STRÖER

ANNUAL REPORT 2013

STRÖER MEDIA AG

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Ströer Media AG …

… is the **number 1** in the out-of-home advertising industry in Germany, Turkey and Poland[1)]

… operates **the largest giant poster network** in Europe through BlowUP Media

… became one of the **first digital full-service providers** on its entry into online marketing

… is **3rd in the AGOF** ranking[2)]
and **2nd in the Comscore** ranking[2)]

… is one of the **top 3 online marketers** in **Turkey** and **Poland**

[1)] Ströer is the joint leader of the Polish market with another competitor
[2)] In Germany

KEY PERFORMANCE INDICATORS

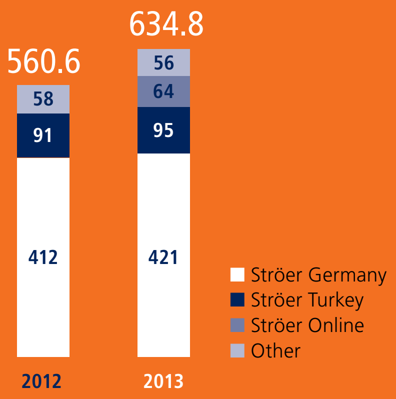
		2009	2010	2011	2012	**2013**	Change
Revenue	EUR m	**469.8**	**531.3**	**577.1**	**560.6**	**634.8**	13.2%
Revenue by segment							
Ströer Germany	EUR m	393.3	409.9	427.3	411.7	420.6	2.2%
Ströer Turkey	EUR m	33.5	68.6	89.0	91.3	94.6	3.5%
Ströer Online	EUR m				0.0	64.4	n.d.
Other (Ströer Poland and BlowUP)	EUR m	43.1	52.9	61.4	57.9	56.4	−2.7%
Revenue by product group							
Billboard	EUR m	238.5	274.7	302.0	286.6	288.8	0.8 %
Street Furniture	EUR m	118.1	134.6	150.8	147.2	144.9	−1.5%
Transport	EUR m	69.4	73.8	89.2	91.5	97.7	6.7%
Online	EUR m				0.0	64.2	n.d.
Other	EUR m	43.8	48.1	35.1	35.3	39.2	11.2%
Organic growth[1)]	%	−2.5	7.5	4.8	−4.0	3.5	
Gross profit[2)]	EUR m	169.1	198.6	205.0	174.1	196.2	12.7%
Operational EBITDA[3)]	EUR m	**100.0**	**127.3**	**132.3**	**107.0**	**118.0**	10.3%
Operational EBITDA[3)] margin	%	21.3	24.0	22.9	19.1	18.6	
Adjusted EBIT[4)]	EUR m	71.1	97.4	96.3	67.4	72.0	6.8%
Adjusted EBIT[4)] margin	%	15.1	18.3	16.7	12.0	11.3	
Adjusted profit or loss for the period[5)]	EUR m	16.8	33.2	40.3	24.0	36.3	51.5%
Adjusted earnings per share[6)]	€	0.36	0.74	0.96	0.54	0.76	39.7%
Profit or loss for the period[7)]	EUR m	1.1	58.1	−3.6	−1.8	5.1	n.d.
Earnings per share[8)]	€	−0.01	1.34	−0.08	−0.07	0.08	n.d.
Investments[9)]	EUR m	22.4	28.5	52.0	42.6	39.0	−8.6%
Free cash flow[10)]	EUR m	16.6	−68.2	38.0	10.8	1.8	−83.7%

		31 Dec 2009	31 Dec 2010	31 Dec 2011	31 Dec 2012	**31 Dec 2013**	Change
Total equity and liabilities	EUR m	748.6	987.1	982.6	863.7	957.1	10.8%
Equity	EUR m	−48.1	294.4	273.5	279.6	296.0	5.9%
Equity ratio	%	−6.4	29.8	27.8	32.4	30.9	
Net debt[11)]	EUR m	495.4	320.1	304.3	302.1	326.1	7.9%
Employees[12)]	number	1,587	1,731	1,730	1,750	2,223	27.0%

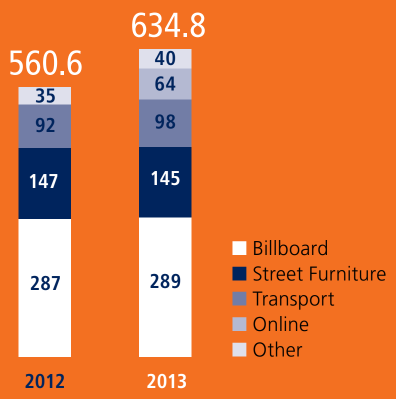
1) Excluding exchange rate effects and effects from the (de-)consolidation and discontinuation of operations
2) Revenue less cost of sales
3) Earnings before interest, taxes, depreciation and amortization adjusted for exceptional items
4) Earnings before interest and taxes adjusted for exceptional items, amortization of acquired advertising concessions and impairment losses on intangible assets
5) Adjusted EBIT before non-controlling interest net of the financial result adjusted for exceptional items and the normalized tax expense
6) Adjusted profit or loss for the period net of reported non-controlling interests divided by the number of shares outstanding after the IPO (42,098,238) plus time-weighted addition of the shares from the capital increase (6,771,546) on 3 June 2013
7) Profit or loss for the period before non-controlling interest
8) Actual profit or loss for the period net of reported non-controlling interests divided by the number of shares outstanding after the IPO (42,098,238) plus time-weighted addition of the shares from the capital increase (6,771,546) on 3 June 2013
9) Including cash paid for investments in property, plant and equipment and in intangible assets
10) Cash flows from operating activities less cash flows from investing activities
11) Financial liabilities less derivative financial instruments and cash
12) Headcount (full and part-time employees)

2013 AT A GLANCE [1)]

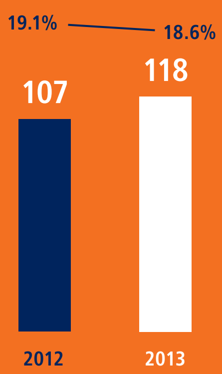
Revenue by segment
in EUR m



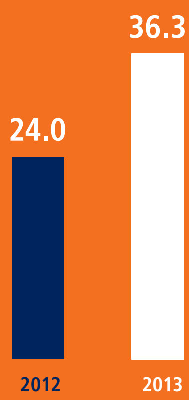
Revenue by product group
in EUR m



Operational EBITDA and EBITDA margin
in EUR m



Adjusted profit for the period
in EUR m



Free cash flow
in EUR m

Net debt
in EUR m

1) The footnotes to the Group's financial figures at a glance apply to all figures presented.

HIGHLIGHTS 2013

Shorter name, broader business: Ströer Media AG

From the very beginning, transparent communication with shareholders has always been important to Ströer: The Company convened an extraordinary shareholder meeting to explain its strategy for entering the online advertising business to shareholders. To reflect this expansion of its portfolio, the Company changed its name from Ströer Out-of-Home Media AG to Ströer Media AG. The resolution proposed by the board of management and supervisory board met with broad support from shareholders.

After approval was granted by the Federal Cartel Office, Ströer had the formal go-ahead to enter the online advertising business. The acquisition of adscale on the one hand, and Ströer Interactive, Business Advertising and freeXmedia on the other (these three were later merged to form Ströer Digital Group GmbH), catapulted Ströer into an attractive and fast-growing position on the German market and laid the foundation for further digital growth. With this move, Ströer also positioned itself as a driving force in the consolidation of the online market.

Capital increase

On 3 June 2013, the Company's capital stock increased by EUR 6,771,546.00 to EUR 48,869,784.00 due to the utilization of the authorized capital for the acquisition of Ströer Digital Group GmbH. The total number of Ströer shares is now 48,869,784. As part of this non-cash capital increase, 6,771,546 new shares were issued to Media Ventures GmbH, in which Dirk Ströer holds a 51% interest. This underlines Mr. Ströer's confidence in this transaction and the long-term strategic plans of Ströer Media AG.

Proprietary technologies added to the portfolio

Proprietary technologies in key areas are major success factors – not just in Ströer's online strategy. With the acquisition of the location-based advertising business (RAdcarpet) of Servtag GmbH and MBR targeting GmbH, both of which are based in Berlin, Ströer secured proprietary technologies in two important areas of the online business.

The location-based advertising network RAdcarpet now operates as Ströer Mobile Media and specializes in localized and hyperlocalized mobile advertising. This allows advertisers to reach their target group in the immediate vicinity of their own stores or other points of sale with pinpoint accuracy. With mobile online advertising, Ströer is closing the gap between the new online business and similarly location-based out-of-home advertising.

MBR's outstanding data science team and targeting technology have added a key component to Ströer's online portfolio which enables the precise identification of online target groups, delivery of transaction-based performance campaigns and new customer generation in the digital segment. With products geared to performance, Ströer can clearly differentiate itself in the online marketing segment and cover the entire digital value chain in the future, from ad servers through demand and supply-side platforms, real-time bidding and ad exchanges to targeting driven by proprietary technology.

