 2019.

The deferred tax liabilities mainly arise from the temporary differences in respect of investments.

The deferred tax liabilities are offset against the deferred tax assets. The following table shows details regarding deferred taxes and how they were offset:

In EUR k	31 Dec 2019		31 Dec 2018		Change	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Intangible assets	8,568	1,917	9,811	2,047	-1,243	-130
Property, plant and equipment	0	0	0	0	0	0
Financial assets	87	6,216	0	6,222	87	-6
Receivables	136	257	2,222	258	-2,086	-1
Pension provisions	3,847	144	3,160	144	687	0
Other provisions	3,210	1,562	2,787	1,564	423	-2
Liabilities	607	0	611	0	-4	0
Deferred taxes	**16,455**	**10,096**	**18,591**	**10,235**	**-2,136**	**-139**
Interest carryforwards	0	0	0	0	0	0
Loss carryforwards	0	0	0	0	0	0
Total	**16,455**	**10,096**	**18,591**	**10,235**	**-2,136**	**-139**
Offsetting	-10,096	-10,096	-10,235	-10,235	139	139
No exercise of the option to recognize deferred tax assets	**6,359**	**0**	**8,356**	**0**	**-1,997**	
Carrying amount	**0**	**0**	**0**	**0**	**0**	**0**

D. Notes to the income statement

1. Revenue

In fiscal year 2019, revenue amounted to EUR 27,776k (prior year: EUR 25,524k) and was generated in Germany mainly from commercial and IT services rendered for subsidiaries of the Ströer Group (EUR 18,858k; prior year: EUR 18,547k) and from rental income (EUR 8,852k; prior year: EUR 6,972k).

2. Other operating income

Other operating income comprises out-of-period income of EUR 244k from cost reimbursements for prior years.

3. Other operating expenses

Other operating expenses comprise out-of-period expenses of EUR 212k relating to services received in prior years and billed in 2019. To a large extent they correspond in substance to the out-of-period income.

In addition, extraordinary expenses for the derecognition of receivables of EUR 842k were incurred in the fiscal year, along with legal and consulting fees for acquisitions and divestitures of EUR 427k.

4. 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 comprise amounts of EUR 617k that relate to prior years. The amount primarily reflects the risks associated with an ongoing tax audit, for which a provision was recognized for reasons of prudence. The tax audit is expected to be completed in fiscal year 2020.

E. Other notes

1. Contingent liabilities and other financial obligations

a) Contingent liabilities

In connection with the acquisition of Ströer DERG Media GmbH, Kassel, Ströer KGaA issued an indefinite guarantee to Deutsche Bahn AG for the obligations of Ströer DERG Media GmbH under the advertising space agreement. These relate particularly 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.

Under the rental agreement concluded with Deka Immobilien Investment GmbH, Frankfurt am Main, as of 1 July 2015 for the building at Torstrasse 49, Berlin, Ströer KGaA assumed an indefinite guarantee for the tenant STRÖER media brands AG, Berlin, for EUR 107k.

Under the agreement on the exercise of advertising concessions for public spaces between the city of Ravensburg and DSM dated 23 May 2015, Ströer KGaA assumed a guarantee of EUR 300k, which is limited until 31 December 2024.

With regard to an agreement concluded between SEM Internet Reklam Hiz. Ve Dan. A.S., Istanbul, Turkey, and Facebook Ireland Ltd., Dublin, Ireland, in January 2014, Ströer KGaA assumed an indefinite guarantee of USD 500k on 19 August 2015.

Under the agreement on the exercise of advertising concessions for public spaces between the city of Ulm and DSM dated 21 July 2017, Ströer KGaA assumed a guarantee of EUR 1,500k, which is limited until 31 December 2033.

Under the rental agreement concluded with FAKT RUHRTURM GmbH, Essen, as of 14 January 2014 for the building at Huttropstrasse 60, Essen, Ströer KGaA assumed an indefinite guarantee for the tenant Avedo Essen GmbH, Essen, on 22 November 2017 for EUR 55k.

Under the rental agreement dated 1 December 2017 between MS Immobilien Fonds-Objekt Leipzig GmbH & Co. KG, Stuttgart, and Avedo Leipzig West GmbH, Leipzig, Ströer KGaA assumed an indefinite guarantee of EUR 79k.

For an agreement on a corporate account concluded between Statista GmbH, Hamburg, and Max Planck Digital Library, Munich, in December 2017, Ströer KGaA assumed a guarantee of EUR 71k which is limited until 31 December 2020.

Under the rental agreement from 2012 and its addendum from 2016 between Blue Building Grundstücks GbR, Bonn, and Avedo Köln GmbH, Cologne, Ströer KGaA assumed an indefinite guarantee of EUR 114k.

On 5 June 2018, Ströer KGaA assumed an absolute guarantee vis-à-vis Deutsche Bank AG for Omnea GmbH, Berlin, of EUR 300k. The guarantee is indefinite.
For an agreement concluded between Ranger Marketing & Vertriebs GmbH, Düsseldorf, and Telekom Deutschland GmbH, Bonn, on campaign-based direct marketing, Ströer KGaA assumed an indefinite absolute guarantee for all of Telekom's existing and future claims under the data protection agreements.

Ströer KGaA has issued letters of comfort for Statista GmbH, Hamburg (17 December 2019), Ströer SSP GmbH, Munich (19 December 2017), Content Fleet GmbH, Hamburg (17 December 2019), Edgar Ambient Media Group GmbH (formerly UAM Media Group GmbH), Hamburg (17 December 2019), and Regiohelden GmbH, Stuttgart (17 December 2019). The letter of comfort for Statista GmbH is limited in time until the end of 31 December 2020 and an amount of EUR 50m; the letter of comfort for Ströer SSP GmbH is for an indefinite term and unlimited amount; the letters of comfort for Content Fleet GmbH, Edgar Ambient Media Group GmbH and Regiohelden GmbH are limited in time until the end of 31 December 2020 but not limited in terms of amount.

The risk of a claim under the above guarantees and letters of comfort is currently deemed to be low.

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

In addition to the contingent liabilities, there are other financial obligations amounting to EUR 83,877k. These obligations include the following items:
The Company has other financial obligations from the rental and lease of administrative and warehouse buildings at various locations, particularly Cologne, Hamburg and Munich. The remaining terms break down as follows:

- Up to 1 year: EUR 12,416k
- 1 to 5 years: EUR 36,550k
- More than 5 years: EUR 34,524k

The buildings were rented or 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 contractual term.

Other financial obligations also arise in connection with leased cars.

Lease payments:

- Up to 1 year: EUR 164k
- 1 to 5 years: EUR 223k

2. 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	3,450	471
Provision of other services	4,963	316
Purchase of other services	111	4,629
Loans granted	33,250	350
Repayment of loans granted	50,850	0
Loans received	17,962	0
Repayment of loans received	24,479	0

The subsidiaries are fully included in Ströer KGaA's consolidated financial statements but are not directly or indirectly wholly owned.

Other related parties comprise companies that are not fully included in Ströer KGaA's consolidated financial statements and companies in which persons with Ströer KGaA board functions have an equity interest. Furthermore, other related parties also include companies which can exercise significant influence over Ströer KGaA, as well as members of management in key positions.
The Company provides product development services for advertising media, IT services, central procurement and personnel services.

In addition, the Company provides other services in the form of interest-bearing loans to subsidiaries (EUR 2,093k) as well as subletting.

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

For information on further transactions with the board of management and the supervisory board, see our disclosures in E.4.

3. 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.

4. Board of management and supervisory board

The composition of the board of management of the general partner, Ströer Management SE, Düsseldorf (the board of management), and of the supervisory board of Ströer KGaA as well as membership of these members in statutory supervisory boards and other oversight bodies comparable with a supervisory board is shown in the table below:

Name	Membership in statutory supervisory boards	Membership in comparable oversight bodies
Board of management		
Udo Müller (Co-CEO)		
Christian Schmalzl (Co-CEO)		Internet Billboard a.s., Ostrava, Czech Republic
Dr. Christian Baier (since August 2019)		
Dr. Bernd Metzner (until April 2019)	Döhler GmbH, Darmstadt STRÖER Dialog Verwaltung Hamburg GmbH, Hamburg Sixt Leasing SE, Pullach	Conexus AS, Drammen, Norway
Supervisory board		
Christoph Vilanek Chairman of the executive board of freenet AG, Büdelsdorf (Chairman)	CECONOMY AG, Düsseldorf eXaring AG, Munich Ströer Management SE, Düsseldorf VNR Verlag für die Deutsche Wirtschaft AG, Bonn	Sunrise Communications Group AG, Zurich, Switzerland
Dirk Ströer Managing director of Ströer Aussenwerbung GmbH & Co. KG, Cologne (Deputy Chairman)	Ströer Management SE, Düsseldorf	
Ulrich Voigt Chairman of the management board of Sparkasse KölnBonn	Finanz Informatik GmbH & Co. KG, Frankfurt modernes Köln GmbH, Cologne Beethoven Jubiläums GmbH, Bonn Ströer Management SE, Düsseldorf	

Angela Barzen Coach and business trainer for managers and companies (since June 2019)		
Martin Diederichs Lawyer	Pison Montage AG, Dillingen Ströer Management SE, Düsseldorf	DSD Steel Group GmbH, Saarlouis
Julia Flemmerer Managing director of Famosa Real Estate, S.L., Ibiza, Spain (until June 2019)		
Christian Sardiña Gellesch Head of portfolio management for the West region at Ströer Media Deutschland GmbH		
Andreas Huster Chairman of the works council at Avedo Gera GmbH, Gera	STRÖER Dialog Verwaltung Hamburg GmbH, Hamburg	
Sabine Hüttinger Employee in the public affairs division at Ströer Deutsche Städte Medien GmbH, Cologne		
Petra Loubek Head of regional in-house staff at Ströer Media Deutschland GmbH, Cologne (since August 2019)		
Rachel Marquardt Trade union secretary of ver.di federal administration, Berlin		
Tobias Meuser Area manager at Ströer Deutsche Städte Medien GmbH, Cologne		
Dr. Thomas Müller Trade union secretary of ver.di Hessen, Frankfurt am Main		
Michael Noth Director of in-house staff at Ströer Sales & Services GmbH, Cologne (until May 2019)		
Nadine Reichel Commercial manager controlling and accounting at Infoscreen GmbH, Cologne		
Petra Sontheimer Management consultant and business coach at cidpartners GmbH, Bonn		

Simone Thianer Personnel director at Telekom Deutschland GmbH, Bonn (since March 2019)	Deutsche Telekom Aussendienst GmbH, Bonn Deutsche Telekom Privatkunden-Vertrieb GmbH, Bonn Deutsche Telekom Services Europe SE, Bonn Deutsche Telekom Service GmbH, Bonn Deutsche Telekom Technik GmbH, Bonn Telekom Deutschland GmbH, Bonn	
Vicente Vento Bosch Managing director and CEO of Deutsche Telekom Capital Partners Management GmbH, Hamburg	Ströer Management SE, Düsseldorf	Cellwize Wireless Technologies Pte. Ltd., Singapore Cloudreach Europe Ltd, London, UK Deutsche Telekom Strategic Investments GmbH, Bonn Deutsche Telekom Venture Funds GmbH, Bonn Keepler Data Tech. S.L., Madrid, Spain Smarkets Ltd., London Swiss Towers AG, Zug, Switzerland Telekom Innovation Pool GmbH, Bonn

The employment contracts of the board of management of the non-listed Ströer Management SE with Ströer SE & Co. KGaA ended as of 31 December 2018; since 1 January 2019, the employment contracts have been with Ströer Management SE. Since this reporting year, Ströer Management SE has directly paid remuneration to its board of management members and charged this on to Ströer SE & Co. KGaA in accordance with Art. 9 (3) Sentence 2 of the articles of incorporation. Disclosures are made below – on a voluntary basis – on the structure and amount of remuneration of the board of management and supervisory board members of Ströer Management SE.

Mr. Müller, Mr. Schmalzl, Dr. Metzner (until 30 April 2019) and Mr. Baier (since 1 August 2019) exercised their board of management functions on a full-time basis.

The benefits granted under payment arrangements with the board of management and the supervisory board (excluding share-based payments) are presented below for the fiscal years 2019 and 2018:

	2019	**2018**
Board of management	**EUR k**	**EUR k**
Short-term benefits	4,417	3,686
Other long-term benefits	1,304	2,010
	5,721	**5,696**

	2019	**2018**
Supervisory board	**EUR k**	**EUR k**
Short-term benefits	305	281
	305	**281**

Short-term benefits comprise in particular salaries, remuneration in kind and performance-linked remuneration components which are only paid out in the fiscal year following the relevant reporting period. Long-term benefits comprise performance-based remuneration components granted to the board of management — excluding share-based payments — that are only paid in later years. A reference price for the shares in Ströer KGaA 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 22% and a dividend yield of 2.8% as of 31 December 2019. The interest rates used for the model are -0.70%.

For the share-based payment attributable to 2019, we currently assume that the share price at the end of the vesting period will be 300% of the reference price. The 5,009 phantom stock options granted in 2019 each have a fair value of EUR 66.48.
EUR 1,751k of all long-term benefits (LTI) are due for payment in 2020.

Stock option plan:
Under the stock option plan resolved by the shareholder meeting in 2015 (SOP 2015), the board of management was granted 199,460 options in 2019, bringing the total to 948,380 options. In 2019, another stock option plan (SOP 2019) was resolved, under which the board of management was granted 1,440,000 options in 2019.

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 satisfy 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 EBITDA (adjusted) of the Group of EUR 250m (SOP 2015) or EUR 600m (SOP 2019). 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 all options granted under the SOP 2015 was EUR 10.62. The weighted average fair value of all options granted under the Stock Option Plan 2019 was EUR 12.77.

As of 31 December 2019, a total of EUR 9,996k (prior year: EUR 6,872k) was recognized as provisions for all potential future short and long-term bonus entitlements of the board of management, EUR 2,032k (prior year: EUR 1,431k) 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.

5. Employees

An average of 357 staff were employed in fiscal year 2019 (prior year: 339).

6. 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% as well as the disclosures pursuant to Sec. 285 No. 11b HGB on investments in large corporations exceeding 5% of the voting rights are presented in the following list of shareholdings.

	Equity interest 31 Dec 2019 %	Equity as of 31 Dec 2019 EUR k	Profit or loss 2019 EUR k
Direct investments			
blowUP media GmbH, Cologne	100.0	1,105	*-1,966
eValue 2nd Fund GmbH, Berlin (i.L.)	33.3	3,046	-206
Ströer Content Group GmbH, Cologne	100.0	25	*3,001
Ströer Digital Commerce GmbH, Cologne	100.0	25	*8,004
Ströer Digital International GmbH, Cologne	100.0	10,343	*-339
Ströer Digital Publishing GmbH, Cologne	100.0	111,982	*34,192
Ströer Media Deutschland GmbH, Cologne	100.0	121,245	*146,831
Ströer Polska Sp. z o.o., Warsaw, Poland	100.0	20,655	2,779
Ströer Performance Group GmbH, Cologne	100.0	25	*-1
Ströer Sales Group GmbH, Cologne	100.0	25	*-28,174
Ströer Venture GmbH, Cologne	100.0	25	*1,598
Indirect investments			
4EVER YOUNG GmbH, Munich	75.0	280	-455
Adscale Laboratories Ltd., Christchurch, New Zealand	100.0	658	124
ahuhu GmbH, Unterföhring	70.0	317	268
Ambient-TV Sales & Services GmbH, Hamburg	70.0	620	567
ARGE Aussenwerbung Schönefeld GbR, Berlin	50.0	68	68
Asam Betriebs-GmbH, Beilngries	100.0	8,510	0
Asam GmbH, Beilngries (i.L.)	51.0	**81	**1
ASAMBEAUTY GmbH, Unterföhring	100.0	450	0
Assur Eco Conceil S.A.S.U., Metz, France	100.0	53	35
Avedo Augsburg GmbH, Augsburg	100.0	1,173	-1,070
Avedo Bremerhaven GmbH, Bremerhaven	100.0	406	594
AVEDO Essen GmbH, Essen	100.0	982	*657
Avedo Frankfurt Oder GmbH, Frankfurt/Oder	100.0	561	-622
AVEDO Gelsenkirchen GmbH, Gelsenkirchen	100.0	-379	*-861
Avedo Gera GmbH, Gera	100.0	25	-701
Avedo Hamburg GmbH, Hamburg	100.0	179	-239
Avedo Hof GmbH, Hof	100.0	1,255	-654
Avedo II GmbH, Pforzheim	100.0	988	366
Avedo Itzehoe GmbH, Itzehoe	100.0	428	1
Avedo Jena GmbH, Jena	100.0	-1,404	332
Avedo Köln GmbH, Cologne	100.0	515	*254
Avedo Leipzig GmbH, Leipzig	100.0	965	*905
AVEDO Leipzig West GmbH, Leipzig	100.0	25	-7
Avedo München GmbH, Munich	100.0	55	-339
Avedo Münster GmbH, Münster	100.0	389	400

Avedo Neubrandenburg GmbH, Neubrandenburg	100.0	-356	232
AVEDO PALMA S.A, Palma de Mallorca, Spain	100.0	799	361
Avedo Rostock GmbH, Rostock	100.0	2,989	*1,120
Avedo Rügen GmbH, Lietzow	100.0	101	-665
B.A.B. MaxiPoster Werbetürme GmbH, Hamburg	100.0	2,922	*759
Beauty Mates GmbH, Alling	40.0	-400	-400
BHI Beauty & Health Investment Group Management GmbH, Unterföhring	51.0	36,841	*13,217
blowUP media Belgium BVBA, Antwerp, Belgium	80.0	676	94
blowUP media Benelux B.V., Amsterdam, Netherlands	100.0	3,957	779
blowUP media U.K. Ltd., London, UK	100.0	8,280	1,845
Boojum Kft., Budapest, Hungary	60.0	180	186
Business Advertising GmbH, Düsseldorf	65.7	1,736	1,025
Business Power GmbH, Düsseldorf	100.0	60	38
Content Fleet GmbH, Hamburg	90.0	-2,446	-97
Courtier en Economie d´Energie S.A.S.U., Metz, France	100.0	2,622	2,601
D+S 360° Webservice GmbH, Hamburg	100.0	-39	-2
Delta Concept S.a.r.l., Sassenage, France	55.0	-63	139
DERG Vertriebs GmbH, Cologne	100.0	50	*916
DSA Schuldisplay GmbH, Hamburg	51.0	27	-77
DSMDecaux GmbH, Munich	50.0	14,228	12,670
DSM Deutsche Städte Medien GmbH, Frankfurt am Main	100.0	607,512	*84,465
DSM Krefeld Aussenwerbung GmbH, Krefeld	51.0	1,675	206
DSM Rechtegesellschaft mbH, Cologne	100.0	25	*92,073
DSM Werbeträger GmbH & Co. KG, Cologne	100.0	30,826	409
DSM Zeit und Werbung GmbH, Cologne	100.0	1,453	*1,828
ECE flatmedia GmbH, Hamburg	75.1	50	*5,962
Edgar Ambient Media Group GmbH, Hamburg (formerly UAM Media Group GmbH, Hamburg)	82.4	1,436	-1,472
Erdbeerlounge GmbH, Cologne	100.0	513	618
FA Business Solutions GmbH, Würzburg	50.0	421	541
Fahrgastfernsehen Hamburg GmbH, Hamburg	100.0	1,026	286
grapevine marketing GmbH, Munich	62.2	523	493
Hamburger Verkehrsmittel-Werbung GmbH, Hamburg	75.1	205	*1,901
HanXX Media GmbH, Cologne	51.0	297	205
iBillBoard Internet Reklam Hizmetleri ve Bilisim Teknolojileri A.S., Istanbul, Turkey	96.0	-70	-48
iBillBoard Poland Sp. z.o.o., Warsaw, Poland	100.0	14	-62
Immoclassic S.A., Luxembourg, Luxembourg	100.0	1,921	217
INFOSCREEN GmbH, Cologne	100.0	8,227	*73,863
InnoBeauty GmbH, Unterföhring	100.0	200	*150
Instytut Badań Outdooru IBO Sp. z.o.o., Warsaw, Poland	50.0	96	76
Interactive Media CCSP GmbH, Cologne	94.2	100,334	*-2,594
Internet BillBoard a.s., Ostrava, Czech Republic	100.0	2,959	538

INTREN Informatikai Tanácsadó és Szolgáltató Kft., Budapest, Hungary	50.9	1,307	739
kajomi GmbH, Planegg	90.0	25	*55
Klassenfreunde.ch GmbH, Alpnach, Switzerland	100.0	853	328
Klassträffen Sweden AB, Stockholm, Sweden	100.0	1,001	304
LSP Digital GmbH & Co. KG, Hamburg	100.0	1,376	302
LSP Digital Management GmbH, Hamburg	100.0	36	1
MBR Targeting GmbH, Berlin	100.0	-3,642	2,776
M. Asam GmbH, Unterföhring	100.0	5,764	*7,435
Media-Direktservice GmbH, Cologne	100.0	-3,136	-57
MediaSelect Media-Agentur GmbH, Baden-Baden	75.1	-65	-198
mediateam Werbeagentur GmbH/Ströer Media Deutschland GmbH - GbR, Cologne	50.0	91	91
Mercury Beteiligungs GmbH, Leipzig	85.3	39,517	*-29,276
Nachsendeauftrag DE Online GmbH, Cologne	100.0	-264	-159
Neo Advertising GmbH, Hamburg	79.9	509	-136
Omnea GmbH, Berlin	89.4	-3,171	1,463
OPS Online Post Service GmbH, Berlin (formerly T&E Net Services GmbH, Berlin)	100.0	1,152	*573
optimise-it GmbH, Hamburg	100.0	303	-211
OS Data Solutions GmbH & Co. KG, Hamburg	50.0	132	128
OS Data Solutions Verwaltung GmbH, Hamburg	50.0	25	0
Outsite Media GmbH, Mönchengladbach	51.0	1,238	1,209
Permodo GmbH, Munich	100.0	2,143	309
PosterSelect Media-Agentur für Aussenwerbung GmbH, Baden-Baden	75.1	1,718	831
Ranger Marketing & Vertriebs GmbH, Düsseldorf	100.0	24,781	*14,874
Ranger Marketing France S.A.S.U., Bagneux, France	100.0	7,950	3,112
RegioHelden GmbH, Stuttgart	100.0	-25,041	-3,208
Retail Media GmbH, Cologne	100.0	25	*323
Sales Holding GmbH, Düsseldorf	100.0	26,607	*10,660
Seeding Alliance GmbH, Cologne	70.0	451	*1,718
SEM Internet Reklam Hizmetleri ve Danismanlik A.S., Istanbul, Turkey	100.0	1,403	-48
Service Planet GmbH, Düsseldorf	100.0	985	*196
SIGN YOU mediascreen GmbH, Oberhausen	100.0	437	143
Smartplace GmbH, Düsseldorf	100.0	23	*-2
SMD Rechtegesellschaft mbH, Cologne	100.0	25	*53,922
SMD Werbeträger GmbH & Co. KG, Cologne	100.0	18,425	200
SRG Rechtegesellschaft mbH, Cologne	100.0	25	*47,039
SRG Werbeträger GmbH & Co. KG, Cologne	100.0	14,331	137
Statista GmbH, Cologne	100.0	1,136	-2,956
Statista Inc., New York, USA	100.0	2,547	3,123
Statista Ltd., London, UK	100.0	-1,805	-764
Statista Pte. Ltd., Singapore, Singapore	100.0	58	-1
Statista S.a.r.l., Paris, France	100.0	91	202
StayFriends GmbH, Berlin	100.0	4,550	3,610

Ströer DERG Media GmbH, Kassel	100.0	5,492	*20,942
Ströer Deutsche Städte Medien GmbH, Cologne	100.0	500	*9,561
Ströer Dialog Group GmbH, Leipzig	100.0	2,580	*9,645
STRÖER Dialog Solutions GmbH, Hamburg	100.0	586	206
STRÖER Dialog Verwaltung Hamburg GmbH, Hamburg	100.0	12,132	-18,347
Ströer Digital Group GmbH, Cologne	100.0	93,692	*-5,095
Ströer Digital Media GmbH, Hamburg	100.0	12,692	*-568
Ströer Digital Operations Sp. z.o.o., Warsaw, Poland (i.L.)	100.0	796	-519
Ströer Digital Services Sp. z.o.o., Warsaw, Poland (i.L.)	100.0	-326	28
Ströer media brands apps d.o.o., Zagreb, Croatia (formerly MT Mobile Ticketing j.d.o.o., Zagreb, Croatia)	100.0	78	-21
Ströer media brands GmbH, Berlin	100.0	1,228	*2,813
Ströer Media Sp. z o.K., Warsaw, Poland	100.0	4,177	-404
Ströer Media Sp. z o.o., Warsaw, Poland	100.0	1	-1
Ströer Netherlands B.V., Amsterdam, Netherlands	100.0	-5	5
Ströer Netherlands C.V., Amsterdam, Netherlands	100.0	2,733	562
Ströer News Publishing GmbH, Cologne	100.0	305	*202
Ströer Next Publishing GmbH, Cologne	100.0	25	*-1,301
Ströer Products GmbH, Berlin	75.0	-4,603	-3,482
Ströer Sales & Services GmbH, Cologne	100.0	272	*24,252
STRÖER SALES France S.A.S.U., Bagneux, France	100.0	13,850	3,322
Ströer Social Publishing GmbH, Berlin	100.0	25	*1,140
Ströer SSP GmbH, Munich	100.0	4,819	-2,552
Ströer Werbeträgerverwaltungs GmbH, Cologne	100.0	25	*4
stylefruits GmbH, Munich	100.0	-1,104	208
SuperM&N UG (haftungsbeschränkt), Cologne	51.0	-82	-152
Trierer Gesellschaft für Stadtmöblierung mbH, Trier (i.L.)	50.0	1,697	268
Trombi Acquisition SARL, Paris, France	100.0	-714	551
TUBE ONE Networks GmbH, Cologne	75.0	633	-467
Tubevertise GmbH, Cologne	100.0	-12	-54
Vendi S.A.S.U., Paris, France	100.0	555	449
X-City Marketing Hannover GmbH, Hanover	50.0	10,984	2,611
Yieldlove GmbH, Hamburg	51.0	25	*6,818

*Result before profit and loss transfer

**Prior-year figures

7. 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 *Bundesanzeiger* [German Federal Gazette].

8. General partner

Ströer Management SE, Düsseldorf, which is the general partner, reported subscribed capital of EUR 120k as of 31 December 2019.

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

As of the date of preparation of these notes to the financial statements on 20 March 2020, Dirk Ströer held 21.30%, Udo Müller 22.02% and Christian Schmalzl 0.05% of the Company's shares. Moreover, according to the notifications made to the Company at that date, the following parties reported to us that they hold more than 3% of the voting rights in the Company: Deutsche Telekom AG 11.33%, Allianz Global Investors Europe 6.01%, Credit Suisse 3.45% and DWS Investment 3.09%.

10. Proposal for the appropriation of profit

The general partner proposes, subject to the approval of and discussion with the supervisory board, that the accumulated profit of EUR 285,828,307.25 disclosed in the annual financial statements as of 31 December 2019 be appropriated as follows:

- Distribution of a dividend of EUR 2.00 per qualifying share, which makes EUR 113,153,142.00 in total (with 56,576,571 shares of no par value)
- Allocation of EUR 2,675,165.25 to retained earnings
- Carryforward of the remainder of EUR 170,000,000.00 to new account.

11. Subsequent events

There were no events after the close of the fiscal year which have a significant financial effect.

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

The board of management of the general partner of Ströer SE & Co. KGaA, Ströer Management SE, Düsseldorf, and the supervisory board of Ströer SE & Co. KGaA submitted the annual declaration of compliance with the German Corporate Governance Code in accordance with Sec. 161 AktG on 11 December 2019. The declaration was made permanently available to shareholders on the Company's website (www.stroeer.de/investor-relations).

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, 12 March 2020

Ströer SE & Co. KGaA represented by: Ströer Management SE (general partner)

Udo Müller Christian Schmalzl Dr. Christian Baier

Exhibit 1 to the notes to the financial statements of Ströer SE & Co. KGaA (formerly Ströer 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]:

By allocation and transfer agreement dated 14 August 2019, Deutsche Telekom AG transferred legal ownership of its Ströer SE & Co. KGaA shares with immediate effect to Deutsche Telekom Trust e.V. Deutsche Telekom Trust e.V., the trust fund of the Deutsche Telekom group, holds trust assets for the purpose of fulfilling company retirement obligations. Legal ownership of the Ströer SE & Co. KGaA shares was transferred so that they could be held as trust assets by Deutsche Telekom Trust e.V. for the account of Deutsche Telekom AG.

Deutsche Telekom AG has reserved the right to issue instructions in relation to all administrative rights under company law (in particular the exercise of voting rights at shareholder meetings of Ströer SE & Co. KGaA) and in relation to the sale of the above shares. Since they serve as collateral, all risks and rewards relating to changes in value of the above shares are retained by Deutsche Telekom AG. Deutsche Telekom AG thus retains beneficial ownership of the above shares.

Further to the voting rights notification pursuant to Sec. 21 (1) WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act] (prior to revision) dated 2 November 2015 and the notification pursuant to Sec. 27a (1) Sentence 1, Sentence 3 and Sentence 4 WpHG (prior to revision) dated 4 November 2015, Deutsche Telekom AG, Bonn, Germany, as the party subject to the notification requirement pursuant to Sec. 43 (1) WpHG hereby states that:

1. The investment held by Deutsche Telekom AG continues to constitute a long-term investment with the aim of generating trading profit.

2. Deutsche Telekom AG does not intend to obtain further voting rights in Ströer SE & Co. KGaA within the next 12 months by acquisition or other means.

3. Deutsche Telekom is represented on the supervisory board of Ströer SE & Co. KGaA and on the supervisory board of Ströer Management SE, the general partner of Ströer SE & Co. KGaA. Deutsche Telekom AG does not otherwise intend to influence the composition of the issuer's administrative, management or supervisory bodies.

4. Deutsche Telekom AG does not intend to significantly change the capital structure of Ströer SE & Co. KGaA, especially with regard to the ratio of internal/external financing and the dividend policy.

With regard to the origin of the funds, the voting rights acquired in 2015 result from new shares issued by the legal predecessor of Ströer SE & Co. KGaA, namely Ströer SE that Deutsche Telekom AG acquired as part of a capital increase in return for a non-cash contribution as consideration for the transfer of all the shares in Digital Media Products GmbH.

By allocation and transfer agreement dated 14 August 2019, Deutsche Telekom AG transferred legal ownership of its Ströer SE & Co. KGaA shares with immediate effect to Deutsche Telekom Trust e.V. Deutsche Telekom Trust e.V., the trust fund of the Deutsche Telekom group, holds trust assets for the purpose of fulfilling company retirement obligations. Legal ownership of the Ströer SE & Co. KGaA shares was transferred so that they could be held as trust assets by Deutsche Telekom Trust e.V. for the account of Deutsche Telekom AG.

Deutsche Telekom AG has reserved the right to issue instructions in relation to all administrative rights under company law (in particular the exercise of voting rights at shareholder meetings of Ströer SE & Co. KGaA) and in relation to the sale of the above shares. Since they serve as collateral, all risks and rewards relating to changes in value of the above shares are retained by Deutsche Telekom AG. Deutsche Telekom AG thus retains beneficial ownership of the above shares.

Deutsche Telekom Trust e.V. Bonn, Germany, as the party subject to the notification requirement pursuant to Sec. 43 (1) WpHG hereby states that:

1. The investment held by Deutsche Telekom Trust e.V. is a long-term investment with the aim of generating trading profit.

2. Deutsche Telekom Trust e.V. does not intend to obtain further voting rights in Ströer SE & Co. KGaA within the next 12 months by acquisition or other means.

3. Deutsche Telekom Trust e.V. does not intend to influence the composition of the issuer’s administrative, management or supervisory bodies.

4. Deutsche Telekom Trust e.V. does not intend to significantly change the capital structure of Ströer SE & Co. KGaA, especially with regard to the ratio of internal/external financing and the dividend policy.

As the legal ownership of the Ströer SE & Co. KGaA shares was acquired so that they could be held as trust assets by Deutsche Telekom Trust e.V. for the account of Deutsche Telekom AG, no funds were used for the acquisition.

Voting rights notification

1. Information about the issuer

Name:	Ströer SE & Co. KGaA
Street, number:	Ströer Allee 1
Zip code:	50999
City:	Cologne, Germany
Legal Entity Identifier (LEI):	529900MBF3N1ATE55378

2. Reason for announcement

Purchase or sale of shares bearing voting rights
Purchase or sale of instruments
Change in total number of voting rights
Other reason:
X Voluntary group notification due to transfer of legal ownership of shares to a controlled entity in accordance with the WpHG, see note 10

3. Information about the notifying party

Legal entity: Deutsche Telekom AG
Registered office, country: Bonn, Germany

4. Names of shareholders

holding 3% or more of voting rights, if not identical to 3.
Deutsche Telekom Trust e.V.

5. Date threshold reached:

14 August 2019

6. Total voting rights shares

	Share of voting rights (Total 7.a.)	Share of instruments (Total 7.b.1.+ 7.b.2.)	Total shares (Total 7.a. + 7.b.)	Total number of voting rights pursuant to Sec. 41 WpHG
New	11.34%	0%	11.34%	56,526,571
Last notification	11.59%	0%	11.59%	/

7. Details of voting rights

a. Voting rights (Secs. 33 and 34 WpHG)

ISIN	Absolute		in %	
	Direct (Sec. 33 WpHG)	Attributed (Sec. 34 WpHG)	Direct (Sec. 33 WpHG)	Attributed (Sec. 34 WpHG)
DE0007493991	0	6412715	0%	11.34%
Total	6412715		11.34%	

b.1. Instruments as defined by Sec. 38 (1) No. 1 WpHG

Type of instrument	Maturity/expiry date	Exercise period/term	Absolute voting rights	Voting rights in %
				%
		Total		%

b.2. Instruments as defined by Sec. 38 (1) No. 2 WpHG

Type of instrument	Maturity/expiry date	Exercise period/term	Cash or physical settlement	Absolute voting rights	Voting rights in %
					%
			Total		%

8. Information about the notifying party

The notifying party (3.) is neither controlled by nor controls other entities which hold voting rights in the issuer (1.) or to whom voting rights in the issuer are attributed.

X Complete chain of subsidiaries starting with the ultimate controlling person or entity:

Entity	Voting rights in % if 3% or more	Instruments in % if 5% or more	Total in % if 5% or more
Deutsche Telekom AG	11.34%	%	11.34%
Deutsche Telekom Trust e.V.	11.34%	%	11.34%

9. If authority granted in accordance with Sec. 34 (3) WpHG(only possible if attributed pursuant to Sec. 34 (1) Sentence 1 No. 6 WpHG)

Date of shareholder meeting:
Total voting rights shares (6.) after shareholder meeting:

Share of voting rights	Share of instruments	Total shares
%	%	%

10. Other information:

Note, in particular relating to 2., 3. and 8.:

By agreement dated 14 August 2019, Deutsche Telekom AG transferred legal ownership of its Ströer SE & Co. KGaA shares with immediate effect to Deutsche Telekom Trust e.V. Deutsche Telekom Trust e.V., the trust fund of the Deutsche Telekom group, holds trust assets for the purpose of fulfilling company retirement obligations. Legal ownership of the Ströer SE & Co. KGaA shares was transferred so that they could be held as trust assets by Deutsche Telekom Trust e.V. for the account of Deutsche Telekom AG.

Beneficial ownership, including control of the voting rights attached to the shares, will remain with Deutsche Telekom AG. According to BaFin’s interpretation of the WpHG, Deutsche Telekom Trust e.V. is controlled by Deutsche Telekom AG.

Voting rights notification

1. Information about the issuer

Name:	Ströer SE & Co. KGaA
Street, number:	Ströer Allee 1
Zip code:	50999
City:	Cologne, Germany
Legal Entity Identifier (LEI):	529900MBF3N1ATE55378

2. Reason for announcement

X Purchase or sale of shares bearing voting rights
Purchase or sale of instruments
Change in total number of voting rights
Other reason:

3. Information about the notifying party

Legal entity: DWS Investment GmbH
Registered office, country: Frankfurt am Main, Germany

4. Names of shareholders

holding 3% or more of voting rights, if not identical to 3.

5. Date threshold reached:

7 November 2019

6. Total voting rights shares

	Share of voting rights (Total 7.a.)	Share of instruments (Total 7.b.1.+ 7.b.2.)	Total shares (Total 7.a. + 7.b.)	Total number of voting rights pursuant to Sec. 41 WpHG
New	3.09%	0.00%	3.09%	56,526,571
Last notification	0.00%	n/a%	n/a%	/

7. Details of voting rights

a. Voting rights (Secs. 33 and 34 WpHG)

ISIN	Absolute		in %	
	Direct (Sec. 33 WpHG)	Attributed (Sec. 34 WpHG)	Direct (Sec. 33 WpHG)	Attributed (Sec. 34 WpHG)
DE0007493991	0	1,748,492	0.00%	3.09%
Total	1,748,492		3.09%	

b.1. Instruments as defined by Sec. 38 (1) No. 1 WpHG

Type of instrument	Maturity/expiry date	Exercise period/term	Absolute voting rights	Voting rights in %
			0	0.00%
		Total	0	0.00%

b.2. Instruments as defined by Sec. 38 (1) No. 2 WpHG

Type of instrument	Maturity/expiry date	Exercise period/term	Cash or physical settlement	Absolute voting rights	Voting rights in %
				0	0.00%
			Total	0	0.00%

8. Information about the notifying party

X The notifying party (3.) is neither controlled by nor controls other entities which hold voting rights in the issuer (1.) or to whom voting rights in the issuer are attributed.
Complete chain of subsidiaries starting with the ultimate controlling person or entity:

Entity	Voting rights in % if 3% or more	Instruments in % if 5% or more	Total in % if 5% or more

9. If authority granted in accordance with Sec. 34 (3) WpHG
(only possible if attributed pursuant to Sec. 34 (1) Sentence 1 No. 6 WpHG)

Date of shareholder meeting:
Total voting rights shares (6.) after shareholder meeting:

Share of voting rights	Share of instruments	Total shares
%	%	%

10. Other information:
The last notification on 20 February 2014 was made under the previous company name, Ströer Media AG. At the time of the last notification, DWS Investment GmbH was known as Deutsche Asset & Wealth Management Investment GmbH.

COMBINED MANAGEMENT REPORT

The references made in this combined management report of Ströer SE & Co. KGaA (hereinafter referred to as Ströer KGaA) to page numbers refer to the numbering in the annual report.

BACKGROUND AND STRATEGY OF THE STRÖER GROUP

Strategy

In fiscal year 2019, Ströer continued to successfully build on the foundations created by the acquisitions in previous years.

The OOH+ strategy primarily rests on

- Strong core business in the Out-of-Home (OOH) Media segment
- Focus on the core market of Germany
- Leveraging unique proprietary opportunities arising in the Content Media and Direct Media units for the long-term capitalization of its core business segment of OOH Media.

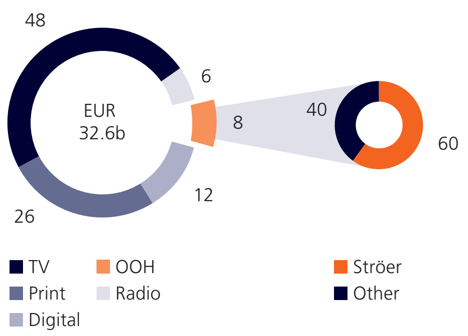
In fiscal year 2019, Ströer captured a market share of 60% in Germany in terms of advertising revenue from out-of-home advertising.

The foundations for its business model are secured for many years to come. The investments made in fiscal year 2019 and those planned for 2020 and thereafter in the further expansion of digital infrastructure in Germany are vital to ensuring the bright outlook for this strategy and its long-term viability. The development of the German advertising market indicates that this strategy is on the right track.

While, in the past five years, the pace of growth in the advertising market in Germany has slowed, the out-of-home segment has been expanding steadily since 2014, far outperforming the rest of the market.

Above the line – Market share OOH 2019

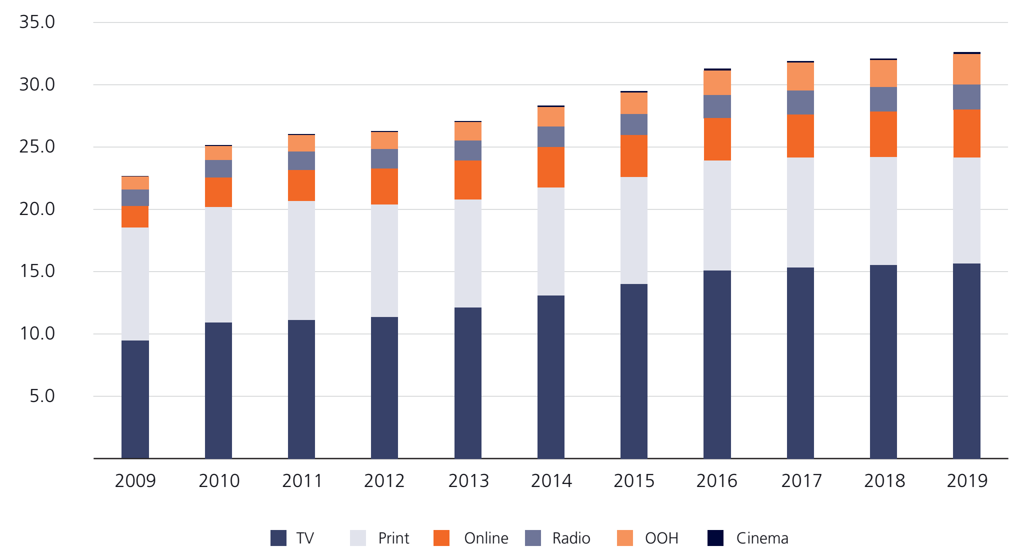
Gross share in %



Source: The Nielsen Company (Germany) GmbH, Central Association of the German Advertising Industry [Zentralverband der deutschen Werbewirtschaft ZAW e.V.], Ströer data

Development of the German advertising market 2009 to 2019

In EUR b



Source: Nielsen Media Research, gross advertising spend excl. direct advertising*, 1st closing 2019 Nielsen

Currently accounting for 7.5% of the total market, OOH in Germany still has potential for further growth to catch up with the market shares of out-of-home advertising in other markets.

OOH advertising spend by country in 2019 (worldwide)

	OOH-expenditure (in USD b)	OOH-share (in %)
China	10.4	11.3
USA	9.8	4.0
Japan	4.9	35.6
France	1.5	10.8
Germany	1.4	5.7
UK	1.4	4.8
Worldwide	29.3	6.4

Source: ZAW, Zenith Forecasts from 2019

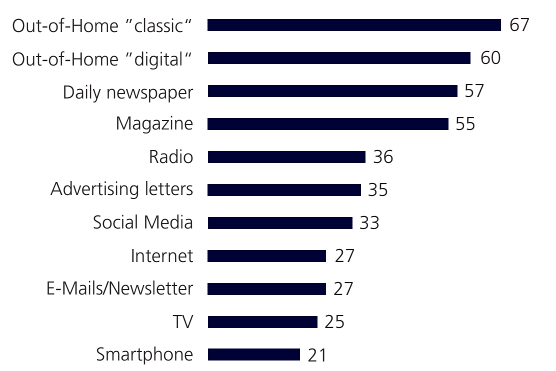
Other metafactors are furthering this potential:

- Mobility is on the rise in Germany (source: "Mobilität in Deutschland (MiD) 2017"). The more mobile a population, the larger the audience for out-of-home advertising.
- Out-of-home advertising is the channel with the greatest appeal to consumers.

In 2019, Ströer capitalized more than most on this momentum, thanks to its large market share and its OOH+ strategy.