Across all of its online companies, Ströer has more than 80 developers and software engineers who are continuously developing its proprietary technology solutions for publishers and customers.

Internationalization of the online business

Following the successful launch of its new business model in Germany, Ströer is expanding its strategy to the Company's international core markets in Turkey and Poland with the acquisition of Ballroom International Group. Ballroom's portfolio ranges from ad exchange services as well as video and display advertising to performance marketing.

Ströer's combined national and international expertise allows it to achieve synergies in technology and product development. This enables Ströer to launch new features, formats and approaches in individual markets, to scale these findings in all its core markets and to continue on its journey to becoming the first fully integrated premium marketer at an international level as well.

IKAO study

How effective are individual posters at reaching and convincing people with their message? The Institute for Communication Analysis and Optimization ["Institut für Kommunikations-Analyse und -Optimierung": IKAO] and Ströer explored this question by investigating the impact of posters. Their study entitled "Momentum of the Poster: How to Design Poster Motifs for Optimum Effect" provides information on quality and impact. A total of 1,400 posters were examined using dialog structure measurement – which draws on different methods from psychology, perception research, design and color theory, linguistics and brain research. The results showed that a well-designed poster can multiply the value of an out-of-home advertising campaign – and therefore that compelling creations provide a greater return on the advertising investment.

Ströer launches multi-screen marketer

Ströer Primetime is the newly created marketer of the Ströer Group. Its activities cover moving-picture advertising on private screens (smartphones and tablets), home screens (PCs) and public screens (digital out-of-home (DOOH) displays). This multi-screen scenario makes Ströer Primetime a one-stop provider of services ranging from cross-media planning and booking to campaign monitoring. By combining online targeting with the rapid expansion of reach in the digital out-of-home segment, Ströer is able to substantially increase its customers' audience. In the future, it will be possible to automatically optimize moving-picture campaigns so that an advertisement with a high number of clicks in a particular region will also be shown on DOOH screens. To do this, Ströer is developing its own video ad server to act as a dedicated multi-screen planning and booking tool to allow dynamic and regional management of advertising campaigns.

Each week, Ströer Primetime generates up to 500 million video ad impressions from online videos and the digital out-of-home channels. This means that, from the outset, the company is one of the largest multi-screen marketers in the German advertising market – and the only one to offer full integration with DOOH.

Ströer continues to expand its digital out-of-home portfolio and has now installed its 1,500th screen in a German shopping mall. Digital out-of-home advertising is an initial touchpoint in the customer journey and can ideally and efficiently complement moving-picture advertisements from TV and attract consumers to such campaigns online.

PROFILE OF STRÖER 2013

STRÖER GERMANY
- 22 companies[1)], 40 offices, 1,359 employees[2)]
- Markets around 230,000 advertising faces[3)]
- Revenue of EUR 421m in 2013

STRÖER TURKEY
- 2 companies[1)], 19 offices, 238 employees[2)]
- Markets around 43,000 advertising faces[5)]
- Revenue of EUR 95m in 2013

STRÖER POLAND
- 4 companies[1)], 6 offices, 137 employees[2)]
- Markets around 15,000 advertising faces[4)]

BLOWUP
- 6 companies[1)], 11 offices, 62 employees[2)]
- Markets around 229 advertising faces

ONLINE
- 24 companies[1)], 15 offices, 426 employees[2)]
- Approx. 6,000 websites*
- Approx. 100 Mio. Unique Users*
- Revenue of EUR 64m in 2013

* Ströer Digital Group GmbH and Ballroom International Group

Out-of-Home advertising

Analogue

Street Furniture: For many years, Ströer has worked in partnership with cities to develop communications and infrastructure solutions for municipal areas. Its offering includes traditional street furniture such as bus and tram stop shelters, public toilets and information columns, as well as electronic city guides.

Billboard: Out-of-home media offer a variety of advertising solutions outside of people's homes such as at bus stops, in pedestrian zones, traffic hubs and urban areas. Glass-encased and backlit Mega-Lights, traditional billboards, big banners and attentiongrabbing directional media and advertising on bridges are the most important media in this product group.

Digital

Transport: Transport media carry advertisements across cities and regions. In addition, Ströer's Out-of-Home Channel provides extensive digital movingpicture networks in Germany's largest train stations, in many underground and suburban railway stations and in the country's largest shopping malls. The Company already has a total of 4,000 digital and networked advertising media in Germany.

1) number of fully and proportionally consolidated companies
2) Headcount (full and part-time employees), including Ströer AG, as of 31 December 2013
3) Source: FAW February 2013 and company data
4) Source: Polish Chamber of Commerce for Out-of-Home Advertising (IGRZ), Dec 2013
5) Source: company data

Online advertising

Display and special advertising formats

Ströer Digital Group GmbH offers more than 20 different display advertising formats. These include both standardized Internet Advertising Bureau (IAB) formats as well as ad packages that meet the standards of the German Circle of Online Marketers ["Online-Vermarkterkreis": OVK]. The company also focuses on developing creative special advertising formats, concept marketing and customized integration.

Video advertising

Moving-picture advertising is one of the fastest-growing segments in the online advertising market. By marketing publisher brands such as Promiflash.de, MySpass.de (Brainpool) and tape.tv, Ströer Digital Group GmbH offers advertisers attractive environments for their online advertisements. At the same time, it creates additional advertising and presentation options for advertisers and publishers by linking these marketing activities with the digital out-of-home business.

Mobile advertising

Advertising on mobile devices is becoming increasingly important due to the growing use of smartphones and tablets. With its extensive product portfolio of mobile advertising formats, special mobile targeting technologies and hyperlocalized approaches, Ströer Digital Group GmbH is positioning itself as one of the strongest players in this segment.

Technology and platform

Ströer Digital Group GmbH has state-of-the-art technologies to manage and optimize digital advertising campaigns. Ströer Digital Group GmbH offers innovative and market-leading solutions, particularly in the automatic trading of digital advertising faces, real-time advertising, location-based advertising and new customer acquisition via online advertising (new customer prediction and pro-targeting).

FOREWORD BY THE BOARD OF MANAGEMENT

Alfried Bührdel
CFO (until 21 February 2014)

Alfried Bührdel, born in 1962 in Bielefeld, was initially trained in banking, before going on to study business administration in Münster. In 1988 he joined Bertelsmann AG where he held various managerial positions including Deputy Managing Director and Finance Director in different entities of the group in Vienna and New York. He joined Ströer in 1998 and has been CFO for the whole group of companies since then. In 2010 Alfried Bührdel was named "CFO of the Year" by Finance magazine.

Udo Müller
CEO

Udo Müller, born in 1962 in Rüdesheim, entered the field of out-of-home advertising in 1987 marketing his handball team, the Reinickendorfer Füchse, in Berlin. In 1990, he teamed up with Heiner W. Ströer to establish Ströer City Marketing GmbH, which was reorganized as an Aktiengesellschaft (German stock corporation) in 2002. With the takeover of Deutsche Städte Medien (2004) and Deutsche Eisenbahn Reklame (2005), he advanced the growth of the company, which he took public in 2010. In 2011, he was awarded the title of Senator h.c. by the German Association for Small and Medium-sized Businesses in recognition of his exceptional entrepreneurial achievements.

Christian Schmalzl
COO

Christian Schmalzl, born in 1973 in Passau, studied politics, philosophy, literature and sociology at the Universities of Passau, Munich and Cardiff. After his studies, he joined MediaCom in Munich in 1999 and became the youngest managing director of the agency group in 2002. In 2007, he assumed responsibility for the entire Germany business, before being appointed Worldwide Chief Operations & Investment Director (COO) of the international media group in 2009. As of year end 2012, Christian Schmalzl was appointed to the board of management of Ströer Media AG and, as COO, is responsible for international operational management.

Dear shareholders,
ladies and gentlemen,

2013 was a special year for Ströer. We changed the Company's market position for the long term by adding the marketing of online advertising to our business model. The boundaries between different types of media are increasingly blurring – and we are actively driving this change. In the past year, we developed Ströer into a convergent and integrated digital marketing house that can offer customized out-of-home and online communications solutions across the entire digital value chain. Going forward, this will enable us to build on our leading role as a marketer of advertising also at an international level.

Revenue was up by 13% year on year to EUR 635m and the Group's earnings increased sharply against 2012, with organic revenue growth at around 3.5% and operational EBITDA at EUR 118m. This upward trend is due to sustained revenue growth from our digital advertising media in Germany and the earnings contributions of the online business, as well as the expansion of our advertising media capacity and our improved product portfolio in Turkey.

Although, mainly the online business was in the focus of the media in 2013, we also continuously developed our out-of-home operations. Out-of-home remains the only mass advertising medium of the future because it is noticed implicitly. No other advertising medium makes it easier for our visually led memory to absorb information and for advertisers to rapidly reach such a wide audience. A study entitled "Momentum Plakat" (Momentum of the Poster) conducted by an independent institute in 2013 and supported by Ströer analyzed a total of 1,400 advertising posters using dialog structure measurement and produced reliable findings on the basic appeal of posters and their unique effect on viewers.