Popularity of media

In %; n=1000



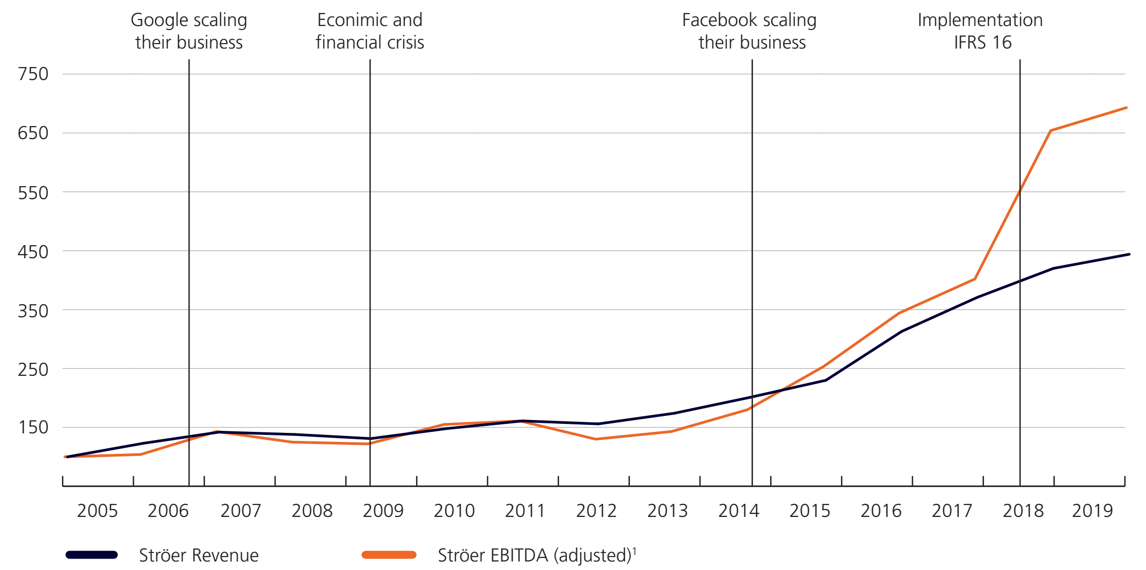
Source: Statista, Image and Acceptance of Advertising Channels

Another key aspect of the OOH+ strategy is the increasing automation of out-of-home advertising. It opens up new (programmatic) sales channels, allows a better use of inventories (available at short notice, can be packaged granularly), while offering more technical possibilities for dynamic advertising formats.

Programmatic advertising has gained a firm grip on the automated marketing of advertising all around the globe in recent years. Programmatic inventories are traded automatically on a granular and flexible basis. The additional use of target group (movement) data also unlocks new customer potential. Online marketing uses a mechanism whereby automated marketplaces employ algorithms to match supply-side platforms (SSP) with demand-side platforms (DSP).

Ströer growth 2005 – 2019

In %



[1] Adj. EBITDAe incl. IFRS 16
Source: Ströer Data

Ströer Digital Group markets some 2,000 websites in the German advertising market and is one of Germany's leading online marketers.

Ströer has leveraged this knowledge of automated programmatic marketing to develop more flexible programmatic offerings in OOH advertising using advances in digital infrastructure. In the last five years Ströer has gleaned a wealth of experience in this field. Its digital indoor infrastructure with just under 5,000 public video screens in railway stations, shopping centers, premium indoor locations and public transport systems, built in the space of more than ten years, is used and marketed not only as conventional digital out-of-home advertising but also as a programmatic inventory.

Without expertise in programmatic advertising, it would not have been possible to develop a viable OOH programmatic infrastructure and market it successfully as quickly.

The resulting highly granular product combines the best of both worlds, the imagery and reach of OOH advertising with the flexibility and granularity of programmatic online advertising.

→ For further information on strategy and management see page 16

Digital OOH advertising technology capitalizes on the strategic opportunities developed by Ströer in the past:

- The right locations and rights
- The resources to rapidly build complex infrastructure
- The know-how to quickly adapt and monetize new technologies
- The ability to ideally package inventory to meet diverse customer needs
- Access to all relevant customer segments through sales activities on a national or regional level

The expansion of portfolio and technology was accompanied in 2019 by Ströer's huge investment in the expansion of its sales capacities on all levels.

Ströer's supply portfolio created by its OOH+ strategy is also broadening and deepening relations with customers.

Advertising is sold through both a national sales organization which serves customers and their agencies centrally and through regional sales organizations which are able to provide a personal, local service to even the smallest of customers.

Business model

Ströer is a leading provider of out-of-home and online advertising, covering all forms of dialog marketing, with a focus on Germany.

Segments and organizational structure

General

The Ströer Group's reporting segments comprise the Out-of-Home Media, Digital OOH & Content and Direct Media segments.

The segments operate independently on the market in close cooperation with the group holding company Ströer SE & Co. KGaA.

This cooperation relates in particular to the Ströer Group's ← central strategic focus and sales activities in the national, regional and local advertising markets, and enables a targeted transfer of expertise between the different segments. This frequently spawns new and unique offerings.

The Ströer 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.

Furthermore, Ströer also provides the local infrastructure partners, municipalities, companies and private lessors of areas for advertising installations with direct contact partners and can respond swiftly to specific requirements.

Out-of-Home Media

The out-of-home advertising business has an attractive portfolio of contracts with private and public-sector owners of land and buildings, which furnish Ströer with advertising concessions for high-reach sites. Of particular importance are the contracts with municipalities, for which Ströer, as a system provider, develops smart and tailored infrastructure solutions that enhance cityscapes or pave the way for additional services.

The contracts with Deutsche Bahn, the ECE group and local public transport providers are also highly significant. The product portfolio covers all forms of outdoor advertising media, from traditional posters (large formats) and advertisements at bus and tram stop shelters (street furniture) and on public transport through to digital and interactive offerings – more than 200 different advertising formats in total.

The digital out-of-home business, which essentially focuses on public video, is subsumed under the Digital OOH & Content segment due to the similarity of its business and the technology used.

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.

As in previous years, municipal and private advertising concessions were expanded in 2019. With regard to the old and new advertising concession contracts, focus was placed in particular on the digitalization of existing and new advertising locations.

Key partners in the OOH business are cities and municipalities in Germany. Ströer receives advertising concessions from these partners and maintains the infrastructure in close consultation with them. With the aim of driving the digitalization of cities forward, Ströer is involved in the BCSD [German Federal Association for City and Town Marketing] and is the only advertising company to be a member of the Morgenstadt initiative of the Fraunhofer Institute for Industrial Engineering. The objective is to use Ströer's infrastructure and possibilities to simplify the management of cities and provide smart municipal services to help citizens going about their increasingly digitalized daily lives.

Ströer engages in intensive dialog with many German municipalities on the future and development of German cities.

Ströer has its own research and development department with offices in Cologne and Shanghai. It maintains and enhances product lines and develops innovations.

In addition, a number of investees are allocated to the OOH business which round off Ströer's customer-centric offering, for example Edgar Media, formerly United Ambient Media Group GmbH (UAM) or blowUP media.

Digital OOH & Content

The digital and therefore flexible use of digital out-of-home advertising faces makes it possible to market them across all sales channels and also, given the fully digitalized logistics, offer very flexible and granular solutions, from bundles and networks to individual spaces, from campaigns spanning a longer period to specific timed campaigns. At the same time, available inventories (yields) can be marketed at very short notice. The technology for this was successfully deployed on all sales levels in 2018 and developed further in 2019 to accommodate flexible creations or the presentation of advertising for a product depending on certain factors of relevance for it (such as rainfall or temperature).

As a multichannel media company, Ströer also offers scalable products from branding and storytelling through to performance, native advertising and social media in the internet.

With a reach of more than 50.64 million unique users per month (AGOF daily digital facts, Dec 2019, 16+), Ströer Digital Media GmbH is ranked the number one digital marketer in Germany by the industry group for online media research Arbeitsgemeinschaft Online Forschung (AGOF), making it one of the most important display and mobile marketers in the German advertising market.

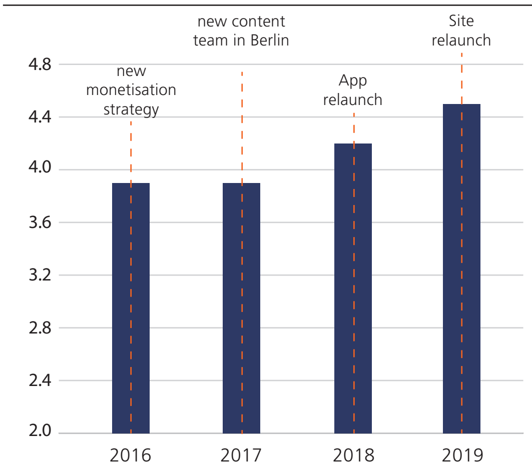
In the area of display and mobile advertising, Ströer Digital Media has a large number of direct customers and own websites as well as an automated technology platform (for both the demand and supply side). Own websites include, for example, t-online.de and leading special interest portals such as Giga.de or Kino.de. In terms of direct customers, Ströer has bundled its advertising capacity over the past few years and now has exclusive marketing rights for more than 1,000 websites. Ströer is able to intelligently link rich media[1] and native advertising with traditional display advertising formats and new moving-picture products while developing innovative advertising formats for automatic trading.

Moreover, the new IAB flexible ads standard was implemented and targeting options significantly expanded. This allows Ströer to make much more inventory available programmatically and therefore market it at extremely short notice at an optimal price. In this connection, major new clients were won (such as Klambt Verlag, Delius Klasing Verlag and Fatchd.com) or engagements extended, such as for Bauer Media Group and Motor Presse.

Within one year, t-online.de has managed to become an important medium and is being consistently grown, both in terms of breadth and depth of coverage.

T-Online back on road to success following takeover

Visits in billions



Source: IVW - Informationsgemeinschaft zur Feststellung der Verbreitung von Werbeträgern e.V.

Dozens of national politicians, top athletes and celebrities gave exclusive interviews to t-online.de in 2019. This had a positive impact on its reach which grew by approx. 12.4% based on visits.

t-online.de was quoted more than 600 times by news agencies and many times more than this in German and international media in 2019. The "Tagesanbruch" news summary, which is published every weekday morning, is Germany's leading morning briefing and the first real multi-channel-platform product (internet, app, newsletter, voice assistant, public video) with up to 330,000 users daily, including many political and business leaders.

The t-online.de editors put together a diverse program all around the clock from the newsroom in Berlin-Mitte and the correspondents' offices in Washington and Melbourne. Besides news from politics, sport and the digital world and self-help articles, celebrities such as Howard Carpendale, Lena Meyer-Landrut and Otto Waalkes are interviewed in the newsroom.

The t-online.de columnist program garners national recognition. The t-online.de tablet app was relaunched in August and the new Business & Finance section will launch soon.

Directly following watson's launch, the third portal, desired.de, was relaunched. desired.de is aimed primarily at younger women interested in lifestyle and fashion and is operated by Ströer Media Brands (SMB). At SMB, facebook portals are run on a wide range of topics and provide news and entertainment to more than seven million own facebook fans in Germany.

Statista GmbH continued on its perennial growth course.

The growth stems in particular from the dynamic development of international activities with the opening of new sales offices in Paris and Singapore. In addition, further progress was made with the development of proprietary content and the core Statista brand. In 2019, in addition to extending the platform to incorporate new products such as the Business Plan Export, which provides the data for modeling markets, a special focus was trained on developing exclusive content on on-trend topics such as

[1] Rich media refers to online content, which is enhanced both visually and acoustically, for example by video, audio and animation.

mobility or strategic segments such as country KPIs. The added value of existing statistics and reports is enhanced by editorial insights. The proprietary print publications Digital Economy Compass and Trend Compass 2020 underpinned Statista's positioning as a competence center for market knowledge and forecasts. Global brand awareness was improved further by the massive growth in the data base and by strategic partnerships with Alexa, Financial Times, Forbes, Newsweek, Economic Times India and Nikkei Japan.

Direct Media

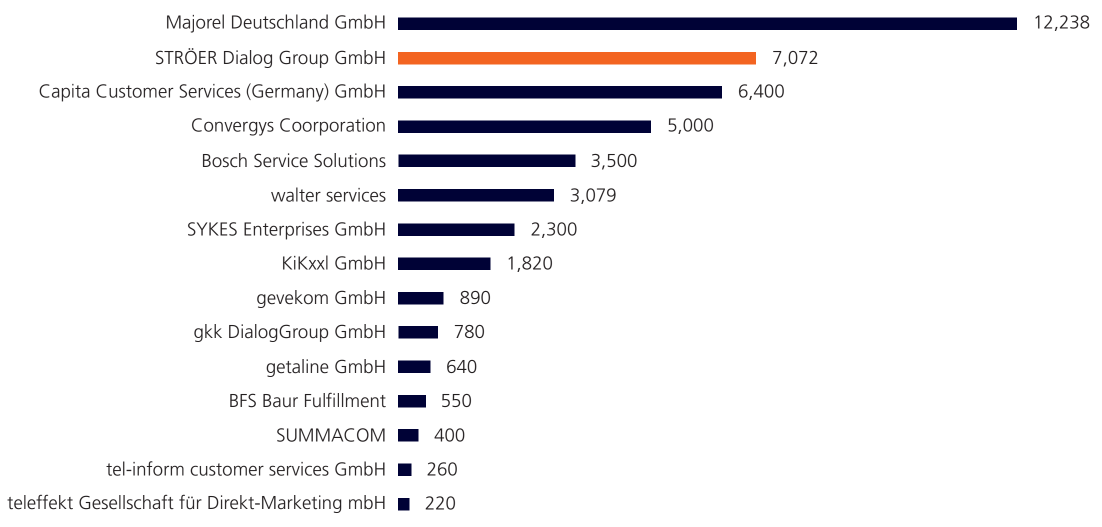
2019 was once again a highly successful year for the BHI Group (asambeauty GmbH/Beauty and Health Investment Group GmbH), recording another record level of revenue of more than EUR 83m. This growth was driven by the four main sales channels:

- E-com: Revenue growth just shy of 20% was recorded yet again in this segment, focusing on influencer marketing and optimization of the online shop in terms of storytelling and upselling preferences. A physical advent calendar was launched in 2019.
- TV sales: The BHI Group generated a stable result in Germany, with the hair care brand "ahuhu" reporting a record result at QVC Deutschland. Among the international activities, the performance in North America with its high growth rates deserves special mention.
- Retail: The youngest sales channel is continuing its success story. Asambeauty counters were installed in more than 500 Müller stores in the fiscal year, honing the brand's profile and improving its visibility. In addition, business with the new customers dm Austria, Globus and TK Maxx was grown further.
- Business development: Serves new sales channels or sales countries in the BHI Group.

The Avedo group and Ranger GmbH were acquired by Ströer back in 2017.

The Avedo group currently focuses on telesales and dialog marketing and provides services mainly on a CpO basis (cost per order). The Avedo group has over 30 million customer contacts annually and expertise in twelve sectors, in particular in the telecommunications, energy, IT, tourism, multimedia and e-commerce sectors. The acquisition of the Ranger group that operates in performance-based direct sales creates an additional channel alongside the Avedo group's performance marketing business.

Biggest contact centers in Germany in 2019 by number of desks



Source: Call Center Verband Deutschland

The Ranger group is a direct sales specialist providing highly efficient, performance-guided sales services on behalf of its clients. The company sells products to private and corporate customers on behalf of its clients in the telecommunications, energy, retail, financial services and media sectors.

The further acquisitions in the call center segment in 2018 gave rise to the Ströer Dialog Group (the Direct Media segment in the annual report), which has become one of the top three providers of call center capacities in Germany and Europe's leading provider of performance-based direct sales.

Structures in this segment were improved further in 2019 as part of the OOH+ strategy. In the future Ströer will focus on sales and service-to-sales topics which are more relevant for our customer relationships and hold greater margin and growth potential. Pure-play service locations which sell their capacities to customers have been shifted to a joint venture in which Ströer holds a 50% interest. This will enable us to offer a one-stop service to our key accounts together with our sales services. Operational management and the ultimate responsibility for these locations lie with our joint venture partner and its management.

It is Ranger's ambition to offer nationwide direct sales to its partners in the countries it services. To support this aim, we are consistently building B2C and B2B sales structures through organic and inorganic growth. Our handpicked premium partners such as Deutsche Telekom, Vodafone, E.ON, Eni, Engie and Total have longstanding business relationships with Ranger and value its depth of process integration. Ranger has fully embedded digital technologies in its processes, from sales management, regional planning, customer data capture and processing, order processing and billing. All of its processes are firmly integrated in its clients' structures, for better quality, faster results and improved manageability, and for lower costs. Ranger is driving its innovation and internationalization strategy. Our vision is to be the dominant market player in the major European markets for performance-based direct marketing in the B2C and B2B segments.

Strategy and management

Ströer focuses on business segments which can be developed actively and organically primarily in Germany and offer opportunities for sustainable growth. They are characterized by an inventory that has a highly diversified portfolio of rights and demands on local operational excellence that are particularly high. They are also characterized as segments that require management and product design a high level of local market know-how, and are not globally scalable, as there are major differences in terms of market structure, language or culture as well as regulatory conditions across different countries.

Such business segments thus need to be optimally structured by a strong and integrated local provider such as Ströer.

Under its OOH+ strategy, Ströer's traditional core segment, Out-of-Home Media, in particular is seeing sustainable growth on the back of the development of digital business in connection with German content (DOOH & Content) and additional services in the Direct Media segment.

The high level of quality required in local execution is firmly embedded in Ströer's DNA. Historically the out-of-home business was always shaped by limited standardization, also due to the federally diversified structure of the German urban landscape. This means that each rights contract has to be individually developed and maintained and at the same time international economies of scale such as in product design and procurement do not play a major role.

The success of Ströer's core segments mainly lies in:

- "Propriety detailed knowledge in breadth and depth" meaning the deep knowledge of the very different local conditions, e.g., each advertising location or every individual website or call center.
- "Individual quality in management and execution" meaning the will to ensure maximum precision, also in the regional and local environment, and not work with too unspecific standard solutions. Consequently Ströer sells over 200 different product variations in the area of OOH media alone.
- "Proprietary solutions tailored to the customer" with the objective of ensuring maximum customer satisfaction also in the smallest segments, as opposed to forcing customers to use globally scaled platforms.

- "Direct access to all customers on all levels" meaning the continual expansion of all sales resources to ensure customer contact at the highest possible breadth and depth in the market, in particular also in the segment of small to medium-sized businesses which other providers cannot comprehensively serve.

Within the scope of optimizing the investments made by Ströer in its own portfolio, the utilization and value added by the portfolio can be continuously optimized. By digitizing infrastructure, the historical dividend is optimally monetized in the form of proprietary rights and products. Advertising spaces not yet monetized or existing marketing infrastructures increase the value of strategically targeted and profitable investments and additional business acquired in prior years.

In organizational terms, this means considerable elasticity and an extensive spectrum, which is centrally supported by the new CRM and ERP systems introduced,

- from the needs of large national advertisers and their agency partners that are increasingly looking for automated, programmatic and data-driven solutions with high flexibility,
- through to the needs in the segment of the small to medium-sized regional customers which Ströer, thanks to the fast growing local sales organization, can directly advise on-site on all aspects of its single-source offering, and whose solutions can be scaled from an organizational rather than technical perspective.

On this basis, Ströer is very well positioned for long-term success on the German advertising market.

Advertising market

Overall, the advertising market is seeing marginal growth on a gross basis, with most analyses showing no growth on a net basis. A distinction also needs to be made between the national and regional markets.

National (Nielsen): TV with marginal growth on a gross basis, and considerable losses on a net basis, ongoing negative trend in print media on both a gross and net basis. By contrast, online display/content media are stable on a gross basis, somewhat positive on a net basis despite the General Data Protection Regulation (GDPR), radio is slightly up from a low level, cinema highly volatile, dependent on the number of cinema goers and blockbusters.

Going forward, it can be assumed that the volume of video-on-demand services (Amazon Prime, Netflix, Magenta TV, Sky, DAZN, etc.) as well as the expected new market entries in 2020 (Disney+) will exert increasing pressure on the consumption of traditional linear TV and cinema and that traditional printed advertising media will become less and less relevant due to the ever evolving online content platforms.

Regionally, the market has a considerable volume, with SMEs still channeling a large portion of their advertising investments in traditional media such as print, directory services, webdesign and trade fair appearances. It can be assumed that digital and simpler scalable solutions will also develop better regionally than analog solutions.

Product development

The digital strategy is based on the Group's continuously evolving technology position, which enables local and regional performance as well as direct marketing. Technologies for precisely targeting campaigns and professionally managing anonymized data are becoming increasingly crucial for success. This enables the smooth integration of branding and performance marketing as part of multi-screen strategies. In addition to the development of special applications and software solutions in digital advertising, the Ströer Group is also focusing on the development of the next generation of advertising media in OOH (for example, "green-planted" advertising media) for our customers. In fiscal year 2019, development costs of EUR 23.2m were capitalized (prior year: EUR 23.3m).

Value-based management

The Ströer Group is managed using internally defined financial and non-financial key performance ratios in the interests of sustainable development. Key financial indicators continue to follow the internal reporting structure. These are figures which reflect the business model as well as management systems but are not covered by IFRSs. The main key indicators are organic revenue growth and EBITDA (adjusted). The other indicators are adjusted consolidated profit, → Free Cash-Flow (before M&A transactions), ROCE (return on capital employed) and the leverage ratio.

← For further information on the calculation of free cash flow (before M&A transactions), see page 30

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; adherence to these targets is continuously monitored during the year. Both organic revenue growth ← and nominal revenue growth are analyzed in this context. The business performance of acquirees – both positive and negative – is included in the calculation of organic revenue growth from the time of initial consolidation.

→ For further information on the determination of organic revenue growth, see page 18

EBITDA (adjusted) (consolidated earnings before interest, taxes, depreciation, amortization and impairment losses, and adjusted for exceptional items) gives an insight into the sustainable development of our Group's earnings. Furthermore, EBITDA (adjusted) ← is a key input for determining the leverage ratio to be reported to our lending banks on a quarterly basis. In addition, sustainable EBITDA (adjusted) is used on the capital market as part of the multiplier process for simplifying the determination of business value.