Digital out-of-home advertising also works and its success is growing. As a result, we expanded the capacity of our Out-of-Home Channel – Ströer's digital moving-picture network – and installed the 1,500th screen in Frankfurt's Skyline Plaza in August, adding another highly frequented German shopping mall to our portfolio. This means that, across Germany, the Out-of-Home Channel reaches around ten million people who visit more than 60 high-end ECE shopping malls each week.

Following its successful launch in Germany in early 2013, our fully integrated approach to marketing online advertising is now also being rolled out to our core markets in Poland and Turkey. Our extensive national and international expertise allows us to leverage synergies in technology and product development, which in turn enables us to scale new formats and strategies in all our core markets.

In addition to the premium publisher business – which is a key area for Ströer – the trend in the online advertising market is moving increasingly towards performance, i.e., consumer-centric rather than content-centric advertising. To understand the requirements of internet users, marketing companies need to analyze data on the basis of surfing patterns in real time and show users advertisements that are actually relevant for them. We are deliberately deploying proprietary technologies and signed a significant deal to secure access to a targeting algorithm designed to precisely identify online target groups, deliver transaction-based performance campaigns and generate new customers in the digital segment. With more than 80 technology development experts in Germany, the Czech Republic and New Zealand, we have one of the best data science teams in the German market – which gives us a major USP.

In mid-2013, we added a promising technology for localized and hyperlocalized online advertising on mobile devices to our online marketer portfolio. This move allowed us to close the gap between the online business and location-based out-of-home advertising. It gives advertisers the chance to reach their target group in the immediate vicinity of stores.

Today, our online and digital out-of-home activities are already generating more than 500 million video ad impressions per week, making us one of the largest multi-screen marketers in the German advertising market. This means that, in the medium term, we will be able to automatically optimize a moving-picture campaign so that an advertisement with a high number of clicks in a particular region is also shown on our digital out-of-home screens. To do this, we are developing our own video ad servers that act as dedicated multi-screen planning and booking tools to allow dynamic and regional management of advertising campaigns.

Overall, integrating branding and performance products will enable us to make more and more decisive distinctions when it comes to marketing advertisements. Ströer covers the entire digital and real value chain – from ad servers through demand and supply-side platforms, real-time bidding and ad exchanges to targeting driven by proprietary technology, customized concept marketing and out-of-home advertising.

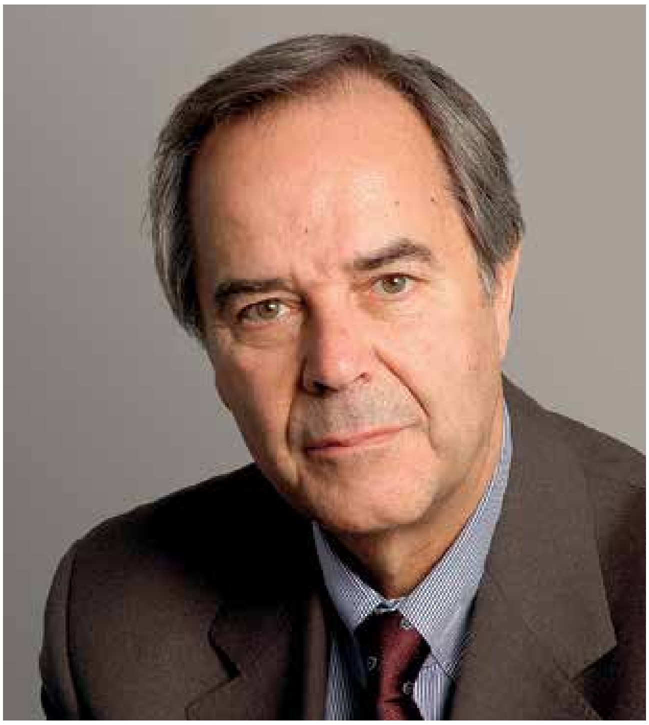
For the first quarter of 2014 we expect revenue growth in the low teens driven by our entry into the online advertising business and low single-digit organic growth.

We would like to thank our business partners, investors and employees for the trust they have placed in us and wish you all a successful year in business and on the markets in 2014.

Udo Müller
CEO

Christian Schmalzl
COO

SUPERVISORY BOARD REPORT



Prof. Dr. h.c. Dieter Stolte
Chairman of the supervisory board

Ladies and gentlemen,

For Ströer Media AG, fiscal year 2013 was dominated by the strategic realignment of the Group. The continued expansion of digital infrastructure further increased the share of digital OOH revenue in the Company's total revenue. At the same time, Ströer launched its online business in Germany and successfully rolled it out to the Company's international core markets in Turkey and Poland following the acquisition of the Ballroom Group. In addition, the Ströer Group continued to pursue its country-specific out-of-home strategies that take into account the relevant market conditions due to actively managed portfolios of advertising concessions and constitute a stable platform for further business growth.

The supervisory board again carefully monitored the work of the board of management on an ongoing basis in fiscal year 2013. It mainly reviewed the legality, expediency and propriety of management. It also supported the strategic development of the Group and significant individual measures.

The main focuses in fiscal year 2013 were on the expansion of the online advertising business following the entry into the Turkish and Polish markets, new acquisitions in this area and the integration of the acquired and newly formed online advertising companies into the Ströer Group. The supervisory board also addressed in detail the introduction of a new IT process and application landscape within the Group. Furthermore, it was extensively involved in the creation of the 2013 stock option plan and the granting of stock options to members of the board of management. Finally, the supervisory board held in-depth discussions on the departure of the longstanding Chief Financial Officer Alfried Bührdel from the Company's board of management and the decision regarding his successor.

The board of management informed the supervisory board at supervisory board meetings as well as through written and oral reports on the business policies and all relevant aspects of business planning. It therefore complied in full with its duties to provide information. In addition to the financial, investment and personnel planning, the development of business, the economic situation of the Company and the Group (including the risk situation and risk management), the financial position and the Group's profitability were discussed. For all decisions important for the Group, the board of management consulted the supervisory board in good time. For transactions requiring approval, the supervisory board granted its approval after careful consideration and review of the documents it was presented by the board of management. If legal provisions, the articles of incorporation and bylaws or the rules of procedure required the supervisory board to adopt a resolution, it passed a corresponding resolution after careful review.

During fiscal year 2013, the supervisory board convened seven times and adopted two resolutions in writing. All of the supervisory board members were present at five of the in-person meetings. Between the supervisory board meetings, the chairman of the supervisory board, the deputy chairman of the supervisory board and the chairman of the audit committee discussed key business events with the board of management – in particular with the chairman of the board of management and the CFO – and therefore maintained close and regular contact. The supervisory board received regular reports on this. The audit committee convened four times in the fiscal year. The external auditor, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Cologne, attended the meeting of the supervisory board to discuss the financial statements and the meeting of the audit committee on 8 March 2013.

Focus of deliberations and review by the supervisory board plenum

The supervisory board approved the budget for fiscal year 2013 at the budget meeting on 23 January 2013. It also approved further project phases for the introduction of the new IT process and application landscape.

At the meeting on 7 March 2013, the supervisory board examined various strategic approaches to expanding the Company's portfolio in the online advertising business.

The supervisory board's meeting to discuss the financial statements was held on 22 March 2013. At this meeting, the supervisory board approved and endorsed the Company's separate financial statements for fiscal year 2012. It also approved the consolidated financial statements for fiscal year 2012 and discussed the return on equity. Furthermore, the supervisory board resolved to recommend to the shareholder meeting to appoint Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Cologne, as the Company's auditor for fiscal year 2013. Finally, the supervisory board dealt with a report by KPMG AG Wirtschaftsprüfungsgesellschaft, Düsseldorf, on the valuation of adscale GmbH, Ströer Media AG and the group comprising Ströer Interactive GmbH, Business Advertising GmbH and freeXmedia GmbH (Ströer Digital Group) for the forthcoming capital increase in order to acquire the Ströer Digital Group. Prof. Dr. Vera-Carina Elter from KPMG AG Wirtschaftsprüfungsgesellschaft, Düsseldorf, attended the meeting and explained the main elements and detailed issues in the report. Finally, the supervisory board discussed in detail how to fill the two positions on the board vacated by Mr. Peter Binkowska, who resigned as of 6 January 2013, and Dr. Stephan Seitz, who announced that he would step down at the end of the shareholder meeting on 8 August 2013.

In a resolution adopted in writing on 24 April 2013, the supervisory board approved an increase in the Company's capital stock to EUR 48,869,784 in return for a mixed non-cash contribution subject to the exclusion of the shareholders' statutory subscription rights in order to implement the acquisition of the companies of the Ströer Digital Group.