→ For further information on net debt, see page 31

→ For further information on the calculation of EBITDA (adjusted) and adjusted consolidated profit, see page 19

Adjusted consolidated profit is used as an indicator for determining our dividend payment. We plan to pay out a percentage – within a specified range – of our adjusted consolidated profit in dividends, to the extent permitted under German commercial law.

→ For the section on employees, see page 43

Free cash flow (before M&A transactions) is another key performance indicator for the board of management and is calculated from the cash flows from operating activities less net cash paid for investments, being the sum of cash received from and paid for intangible assets and property, plant and equipment. Free cash flow (before M&A transactions) therefore represents the cash earnings power of our Company and is an important determining factor for our investment, financing and dividend policy.

One of the key aims of the Ströer Group is to sustainably increase our return on capital employed (ROCE). To achieve this, we enhance our management and financial control systems on an ongoing basis. ROCE is calculated as adjusted EBIT divided by capital employed. Adjusted EBIT is defined as follows: consolidated earnings before interest and taxes, write-downs arising from purchase price allocations, impairment losses and adjusted for exceptional items. Capital employed comprises total intangible assets, property, plant and equipment and current assets less non-interest-bearing liabilities (trade payables and other non-interest-bearing liabilities). It is the arithmetic mean of these values at the start of the year and the respective year-end. ROCE 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 of the respective cash-generating units (CGUs).

← Net debt and the leverage ratio are also performance indicators for the Group. Our debt financing costs within the scope of the facility agreement and the note loans are linked, among other things, to net debt. The leverage ratio is also an important factor for the capital market for assessing the quality of our financial position. The leverage ratio is measured as the ratio of net debt to EBITDA (adjusted). Net debt is calculated as the sum of liabilities from the facility agreement, from note loans and other financial liabilities less cash.

In terms of non-financial indicators, we take into account key figures on the employment situation, such as ← headcount at group level on a certain day.

Reconciliation: organic revenue growth

The following table presents the reconciliation to organic revenue growth. For 2019, it shows that with an increase in revenue (without foreign exchange rate effects) of EUR 104.9m and adjusted revenue of EUR 1,486.8m for the prior year, the organic growth rate comes to 7.1%.

In EUR k	2019	2018
Revenue prior year (reported)	**1,507,783**	**1,283,047**
Disposals and discontinued units	–49,123	–61,115
Acquisitions	28,143	181,268
Revenue prior year (adjusted)	**1,486,803**	**1,403,200**
Foreign exchange rate effects	–588	–6,441
Organic revenue growth	104,930	111,023
Revenue current year (reported)	**1,591,145**	**1,507,783**

Reconciliation: EBITDA (adjusted)

The segment performance indicator EBITDA (adjusted) is adjusted for certain adjustment effects. The Group has defined gains and losses from changes in the investment portfolio (e. g., due diligence transaction costs, legal advice, notarial certifications, purchase price allocations), reorganization and restructuring measures (e. g., costs for integrating entities and operations, adjustments for exceptional items from material restructuring and from performance improvement programs), capital measures (e. g., material fees for amending and adjusting loan agreements including external consulting fees) and other effects (e. g., costs for potential legal disputes, currency effects) as adjustment effects.

Adjustment effects are broken down into individual classes in the table below:

In EUR k	2019	2018
Gains and losses from changes in the investment portfolio	5,729	857
Gains and losses from capital measures	0	–5
Reorganization and restructuring expenses	17,857	13,733
Other adjustment effects	10,785	12,458
Total	**34,372**	**27,043**

Gains and losses from changes in the investment portfolio comprise income from the remeasurement of the original shares held in Media-Direktservice GmbH of EUR 2,233k and expenses from M&A activities of EUR 4,069k. The rise in reorganization and restructuring expenses largely reflects the salary and severance payments under the voluntary scheme of Ströer Digital Publishing GmbH of EUR 5,480k. Other adjustment effects are slightly down against the prior year overall.

The reconciliation from segment to group values contains information on group units that do not meet the definition of a segment ("reconciliation items"). They mainly relate to all costs for central functions such as the board of management, corporate communications, accounting, controlling, less their income from services rendered.

The following table shows the reconciliation of the segment performance indicator to the figures included in the consolidated financial statements:

In EUR k	2019	2018
Total segment results (EBITDA (adjusted))	**589,291**	**553,872**
Reconciliation items	–18,808	–15,697
EBITDA (adjusted) Group	**570,483**	**538,175**
Adjustment effects	–34,372	–27,043
EBITDA	**536,112**	**511,134**
Depreciation (right-of-use assets under leases (IFRS 16))	–177,893	–168,390
Amortization and depreciation (other non-current assets)	–167,795	–165,172
Impairment losses (including goodwill impairment)	–13,023	–7,680
Financial result	–32,639	–33,477
Profit or loss before taxes	**144,763**	**136,415**

Reconciliation of the consolidated income statement to the management figures

In EUR m	Income statement in accordance with IFRSs 2019	Reclassification of amortization, depreciation and impairment losses	Reclassification of adjustment items	Income statement for management accounting purposes
Revenue	**1,591.1**			**1,591.1**
Cost of sales	–1,012.2	312.4	4.0	–695.7
Selling expenses	–245.0			
Administrative expenses	–185.3			
Total selling and administrative expenses	–430.3	46.3	29.4	–354.7
Other operating income	39.6			
Other operating expenses	–17.7			
Total other operating income and other operating expenses	21.9	0.0	1.0	22.9
Share in profit or loss of equity method investees	6.9			6.9
EBITDA (adjusted)				**570.5**
Amortization, depreciation and impairment losses		–358.7		–358.7
EBIT (adjusted)				**211.8**
Adjustment effects[1]			–34.4	–34.4
Financial result	–32.6			–32.6
Income taxes	–25.1			–25.1
Consolidated profit or loss from continuing operations	**119.7**	**0.0**	**0.0**	**119.7**

[1] For further information on adjustment effects we refer to the section “Reconciliation: EBITDA (adjusted)” on page 19.

Amortization from purchase allocations	Exchange rate effects from intragroup loans	Tax normalization	Elimination of exceptional items and impairment losses	Adjusted income statement 2019	Adjusted income statement 2018
				1,591.1	**1,507.8**
				–695.7	–675.8
				–354.7	–324.9
				22.9	26.0
				6.9	5.1
				570.5	**538.2**
55.6			13.0	–290.0	–272.0
55.6			**13.0**	**280.4**	**266.2**
			34.4	0.0	0.0
	0.2		2.1	–30.4	–30.3
		–14.5		–39.6	–37.3
55.6	**0.2**	**–14.5**	**49.5**	**210.5**	**198.6**

Management and control

The board of management of the general partner, Ströer Management SE, Düsseldorf, as of 31 December 2019 comprises three members: Udo Müller (Co-CEO), Christian Schmalzl (Co-CEO) and Dr. Christian Baier (CFO). 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	December 2020	Co-CEO Strategy
Christian Schmalzl	November 2012	December 2020	Co-CEO Management and supervision of national, international and digital companies Group business development Group corporate communications
Dr. Bernd Metzner	June 2014	April 2019	CFO Group finance and tax Group HR Group IT Group legal Group M&A/corporate finance Group internal audit Group investor relations Group procurement Group risk management Group accounting Group controlling
Dr. Christian Baier	August 2019	July 2022	CFO Group finance and tax Group HR Group IT Group legal Group M&A/corporate finance Group internal audit Group investor relations Group procurement Group risk management Group accounting Group controlling

The members of the board of management collectively bear responsibility for management. Dr. Christian Baier began his term of office as the new CFO of Ströer SE & Co. KGaA as of 1 August 2019, assuming the responsibilities of Dr. Bernd Metzner.

In addition to the board of management, there is an executive committee, as an extended governing body, to professionalize governance and to embed key topics within the Ströer Group. Regular in-person meetings are held to decide on fundamental issues and to ensure that the entire Group has a uniform strategic focus.

As of the end of fiscal year 2019, the supervisory board of Ströer SE & Co. KGaA comprised 16 members in accordance with Sec. 278 (3) and Sec. 97 et seq. AktG in conjunction with Art. 10 (1) of the articles of incorporation of Ströer SE & Co. KGaA. The board comprises eight shareholder representatives – Mr. Christoph Vilanek (Chairman), Mr. Dirk Ströer (Deputy Chairman), Ms. Angela Barzen, Mr. Martin Diederichs, Ms. Petra Sontheimer, Mr. Vicente Vento Bosch, Mr. Ulrich Voigt and Ms. Simone Thiäner, – and eight employee representatives – Mr. Andreas Huster, Ms. Sabine Hüttinger, Ms. Petra Loubek, Ms. Rachel Marquardt, Mr. Tobias Meuser, Dr. Thomas Müller, Ms. Nadine Reichel and Mr. Christian Sardiña Gellesch.

Ms. Simone Thiäner joined the board on 21 March 2019 as a shareholder representative replacing Ms. Anette Bronder, who stepped down as of 31 December 2018, and Ms. Angela Barzen replaced Ms. Julia Flemmerer as of 19 June 2019. Ms. Petra Loubek joined the board as an employee representative on 29 August 2019 and replaced Mr. Michael Noth.

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. 289f HGB ["Handelsgesetzbuch": German Commercial Code], which also includes the declaration of compliance with the German Corporate Governance Code (GCGC) pursuant to Sec. 161 AktG. In addition, the board of management of Ströer Management SE and the supervisory board of Ströer SE & Co. KGaA issue a joint corporate governance report each year in accordance with 3.10 GCGC. All documents are published on the website of Ströer (www.stroeer.com/investor-relations).

For fiscal year 2019, Ströer SE & Co. KGaA has once again prepared a group non-financial report pursuant to Sec. 315b HGB. It will be available on our website from 28 April 2019 at http://ir.stroeer.com/download/companies/stroeer/Annual%20Reports/stroeer_NFGreport_2019_de.pdf.

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 as well as in the direct marketing segment. 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 and advertisers. A distinction should be made between the behavior of national (often also international) advertisers and the behavior of regional or local advertisers. International advertisers' investments often reflect global economic fluctuations. Earnings are occasionally optimized by means of short-term cuts in advertising spending. National, regional and local advertisers primarily align their activities to domestic economic developments, making these customers' advertising budgets significantly less volatile. Ströer's product and sales strategy is to increase the proportion of national, regional and local customers which we have continuously successfully achieved over the last few years.

On behalf of Ströer, the agency ATG performed detailed econometric modeling of advertising market factors in 2019. A high correlation between advertising market spending (gross) and changes in GDP and the Ifo Business Climate Index was identified, with a correlation of 0.6 or higher in both cases. An R^2 of 0.997 can be achieved in an econometric multiple regression model. However, the correlation is time delayed. Changes in the Ifo Business Climate Index are felt two months later, changes in the GDP with a variance from 1.9% with a lag of around three months. This, however, is less noticeable in OOH than in other forms of media.

Out-of-home advertising is affected in particular by the conditions relating to the advertising concessions granted by municipalities as well as general advertising bans for certain offerings (tobacco advertising, in discussion: alcohol, etc.). Factors affecting online advertising and direct marketing are regulatory frameworks, especially the General Data Protection Regulation (GDPR).

In the out-of-home advertising industry, customers are still increasingly placing bookings with shorter lead times. Thanks to the increasing digitalization of its out-of-home inventory, Ströer is more and more able to offer yields more precisely and at much shorter notice. Order intake develops in line with the seasonal fluctuations seen on the media market at large. There is generally a concentration of out-of-home activities in the second and fourth quarters, around Easter and Christmas. However, sports events, such as the Football World Cup, rarely tend to stimulate out-of-home advertising. In terms of costs, the development of lease payments, personnel expenses and other overheads (including electricity, building and maintenance costs) are key factors.

In the online segment, advance booking times by customers are even considerably shorter – often as short as a few minutes before broadcast – than out-of-home advertising due to the high degree of automation. In the online industry, the highest revenue activity by far falls in the fourth quarter. A key factor for online advertising is the further penetration of the market using automated programmatic platforms, where Ströer makes its digital inventory, including for out-of-home advertising, available online. Apart from the commissions paid to website operators, the main cost drivers are personnel and IT operating expenses (computer centers, security systems, etc.).

Direct marketing is less seasonal, however the second half of the fiscal year tends to be stronger. Due to the long-term nature of relationships and the high level of customer loyalty as well as the relatively long lead times, the service business in dialog marketing is characterized by relatively low volatility. The factors shaping revenue development lie in employee productivity and an increase in headcount (recruiting, training, development). In the service business, productivity always depends on the working days effectively available each month. Seasonal fluctuations are therefore limited to December due to the generally lower productive working time given the public holiday and vacation days. In the area of field sales, the acquisition of new fields of use gives rise to anticyclical revenue effects.

The regulatory environment also impacts on the economic situation of the Ströer Group. If regulatory amendments are made in the area of tobacco and alcohol advertising, Ströer will be able to soften the impact on its business volume through appropriate marketing and sales activities thanks to the usual lead times applicable to changes in legislation. It can currently be assumed that even tighter restrictions will be placed on tobacco advertising from 2023 or even a complete ban.

The regulatory environment in the online advertising segment is mainly determined by data privacy aspects at European and national level, which give national legislations leeway in drafting guidelines. In view of the EU e-Privacy Regulation (Regulation of the European Parliament and of the Council concerning the respect for private life and the protection of personal data in electronic communications), changes are expected in this regard in the year ahead, some of which were already felt in 2019 due to the uncertainty prevailing around the handling of data, but have not had an impact on business.

Overall, the Ströer Group is very well positioned with its integrated portfolio to profit from the medium to long-term market trends of increasing mobility and urbanization. The expectation is that the market will focus more and more directly on media users and their usage behavior, which involves more media consumption via mobile devices in the private, professional and public environments.

There remains substantial potential for regional online advertising campaigns and increasing digitalization of out-of-home advertising inventory.

ECONOMIC REPORT

Business environment

General economic developments in 2019

Based on a revenue contribution of more than 90%, Germany is our core market with international business playing only a secondary role. Although the German economy grew for the tenth consecutive year,[1] the economy began to sputter noticeably due to the uncertainties from global trade disputes, the ongoing Brexit disagreements and problems in its core industry. Revenue was mainly driven by consumer spending. The German Institute for Economic Research (DIW Berlin) expects to see stronger economic growth in the coming years, in particular due to private spending with consumer service providers.[2]

The German economy grew again in 2019, albeit at a slower rate than in prior years. Although gross domestic product (GDP) reported positive growth of 0.6%,[3] it was the lowest rate in six years. This was mainly due to global trade disputes, a crisis-stricken automobile industry and ongoing uncertainties due to Brexit. Growth in 2019 was mainly fueled by consumption: Adjusted for inflation, private consumer spending was 1.6%[4] higher than in the prior year and public spending was up 2.5%.[5] Private and public spending thus contributed more to growth than in the two years prior. By contrast, gross investments were down –1.7% in comparison with the prior year.[6]

The number of people in employment reached 45.3million[7] in 2019 and was thus just above the 44.9 million recorded in the prior year. Households' real disposable income increased by 2.8%.[8] This was slightly less than household spending calculated on the basis of current prices, which grew by 2.9%.[9] The private household savings ratio stood at 10.9% in 2019, and was thus slightly below the prior-year 11.0%.[10] The rate of inflation (Harmonised Index of Consumer Prices) was down on the prior year and stood at just 1.4% in 2019 (2018: 1.8%).[11]

Development of the out-of-home and online advertising industry in 2019

The western European advertising market has been recovering consistently since 2014. For 2019, Zenith expects a 1.5% increase in the (price-adjusted) net advertising spend.[12] Once again, online advertising in particular reported rigorous growth of 7.6% [13] whereas print media are still struggling with growing losses (down 7.8%).[14] The advertising spend in television decreased by 2.2%.[15] Out-of-home advertising grew by 2.6%[16] in the western European market.

Germany

According to data collected by Nielsen on gross advertising spending, the advertising market grew by 2.3%[17] year on year in 2019. In our view, however, the gross advertising data provided by Nielsen only indicates trends and can only be used to a limited extent to draw conclusions about net figures due to differing definitions and market territories. Zenith's current estimate for 2019 indicates a slight year-on-year drop in the net advertising spend of 0.7%.[18]

According to Zenith, internet media spending is the growth driver, with its net advertising spend growing 6.3%[19] As the biggest loser once again, the print segment recorded a loss of 7.7%[20] in the fiscal year, while the outdoor advertising market grew by 1.6%.[21] Reliable estimates of any shifts in market share cannot be made until the final net market figures are published. However, we expect the online segment in particular as well as out-of-home advertising to have won further market share.

Development of exchange rates in 2019[22]

In 2019, the exchange rates primarily relevant to our business were the euro to US dollar and pound sterling rates. The US dollar to euro exchange rate stood at EUR/USD 1.15 at the beginning of 2019. Over the course of the year, the US dollar traded firmly against the euro and closed the year at EUR/USD 1.12. The US dollar thus gained around 2.2% on the euro over the course of the year, trading high mainly as a result of higher interest rates than in the euro zone.

[1] BMWi – Wirtschaftliche Entwicklung (Economic Situation and Cyclical Development), January 2020
[2] DIW Berlin – Konjunkturbarometer (Economic Barometer), December 2019
[3] German Federal Statistical Office – GDP for 2019, January 2020
[4] German Federal Statistical Office – Statement: GDP 2019 for Germany, January 2020
[5] German Federal Statistical Office – Statement: GDP 2019 for Germany, January 2020
[6] German Federal Statistical Office – GDP for 2019, January 2020
[7] German Federal Statistical Office – GDP for 2019, January 2020
[8] German Federal Statistical Office – GDP for 2019, January 2020
[9] German Federal Statistical Office – GDP for 2019, January 2020
[10] German Federal Statistical Office – GDP for 2019, January 2020
[11] German Federal Statistical Office – GDP for 2019, January 2020
[12] Zenith Advertising Expenditure Forecast, December 2019
[13] Zenith Advertising Expenditure Forecast, December 2019
[14] Zenith Advertising Expenditure Forecast, December 2019
[15] Zenith Advertising Expenditure Forecast, December 2019
[16] Zenith Advertising Expenditure Forecast, December 2019
[17] Nielsen Bereinigter Werbetrend, Dezember 2019
[18] Zenith Advertising Expenditure Forecast, December 2019
[19] Zenith Advertising Expenditure Forecast, December 2019
[20] Zenith Advertising Expenditure Forecast, December 2019
[21] Zenith Advertising Expenditure Forecast, December 2019
[22] European Central Bank (ECB)

The Pound sterling managed to appreciate over the course of the year despite interim lows. Having been quoted at EUR/GBP 0.90 at the start of the year, the pound was at EUR/GBP 0.85 at the end of the year. The Pound sterling thus gained around 6.0% on the euro over the course of the year. Brexit was the dominating topic and gave rise to comparatively high volatility.

Financial performance of the Group

Overall assessment of the board of management on the economic situation

At the end of the reporting period, the board of management of the Ströer Group was able to look back on an extremely successful fiscal year 2019. The Group's performance was lifted in particular by the strong organic revenue growth, which is clearly reflected in the performance indicators key to us, namely revenue and EBITDA (adjusted).[23] The other performance indicators also reflect the consistently strong development of the Group. In addition, we structurally optimized the Direct Media segment in the reporting year in order to fine tune the focus more on high margin sales areas.

In relation to assets, liabilities and the financial position, the Ströer Group's overall financial situation was extremely well balanced and sound overall. While the leverage ratio is encouragingly low despite extensive growth investments, free cash flow (before M&A transactions) was given a sustained boost by the further growth in operating activities, once again bearing testimony to the Group's overall net earnings power. The positive overall picture was complemented by the equity ratio which continues to be comfortable.

Overall, we believe the Ströer Group is very well positioned both in operational and financial terms to flexibly make use of future opportunities arising from the structural changes occurring in the media market.

Comparison of forecast and actual business development

The forecasts we made for fiscal year 2019 were based at the time on a cautiously optimistic assessment of the economic conditions. However, annual forecasts in our industry are naturally subject to major uncertainties due to customer bookings frequently being made at short notice, volatile market sentiment and economic fluctuations. Economic conditions developed largely as expected in our forecast. We view the targets set for 2019 financial year all as achieved.

	Projected earnings for fiscal year 2019	**Actual earnings in fiscal year 2019**
Organic growth	Growth in the mid-single digit percentage range	7.1%
EBITDA (adjusted)	Growth in the mid-single digit percentage range	6.0% (EUR 570.5m)
EBITDA margin (adjusted)	Almost unchanged (2018: 35.7%)	35.9%
ROCE	Almost unchanged (2018: 19.3%)	20.0%
Adjusted Consolidated profit or loss for the period	Growth in the mid-single digit percentage range	6.0% (EUR 210.5m)
Free cash flow before M&A (incl. IFRS 16 payments)[1]	Growth in line with EBITDA (adjusted)	EUR 195.5m
Leverage ratio	Consistently low (excluding M&A transactions) (2018: 1.4)	1.4

[1] The forecast free cash flow (before M&A transactions) also contains the IFRS 16 payments for the principal portion of lease liabilities as well as the actual value achieved. Part of the increase in free cash flow (before M&A transactions) is attributable to a one-time effect in the tax payments, which had reduced the prior-year figure.

[23] "EBITDA (adjusted)" is in substance identical to the previous term "operational EBITDA."

Financial performance of the Group

Consolidated income statement

In EUR m	2019	2018
Revenue	1,591.1	1,507.8
EBITDA	536.1	511.1
EBITDA (adjusted)	570.5	538.2
EBIT	177.4	169.9
Financial result	–32.6	–33.5
Profit or loss before taxes	144.8	136.4
Income taxes	–25.1	–21.9
Post-tax profit or loss from continuing operations	119.7	114.5
Post-tax profit or loss from discontinued operations[1]	–41.5	–121.3
Consolidated profit or loss for the period	78.1	–6.8

[1] In the fourth quarter of 2019, the Ströer Group decided to sell 50.0% of its shares in the D+S 360° group. As the D+S 360° group, unlike the other discontinued units such as Ströer Mobile Performance, Bodychange and Conexus, constituted a discontinued operation within the meaning of IFRS 5, all items of the consolidated income statement for both fiscal year 2019 and 2018 were adjusted for the D+S 360° group. The adjusted amounts were reclassified to profit or loss from discontinued operations. For more information, see our comments in note 6.2 to the consolidated financial statements.