The meeting on 20 June 2013 dealt with the political and economic situation in Turkey and its effects on the Company's existing and planned investments in Turkey. At the same meeting, the supervisory board addressed the integration of the online advertising companies into the Ströer Group and the expansion of the Group's strategy in order to enter the online advertising business in other countries, especially Turkey and Poland. In this context, the supervisory board approved the acquisition of 53.4% of the shares in Ballroom International CEE Holding GmbH and an agreement on options to purchase additional shares. Furthermore, the supervisory board examined in detail the remuneration system for the board of management and the adequacy of this remuneration. It also discussed the introduction of a stock option program and adopted a corresponding recommendation to be presented to the shareholder meeting. Finally, the supervisory board approved the granting of a transaction bonus for a member of the board of management. In closing, the remuneration of the supervisory board was discussed and the agenda for the shareholder meeting was approved.

A supervisory board meeting was held after the shareholder meeting on 8 August 2013. The meeting focused on appointing a successor to Dr. Stephan Seitz on the supervisory board as well as intragroup mergers.

At the meeting on 11 September 2013, the supervisory board approved the acquisition of around 80% of the shares in MBR Targeting GmbH and discussed further acquisition projects for this segment. It also addressed the report on the development of the new IT process and application landscape and gave the go-ahead for further sub-projects in this area. In addition, the supervisory board discussed filling the vacant position on the board and agreed to request that the Local Court appoints Mr. Ulrich Voigt as a new member of the supervisory board. A key topic of the meeting was the report from the executive committee on the possible departure of the Chief Financial Officer prior to the end of his contract as well as potential succession arrangements.

At the meeting on 16 December 2013, the supervisory board approved the budget of Ströer Media AG and the Group for fiscal year 2014. It discussed the strategy, possible acquisitions and integration measures in the online advertising business. A key topic of the meeting was the board of management's report on the status of the project to introduce the new IT process and application landscape. Furthermore, the supervisory board adopted a recommendation to be submitted to the shareholder meeting to reorganize Ströer Media AG as a "Societas Europaea" (SE). The supervisory board also approved the signing of the termination agreement with the departing Chief Financial Officer Alfried Bührdel. In addition, it satisfied itself of the ability of the potential successor through in-person discussions and external analyses, and approved the signing of his employment contract. At this meeting, the supervisory board also addressed the report on the activities of the internal auditor and the advisory engagements of Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Cologne.

Deliberations of the supervisory board's audit committee

The audit committee convened on 8 March 2013 and reviewed the separate financial statements of the Company for fiscal year 2012 and the consolidated financial statements for fiscal year 2012. At its meetings on 2 May 2013, 13 August 2013 and 8 November 2013, the audit committee addressed the respective interim financial statements.

Separate and consolidated financial statements

The separate and consolidated financial statements prepared by the board of management for fiscal year 2013 were audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Cologne, together with the underlying books and records and the combined management report of the Company and the Group. An unqualified audit opinion was issued in each case.

The documentation on the financial statements and the audit reports were presented to all members of the supervisory board in good time. The documents were the subject of intensive discussions in the audit committee and in the meeting of the supervisory board to discuss the financial statements on 27 March 2014. The responsible auditor participated in the plenum discussions. He reported on the key findings of the audit and was available to answer questions.

We reviewed all documents presented by the board of management and the auditor in detail. Based on the final results of our review, we have no reservations and agree with the conclusion of the audit of the financial statements by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Cologne. We approve the separate financial statements and the consolidated financial statements prepared by the board of management. The financial statements have thus been approved.

Changes to the composition of the supervisory board

Dr. Stephan Seitz resigned from his position on the supervisory board as of the end of the shareholder meeting on 8 August 2013 in order to focus on his activities as a lawyer for the Ströer Group. We would like to thank Dr. Stephan Seitz for his excellent work for the supervisory board of Ströer Media AG, especially his expertise on issues relating to management board law and labor law.

By order of Cologne Local Court dated 10 April 2013, Mr. Christoph Vilanek was appointed to the supervisory board until the end of the shareholder meeting on 8 August 2013. By order of Cologne Local Court dated 13 November 2013, Mr. Ulrich Voigt was also appointed to the supervisory board.

Thanks

The supervisory board would like to thank the board of management, the management of the group entities, the works council and all employees for their outstanding personal dedication, hard work and unwavering commitment.

On behalf of the supervisory board

Prof. Dr. h.c. Dieter Stolte
Chairman of the Supervisory Board

Cologne, 27 March 2014

COMBINED MANAGEMENT REPORT

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

Combined management report

FUNDAMENTAL PRINCIPLES OF THE STRÖER GROUP

Business model

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

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

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

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

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

Segments and organizational structure

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

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

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

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

Out-of-home business

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

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

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

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

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

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

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

Online business

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

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

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

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

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

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

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

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

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

Shareholdings and activities

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

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

[1] Number of fully and proportionately consolidated companies

Management and control

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

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

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

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

Markets and factors

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

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

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

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

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

Strategy and management

Value-based strategy

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

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

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

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

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

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

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

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

Expansion of the multi-screen offering

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

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

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

Increase in local and regional advertising revenue

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

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

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

[1)] Company estimates

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

Innovative product development secures technology position
The Ströer Group sees itself as an innovation leader in digital out-of-home advertising and online marketing.

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

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

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

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

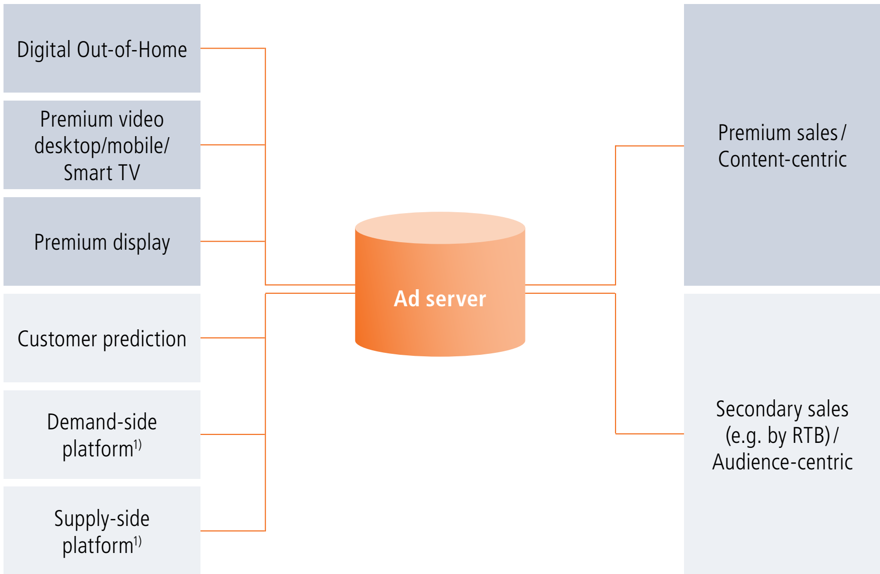
We also support the initiative of the leading out-of-home advertising providers with regard to the systematic analysis of reach in our core markets. In Turkey and Poland, Ströer is currently involved in the introduction of measurement systems that are comparable with the internationally recognized audience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

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

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

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

Optimization of advertising campaigns via ad server



[1] Display, video, mobile

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

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

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

Internationalization

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

Value-based management

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

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

→ For more information on financing strategic, see page 38

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

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

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

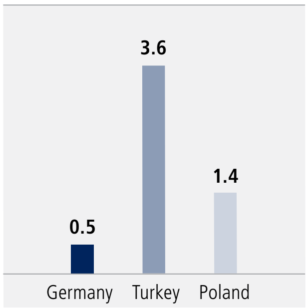
As non-financial indicators, we take into account the increasing digitalization of our business model in terms of the percentage of our total revenue accounted for by digital OOH and online business, as well as certain key figures on the employment situation, such as the headcount in the Group.