In line with the Ströer Group’s expanding operating activities, **revenue** climbed noticeably from EUR 1,507.8m to EUR 1,591.1m, chiefly owing to the strong organic revenue growth reported across nearly all the Group’s operations. This growth was bolstered by additional revenue from smaller operations included for the first time in the consolidated financial statements. The discontinuation of some business units (e.g., Ströer Mobile Performance, Bodychange, Conexus) in the course of portfolio adjustments, on the other hand, dampened revenue growth. Due to the sale of 50.0% of the shares in the D+S 360° group, its revenue was eliminated from consolidated revenue in 2018 and 2019 and reclassified to discontinued operations. Overall, reported revenue growth stood at 5.5% and organic growth at 7.1%.

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

In EUR m	2019	2018
Out-of-Home Media	679.5	647.4
Digital OOH & Content	571.1	558.0
Direct Media	340.6	302.4
Total	**1,591.1**	**1,507.8**

The composition of consolidated revenue in terms of domestic and foreign revenue did not change materially in 2019. While Domestic revenue increased from EUR 1,368.2m to EUR 1,437.7m, foreign revenue, at EUR 153.5m, was also higher than in the prior year (prior year: EUR 139.6m). Expressed as a percentage, foreign revenue therefore accounted for 9.6% (prior year: 9.3%).

The Ströer Group’s revenue is subject to considerable seasonal fluctuations, as is revenue from the rest of the overall media industry. This impacts the development of both the Group’s revenue and its earnings during the course of the year. While the fourth quarter is generally marked by significantly higher revenue and earnings contributions, the first quarter in particular is usually somewhat weaker.

In step with the substantially higher revenue, the **cost of sales** also rose further from EUR 972.7m in the prior year to EUR 1,012.2m in the fiscal year. This increase was mainly fueled by higher revenue-driven lease and running costs as well as higher publisher fees for digital marketing. The subsidiaries included for the first time in the consolidated financial statements also contributed additional costs, while the discontinuation of smaller units described above in connection with portfolio adjustments had a positive effect on costs. Overall, the Group generated **gross profit** of EUR 579.0m (prior year: EUR 535.1m).

In line with the Group's ongoing growth, **selling and administrative expenses** rose from EUR 396.1m to EUR 430.3m. Along with additional expenses from the newly acquired entities, the increase largely reflects inflation-related cost adjustments as well as targeted growth investments in the sales structures of the Digital OOH & Content and OOH Media segments. The Group recorded a marginal increase in selling and administrative expenses as a percentage of revenue to 27.0% (prior year: 26.3%). At the same time, **other operating income** came to EUR 39.6m at the end of the fiscal year, EUR 3.1m short of the prior-year figure of EUR 42.7m, while **other operating expenses** were minimally higher than in the prior year at EUR 17.7m (prior year: EUR 16.9m). Last but not least, the Group recorded a EUR 1.8m increase in the **profit or loss of equity method investees**, bringing the total to EUR 6.9m (prior year: EUR 5.1m).

At EUR 177.4m, the Group's **EBIT** improved further on the back of the good performance of almost all segments (prior year: EUR 169.9m). **EBITDA (adjusted)**[24] also benefited from this development, yet again considerably higher than in the prior year at EUR 570.5m (prior year: EUR 538.2m). The return on capital employed **(ROCE)** remained at a very good level (20.0%; prior year: 19.3%).

At EUR –32.6m (prior year: EUR –33.5m), the Group's **financial result** was slightly better year on year. In addition to general refinancing costs for existing loan liabilities, since the introduction of IFRS 16, this figure has primarily also included the expenses from the compounding of lease liabilities, which came to EUR –20.7m in the fiscal year (prior year: EUR –21.2m).

The unabated growth in operating business was accompanied by a further increase in the tax base, leading to an increase in the Group's **tax expense** from EUR –21.9m to EUR –25.1m.

Coming to EUR –41.5m, **consolidated profit or loss from discontinued operations**[25] mainly reflects the impairment losses and the operating result from the D+S 360° group, whereas in the prior year this figure primarily comprised the operating result of the Turkish OOH business and the loss on its disposal (prior year: EUR –121.3m).

By contrast, **consolidated profit from continuing operations**, at EUR 119.7m (prior year: EUR 114.5m) benefited from the positive impetus in the Group's operating business. Overall, **consolidated profit or loss** from continuing and discontinued operations came to EUR 78.1m (prior year: EUR –6.8m). **Adjusted consolidated profit** also improved tangibly, at EUR 210.5m (prior year: EUR 198.6m). All in all, on this basis the Group was able to continue on its profitable growth course and looks back on a highly successful fiscal year 2019.

[24] "EBITDA (adjusted)" is in substance identical to the previous term "operational EBITDA."

[25] We refer to our comments on discontinued operations in section 6.2 of the notes to the consolidated financial statements.

Assets, liabilities and financial position

Overall assessment of assets, liabilities and financial position

The Ströer Group's assets, liabilities and financial position are extremely sound and very well balanced. It has external financing in the form of the available, long-term credit facility of EUR 485.4m (prior year: EUR 520.3m). Together with the cash balance as of the reporting date, funds totaling EUR 589.0m were freely available (prior year: EUR 624.0m). This external financing, which is secured for the long term, is matched by strong internal financing power, thanks to a robust and steadily growing free cash flow (before M&A transactions) of a current EUR 370.2m (prior year: EUR 297.9m).[26] At the same time, the leverage ratio (defined as the ratio of net debt to EBITDA (adjusted)) remains at a pleasingly low level of 1.44 (prior year: 1.43). As in previous years, this general picture is completed by a comfortable equity ratio.

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 reflect 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 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, 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 balanced 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.

Our external financing leeway and financial flexibility are mainly based on two instruments: the first instrument comprises several note loans which Ströer SE & Co. KGaA placed on the capital market in June 2016 and October 2017 and were valued at EUR 145.0m and EUR 350.0m, respectively, as of 31 December 2019. These loans have several tranches with terms of mainly five and seven years, with a volume of EUR 207.0m subject to a fixed interest rate. Thanks to the large number of the banks involved in these note loans our investor base is substantially diversified.

The second instrument relates to a credit facility of EUR 600.0m which was arranged with a banking syndicate in December 2016 and which may be extended by a further EUR 100.0m. The facility is offered on current market terms. At the same time, the documentation reflects the investment grade status of the Ströer Group. The facility has been committed for a fixed term ending in December 2023. The total volume of EUR 600.0m is structured as a flexible revolving facility with bilateral credit lines, which grants the Ströer Group tremendous financial flexibility.

For both financing components the loans were granted without collateral. The financial covenants reflect customary market conditions in all cases and relate to the key performance indicator of leverage ratio, which was met as of year-end with plenty of leeway. The costs incurred in connection with setting up the two financing instruments are amortized over the respective term of the agreements. This provides the Ströer Group overall with very flexible, stable, long-term financing at low borrowing costs. The Group had financing facilities of EUR 589.0m (prior year: EUR 624.0m) available to it as of 31 December 2019 from unutilized credit lines under the credit facility agreement including a cash balance (EUR 103.6m).

[26] The amounts relate to continuing operations.

As of the reporting date, no single bank accounted for more than 20% of all loan amounts drawn down in the Ströer Group, hence there is a balanced diversification in the provision of credit. As part of the financing strategy, the board of management also regularly examines the possibility of hedging residual interest rate risks by also 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 2019. 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 group entities are adequately covered.

The Ströer Group's leverage ratio of 1.44 was virtually unchanged year on year (prior year: 1.43) on the back of the marked positive earnings trend despite extensive investments in various growth projects. In 2019, Ströer SE & Co. KGaA and its group entities complied with all loan covenants and obligations from financing agreements.

Continuously increasing capital requirements on banks are having a significant impact on their lending. As a result, we regularly consider whether and how we can diversify our financing structure, which is currently based heavily on banks, in favor of more capital market-oriented debt. In this context, we periodically examine various alternative financing options (such as issuing corporate bonds) in order to optimize the maturity profile of our financial liabilities further, where possible.

Financial position[27]

Liquidity and investment analysis

The following reconciliation relates exclusively to the continuing operations of the Ströer Group. The prior-year figures were adjusted for the contributions of the D+S 360° group.

In EUR m	2019	2018
Cash flows from operating activities	**483.7**	**409.8**
Cash received from the disposal of intangible assets and property, plant and equipment	2.6	4.7
Cash paid for investments in intangible assets and property, plant and equipment	–116.1	–116.7
Cash paid for investments in equity method investees and financial assets	–1.0	–2.3
Cash received from and cash paid for the sale and acquisition of consolidated entities	–13.8	–71.6
Cash flows from investing activities	**–128.3**	**–185.8**
Cash flows from financing activities	**–350.3**	**–208.8**
Change in cash	5.1	15.3
Cash at the end of the period	**103.6**	**98.5**
Free cash flow before M&A transactions (incl. IFRS 16 payments for the principal portion of lease liabilities)	195.5	139.5
Free cash flow before M&A transactions	**370.2**	**297.9**

[27] Since the fourth quarter of 2019 the D+S 360° group has qualified as a discontinued operation as defined by IFRS 5. The figures in this section have therefore been adjusted for these discontinued operations in line with the provisions of IFRS 5. The prior-year figures in the statement of cash flows were adjusted accordingly. For more information, see note 6.2 to our consolidated financial statements.

As a result of the Ströer Group continuing on its profitable growth course, it grew its **cash flows from operating activities** once again significantly year on year. Besides positive impetus from operating activities, reflected primarily in a further increase in EBITDA, this improvement was also primarily due to lower tax payments, which had been high in the prior year owing to considerable special effects. In addition, shifts in working capital also contributed to this encouraging development, lifting cash flows from operating activities to a new record high for the Group of EUR 483.7m (prior year: EUR 409.8m).

By contrast, **cash flows from investing activities** were noticeably lower than in the prior year. While 2018 was shaped by extensive complementary acquisitions in dialog marketing, there was a very limited volume of M&A transactions in fiscal year 2019. At the same time, investments in intangible assets and property, plant and equipment were just short of the prior-year level at EUR 116.1m (prior year: EUR 116.7m). Against this backdrop, cash flows from investing activities dropped by EUR 57.5m to EUR 128.3m (prior year: EUR 185.8m). **Free cash flow before M&A transactions** came to EUR 370.2m, an increase of EUR 72.3m on the prior year. Adjusted for the IFRS 16 payments for the principal portion of lease liabilities, it came to EUR 195.5m (prior year: EUR 139.5m).

Cash flows from financing activities with net outflows of EUR –350.3m (prior year: outflows of EUR –208.8m) primarily reflected the increase in the dividend distributed to the shareholders of Ströer SE & Co. KGaA as well as the payments made to acquire the remaining shares in Statista GmbH and Permodo GmbH. The changes in borrowings and cash payments for the principal portion of lease liabilities under IFRS 16 also contributed to this increase.

At the end of the fiscal year, the Ströer Group had **cash and cash equivalents** of EUR 103.6m.

Financial structure analysis

At year-end 2019, 75.1% (prior year: 77.2%) of the Ströer Group's **financing** was covered by equity and non-current debt. Well over 100.0% of the current liabilities of EUR 702.3m (prior year: EUR 672.9m) are financed at matching maturities by current assets of EUR 355.7m (prior year: EUR 340.9m) as well as available, long-term secured credit lines under the credit facility of EUR 485.4m (prior year: EUR 520.3m).

The Group recorded a decrease in **financial liabilities** by EUR 86.2m to EUR 1,665.8m in the reporting period, chiefly due to the decline in lease liabilities (IFRS 16). Liabilities from put options also dropped noticeably in connection with the acquisition of the remaining shares in Statista GmbH and Permodo GmbH. This decrease was only partly offset by higher liabilities to banks.

The Ströer Group bases the calculation of its **net debt** on its existing loan agreements with lending banks. In both the facility agreement and the contractual documentation on the note loans, since the adoption of IFRS 16, lease liabilities have been excluded specifically from the calculation of net debt as in the opinion of the contracting parties the economic situation of the Ströer Group has not changed as a result of the adoption of the new standard. Against this background and for the sake of consistency, the effects of IFRS 16 on EBITDA (adjusted) are also not reflected in the calculation of the leverage ratio.

In EUR m		31 Dec 2019	31 Dec 2018
(1)	Lease liabilities (IFRS 16)	994.2	1,055.3
(2)	Liabilities from the facility agreement	98.7	64.2
(3)	Liabilities from note loans	494.4	494.1
(4)	Liabilities from the obligation to purchase own equity instruments	20.4	75.4
(5)	Liabilities from dividends to non-controlling interests	6.8	9.6
(6)	Other financial liabilities	51.3	53.4
(1)+(2)+(3) +(4)+(5)+(6)	Total financial liabilities	1,665.8	1,752.1
(2)+(3)+(5)+(6)	Total financial liabilities excluding lease liabilities (IFRS 16) and liabilities from the obligation to purchase own equity instruments	651.2	621.4
(7)	Cash	103.6	103.7
(2)+(3)+(5)+(6)–(7)	**Net debt**	**547.6**	**517.7**
Leverage ratio		**1.4**	**1.4**

The acquisitions of shares in group companies in the fiscal year – in particular of further shares in Statista GmbH and Permodo GmbH – ultimately also led to a moderate increase in net debt by EUR 29.9m to EUR 547.6m. However, in keeping with the further improvement in operating activities, the leverage ratio (defined as the ratio of net debt to EBITDA (adjusted)) remains at a pleasingly low level of 1.44 as of year-end (prior year: 1.43).

In line with the further growth of the Group, current and non-current **trade payables** increased once more, amounting to a total of EUR 298.5m as of year-end (prior year: EUR 261.8m).

By contrast, deferred tax liabilities decreased (EUR 52.0m; prior year: EUR 70.4m), with the reduction primarily due to the ongoing reversal of **deferred tax liabilities** recognized in connection with purchase price allocations.

In the fourth quarter of the fiscal year the D+S 360° group's provisions and liabilities were reclassified, removing them from their original line items in the consolidated statement of financial position to the item **liabilities associated with assets held for sale.** The provisions and liabilities of Ströer Mobile Performance GmbH and Foodist GmbH, which were presented in this item in the prior year, are no longer recognized as both companies have since been sold.

The Group reported a decrease in **equity** by EUR 41.6m to the current amount of EUR 626.9m. The consolidated profit from continuing operations of EUR 119.7m was mainly offset by the distribution of a dividend of EUR –113.1m to the shareholders of Ströer SE & Co. KGaA and by the loss from discontinued operations of EUR –41.5m. The equity ratio decreased slightly from 22.3% to 21.4%. Adjusted for the lease liabilities accounted for in accordance with IFRS 16, the equity ratio stood at 32.4% as of the reporting date (prior year: 34.4%).

Capital 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 areas.

Assets and liabilities

Consolidated statement of financial position

In EUR m	31 Dec 2019	31 Dec 2018
Assets		
Non-current assets	2,548.5	2,642.5
Current assets	355.7	340.9
Held for sale[1]	24.3	15.0
Total assets	**2,928.4**	**2,998.4**
Equity and liabilities		
Equity	626.9	668.5
Non-current liabilities	1,572.5	1,647.6
Current liabilities	702.3	672.9
Held for sale[1]	26.7	9.3
Total equity and liabilities	**2,928.4**	**2,998.4**

[1] The item "Held for sale" includes assets held for sale and the associated liabilities.

Analysis of the asset structure

Non-current assets decreased by EUR 94.1m to EUR 2,548.5m in fiscal year 2019, with the most marked decrease in intangible assets and property, plant and equipment (EUR 87.2m). Much of this decrease was attributable to amortization and depreciation not being fully matched by investment levels. Another contributing factor was the D+S 360° group, whose assets were impaired or reclassified as assets held for sale.

On the other hand, the vast majority of the changes in **current assets,** which grew by a total of EUR 14.8m, were insignificant. The only notable factor in this connection was the increase in trade receivables by EUR 15.0m to EUR 181.8m, chiefly due to the continuing growth of the Ströer Group.

In the fourth quarter of the fiscal year, the D+S 360° group's assets were reclassified, removing them from their original line items in the consolidated statement of financial position to the item **assets held for sale.** The assets of Ströer Mobile Performance GmbH and Foodist GmbH, which were presented in this item in the prior year, are no longer recognized as both companies have since been sold.

Thanks to its strong market position, **assets not reported in the statement of financial position** of the Ströer Group include in particular a broad-based portfolio of sustainable customer relationships. Only the small portion of these customer relationships that arose from business combinations is recognized as an asset.

Financial performance of the segments

The following financial performance analysis relates exclusively to the continuing operations of the Ströer Group. The figures in this section have therefore been adjusted for the discontinued operations of the D+S 360° group in line with the provisions of IFRS 5.

Out-of-Home Media

In EUR m	2019	2018	Change	
Segment revenue, thereof	**709.1**	**663.7**	**45.4**	**6.8%**
Large formats	342.1	316.6	25.5	8.1%
Street furniture	153.3	149.7	3.6	2.4%
Transport	61.6	61.1	0.5	0.8%
Other	152.1	136.3	15.8	11.6%
EBITDA (adjusted)	**324.2**	**309.9**	**14.3**	**4.6%**
EBITDA margin (adjusted)	**45.7 %**	**46.7 %**	**–1.0 percentage points**	

The OOH Media segment saw its **revenue** grow by EUR 45.4m to EUR 709.1m in fiscal year 2019. In terms of the individual product groups, all product groups contributed to revenue growth in fiscal year 2019. The **large formats** product group recorded significant growth, up EUR 25.5m to EUR 342.1m, on the back of robust demand from national and regional customers alike for traditional out-of-home products and as a result of our stepped-up local sales activities and further expansion of our roadside screen portfolio. The **street furniture** product group, which mainly serves national and international customer groups in the German OOH market, also reported a demand-driven increase in revenue by EUR 3.6m to EUR 153.3m in fiscal year 2019. The **transport** product group, which operates almost exclusively on the German out-of-home market, lifted its revenue by EUR 0.5m to EUR 61.6m, with the growth stemming largely from business with local customers. The **other** product group also reported growth, with revenue up EUR 15.8m to EUR 152.1m. This growth was driven partly by smaller complementary acquisitions reported in this group which made a positive contribution. Also, full-service solutions (including the production of advertising materials) are traditionally in higher demand from our growth field of local and regional customers than from large national customers. These additional services are also reported in the other product group.

Overall, the segment generated **EBITDA (adjusted)** of EUR 324.2m, which was an increase of EUR 14.3m (prior year: EUR 309.9m) and an **EBITDA margin (adjusted)** of 45.7% (prior year: 46.7%).

Digital OOH & Content

In EUR m	2019	2018	Change	
Segment revenue, thereof	**588.3**	**567.0**	**21.4**	**3.8%**
Display	282.6	297.2	–14.7	–4.9%
Video	161.4	130.3	31.1	23.9%
Digital marketing services	144.3	139.4	4.9	3.5%
EBITDA (adjusted)	**211.5**	**194.1**	**17.4**	**8.9%**
EBITDA margin (adjusted)	**35.9%**	**34.2%**	**1.7 percentage points**	

In fiscal year 2019, the Digital OOH & Content segment grew its **revenue** in an overall challenging market environment from EUR 567.0m to EUR 588.3m, despite some portfolio adjustments. The segment figures can only be compared with those of the prior year to a limited extent due to the portfolio adjustments.

In terms of the individual product groups performance varied. The **display** product group recorded a nominal decline in revenue (down EUR 14.7m to EUR 282.6m) due to the adjustments made to the portfolio. However, adjusted for the sale of Mobile Performance and twiago in particular, the product group would have again generated robust year-on-year revenue growth. The product group escaped the general market pressure on display marketing in particular through the marketing of advertising formats on mobile devices, automated forms of marketing and a highly diverse publisher portfolio. The **video** product group reported significant growth of EUR 31.1m to EUR 161.4m, buoyed by robust demand for our digital out-of-home products, in particular for moving-picture formats in the public domain (public video) and our programmatic public video offering, which is becoming increasingly popular. The **digital marketing services** product group grew by EUR 4.9m in fiscal year 2019 to EUR 144.3m. A number of portfolio adjustments (especially Bodychange) were offset by the persistently strong growth in business at Statista as well as by the solid growth in local digital product marketing business with small and medium-sized customers (RegioHelden), which is also reported in this product group.

The good business development in particular for digital out-of-home media had a noticeably positive effect on earnings. Overall, the segment's results were up significantly again on the excellent prior-year figure, with an increase of EUR 17.4m in **EBITDA (adjusted)** to EUR 211.5m (prior year: EUR 194.1m) and an improved **EBITDA margin (adjusted)** of 35.9% (prior year: 34.2%) in fiscal year 2019.

Direct Media

In EUR m	2019	2018	Change	
Segment revenue, thereof	**340.6**	**302.6**	**38.0**	**12.6%**
Dialog marketing	230.8	187.7	43.2	23.0%
Transactional	109.7	114.9	–5.2	–4.5%
EBITDA (adjusted)	**53.6**	**49.9**	**3.8**	**7.6%**
EBITDA margin (adjusted)	**15.8%**	**16.5%**		**–0.7 percentage**

The Direct Media segment comprises the dialog marketing and transactional product groups. Against the background of the newly acquired dialog marketing operations and the sale of operations in the transactional product group, the prior-year figures are currently only of limited comparative value for these two product groups.[28]

The integration of the newly acquired operations in **dialog marketing** was advanced further in fiscal year 2019, including the sharpening of our strategic focus. The revenue growth in this business particularly benefited from the strong business development of our direct selling activities (door-to-door). The **transactional** product group was down slightly year on year, posting revenue of EUR 109.7m (prior year: EUR 114.9m). However, if the portfolio adjustments (Conexus and Foodist) had not been made, the product group would have reported a significant revenue increase of more than 10% year on year. Business in particular from own e-commerce products (AsamBeauty) saw substantial growth.

Overall, the segment generated an **EBITDA (adjusted)** of EUR 53.6m (up 7.6%; prior year: EUR 49.9m) and its **EBITDA (adjusted) margin** stood at 15.8% (prior year: 16.5%) in fiscal year 2019.

[28] The operations sold – unlike the D+S 360° group – were not defined as discontinued operations within the meaning of IFRS 5. In light of this, the prior-year figures were not adjusted in these instances.

INFORMATION ON STRÖER SE & CO. KGAA

The management report of Ströer SE & Co. KGaA and the group management report for fiscal year 2019 have been combined pursuant to Sec. 315 (5) HGB ["Handelsgesetzbuch": German Commercial Code] in conjunction with Sec. 298 (2) HGB. The separate annual 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 & Co. KGaA 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 communications, IT services, group controlling 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 annual financial statements of Ströer SE & Co. KGaA which were prepared in accordance with the provisions of the HGB and the AktG ["Aktiengesetz": German Stock Corporation Act].

Financial performance

The positive business development in the Ströer Group was reflected favorably in the earnings of Ströer SE & Co. KGaA. With a profit for the period of EUR 72.2m, adjusted for a special effect in 2018, the Company once again outperformed the prior year. Once again, the Company's profits were driven by intragroup profit and loss transfers from subsidiaries which totaled EUR 163.1m in the reporting year. On the downside, however, these profit transfers were contrasted by impairments in the D+S 360° group in 2019.

In EUR k	2019	2018[1]
Revenue	27,776	25,524
Other operating income	6,859	18,554
Cost of materials	–8,823	–6,954
Personnel expenses	–27,327	–31,263
Amortization, depreciation and impairment of intangible assets and property, plant and equipment	–7,629	–7,982
Other operating expenses	–32,115	–73,698
Income from profit and loss transfer agreements and expenses from loss absorption	163,146	778,852
Income from other securities and loans classified as non-current financial assets	2,385	3,722
Impairment of financial assets	–12,852	–28,375
Other interest and similar income and interest and similar expenses	–8,967	–8,688
Income taxes	–30,259	–25,641
Post-tax profit	**72,193**	**644,050**
Other taxes	–41	–41
Profit for the period	**72,152**	**644,009**
Profit carryforward from the prior year	213,677	9,451
Accumulated profit	**285,828**	**653,460**

[1] In the prior year, the income from profit and loss transfer agreements and expenses from loss absorption and the profit for the period and accumulated profits were shaped by a special effect from the intragroup contribution of equity interests.

Keeping pace with the further growth of the Ströer Group, the **revenue** of Ströer SE & Co. KGaA rose by EUR 2.3m to EUR 27.8m, driven primarily by higher intragroup rental income. By contrast, **other operating income** were down by EUR 11.7m to EUR 6.9m. Besides a minimal decline in income from cost allocations, the decrease was mainly attributable to the write-up of a loan in 2018 which had had a positive effect in the prior year. In the light of higher rental expenses, the Company's **cost of materials** rose by a further EUR 1.9m to EUR 8.8m, whereas **personnel expenses** fell by EUR 3.9m year on year. Ströer SE & Co. KGaA also saw a substantial drop in **other operating expenses**, which at EUR 32.1m were a huge EUR 41.6m lower than in the prior year. This fall was chiefly due to the fact that the loss on the sale of the Turkish OOH business impacted the prior-year figure to the tune of EUR 41.1m. By contrast, at EUR 7.6m, **amortization, depreciation and impairment of intangible assets and property, plant and equipment** were virtually unchanged year on year (prior year: EUR 8.0m).

Intragroup **profit and loss transfers** (income from profit and loss transfer agreements and expenses from loss absorption) totaled EUR 163.1m in the fiscal year (prior year: EUR 778.9m). While the general increase in business activity in the Ströer Group had a very encouraging effect on profit transfers, the impairments charged in the D+S 360° group had an offsetting effect. Furthermore, the prior-year figure was significantly higher due to an intragroup contribution of equity interests. By contrast, **income from other securities and loans classified as non-current financial assets** as well as the **interest result** (other interest and similar income and interest and similar expenses) remained roughly on a par with the prior-year level. At the same time, the Company reported a decrease in the **impairment of financial assets** from EUR 28.4m to EUR 12.9m. In the prior year, this figure included various write-downs of intragroup loans in connection with the liquidation of minor entities, whereas in the fiscal year such corrections were required to only a limited extent.

At EUR 30.3m, **income taxes** were slightly up on the prior-year level of EUR 25.6m. This increase is predominantly due to the higher tax base in the tax group. The intragroup contribution of equity interests in the prior year described above was entirely tax-neutral and was thus only reflected in the accounting profit. For detailed information on deferred taxes, see section C.6 in the Company's notes to the financial statements.

Assets, liabilities and financial position

In terms of its assets, liabilities and financial position, the extremely sound overall financial position of Ströer SE & Co. KGaA had changed in very few respects at the end of fiscal year 2019 compared with the prior year. While total assets, at EUR 2,195.3m, rose relatively marginally by EUR 16.3m in the reporting period, there were some larger shifts between other items in the statement of financial position. The notable changes on the assets side include the EUR 32.1m decrease in financial assets, largely due to the repayment of intragroup loans by some subsidiaries who have since obtained their funding from the group-wide cash pool. Conversely, receivables from affiliates, presented in current assets, rose by EUR 41.6m due to the admission of these subsidiaries to the cash pool. On the equity and liabilities side, the additions mainly related to higher liabilities to banks and liabilities to affiliates, offset by a commensurate decrease in equity.

In EUR k	2019	2018
Assets		
Non-current assets		
Intangible assets and property, plant and equipment	40,064	37,501
Financial assets	779,460	811,598
	819,524	**849,099**
Current assets		
Receivables and other assets	1,361,748	1,324,646
Cash on hand and bank balances	9,551	182
	1,371,298	**1,324,828**
Prepaid expenses	**4,489**	**5,104**
Total assets	**2,195,311**	**2,179,031**
Equity and liabilities		
Equity	**1,369,028**	**1,402,772**
Provisions		
Tax provisions	20,455	20,461
Other provisions	13,966	12,299
	34,421	**32,760**
Liabilities		
Liabilities to banks	594,566	559,974
Trade payables and other liabilities	9,492	19,235
Liabilities to affiliates	187,805	164,290
	791,863	**743,499**
Total equity and liabilities	**2,195,311**	**2,179,031**

Analysis of the asset structure

There were limited changes in **intangible assets and property, plant and equipment** in the fiscal year as the holding company's investments were only slightly greater than amortization, depreciation and impairment. In figures, the carrying amounts totaled EUR 40.1m as of the reporting date, which corresponds to a year-on-year increase of EUR 2.6m.

The decrease in the Company's **financial assets** was far more pronounced. While EUR 811.6m was recorded at the end of the prior year, this figure came to EUR 779.5m as of the 2019 reporting date. This decline is attributable to the admission of further subsidiaries to the group-wide cash pool, enabling them to repay their loan liabilities by drawing on the cash pool. In addition, write-downs of intragroup loan receivables and other loans of an amount of EUR 10.4m also contributed to the decrease in financial assets.

During the same period, the Company recorded a EUR 37.1m increase in **receivables and other assets** to EUR 1,361.7m. Besides the admission of other entities to the group-wide cash pool as described above, the acquisition of the remaining shares in a number of subsidiaries (such as Statista GmbH and Permodo GmbH) required substantial liquidity which the acquiring group companies met by drawing on the cash pool. The liquidity surpluses earned by the Group in its operating business had an offsetting effect, with some of this excess liquidity being transferred to Ströer SE & Co. KGaA via the cash pool.

At the end of the reporting year, **bank balances** were just under EUR 9.4m higher than in the prior year at EUR 9.6m (prior year: EUR 0.2m), while **prepaid expenses** were down slightly, at EUR 4.5m compared with EUR 5.1m in the prior year. This item chiefly includes capitalized borrowing costs incurred in prior years in connection with several adjustments of the credit facility. These costs have been deferred and are being released to expenses pro rata temporis over the term of the financing.

Financial structure analysis

Ströer SE & Co. KGaA closed the fiscal year with **equity** of EUR 1,369.0m (prior year: EUR 1,402.8m). While the Company's profit for the period of EUR 72.2m (prior year: EUR 644.0m) had a positive impact, as did the exercise of existing stock options of EUR 7.2m under a stock option plan (prior year: EUR 5.5m), the dividend distribution of EUR 113.1m to the shareholders of Ströer SE & Co. KGaA had an offsetting effect (prior year: EUR 72.5m). At 62.4%, the equity ratio remains at a very comfortable level (prior year: 64.4%).

At EUR 34.4m, the Company's **provisions** were more or less on a par with the prior-year level of EUR 32.8m. The minor increase is solely due to additions to other provisions. At the end of the fiscal year, the Company recorded **liabilities to banks** of EUR 594.6m (prior year: EUR 560.0m). This increase is a reflection of the liquidity needs of the entire Ströer Group, which obtains almost all of its funding from the holding company. Liquidity was required to pursue the growth strategy and to finance the share acquisitions described above (Statista GmbH, Permodo GmbH, etc.). As of 31 December 2019, a total of EUR 495.0m of the liabilities related to note loans placed on the capital market (prior year: EUR 495.0m). The remaining amount related to borrowings under the existing credit facility. For further information on the changes in liabilities to banks, see the liquidity analysis in the following section.

Trade payables fell by EUR 9.0m year on year to EUR 8.7m, while **liabilities to affiliates** rose from EUR 164.3m to EUR 187.8m. In addition to the investment of surplus funds by some subsidiaries with Ströer SE & Co. KGaA, the liabilities from the absorption of the losses of group companies also played a role. There were no notable changes in **other liabilities**, with the balance of EUR 0.8m only marginally below the prior-year figure of EUR 1.5m.

Liquidity analysis

Ströer SE & Co. KGaA has a credit facility with long-term credit lines of EUR 600.0m with the option to extend the volume by a further EUR 100.0m, if required. The full volume of the credit lines is structured as a flexible revolving facility and has been committed until December 2023. As of 31 December 2019, a total of EUR 114.6m (prior year: EUR 79.7m) of these credit lines had been drawn down, leaving EUR 485.4m (prior year: EUR 520.3m) freely available. Together with the cash balance of EUR 9.6m available as of the reporting date (prior year: EUR 0.2m), unutilized financing facilities of a total of EUR 495.0m were available (prior year: EUR 520.5m).

The Company's net financial assets amounted to EUR 694.7m as of 31 December 2019 (prior year: EUR 730.2m). The following overview shows the composition of the net financial assets of Ströer SE & Co. KGaA as of the reporting date:

In EUR m	31 Dec 2019	31 Dec 2018
(1) Receivables from affiliates	1,353.6	1,312.0
(2) Loans to affiliates	113.9	142.3
(3) Cash on hand and bank balances	9.6	0.2
(1)+(2)+(3) Total financial assets	**1,477.0**	**1,454.5**
(4) Liabilities to banks	594.6	560.0
(5) Liabilities to affiliates	187.8	164.3
(4)+(5) Total financial liabilities	**782.4**	**724.3**
(1)+(2)+(3)–(4)–(5) Net financial assets	**694.7**	**730.2**
Equity ratio (in %)	**62.4%**	**64.4%**

As the holding company, the development of Ströer SE & Co. KGaA is closely linked to the performance of the entire Ströer Group. Due to its positive net financial assets, comfortable equity ratio and the consistently very positive results of its subsidiaries, 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 & Co. KGaA depends on the development of the Group as a whole. Based on the Group's expected financial performance for 2020 presented under "Forecast," we expect the subsidiaries to generate greater earnings contributions overall than in 2019 and Ströer SE & Co. KGaA to achieve even higher results in the future than in 2019. 2018, it should be noted, was an exceptional year due to the intragroup contribution of equity interests described above and not a benchmark for the future development of earnings.

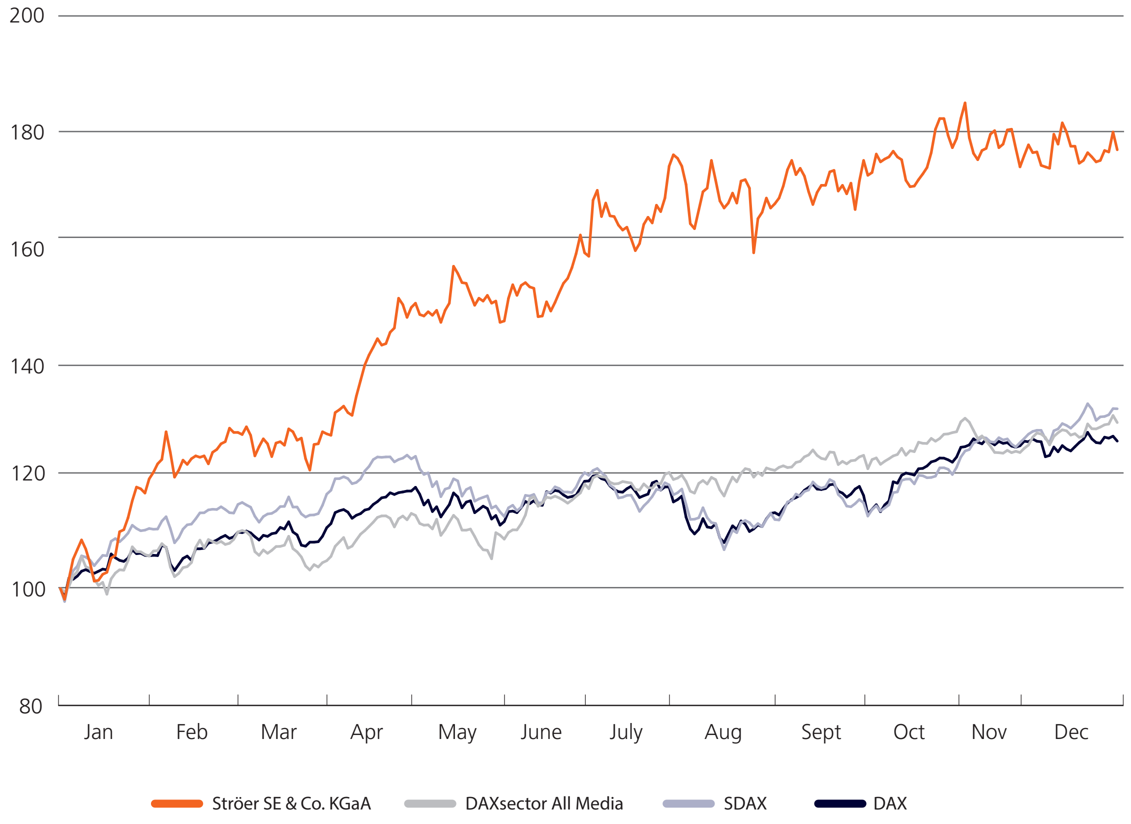
INFORMATION ON THE SHARE

Overall, 2019 was a successful year for trading. Following the weak development in the prior year, the DAX grew by more than 25% in 2019 (prior year: –18.3%), recording the highest annual returns since 2013. The SDAX, in which Ströer SE & Co. KGaA stock has been listed since September 2018, performed even better than the DAX and grew by almost 32% (prior year: –20.0%).

The DAXsector All Media Index performed similarly to the above indices, growing by some 29% over the course of the year (prior year: –23.7%).

Bolstered by the positive stock market climate, but also in particular thanks to the successful positioning of our OOH+ strategy and to our positive earnings development, Ströer SE & Co. KGaA stock performed very well and clearly outperformed the leading indices. After closing at EUR 42.18 in December of 2018, Ströer stock recorded substantial gains over the course of 2019 and reached a new all-time-high of EUR 75.75. Across the year as a whole, the share rose by some 71% to EUR 72.05.

The Ströer share in comparison in 2019 (in percent)



Source: Factset

Ströer's dialog with the capital market

Active and continual communication with the capital market is of great importance and is the focal point of Ströer SE & Co. KGaA's investor relations work. The aim of investor relations is to present the Company and explain its strategy and potential through direct and personal contact, also via our website and mailing list, to private and institutional investors, analysts and other interested capital market players. Ströer provides timely information about current developments in the Company at numerous international roadshows, conferences and meetings.

In addition to investor relations, the board of management personally attended many investor meetings and answered the questions of capital market participants. To best manage our investor relations work, we analyze our shareholder structure on an ongoing basis and plan our roadshow activities accordingly. In the reporting year, these activities again centered around Frankfurt am Main, London, Paris and New York. Besides other financial centers in North America, we visited all the other major European capital market hubs at regular intervals. The board of management of Ströer Management SE also provided detailed information on developments at Ströer at analyst conferences held in Frankfurt and London during the fiscal year.

Another key communication channel is our website www.stroeer.com, → where we promptly publish capital market-related information and documents.

Shareholder meeting

Ströer SE & Co. KGaA's shareholder meeting was again held at the Koelnmesse Congress Center on 19 June 2019 and was attended by approximately 170 shareholders, guests and representatives of the press. Overall, 48.9 million shares of no par value were represented. All resolutions put forward by the supervisory board and board of management were approved. This also included the distribution of a dividend of EUR 2.00 per qualifying share.

Stock exchange listing, market capitalization and trading volume

Ströer SE & Co. KGaA stock is listed in the Prime Standard of the Frankfurt Stock Exchange and has been listed in the SDAX since 24 September 2018. Based on the closing share price on 30 December 2019, market capitalization came to around EUR 4.08b (prior year: EUR 2.37b). The average daily volume of Ströer stock traded on Xetra was approximately 67,000 shares in 2019 (prior year: 91,000 shares).

Analysts' coverage

The performance of Ströer SE & Co. KGaA is analyzed by 17 national and international banks. Based on the assessments at the end of the twelve-month reporting period, 13 of the analysts are giving a "buy" recommendation, four say "hold."

The latest broker assessments are available at www.stroeer.com/investor-relations and are presented in the following table:

Investment Bank	Recommendation
J.P. Morgan	Buy
Commerzbank	Buy
Exane BNP Paribas	Buy
Goldman Sachs	Buy
Deutsche Bank	Buy
Warburg Research	Buy
Citi	Buy
Bankhaus Lampe	Buy
UBS	Buy
HSBC	Buy
Hauck & Aufhäuser	Buy
LBBW	Buy
Liberum	Buy
Barclays	Hold
KeplerCheuvreux	Hold
Morgan Stanley	Hold
Oddo BHF	Hold

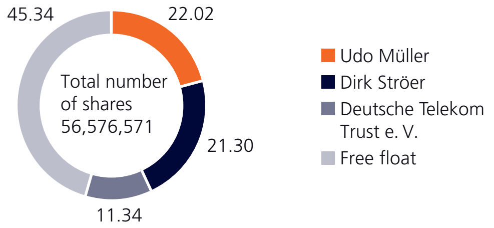
← For further information see our website www.stroeer.com/investor-relations

Shareholder structure

Founder and Co-CEO Udo Müller holds 22.02%, supervisory board member Dirk Ströer holds 21.30% and Co-CEO Christian Schmalzl holds around 0.05% of Ströer SE & Co. KGaA shares. The free float comes to around 45%. According to the notifications made to the Company as of 31 December 2019, the following parties reported to us that they hold more than 3% of the voting rights in Ströer SE & Co. KGaA: Deutsche Telekom Trust e.V., 11.34%, Allianz Global Investors Europe 6.01%, Credit Suisse 3.45% and DWS Investment 3.09%.

Shareholder structure of Ströer SE & Co. KGaA

As of 31 Dec 2019, in %



Dividend policy

In the reporting year, Ströer SE & Co. KGaA paid a dividend of EUR 2.00 per qualifying share. Ströer SE & Co. KGaA intends to continue to allow its shareholders to participate in any successful profit development.

Key data of Ströer SE & Co. KGaA stock

Capital stock	EUR 56,576,571
Number of shares	56,576,571
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 sponsor	Otto Seydler Bank AG
Opening price 2019[1]	EUR 42.02
Closing price 2019[1]	EUR 72.05
Highest price 2019[1]	EUR 75.75
Lowest price 2019[1]	EUR 40.30

[1]Price in XETRA in EUR

EMPLOYEES

The digital transformation of the media industry continues, placing high demands on our employees in terms of technical know-how, creativity and new ways of working. We want to actively shape these changes and forge ahead as pioneers. Collaborative and agile ways of working give our employees room to explore ideas and exchange solutions, enabling them to achieve their full potential. We are promoting collaboration with the launch of Office365. Our BA students and trainees are training staff in an approach based on reverse mentoring. Such projects can only be conducted by employing most of the trainees and BA students centrally at the holding company. By doing this, digitalization can be shaped and driven by, and in particular with, the generation of digital natives.

Our framework for agile methods is based on scrum and design thinking, with internal employees providing training through workinars and passing on know-how.

We received over 60,000 applications in 2019. Our digital employee recommendations program has paid off.

We support diversity on all levels and promote a culture of respect and fairness. We provide a working environment that enables employees to identify with Ströer as an organization, offering attractive modern office buildings, flexible working models, free coffee and other benefits such as our company kindergarten in Cologne.

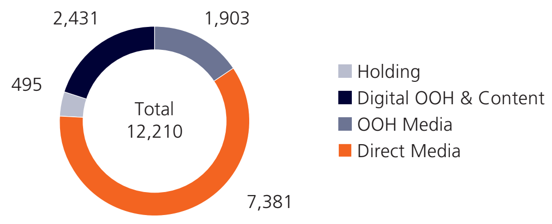
Employment situation

Headcount

As of year-end, the Ströer Group had 12,210 (prior year: 12,514) full and part-time employees. The 304 drop in headcount relates to almost all segments and reflects small-scale disposals (e.g., Foodist, Ströer Mobile Performance) and customary fluctuation.

Employees by segment

As of 31 Dec 2019

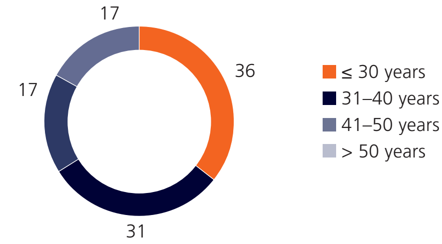


Length of service and age structure

As of the reporting date, employees had been working for an average of 4.8 years (prior year: 4.1 years) for the Ströer Group.

Age structure in the Group

2019 in %



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. Colleagues with extensive professional experience support them in their careers. This also enables us to connect generations to a certain extent.