ECONOMIC REPORT

Business environment

Economic development

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



Source: OECD Economic Outlook 94, Nov. 2013

General economic developments in 2013

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

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

Germany

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

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

Turkey

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

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

Poland

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

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

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

Germany

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

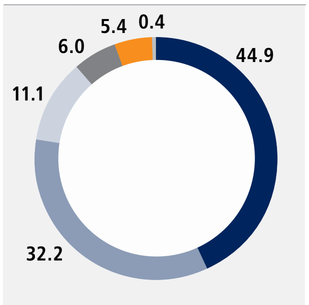
The out-of-home segment recorded a significant increase in gross advertising spending of 11.0%. For the internet segment, growth in gross advertising spending was measured at 3.5%. Once again, the biggest loser in the past year was most likely the print segment, while the TV segment saw further growth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

Turkey

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

Market share of advertising media in Germany (2013)

In %

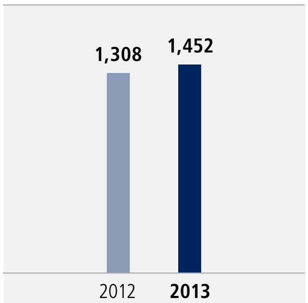


- Television
- Print
- Internet
- Radio
- Out-of-Home
- Cinema

Source: Nielsen Media Research

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

In EUR m

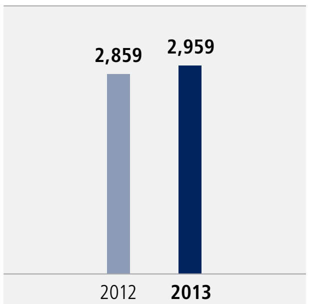


*Out-of-home = Poster + Transport + At-Retail-Media

Source: Nielsen Media Research

Germany: Gross advertising expenditure in the internet segment

In EUR m



Source: Nielsen Media Research

[1] Source: Publicis

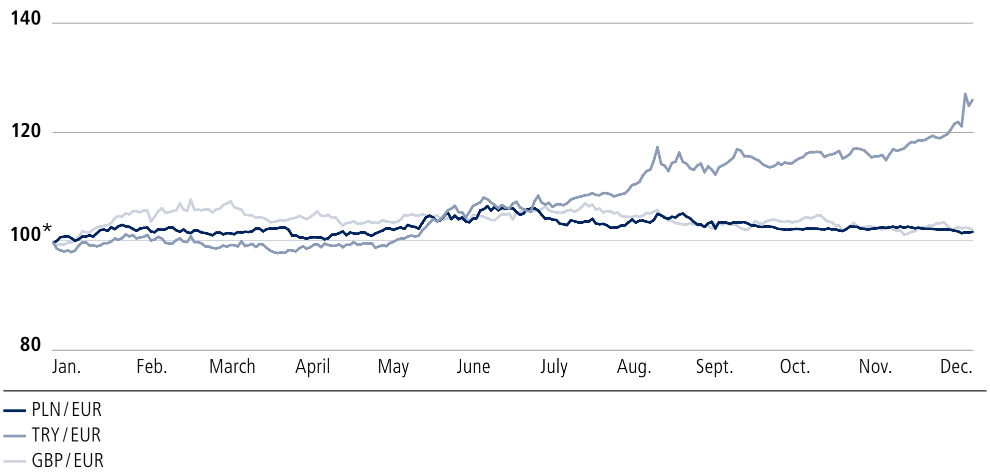
[2] Includes the remaining countries of western Europe as well as selected central European countries with a moderate growth profile and strong economic connections to western Europe, such as the Czech Republic, Hungary and Poland.

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

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

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

Development of the exchange rate in 2013
Indexed



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

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

Overall assessment of the board of management on the economic situation

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

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

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

Comparison of forecast and actual business development

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

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

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

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

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

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

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

Results of operations of the Group

Consolidated income statement

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

Development of revenue

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

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

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

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

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

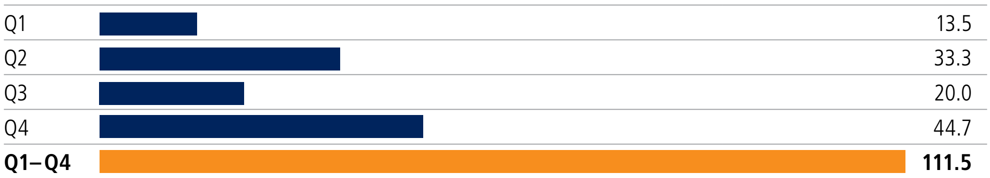
Revenue development by quarter excluding the online segment

In EUR m

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

Operational EBITDA development by quarter excluding the online segment

In EUR m



Earnings development

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

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

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

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

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

Development of key income statement items

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

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

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

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

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

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

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

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

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

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

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

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

Business performance and results of operations of the segments

Ströer Germany

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

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

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

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

Ströer Turkey

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

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

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

Other

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

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

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

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

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

Online

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

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

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

Net assets and financial position

Main features of the financing strategy

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

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

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

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

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

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

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

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

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

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

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

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

Overall assessment of net assets and financial position

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

Financial position

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

Liquidity and investment analysis

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

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

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

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

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

Financial structure analysis

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

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

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

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

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

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

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

Capital structure costs

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

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

Net assets

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

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

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

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

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

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

STRÖER MEDIA AG

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

Description of the Company

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

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

Results of operations

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

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

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

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

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

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

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

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

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

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

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

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

Net assets and financial position

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

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

Analysis of the net asset structure

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

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

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

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

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

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

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

Financial structure analysis

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

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

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

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

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

Liquidity analysis

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

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

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

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

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

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

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

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

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

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

Anticipated development of the Company

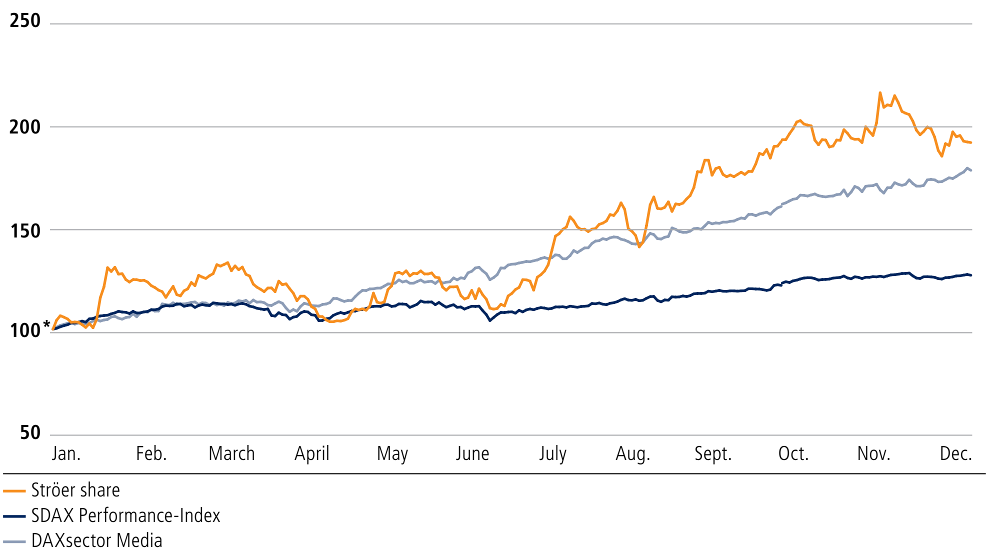
Due to its role as group parent, the anticipated development of Ströer AG depends on the development of the Group as a whole. Based on the Group's predicted results of operations for 2014 presented under "Forecast," we expect the subsidiaries to generate higher earnings contributions overall and Ströer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

INFORMATION ON THE SHARE

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

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

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



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

Source: Bloomberg

Targeted investor relations

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

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

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

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

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

Shareholder meeting and extraordinary shareholder meeting

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

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

Stock exchange listing, market capitalization and trading volume

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

Analysts' coverage

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

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

*As of 30 December 2013

Corporate actions and shareholder structure

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

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

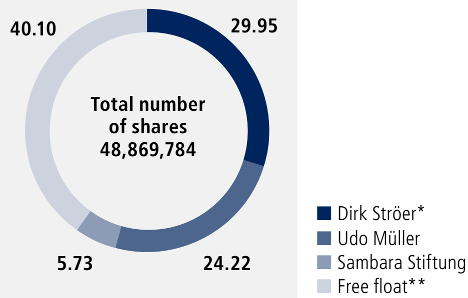
CEO Udo Müller holds 24.22%, supervisory board member Dirk Ströer holds 29.95% and board of management members Alfried Bührdel (who resigned as of 21 February 2014) and Christian Schmalzl together hold around 0.15% of Ströer Media AG shares. The free float comes to around 40%.

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

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

Shareholder structure of Ströer Media AG

In %



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

** Free float, thereof:

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

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

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

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

Key data of Ströer Media AG stock

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

* Closing price in Xetra in EUR

Dividend policy

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

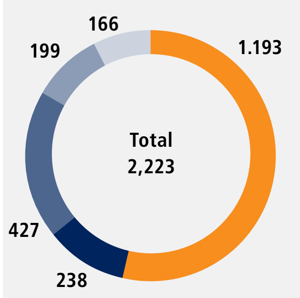
EMPLOYEES

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

Headcount

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

Employees by segment
as of 31 December 2013



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

[1] Other: BlowUP and Poland

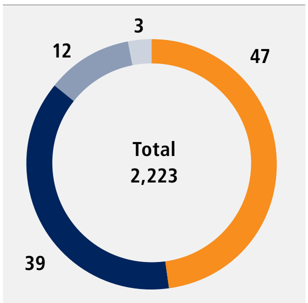
Length of service

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

Age structure

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

Age structure of the Ströer Group
2013 in %



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

Gender structure

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

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

Vocational training

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

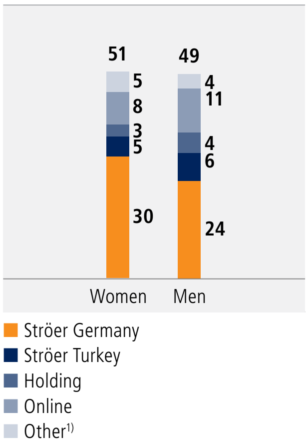
Our trainees receive practical training at our group headquarters and at large regional offices. In addition to traditional vocational training, Ströer offers places on cooperative study programs (at vocational colleges), with numbers currently in the double-digit range. Ströer has found this training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

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

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

Gender structure by segment

2013 in %



[1)] Other: BlowUP and Poland

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

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

REMUNERATION REPORT

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

Remuneration of the board of management

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In EUR

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

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

Post-employment benefits for members of the board of management

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

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

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

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

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

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

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

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

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

OPPORTUNITIES AND RISK REPORT

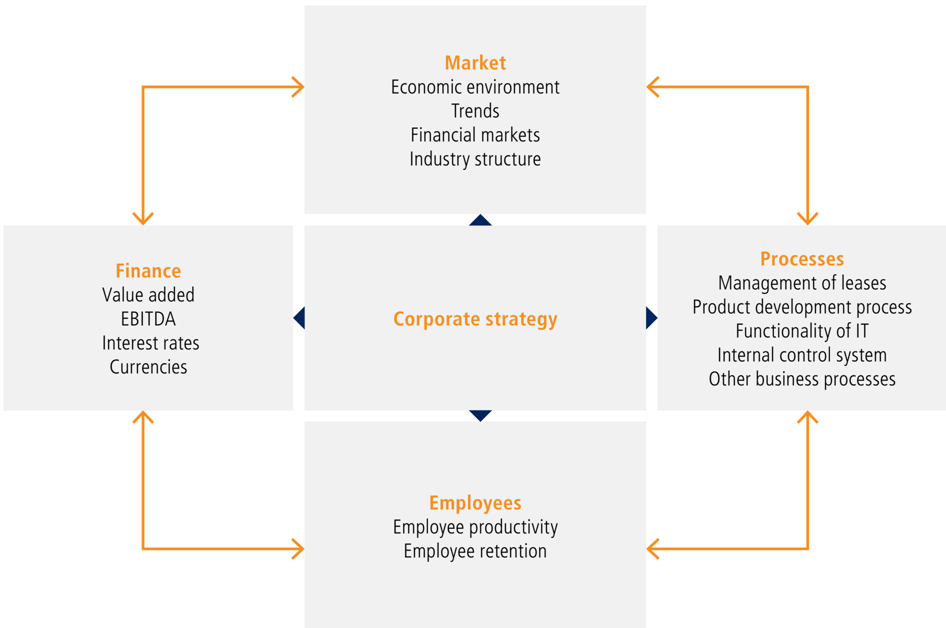
Overall assessment of the opportunity and risk situation by the board of management

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

Opportunity and risk management system

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

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



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

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

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

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

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

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

Internal control system

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

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

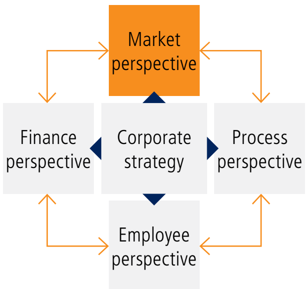
- The Chief Financial Officer is responsible for the internal control and risk management system with regard to the group financial reporting process.
- All entities included in the consolidated financial statements are integrated in this system by way of a defined management and reporting organization.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

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

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

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

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



Market perspective

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

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

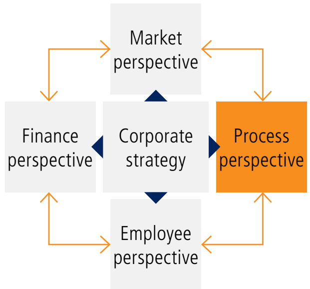
Procurement risks can also arise from potential increases in the prices of primary products and energy or from price volatility. Other conceivable risks include the loss of key suppliers and problems with the quality of delivered products. To limit these risks, we increasingly use cross-product standardization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

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

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

Process perspective

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



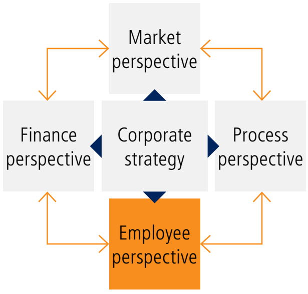
In our operating process, we focus in particular on potential quality risks to ensure the high quality and best management of our advertising media. The same applies to potential disruptions to the proper handling of quote and proposal preparation, order processing and complaints and receivables management.

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

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

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

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



Employee perspective

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

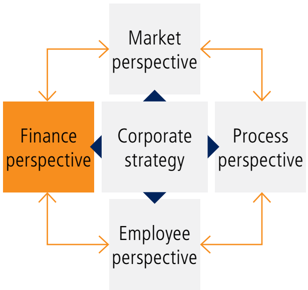
Finance perspective

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

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

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

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



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

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

Opportunities

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

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

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

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

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

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

FORECAST[1)]

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

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

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

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

Forward-looking statements

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

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

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

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

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

Future macroeconomic conditions

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

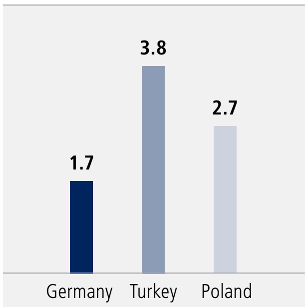
However, individual countries have not yet overcome their sovereign debt crisis. The consolidation programs implemented by the crisis-hit countries continue to weigh heavily on domestic demand. Nevertheless, we expect the prevailing uncertainties related to the sovereign debt crisis in the eurozone will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

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

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

Expected real GDP growth in 2014

In %



Source: OECD

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

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

Future industry performance

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

Development of the German advertising market

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

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

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

Development of the Turkish advertising market

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

Development of the Polish advertising market

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

Anticipated revenue and earnings development

Ströer Group

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

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

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

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

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

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

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

Germany segment

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

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

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

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

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

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

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

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

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

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

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

Planned investments

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

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

Expected financial position

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

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

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

SUBSEQUENT EVENTS

TUBE ONE Networks GmbH

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

Acquisition of GAN

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

Resignation of Alfried Bührdel from the board of management

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

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

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

Composition of subscribed capital

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

Restrictions concerning voting rights or the transfer of shares

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

Investments in capital exceeding 10% of voting rights

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

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

There are no shares with special rights granting control authority.

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

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

Authorization of the board of management to issue or reacquire shares

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

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

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

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

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

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

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

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements

CONSOLIDATED INCOME STATEMENT

In EUR k	Note	2013	2012
Continuing operations			
Revenue	(9)	634,820	560,597
Cost of sales	(10)	−438,583	−386,506
Gross profit		**196,237**	**174,091**
Selling expenses	(11)	−84,733	−75,449
Administrative expenses	(12)	−83,562	−71,835
Other operating income	(13)	18,710	16,501
Other operating expenses	(14)	−9,835	−9,622
Finance income	(15)	4,481	19,515
Finance costs	(15)	−24,228	−51,395
Profit before taxes		**17,070**	**1,806**
Income taxes	(16)	−11,957	−3,619
Post-tax profit or loss from continuing operations		**5,113**	**−1,813**
Consolidated profit or loss for the period		**5,113**	**−1,813**
Thereof attributable to:			
Owners of the parent		3,786	−2,860
Non-controlling interests		1,327	1,047
		5,113	**−1,813**
Earnings per share (EUR, basic)			
from continuing operations		0.08	−0.07
Earnings per share (EUR, diluted)			
from continuing operations		0.08	−0.07

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In EUR k	Note	2013	2012
Consolidated profit or loss for the period		**5,113**	**–1,813**
Other comprehensive income			
Amounts that will not be reclassified to profit or loss in future periods			
Actuarial gains and losses	(29)	–561	–3,637
Income taxes	(16)	182	1,219
		–379	**–2,418**
Amounts that could be reclassified to profit or loss in future periods			
Exchange differences on translating foreign operations	(8)	–30,579	5,768
Cash flow hedges	(36)	0	4,900
Income taxes	(16)	0	–1,590
		–30,579	**9,078**
Other comprehensive income, net of income taxes		**–30,959**	**6,660**
Total comprehensive income, net of income taxes		**–25,846**	**4,847**
Thereof attributable to:			
Owners of the parent		–25,366	3,285
Non-controlling interests		–480	1,561
		–25,846	**4,847**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets (in EUR k)	Note	**2013**	2012
Non-current assets			
Intangible assets	(19)	563,421	488,128
Property, plant and equipment	(20)	206,666	225,873
Investment property	(21)	0	1,300
Financial assets	(22)	173	101
Trade receivables	(23)	12	100
Other financial assets	(24)	1,181	2,008
Other non-financial assets	(24)	9,604	10,743
Income tax assets		508	635
Deferred tax assets	(16)	7,292	4,370
Total non-current assets		**788,858**	**733,258**
Current assets			
Inventories	(25)	2,910	5,453
Trade receivables	(23)	88,871	65,607
Other financial assets	(24)	10,210	11,080
Other non-financial assets	(24)	17,670	20,059
Income tax assets		4,498	4,799
Cash	(26)	43,149	23,466
Total current assets		**167,309**	**130,463**
Non-current assets held for sale	(27)	963	0
Total assets		**957,130**	**863,721**