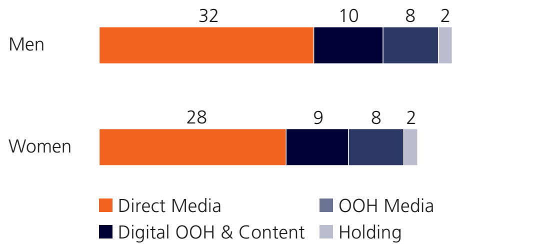
→ For further information on the gender quota and on targets for the board of management and the top two levels of management, see the corporate governance declaration at www.stroeer.com/investor-relations

Gender structure

← The gender ratio at our Company was already very balanced. The proportion of female employees decreased marginally during the course of the year. As of year-end, 51% of the Ströer Group's employees were male and 49% were female (prior year: 49% male and 51% female). The gender balance is due not least to our attractive working time models that help our staff reconcile work and family life, for example, and which make us a modern company.

Gender structure by segment

2019 in %



Training and development

Vocational training and education

Ströer provided a total of 217 young talents throughout Germany with vocational training, thereby again raising this number considerably in 2019. In addition to traditional vocational training, Ströer expanded the scope of its cooperative study program; along with BA degrees, we began an MA program in 2018.

Ströer naturally offers successful BA students and trainees the opportunity of being kept on and we again hired many young talents in a wide range of business areas in the past year. In this context, Ströer was awarded second place in a survey conducted by the business magazine CAPITAL in 2019.

Further development and qualification

Ströer offers its employees opportunities to achieve their professional goals within the Ströer Group. Over the past few years, we have expanded our trainee programs so as to offer career starters diversified training and orientation opportunities. Entry as a trainee is now possible in four areas: general management, HR, finance and also sales.

Participants in our talent program perform very well and many have taken steps to reach their next career level within the Ströer Group. For this reason, we launched the third phase of our internal development program "Jump 'n' Grow" in 2019 to promote the advancement of selected employees. This program includes workshops, training, involvement in joint projects and support by mentors from top-level management for the duration of the program.

REMUNERATION REPORT

The general partner, Ströer Management SE, reports below on the structure and amount of its own remuneration and of the remuneration paid to the members of the supervisory board of the listed corporation Ströer SE & Co. KGaA. In addition, disclosures are made – on a voluntary basis – on the structure and amount of remuneration of the board of management and supervisory board members of the non-listed Ströer Management SE. With the exception of the deviations explained in the declaration of compliance in accordance with Sec. 161 AktG on 11 December 2019, the remuneration report takes statutory regulations into account along with the recommendations of the German Corporate Governance Code and is a component of the group management report.

Remuneration of Ströer Management SE

The sole general partner of Ströer SE & Co. KGaA is (the non-listed) Ströer Management SE. It has not made a special contribution and does not participate in profit or loss or the assets of Ströer SE & Co. KGaA. Ströer Management SE is the legal representative and also conducts the business of Ströer SE & Co. KGaA. Art. 9 (3) Sentence 1 of the articles of incorporation of Ströer SE & Co. KGaA states that the general partner shall receive annual remuneration of EUR 5,000 for managing and assuming liability for the Company. In addition, Art. 9 (3) Sentence 2 of the articles of incorporation states that it shall be refunded all out-of-pocket expenses incurred in connection with the management of the Company's business; this relates to the remuneration paid to the individual members of the board of management and supervisory board of Ströer Management SE presented below.

Remuneration of the board of management

The remuneration of the members of the board of management of the non-listed Ströer Management SE is determined by the supervisory board of Ströer Management SE and reviewed on a regular basis. In accordance with the provisions of the AktG ["Aktiengesetz": German Stock Corporation Act], the supervisory board of Ströer Management SE deliberated in the fiscal year on the decisions to be made regarding the board of management's remuneration, obtained external appraisals on the amount and structure of remuneration at comparable capital market players and made appropriate resolutions.

The employment contracts of the board of management of the non-listed Ströer Management SE with Ströer SE & Co. KGaA ended as of 31 December 2018; since 1 January 2019, the employment contracts have been with Ströer Management SE. Since the fiscal year, Ströer Management SE has directly paid remuneration to its board of management members and charged this on to Ströer SE & Co. KGaA in accordance with Art. 9 (3) Sentence 2 of the articles of incorporation. However, Ströer SE & Co. KGaA still continues to pay variable compensation (LTI) at the respective due dates, provided it relates to remuneration up to and including 2018.

In fiscal year 2019 (and as in prior years), the board of management's remuneration once again comprised two significant components:

Basic salary

The members of the board of management receive a fixed basic salary which is based on a fixed monetary component and is paid out in equal monthly installments.

Variable compensation

The members of the board of management receive variable compensation comprising an annual short-term incentive (STI) and a long-term incentive (LTI). Variable compensation is linked to the performance of the board of management, the development of the Company and its increase in value as well as the achievement of key performance indicators or business targets.

- The total performance-related and therefore variable component of remuneration thus accounts for 53% if the target is reached in full and is the largest component of total remuneration.
- The long-term incentives span a period of three to four years and, in turn, carry a greater weighting than the short-term incentives.

This thus ensures that the actions of the board of management, to the extent that this is possible and expedient through monetary incentives, are directly and substantially aligned with the Company's short and in particular long-term performance.

Ströer Management SE has purposely decided on common goals for the entire board of management instead of individual goals for each member of the board of management as the board members do not assume any segment or division-specific responsibility. The segment and interdisciplinary teamwork of the two Co-CEOs and the CFO specifically leads to optimal group results and common goals promote this collaborative approach. The excellent results of the Ströer Group over the past few years demonstrate that there is no reason to modify this proven model.

The variable compensation for fiscal year 2019 is based on the following key performance indicators and business targets:

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

Focusing on the Ströer Group's cash flows from operating activities for STI ensures that short-term business parameters that can drive profitable growth in line with the annual planning budget are given close attention. In this context, focus is not placed on "softer" parameters such as adjusted EBITDA or non-profit-related, organic growth, but ultimately on the cash generation in the current year.

Long-term incentives (LTI): (i) ROCE, (ii) Organic revenue growth and (iii) Share price

<u>ROCE on the basis of adjusted EBIT/capital employed</u>

With an infrastructure-type business and long-term investment cycles, return on equity is the key long-term indicator and at 50% accounts for the lion's share of LTI remuneration. 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 Ströer Group's cost of capital. The agreed amount upon reaching the target in full is EUR 767k. The remuneration is limited to a maximum of three times 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 0.00.

Organic revenue growth

With the increasingly tougher crowding out seen in the media and marketing sector, sustainable, long-term organic growth, in addition to return on equity and weighted at 35% of LTI, is the Ströer Group's second key value driver. The Ströer Group's average organic 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 Ströer Group. The agreed amount upon reaching the target in full is EUR 537k. If the Ströer Group's average revenue growth in the three-year period exceeds this comparative value, the remuneration can increase to a maximum of three times the amount. Conversely, if the benchmark is not met, the remuneration is adjusted by the percentage shortfall but cannot decrease below EUR 0.00.

Share price

Even if return on equity and organic revenue growth in combination with the annual cash flow optimization largely drive the intrinsic growth of the Ströer Group, the performance of management from an external perspective and the long-term share price development should be factored into the LTI. This even more clearly aligns shareholder interests and management focus; the performance of the Ströer Group in relation to relevant peers as well as capital market communication are also included as criteria in the incentives package for board of management members. This LTI component is linked to the development of Ströer SE & Co. KGaA's share price over a four-year period against the reference price set at the beginning of that period. The agreed amount for fiscal year 2019 upon reaching the target in full is EUR 230k, which as of the reporting date corresponds to 5,009 phantom stock options each with a fair value of EUR 66.48. If the share price rises during the four-year period, the remuneration component increases, but is limited to a maximum of three times 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 Ströer SE & Co. KGaA.

Other

The members of the board of management also receive fringe benefits (remuneration in kind) for which the individual members are liable for tax, as well as compensation of incurred costs.

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 Company is authorized to reduce the remuneration to an appropriate amount.

Share-based payment

The supervisory board of Ströer SE & Co. KGaA granted the members of the board of management stock options in fiscal years 2013 to 2015 and in fiscal year 2017 within the scope of the Stock Option Plan 2013 and 2015; the supervisory board of Ströer Management SE, with the approval of the supervisory board of Ströer SE & Co. KGaA, granted stock options in fiscal year 2019 under the Stock Option Plan 2019. 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 satisfy 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 EBITDA (adjusted). 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.

Total remuneration

Total remuneration for fiscal year 2019 (2018) is presented in the table below:

Benefits granted for 2019 (2018)

in EUR	2019					2018			
	Total	Udo Müller	Christian Schmalzl	Dr. Christian Baier	Dr. Bernd Metzner	Total	Udo Müller	Christian Schmalzl	Dr. Bernd Metzner
				since 1 Aug 2019	until 30 April 2019				
Fixed remuneration	2,673,333	1,300,000	1,000,000	200,000	173,333	2,520,000	1,300,000	700,000	520,000
Fringe benefits	373,000	346,000	18,000	5,000	4,000	376,000	346,000	18,000	12,000
Total	**3,046,333**	**1,646,000**	**1,018,000**	**205,000**	**177,333**	**2,896,000**	**1,646,000**	**718,000**	**532,000**
Severance payments	0	0	0	0	0	0	0	0	0
One-year variable compensation (target reached in full)	**1,370,833**	**850,000**	**450,000**	**70,833**	**0**	**790,000**	**490,000**	**300,000**	**0**
Multi-year variable compensation (amount based on a probability scenario)									
LTI "ROCE" (3 years)	766,667	450,000	275,000	41,667	0	860,200	520,200	340,000	0
LTI "revenue growth" (3 years)	536,667	315,000	192,500	29,167	0	961,400	581,400	380,000	0
LTI "share price" (4 years)	230,000	135,000	82,500	12,500	0	282,800	142,800	140,000	0
LTI "other"	0	0	0	0	0	189,000	189,000	0	0
Share-based subscription rights (5 years)									
Total	**1,533,334**	**900,000**	**550,000**	**83,334**	**0**	**2,293,400**	**1,433,400**	**860,000**	**0**
Benefit cost	0	0	0	0	0	0	0	0	0
Total	**5,950,500**	**3,396,000**	**2,018,000**	**359,167**	**177,333**	**5,979,400**	**3,569,400**	**1,878,000**	**532,000**

Re: share-based subscription rights:
2018: 199,460 options; EUR 9.43 weighted value per option
2019: 1,639,460 options; EUR 11.92 weighted value per option

Benefits granted for 2019

in EUR	2019 Minimal achievable value					2019 Maximum achievable value				
	Total	Udo Müller	Christian Schmalzl	Dr. Christian Baier	Dr. Bernd Metzner	Total	Udo Müller	Christian Schmalzl	Dr. Christian Baier	Dr. Bernd Metzner
Fixed remuneration	2,673,333	1,300,000	1,000,000	200,000	173,333	2,673,333	1,300,000	1,000,000	200,000	173,333
Fringe benefits	373,000	346,000	18,000	5,000	4,000	373,000	346,000	18,000	5,000	4,000
Total	**3,046,333**	**1,646,000**	**1,018,000**	**205,000**	**177,333**	**3,046,333**	**1,646,000**	**1,018,000**	**205,000**	**177,333**
Severance payments	0	0	0	0	0	0	0	0	0	0
One-year variable compensation (target reached in full)	**0**	**0**	**0**	**0**	**0**	**2,706,250**	**1,700,000**	**900,000**	**106,250**	**0**
Multi-year variable compensation (amount based on a probability scenario)										
LTI "ROCE" (3 years)	0	0	0	0	0	2,237,500	1,350,000	825,000	62,500	0
LTI "revenue growth" (3 years)	0	0	0	0	0	1,566,250	945,000	577,500	43,750	0
LTI "share price" (4 years)	0	0	0	0	0	671,250	405,000	247,500	18,750	0
LTI "other"	0	0	0	0	0	0	0	0	0	0
Share-based subscription rights (5 years)	0	0	0	0	0					
Total	**0**	**0**	**0**	**0**	**0**	**4,475,000**	**2,700,000**	**1,650,000**	**125,000**	**0**
Benefit cost	0	0	0	0	0	0	0	0	0	0
Total	**3,046,333**	**1,646,000**	**1,018,000**	**205,000**	**177,333**	**10,227,583**	**6,046,000**	**3,568,000**	**436,250**	**177,333**

Post-employment benefits for members of the board of management

There are no retirement benefit plans or other pension commitments in the event of regular termination.

An arrangement is in place for two members of the board of management that if their employment contracts are not extended, they are entitled to fixed remuneration pro rata temporis for a further four months as a severance payment.

Non-compete clause

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

Pursuant to Art. 15 of the articles of incorporation, the remuneration of Ströer SE & Co. KGaA's supervisory board is approved by the shareholder meeting and the general partner. The members of the supervisory board of Ströer SE & Co. KGaA received an attendance fee of EUR 200.00 per meeting plus out-of-pocket expenses for the period from 1 January to 19 June 2019. Pursuant to the resolution by the shareholder meeting of Ströer SE & Co. KGaA on 19 June 2019, the members of the supervisory board of Ströer SE & Co. KGaA now receive an attendance fee of EUR 1,000 for each supervisory board meeting attended in person and EUR 500.00 for participation in supervisory board conference call meetings.

Pursuant to Art. 14 of its articles of incorporation, the remuneration of the members of the supervisory board of the general partner, Ströer Management SE, is approved by the shareholder meeting of Ströer Management SE. The members of the supervisory board receive fixed basic remuneration, attendance fees and out-of-pocket expenses. Remuneration of the supervisory board of Ströer Management SE was charged on to Ströer SE & Co. KGaA in line with Art. 9 (3) Sentence 2 of the articles of incorporation of Ströer SE & Co. KGaA.

Total remuneration (excluding any VAT) of the supervisory board of Ströer SE & Co. KGaA for fiscal year 2019 including the allocations charged on to Ströer SE & Co. KGaA by Ströer Management SE is presented in the table below (in EUR):

in EUR	Fixed compensation	Attendance fee	Total
Angela Barzen	0.00	2,000.00	2,000.00
Martin Diederichs	30,000.00	4,400.00	34,400.00
Julia Flemmerer	0.00	200.00	200.00
Sabine Hüttinger	0.00	2,400.00	2,400.00
Andreas Huster	0.00	2,400.00	2,400.00
Dr. Raphael Kübler	30,000.00	2,000.00	32,000.00
Petra Loubek	0.00	2,000.00	2,000.00
Rachel Marquardt	0.00	1,900.00	1,900.00
Tobias Meuser	0.00	2,400.00	2,400.00
Dr. Thomas Müller	0.00	1,000.00	1,000.00
Michael Noth	0.00	200.00	200.00
Nadine Reichel	0.00	1,900.00	1,900.00
Christian Sardiña Gellesch	0.00	2,400.00	2,400.00
Petra Sontheimer	0.00	2,400.00	2,400.00
Dirk Ströer	48,000.00	4,400.00	52,400.00
Simone Thiäner	0.00	2,200.00	2,200.00
Vincente Vento Bosch	30,000.00	4,400.00	34,400.00
Christoph Vilanek	72,200.00	4,400.00	76,600.00
Ulrich Voigt	48,000.00	3,700.00	51,700.00
Total	**258,200.00**	**46,700.00**	**304,900.00**

OPPORTUNITIES AND RISKS

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 centered 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 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 also firmly believe that Ströer is in a good strategic and financial position to be able to take advantage of opportunities that arise. Despite some uncertainties in the economic environment of our active markets, the board of management of the Ströer Group expects market conditions to remain stable overall in the current fiscal year 2020. If a less favorable scenario were to occur, the Ströer Group would be able to react quickly, as demonstrated in the past, and implement the internal measures needed to adjust its investment and cost budgets.

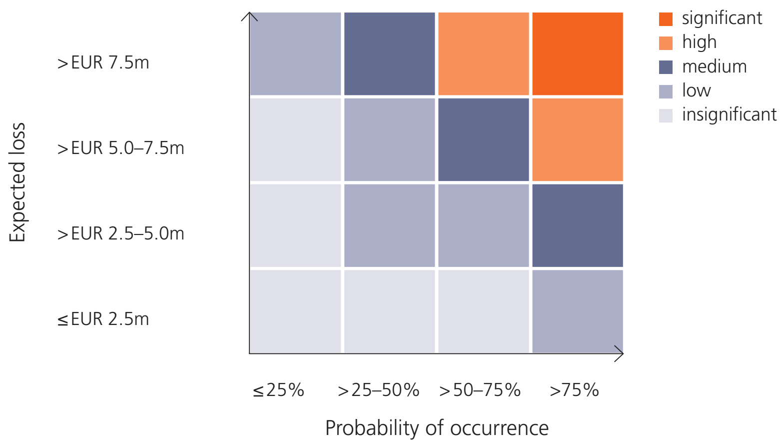
Opportunity and risk management system

Our board of management is responsible for opportunity and risk management, which is an integral part of corporate governance. Depending on the goals and strategies of the individual segments, responsibility for opportunity and risk management lies with the segment's operational management in close collaboration with the headquarter offices and the board of management. The ongoing management of opportunities and risks is an integral component of the planning and control process.

A key component of Ströer's risk management system is its group-wide early warning system for the detection of risks 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 group of consolidated entities.

The opportunities and risk report covers the identification, assessment, management and monitoring of core risks. These risks include all matters which pose a significant threat to our business development 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 chart shows the scale of both metrics (expected loss and probability of occurrence) and the related risk matrix.

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 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 risks and informs the board of management of Ströer Management SE and the supervisory board of Ströer SE & Co. KGaA 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 the Ströer Group's risk profile 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, in particular, whether the early warning system for the detection of risks is suitable for promptly identifying risks that could jeopardize the Company's ability to continue as a going concern. The external auditors report the results to the board of management and supervisory board.

Internal control system

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

Furthermore, the internal control system aims to help the reporting convey a true and fair view of the assets, liabilities, financial position and financial performance 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 fully consolidated 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, communicated and implemented 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 significant risk fields and control areas.
- Monitoring of the financial reporting process at the level of the Group and the fully consolidated entities.
- Preventative control measures in the finance and accounting functions of the Group and the entities fully consolidated in the consolidated financial statements.
- Measures to ensure that group financial reporting issues and data are processed using appropriate IT systems.
- Defined channels for communicating changes in processes and 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.

Internal audit system

The internal audit function is an instrument used by the board of management of Ströer Management SE and the supervisory board of Ströer SE & Co. KGaA and supports these bodies as a component of corporate governance in their management and supervisory function. In this context, the internal audit function conducts reviews of selected equity investees and corporate areas. Areas of audit focus include:

- Audit of the financial position and assets and liabilities, the reliability of the accounting and the information derived therefrom as well as compliance with internal accounting guidelines (financial auditing).
- Audit of the quality, security, propriety, efficiency and functionality of the structures, processes and systems, including the IT systems and the internal control system (operational auditing).
- Compliance with laws, regulations, guidelines, procedures and contracts (compliance).

On the basis of a detailed risk-based audit plan, the effectiveness of the system of internal control was supported in the fiscal year by several internal audit projects. The findings of these audits were presented to the board of management of Ströer Management SE and the audit committee of the supervisory board of Ströer SE & Co. KGaA in the course the year. A comprehensive year-end report on the work of the internal audit function and the contents of the audits and their findings were presented to the supervisory board at regular intervals. Any improvement measures resulting from internal audits were and continue to be monitored systematically.

Risk situation

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 assets, liabilities, financial position and financial performance in the forecast period. The following risks are classified according to their expected loss value based on the above evaluation of the expected loss value in terms of the expected EBITDA and/or cash flows and probability of occurrence (e.g., "ELV: medium").

Market risks (ELV: low)

Macroeconomic developments could prove to be worse than assumed in the forecast due to political uncertainty or renewed 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.

In our core regional market of Germany, we anticipate an overall stable economic development. Although overall economic growth in the forecast period could slow down again due to ongoing international trade disputes, Brexit or geopolitical conflicts in the Middle East, private consumption in Germany, which is of relevance to our media, is expected to be robust.

In the area of procurement, material 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 approval processes, an increase in the cost of obtaining the required building approvals or the rejection of applications for attractive locations by the approval authorities. In online media, there is the risk that websites in our portfolio could 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. We consider these risks to be perfectly normal business risks, however, which are limited thanks to our highly diverse portfolio in the out-of-home and digital segments.

Special risks relating to procurement, particularly in out-of-home media 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 inter media 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.

In dialog marketing, revenue is chiefly generated with national key accounts. A change in the demand pattern of individual key accounts could in theory also give rise to short-term income risks.

Alongside our core business of out-of-home and online advertising, other business models also contribute significantly to the Group's revenue and earnings. In addition to the (a) content-based business models centered around Germany's online portal with the largest reach, t-online.de, (b) transactional and subscription-based business models and (c) the dialog marketing business, the Ströer Group has successfully diversified its revenue streams. The Group succeeded on the whole in diversifying its previously advertising-heavy revenue to include other transactional and direct sales-oriented revenue. This will enable the Group to mitigate general market risks in the commercialization of advertising.

The ongoing trend that began a number of years ago in user surfing behavior away from stationary computers toward mobile devices is presenting challenges in particular for online display advertising as well as for content-based revenue models. We address this risk by, among other things, improving the monetization of existing capacities and optimizing our mobile advertising activities.

The increased use of ad blockers is also posing an ongoing risk to online advertising. We are countering the risk for our online marketing activities using various measures. On the one hand, we are investing in technology designed to circumvent these ad blockers. Secondly, our website portfolio is on average less affected by ad blocking technology due in part to the user structures. Thirdly, we are increasingly offering native ad products which are not affected by ad blockers.

Political and regulatory risks (ELV: low)
The ongoing discussion on data protection in politics and society at large presents a risk for our business activities where data processing is a key element. Uncertainty in relation to the ramifications of the EU General Data Protection Regulation (GDPR) effective May 2018 subsided in the second year following its implementation. However, we continue to closely monitor how the legal provisions contained in the GDPR are being fleshed out in practice. The proposed ePrivacy Regulation of the EU, which like data protection addresses online marketing, also casts additional uncertainty. For example, in connection with the GDPR and the EU's pending ePrivacy Regulation, Google is planning to introduce active consent to the acceptance of cookies (user opt-in). We work tirelessly to ensure we meet the technical requirements for compliance. It is still uncertain at present whether and to what extent such regulations have an impact on usage behavior and marketability.

Even though such legal changes only affect individual business models in our portfolio and we mainly use large volumes of data anonymously, we are closely examining this matter on a continuous basis. Our response includes a uniform group-wide data protection policy. As new laws always require a certain amount of interpretation as to how they should be put into practice after their entry into force, we are aiming to continually enhance our data protection process to make it best practice within the industry.

In addition, there is a risk from an increase in the scope of advertising bans as has been repeatedly called for in political discussions over the past few years, particularly for tobacco advertising. In the reporting year, the German Federal Government adopted a law establishing a phased ban on out-of-home advertising for tobacco products from 2022 onward. We therefore do not expect such a ban to enter into force in the forecast period. By significantly reducing our dependency on individual advertising customers and industries, we have already drastically reduced the significance of this risk.

Process risks (ELV: low)
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 failure of one or more systems could result in a loss of data and have an adverse effect on IT-based business processes. Because Ströer's central IT systems are operated separately from one another in terms of content, technology and physical location, these risks pertain only to individual segments of the Group. These processes are nonetheless subject to ongoing improvement measures aimed at reducing these risks.

Generally, disruptions to the proper handling of quote and proposal preparation, order processing and complaints and receivables management can also not be ruled out.

In our operating process, we focus in particular on potential quality risks to ensure the high quality and best management of our out-of-home advertising media as well as interruption-free presentation of digital advertisements. A very small number of business models in the Ströer Group whose revenue streams are also impacted by internet search engines are exposed to general risks arising from changes in algorithms of search engine operators.

Employee risks (ELV: low)
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 further strengthened our profile as an innovative and attractive media company by radically expanding our digital business models.

The large workforce required in the area of dialog marketing gives rise to risks, in particular given the current situation prevailing in the German employment market where there is a lack of – suitably qualified – employees. Recruitment and staff retention play a major role in this business segment.

Financial risks (ELV: low)
Ströer's current debt poses a general 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 is currently very low due to the Company's very solid cash position at the end of the reporting year and a strong operating cash flow.

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. However, the relative significance of the financial statements prepared in foreign currency in the consolidated financial statements is insignificant in the reporting period. Transaction-based currency risks do not pose a significant risk to the Ströer Group.

The Ströer Group is mainly exposed to general interest rate risks in connection with non-current floating-rate financial liabilities and existing cash and cash equivalents. However, we do not anticipate any material changes in the forecast period.

If the subsidiaries and other investees generate losses, an investment risk could arise that could have a negative effect on the Ströer Group's financial performance and liquidity. Impairment of goodwill cannot be ruled out at present or in the future if the business performance of individual companies or cash-generating units (CGUs) 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 – corporate communications and investor relations – that make the relevant information available to recipients in good time and enable us to take appropriate action.

The business acquisitions in the recent past 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. Our legal department permanently monitors compliance with antitrust and capital market regulations, regulations on upstanding business practices and data protection rules. Furthermore, we mitigate legal risks by involving external business experts and law firms where appropriate. Ongoing and future legal disputes could result in litigation risks that could ultimately differ from the risk assessments undertaken and the associated provisions.

Opportunities

General economic opportunities arise for us if increases in the net advertising volume, particularly in our core market of Germany, 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/or online advertising or to dialog marketing is more pronounced than anticipated. An improvement in the macroeconomic situation could also have a positive effect on the revenue from our transactional business activities.

The structural change in the advertising industry that is reflected in particular by changing media consumption and by the continuing digitalization of media offerings has the potential to accelerate in fiscal year 2020 beyond expectations. For years we have been observing a migration of advertising business away from print media as well as a more recent decline in advertising income from traditional linear television advertising to the benefit of digital media and traditional and digital out-of-home products. In this context, demand for multiscreen solutions (public video, roadside screens, desktop, tablets, mobile) only offered in this combination by the Ströer Group could exceed forecasts. Opportunities also continue to arise from the programmatic linking of our digital out-of-home media, that is, through the fully automated real-time purchase and sale of advertising space in the public video segment which was successfully expanded in the reporting year. Given the continuing megatrends of digitalization, urbanization and the increasing mobility of the population and against the background of changing consumer behavior, our range of out-of-home, online media products and dialog marketing puts us in a very 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. Ongoing digitalization of our out-of-home media will also support these opportunities.

The quality of the analog and digital advertising media portfolio is key to the success in capitalizing on opportunities arising in the commercialization of advertising. 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.

Strategic opportunities could also arise from targeted acquisitions which we use to strategically expand our position in our core markets and core business areas and use to effectively align our product offering to the needs of our customers. Even though no material acquisitions are currently planned for the forecast period, we always review options that arise if these are in line with our strategy.

The continuing optimization of the Group's online inventory and the further improvement of its technology position 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 in competition with the large publisher-based marketers and TV offerings and that we can gain market share.

The expansion of the sales and distribution activities by Statista, the leading provider of market and consumer data, combined with consistent product expansions have allowed us to reach potential new customer segments that have thus far been afforded less attention. This could lead to even quicker growth than has been assumed in our plans to date.

The sustained integration efforts and portfolio optimizations at the numerous companies acquired over the past few years may lead to unexpected synergies in both revenue and costs. The increased exchange of technological and sales know-how between the units acquired in recent years and the backbone business provides us with additional opportunities to further improve our position.

Our increased efforts aimed at digitalizing and automating processes could give rise to additional previously unidentified cost-optimization potential.

We expect to see good growth opportunities from the further increase in our regional sales presence in the reporting period. Synergies between digital and analog products may be greater than originally expected.

FORECAST[1]

Overall assessment by the board of management of the Group's expected performance in 2020

Structural changes will continue to shape the media market. The key factors in this development are the increasing usage of mobile devices, the expansion and acceleration of networks and thus people's media consumption patterns. Media content is available everywhere, at all times and on all devices, with the use of linear media rapidly becoming less relevant. By contrast, out-of-home media is omnipresent, it cannot be clicked away and does not contain any fake news or bad content. The websites commercialized by Ströer are generally based on editorial content and geared toward the needs of their target groups and are relevant. The Ströer Group's dialog media products directly address audiences. As such, the Ströer Group's solutions are well positioned for the growing changes in media consumption.

Ströer is able to use its own ad servers to centrally manage moving-picture content on online desktops, mobile and public video screens and our solutions are available on all the relevant demand-side platforms (DSP). As the largest non-TV marketer, Ströer thus has a very strong positioning with its advertising customers. In addition to stepping up the regional marketing of our out-of-home and digital inventory, we see opportunities for growth in particular in the integration and targeted performance-based expansion of our dialog marketing activities.

We will continue to expand the local and regional sales organization in Germany in 2020 and remain committed to safeguarding and selectively expanding our marketable inventory in all areas of growth. Another focus is the continued integration and optimization of the performance-based dialog media activities. We are also working intensively on strengthening the global leadership position of our data-as-a-service statistics portal, Statista. The focus here is on deeper penetration into existing markets as well as on internationalization.

The key performance indicators for the management of the Group are organic revenue growth and EBITDA (adjusted). For fiscal year 2020, the board of management expects organic revenue growth in the mid-single digit percentage range for the entire Ströer Group.[2] EBITDA (adjusted) is also expected to increase by a mid-single digit percentage figure.[2]

In addition, the board of management expects adjusted consolidated profit to grow at a comparable pace to EBITDA (adjusted). The leverage ratio (net debt to EBITDA (adjusted)) is expected to be on par with or fall slightly short of the prior-year level. Taking payments of the principal portion of lease liabilities under IFRS 16 into account, the board of management expects the free cash flow to develop in line with EBITDA (adjusted). ROCE is expected to reach the level of the prior year (fiscal year 2019: 20.0%).

Forward-looking statements

Our 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 and business development in 2020. The Ströer Group's revenue and earnings development can be influenced by the economic developments in our markets and developments in the relevant advertising markets. Revenue development is also influenced by the market share of digital and out-of-home media as a percentage of the overall advertising market. It is thus 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 our advertising customers across our media portfolio has thus been increasingly shaped by short booking lead times for years. This is particularly true of digital marketing where campaigns can be booked at even shorter notice for technical reasons than in traditional out-of-home channels. As transactions are increasingly being processed in real time via RTB platforms, the total booking lead times are shaped by higher volatility than in the past. The short booking lead times for most of our media products restrict our ability to reliably forecast revenue and thus earnings.

Fluctuations in external market parameters, such as the yield curve, make forecasting the exact consolidated result only possible to a limited extent. Uncertainties relating to these parameters can also impact non-cash items in the financial result. In this forecast, we expect the parameters in the financial result to remain largely unchanged compared with the end of the reporting period.

[1] Comparisons with the forecast values for the next year are generally based on the actual 2019 values.

[2] Mid-single digit percentage equates to 3% to 7%.

Future macroeconomic conditions

The German Federal Government predicts growth of 1.0% for 2020.[3]The Institute for the World Economy (IfW)[4] believes that the German economy is set to rebound only very gradually following a weak summer. The uncertain global economic environment, which has placed a particular strain on the German economy (being specialized in producing capital goods), was the primary contributing factor to the economic slowdown. The weak industrial economy has also adversely affected the business services industry to an increasing extent. By contrast, the consumer services industry continued its expansionary trend. The disposable income of private households has increased further in spite of the now considerable slowdown in employment growth. In addition to the sustained robustness in wage growth, numerous income-boosting measures enacted by the fiscal authorities have had a contributing effect. The construction boom has continued in an unabated fashion, which is due in part to the persistence of favorable financing conditions. Overall economic production is expected to gradually recover during the course of 2020. The renewed slight upswing in the world economy lends support to this prediction. However, strong economic growth is not expected. The IfW experts anticipate a growth rate of 1.1% for 2020, which is slightly higher than the rate predicted by the German Federal Government. GDP is expected to record a sharper rise than in 2019, with growth of approximately 0.5% forecast.

Future industry performance

Development of the German advertising market
Based on preliminary figures taken from Nielsen's advertising statistics, the German gross advertising market in 2019 remained at the high level recorded in the prior year.[5]The agency Zenith is forecasting growth of around 0.5% in net advertising revenue for 2020.[6] According to a survey conducted by the German Advertisers Association ["Organisation Werbungtreibende im Markenverband": OWM], a third of member companies (36%) anticipate an increase in revenue in 2020, compared with 56% in the prior year. 62% expect revenue to stagnate in 2020 and 2% expect it to decline.[7]

Generally, established studies forecast stronger growth in advertising revenue for the out-of-home segment compared with the advertising market as a whole. According to PricewaterhouseCoopers GmbH (PwC), advertising revenue in the OOH industry, including digital out-of-home advertising, will grow at a rate of 3.2% in 2020.[8] Compared with other advertising channels such as TV, print, radio and cinema, the expenses for OOH advertising are growing at an above-average rate according to PwC. This is attributable to various developments in the advertising market. Media consumption is growing increasingly fragmented, while the traditional advertising channel of television is losing ground to OOH as well as to our digital advertising formats. OOH also offers the benefit of combining analog and digital content. Against this background, experts at PwC predict an average annual revenue growth rate of 3.0% during the relevant period, with the out-of-home advertising market in Germany set to reach a total volume of EUR 1.4b by 2023.

On the whole, the market for online advertising is expected to develop similarly to 2019 in 2020. Higher advertising efficiency through precise targeting and performancebased solutions continues to provide long-term opportunities for growth. Zenith and PwC predict growth in online advertising revenue of 7.7%[9] and 6.6%[10], respectively, for 2020. PwC expects the stationary online advertising market to record a decline in the annual growth rate from its current figure of 5.5% to a moderate 2.8%.[11]

PwC forecasts the strongest growth in the mobile online advertising segment, with experts predicting average annual growth of 15.4% by 2023.[12] This growth will continue to be driven by the increasing penetration of internet-enabled mobile devices (smartphones and tablets), the associated shift in media usage and a considerable rise in data volumes. We agree with these market assessments.

Estimates by PwC indicate that the German contact center and CRM services market will continue to develop positively. In its assessment, the average annual growth rate (CAGR) in the period between 2015 and 2021 will stand at 6.0% for CRM 1.0 products and 18% for CRM 2.0 products, i.e., technologically sophisticated and innovative services.[13]

[3] Source: Autumn 2019 projection by the German Federal Ministry for Economic Affairs and Energy, October 2019
[4] Source: Kieler Konjunkturberichte Deutschland, no. 62 (2019|Q4)
[5] Source: Nielsen Values to come
[6] Source: Zenith Advertising Expenditure Forecasts, December 2019
[7] Source: German Advertisers Association ["Organisation Werbungtreibende im Markenverband": OWM], November 2019
[8] Quelle: Herbstprojektion 2019, BMWi, Oktober 2019
[9] Quelle: Kieler Konjunkturberichte Deutschland, Nr. 62 (2019|Q4)
[10] Quelle: Nielsen Values to come
[11] Quelle: Zenith Advertising Expenditure Forecasts Dezember 2019
[12] Quelle: Organisation Werbungtreibende im Werbeverband (OWM), November 2019
[13] Quelle: Zenith Advertising Expenditure Forecasts Dezember 2019

Growth drivers include in particular demand for CRM services from providers of service-centered business models in the following sectors: e-commerce, mail order, e-mobility, mobility services, identity services, digital financial services, smart home services, e-government and care services such as ambient assisted living driven by demographic factors.

Anticipated revenue and earnings development

Ströer Group

As outlined above, the Ströer Group's board of management expects organic revenue growth in the mid-single digit percentage range in 2020. EBITDA (adjusted) is also expected to increase by a mid-single digit percentage figure. All three segments Out-of-Home Media, Digital OOH & Content and Direct Media will contribute to this development.

In the fiscal year, Ströer strengthened its portfolio by selling a number of non-core activities as well as Foodist and the Norwegian-based Conexus.

These measures will enable Ströer to focus more keenly on its core business and effectively harness potential from the OOH+ strategy.

With the focus on Germany, especially after the sale of the Turkey business, revenue from foreign transactions in foreign currency is even less significant than in the prior year. Where considered in planning processes, we assume virtually unchanged parameters.

We expect a single-digit percentage volume-related increase in direct costs in 2020. We anticipate a slight increase in overheads, such as IT costs, for the Group as a whole, which is expected to be lower than the increase in organic revenue as was the case in past years. Selling and administrative expenses are expected to increase slightly due to moderate inflation-related salary and other cost adjustments, the continued expansion of local and regional sales organization structures, the further internationalization of Statista as well as the considerable increase in business volume in the Group.

As regards economic development in Germany and the rest of the world, despite some potential uncertainties such as Brexit, the trade dispute between the US and China and the geopolitical uncertainties in the Middle East, the board of management does not see any signs of a material impact on our business development. However, there is no way to reliably predict the availability and distribution of actual advertising budgets or the development of discounts as of the date of publication. Among other things, this is largely because of radical changes in the media landscape and the increasing diversity of advertising offerings, especially in digital media channels. The growing importance of social networks for the advertising industry is also responsible for changes in the allocation of advertising budgets. In this market environment, Ströer expects its portfolio of attractive out-of-home and digital media that is unrivaled in Germany to enable it to continue to successfully and sustainably maintain its market position.

Planned investments

The investments in the forecast period will remain focused on the further digitalization of the out-of-home segment and the installation and replacement of out-of-home advertising media, due mainly to the extension or acquisition of public advertising concessions. In the Digital OOH & Content segment, investments will be channeled into upgrading and expanding public video inventory and the IT infrastructure as well as creating internally developed intangible assets such as, in particular, software and data management platforms. In the Direct Media segment, investments primarily relate to the further integration and focus of the unit on performance-based business aimed at supporting the Group's OOH+ strategy.

For the Ströer Group, the board of management anticipates the volume of total investments – excluding M&A activities – to again amount to around EUR 100m to EUR 120m in fiscal year 2020. As a considerable proportion of these investments are not backed by binding investment commitments, the investments can be scaled back if so required by market developments or the Company's situation.

In light of our OOH+ strategy, the Company does not plan on any major business acquisitions (M&A).

Expected financial position

As the Ströer Group's financial performance is again stronger year on year, we also anticipate a further improvement in the financial position.

Due to the focus on our domestic market and on our profitable core business, return on capital employed (ROCE) in 2020 is expected to at least match the high level of the 2019 figure (20.0%).

The Ströer Group's current credit financing is secured until the end of 2023. In the last refinancing rounds, we managed to secure borrowing terms and conditions that remain attractive for us. The covenants are designed to provide sufficient headroom, even during economic and seasonal fluctuations. The leverage ratio of 1.4 at the end of the reporting period means that the Group remains in a very comfortable zone. We expect the leverage ratio to decrease slightly in 2020, excluding any increases in dividend distributions and M&A activities.

The board of management maintains its view that the current financing provides sufficient leeway to carry out planned investments and also capitalize on any business opportunities that may arise during the forecast period. The terms of our financing arrangements are continually assessed with a view to current developments on the debt capital markets. We will pursue any economically favorable opportunities to adjust those terms as appropriate.

SUBSEQUENT EVENTS

See the disclosures made in the notes to the consolidated financial statements for information on subsequent events.

INFORMATION IN ACCORDANCE WITH SEC. 315A HGB INCLUDING THE REPORT BY THE GENERAL PARTNER OF STRÖER SE & CO. KGAA

The following information required under takeover law is presented in accordance with Sec. 315a Sentence 1 HGB ["Handelsgesetzbuch": German Commercial Code].

Composition of subscribed capital

Subscribed capital of EUR 55,282,499.00 existing at the time of the Company's conversion into a German partnership limited by shares (KGaA) as of 1 March 2016 was contributed by way of a change in legal form of the legal entity, formerly Ströer SE with its registered office in Cologne (HRB no. 82548).

In the fiscal years thereafter, the Company's subscribed capital increased further as a result of stock options being exercised. In 2019, the number of shares increased by 404,700 to 56,576,571. As of 31 December 2019 therefore, subscribed capital is split into 56,576,571 bearer shares of no par value. They have a nominal value of EUR 1 each and are fully paid in.

Restrictions concerning voting rights or the transfer of shares

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

Investments in capital exceeding 10% of voting rights

Ströer Management SE, Düsseldorf, is the general partner of Ströer SE & Co. KGaA. It has not made a special contribution and does not participate in profit or loss or the assets of the Company.

Udo Müller holds 22.02% and Dirk Ströer 21.30% of total stock. Both shareholders are resident in Germany. Furthermore, Deutsche Telekom Trust e.V., Bonn, also holds a total of 11.34% of the shares in Ströer SE & Co. KGaA. 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 the voting rights.

Special rights granting control authority

There are no shares with special rights granting control authority.

Legal provisions and other provisions in the articles of incorporation and bylaws concerning the beginning and end of the authorization of the general partner to manage and represent the Company as well as changes in the articles of incorporation and bylaws

Art. 8 of the articles of incorporation of Ströer SE & Co. KGaA sets forth details concerning a potential exit by the general partner and the continuation of Ströer SE & Co. KGaA. In accordance with Sec. 119 (1) No. 5 AktG ["Aktiengesetz": German Stock Corporation Act], 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. 9 of the articles of incorporation of Ströer SE & Co. KGaA.

Authorization of the general partner to issue or reacquire shares

The approved capital 2014 of EUR 12,525,780.00 expired in fiscal year 2019. Subject to the approval of the supervisory board, the general partner is authorized to increase the Company's capital stock once or several times until 18 June 2024 by a maximum of EUR 5,652,657.00 in total by issuing up to 5,652,657 new bearer shares of no par value for contributions in cash or in kind (approved capital 2019).

The capital stock is subject to a conditional increase by a maximum of EUR 812,548.00 by issuing a maximum of 812,548 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 SE which had not yet been carried out on the date the change in the legal form of Ströer SE to a KGaA pursuant to the conversion resolution dated 25 September 2015 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 and pursuant to the conversion resolution of the shareholder meeting on 25 September exercise these stock options and that the Company does not settle the stock options in cash.

The capital stock is subject to a conditional increase by a maximum of EUR 2,123,445.00 by issuing a maximum of 2,123,445 bearer shares of no par value (conditional capital 2015). This conditional capital increase, however, may not exceed the amount and the number of shares relating to the conditional capital increase pursuant to Art. 6B (1) of the articles of incorporation of Ströer SE which had not yet been carried out on the date the change in the legal form of Ströer SE to a KGaA pursuant to the conversion resolution dated 25 September 2015 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 25 September 2015, rights to bearers of stock options under the Stock Option Plan 2015. 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 25 September 2015 exercise these stock options and that the Company does not settle the stock options in cash.

The Company's capital stock is subject to a conditional increase by a maximum of EUR 11,056,400.00 by issuing a maximum of 11,056,400 new bearer shares of no par value (conditional capital 2017). The purpose of the conditional capital increase is to grant bearer shares of no par value to owners/creditors of convertible bonds and/or bonds with warrants which are being issued by the Company or an investee as a result of the authorization granted by the shareholder meeting of 14 June 2017 based on item 9 of the agenda. New bearer shares of no par value are issued at a particular conversion or option price 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 own equity instruments or of new shares issued from approved capital.

The capital stock is subject to a conditional increase by a maximum of EUR 2,200,000.00 by issuing a maximum of 2,200,000 bearer shares of no par value (conditional capital 2019). The sole purpose of the conditional capital increase is for rights to be granted, as authorized by resolution of the shareholder meeting dated 19 June 2019, to bearers of stock options under the Stock Option Plan 2019. 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 19 June 2019 exercise these stock options and that the Company does not settle the stock options in cash or by issuing treasury shares.

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/note loans

A facility agreement is in place between Ströer SE & Co. KGaA and a syndicate of various banks and credit institutions. The syndicate granted the Company a credit line of EUR 600m. This facility agreement concluded in fiscal year 2016 replaced the previous agreement dating from 2014. Furthermore, Ströer SE & Co. KGaA placed note loans on the capital market with a volume of EUR 145m in 2016 and a volume of EUR 350m in 2017.

The provisions in both the facility agreement and the note loans 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.

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