Equity and liabilities (in EUR k)	Note	**2013**	2012
Equity	(28)		
Subscribed capital		48,870	42,098
Capital reserves		347,391	296,490
Retained earnings		−65,681	−47,838
Accumulated other comprehensive income		−53,372	−24,594
		277,209	**266,156**
Non-controlling interests		18,822	13,419
Total equity		**296,031**	**279,575**
Non-current liabilities			
Pension provisions and similar obligations	(29)	23,856	23,924
Other provisions	(30)	15,512	13,244
Financial liabilities	(31)	351,199	310,952
Deferred tax liabilities	(16)	57,347	55,117
Total non-current liabilities		**447,914**	**403,237**
Current liabilities			
Other provisions	(30)	20,630	18,558
Financial liabilities	(31)	42,270	31,584
Trade payables	(32)	107,928	80,466
Other liabilities	(33)	35,609	34,329
Income tax liabilities		6,748	15,973
Total current liabilities		**213,185**	**180,910**
Total equity and liabilities		**957,130**	**863,721**

CONSOLIDATED STATEMENT OF CASH FLOWS

In EUR k	Note	2013	2012
Cash flows from operating activities			
Profit or loss for the period		5,113	–1,813
Expenses (+) / income (–) from the financial and tax result		31,704	35,499
Amortization, depreciation and impairment losses (+) on non-current assets		75,953	66,750
Interest paid (–)		–17,896	–30,431
Interest received (+)		49	690
Income taxes paid (–) / received (+)		–22,821	–9,827
Increase (+) / decrease (–) in provisions		3,540	–2,240
Other non-cash expenses (+) / income (–)		–9,076	–7,696
Gain (–) / loss (+) on the disposal of non-current assets		1,242	1,410
Increase (–) / decrease (+) in inventories, trade receivables and other assets		13,143	–6,961
Increase (+) / decrease (–) in trade payables and other liabilities		–8,917	9,563
Cash flows from operating activities		**72,035**	**54,944**
Cash flows from investing activities			
Cash received (+) from the disposal of property, plant and equipment		3,924	1,264
Cash paid (–) for investments in property, plant and equipment		–24,278	–34,928
Cash paid (–) for investments in intangible assets		–14,698	–7,694
Cash paid (–) for investments in financial assets		0	–5
Cash received (+) from / paid (–) for the acquisition of consolidated entities	(6)	–35,211	–2,747
Cash flows from investing activities		**–70,263**	**–44,110**

In EUR k	2013	2012
Cash flows from financing activities		
Cash received (+) from equity contributions	0	535
Cash paid (–) to non-controlling interests	– 10,475	– 3,593
Cash received (+) from borrowings	29,700	310,730
Cash paid (–) to obtain and modify borrowings	0	– 6,900
Cash repayments (–) of borrowings	– 1,313	– 422,180
Cash flows from financing activities	**17,912**	**– 121,409**
Cash at the end of the period		
Change in cash	19,683	– 110,575
Cash at the beginning of the period	23,466	134,041
Cash at the end of the period	**43,149**	**23,466**
Composition of cash		
Cash	43,149	23,466
Cash at the end of the period	**43,149**	**23,466**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In EUR k	Subscribed capital
1 Jan 2012	**42,098**
Consolidated profit or loss for the period	0
Other comprehensive income	0
Total comprehensive income	0
Change in basis of consolidation	0
Capital increase by way of non-cash contribution	0
Share-based payment	0
Capital increases from non-controlling interests	0
Effects from changes in ownership interests in subsidiaries without loss of control	0
Obligations to purchase own equity instruments	0
Dividends	0
31 Dec 2012 / 1 Jan 2013	**42,098**
Consolidated profit or loss for the period	0
Other comprehensive income	0
Total comprehensive income	0
Change in basis of consolidation	0
Capital increase by way of non-cash contribution	6,772
Share-based payment	0
Capital increases from non-controlling interests	0
Effects from changes in ownership interests in subsidiaries without loss of control	0
Obligations to purchase own equity instruments	0
Dividends	0
31 Dec 2013	**48,870**

Capital reserves	Retained earnings	Accumulated other comprehensive income		Total	Non-controlling interests	Total equity
		Exchange differences on translating foreign operations	Cash flow hedges			
296,490	**−45,113**	**−29,817**	**−3,310**	**260,348**	**13,109**	**273,457**
0	−2,860	0	0	−2,860	1,047	−1,813
0	−2,388	5,223	3,310	6,145	514	6,660
0	−5,248	5,223	3,310	3,286	1,561	4,847
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	540	540
0	−1,548	0	0	−1,548	1,399	−149
0	4,071	0	0	4,071	−1,099	2,972
0	0	0	0	0	−2,091	−2,091
296,490	**−47,838**	**−24,594**	**0**	**266,156**	**13,419**	**279,575**
0	3,786	0	0	3,786	1,327	5,113
0	−373	−28,778	0	−29,151	−1,807	−30,959
0	3,413	−28,778	0	−25,365	−480	−25,846
0	0	0	0	0	4,585	4,585
50,624	0	0	0	57,397	0	57,397
277	0	0	0	277	0	277
0	0	0	0	0	0	0
0	−8,351	0	0	−8,351	399	−7,952
0	−12,904	0	0	−12,904	2,778	−10,126
0	0	0	0	0	−1,879	−1,879
347,391	**−65,681**	**−53,372**	**0**	**277,209**	**18,822**	**296,031**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Basis of the consolidated financial statements

1 General

Ströer Media AG (Ströer AG) is registered as a stock corporation under German law. The Company has its registered office at Ströer Allee 1, 50999 Cologne. The Company is entered in the Cologne commercial register under HRB no. 41548.

The purpose of Ströer AG and the entities (the Ströer Group or the Group) included in the consolidated financial statements is the provision of services in the areas of media, advertising, commercialization and communication, in particular, but not limited to, the commercialization of out-of home media and online advertising. The Group markets all forms of out-of-home media, from traditional billboards and transport media through to digital media.

The consolidated financial statements of Ströer AG for fiscal year 2013 have been prepared in accordance with the International Financial Reporting Standards (IFRSs) of the International Accounting Standards Board (IASB) applicable as of the reporting date as adopted by the EU as well as the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ["Handelsgesetzbuch": German Commercial Code].

These consolidated financial statements cover the period from 1 January 2013 to 31 December 2013. The board of management of Ströer AG approved the consolidated financial statements on 11 March 2014 for issue to the supervisory board. The supervisory board has the task of reviewing the consolidated financial statements and declaring whether it approves them.

The income statement has been prepared in accordance with the function of expense method (also called the cost of sales method).

The consolidated financial statements are presented in euros. Unless stated otherwise, all figures are disclosed in thousands of euros (EUR k). Due to rounding differences, figures in tables may differ slightly from the actual figures.

The references made in these notes to the consolidated financial statements to page numbers refer to the numbering in the annual report.

2 Assumptions, accounting estimates and the use of judgment

Preparation of the consolidated financial statements in compliance with IFRSs requires management to make assumptions and estimates which have an impact on the figures disclosed in the consolidated financial statements and the notes thereto. The estimates are based on historical data and other information on the transactions concerned. Actual results may differ from such estimates. Assumptions based on estimates are reviewed regularly.

Assumptions, accounting estimates and the use of judgment essentially relate to the following (for more details on the carrying amounts and other explanations, see the relevant individual disclosures in these notes):

Impairment of goodwill
The annual impairment test for goodwill entails estimating future cash flows and selecting an appropriate capitalization rate. See note 19 for further details.

Fair value in business combinations
The fair value of assets and liabilities acquired in a business combination is measured on the basis of an estimate of future cash flows and an appropriate capitalization rate or an estimate of the acquisition-date fair value. In addition, the fair value of previously held equity interests in business combinations achieved in stages is determined using a discounted cash flow method (DCF). See note 6 for further details.

Pension and restoration obligations
In addition to estimating an appropriate capitalization rate, accounting for pension and restoration obligations requires assumptions to be made on additional actuarial parameters and the probability and timing of utilization. See notes 29 and 30 for further details.

The expected restoration costs are determined on the basis of service specifications and restoration probabilities over the estimated contractual term of the advertising concessions. The restoration probabilities vary according to the type of the underlying advertising concessions (private vs. municipal concessions). For information on the estimated contractual terms, see note 3, "Significant accounting policies." Due to the fact that provisions for restauration obligations are calculated for a large number of different advertising concessions, it would not be meaningful to provide information on sensitivity to significant factors here.

Deferred tax assets arising from unused tax losses
The Group recognizes deferred tax assets arising from unused tax losses based on tax planning opportunities that would increase income taxes in future periods and allow for the tax losses to be utilized in the next five years. See note 16 for further details.

3 Significant accounting policies

Revenue and expense recognition
Revenue is mainly generated from the commercialization of advertising faces in the billboard, street furniture and transport product groups as well as the commercialization of online advertising.

Revenue is recognized when the commercialization is rendered. In the out-of-home media segment, this corresponds to the date on which the advertising is displayed. With regard to the commercialization of online advertising, revenue is recognized when the advertising reaches the advertising customer. It is disclosed net of trade discounts, including agency commissions, outdoor media specialist payments and rebates.

Revenue from services is recognized when the service is rendered, i.e., on the date on which ownership of the internally generated or purchased advertising media is transferred.

Royalties are recognized pro rata temporis on the basis of the periods agreed in the licensing agreement.

In the case of revenue from multi-component transactions, the revenue attributable to the separately identifiable components is broken down to its relative fair value and recognized in accordance with the above policies.

Advertising media owned by third parties are marketed in addition to the Company's own media. Revenue from the commercialization of advertising media for non-group entities is recognized net of the revenue-based rent attributable to these transactions provided the Group does not bear an economic risk. Hence, only the agreed sales commissions are disclosed on a net basis under revenue.

Revenue from barter transactions is measured at the market value of the consideration received and adjusted as appropriate by an additional cash payment. If the market value cannot be reliably measured, barter transactions are measured at the market value of the advertising service rendered and adjusted as appropriate by an additional cash payment.

Income from services rendered and included in other operating income is recognized at the time of performance.

Operating expenses are recognized in profit or loss when the service is used or when the costs are incurred.

Interest is recognized on an accrual basis in the financial result applying the effective interest method.

Dividends are recognized at the time when the right to receive is established.

Goodwill and other intangible assets
Pursuant to IFRS 3, goodwill is measured as the excess of the cost of the business combination over the interest in the net fair value of the acquired identifiable assets, liabilities and contingent liabilities as of the date of acquisition. Amortization is not charged.

All intangible assets acquired for a consideration, largely advertising concessions and software, have a finite useful life and are recognized at cost. The depreciable amount of intangible assets is allocated on a straight-line basis over their useful lives. Amortization in the fiscal year is allocated to cost of sales, administrative expenses and selling expenses on the basis of the function of expense method.

Amortization of intangible assets is charged on the basis of the following uniform group-wide useful lives:

Useful life	In years
Advertising concessions awarded by municipalities	1 to 17
Other advertising concessions	7 to 30
Other intangible assets	3 to 10
Goodwill	indefinite

The appropriateness of the useful lives and of the method of amortization is reviewed annually.

The cost for the development of new or considerably improved products and processes is capitalized if the development costs can be measured reliably, the product or process is technically or economically feasible and future economic benefits are probable. In addition, the Ströer Group must intend and have adequate resources available to complete the development and to use or sell the asset.

The Group can incur development costs from the development of advertising media and software.

Capitalized costs mainly include personnel expenses and directly allocable overheads. All capitalized development costs have a finite useful life and are recognized at cost. Amortization is charged using the same useful life for comparable intangible assets acquired. Development costs which do not meet the recognition criteria for capitalization are expensed in the period in which they are incurred.

Property, plant and equipment

Property, plant and equipment are recognized at depreciated cost less any impairment losses.

Cost comprises the purchase price, acquisition-related costs and subsequent expenditure net of purchase price reductions. Since no qualifying assets have been identified within the meaning of IAS 23, cost does not include any borrowing costs.

Separately identifiable components of an item of property, plant and equipment are recognized individually and depreciated.

Depreciation is charged on a straight-line basis over the respective useful life of the asset. The depreciation expense is allocated on the basis of the function of expense method. If the reasons for impairment cease to apply, the impairment loss is reversed. The residual carrying amount, the assumptions on the useful lives and the appropriateness of the depreciation method are reviewed annually.

Depreciation is based on the following useful lives:

Useful life	In years
Buildings	50
Plant and machinery	5 to 13
Advertising media	3 to 35
Other furniture and fixtures	3 to 15

The costs estimated for the probable dismantling and removal of advertising media at the end of an advertising concession contract are recognized at cost using the components approach. The amount is measured on the basis of the provision recognized for restoration obligations in accordance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets."

If government grants are made for the purchase of property, plant and equipment in accordance with the InvZulG ["Investitionszulagegesetz": German Investment Grant Act], these grants are deducted in arriving at the carrying amount of the asset in question.

Investment property

Investment property is held to earn rentals or for capital appreciation or both. It is initially recognized at fair value and is subsequently measured at depreciated cost. The fair value of this property is measured separately and discussed in note 21 of these notes. The depreciation period is 50 years. Depreciation is being charged on a straight-line basis.

If the nature of use of an investment property changes, this is reflected under property, plant and equipment.

Impairment testing

The Ströer Group tests intangible assets, property, plant and equipment and investment property for impairment if there is an indication that the asset may be impaired. Goodwill is tested for impairment at least once annually or more frequently if events or changes in circumstances indicate that the asset might be impaired.

If the recoverable amount of an asset is less than the carrying amount, an impairment loss is allocated and the asset is written down to its recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

If the reasons for impairment recognized in prior periods cease to apply, the impairment losses, with the exception of goodwill, are reversed, but by no more than the amount of amortized cost.

Leases

Leases are classified as either operating or finance leases. Contractual provisions that transfer substantially all the risks and rewards incidental to ownership to the lessee are recognized as finance leases. Where the Ströer Group is the lessor, a receivable from the finance lease is recognized at the amount equal to the net investment in the lease.

In the case of finance leases where the Ströer Group is the lessee, the leased asset is recognized and matched by a lease liability. The leased asset is recognized at the lower of the fair value at the inception of the lease or the present value of the minimum lease payments. Leased assets are depreciated on a straight-line basis over the shorter of their useful lives or the lease term if there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term. The corresponding lease liabilities are recognized in the statement of financial position in accordance with their terms. The interest portion of the lease liabilities is recognized in the financial result through profit or loss over the lease term.

Lease income from operating leases is recognized in income over the lease term.

Financial assets and liabilities

Under IAS 39, "Financial Instruments: Recognition and Measurement," financial assets are classified and measured as either "Financial assets at fair value through profit or loss," as "Loans and receivables" or as "Available-for-sale financial assets." With the exception of derivative financial instruments, all financial liabilities are classified as "Financial liabilities measured at amortized cost." A financial asset/financial liability is recognized when the reporting entity becomes party to the contractual provisions of the instrument (settlement date). Financial assets not at fair value through profit or loss are measured at the transaction costs that are incremental costs directly attributable to the acquisition.

The other investments reported under financial assets are designated as "Available-for-sale financial assets." Other investments exclusively relate to shares in German limited companies and comparable non-German legal forms. They are carried at cost as their fair value cannot be reliably measured.

Trade receivables and the financial receivables disclosed under financial receivables and other assets are designated as "Loans and receivables," and are initially measured at fair value, which represents the cost on the date of acquisition. In subsequent periods, these items are measured at amortized cost. Non-interest and low-interest-bearing non-current receivables are carried at the present value of estimated future cash flows where the effect of the time value of money is material. The effective interest method is used for the calculation. Assets are classified as non-current if they are not due to be settled within 12 months after the reporting date.

Derivative financial instruments that are not part of a hedging relationship are designated as "Financial assets at fair value through profit or loss" and "Financial liabilities at fair value through profit or loss." They are measured at fair value and a gain or loss arising from a change in the fair value is recognized in profit or loss.

Financial liabilities and trade payables are included under "Financial liabilities measured at amortized cost." They are measured at fair value upon initial recognition and at amortized cost subsequently using the effective interest method. The fair value is calculated by discounting the estimated future cash flows at current market interest rates. Current liabilities are stated at the redemption amount or settlement amount. Transaction costs are deducted from cost if they are directly attributable. Non-interest and low-interest-bearing non-current financial liabilities are carried at the present value of estimated future cash flows discounted at the market rate of interest where the effect of the time value of money is material. Liabilities are classified as non-current if they are not due to be settled within 12 months after the reporting date.

Changes in the fair value of derivatives hedged by a cash flow hedge are recognized directly in equity in accordance with IAS 39, "Financial Instruments: Recognition and Measurement," provided the hedge is effective. The amounts recognized in equity are recognized in the income statement in the period in which the hedged transaction affects profit or loss, e.g., when hedged finance income or expenses are recognized. If the forecast transaction is no longer expected to occur, the amounts previously recorded under equity are reclassified to profit or loss. The fair value of derivatives is calculated by discounting the estimated future cash flows at current market interest rates.

If there are indications of impairment for financial assets carried at cost, a write-down to the lower expected realizable value is made. When determining whether there are indications of impairment, information on the creditworthiness of the counterparty is analyzed. Uncollectible receivables are written off. If the reasons for an impairment loss cease to apply, the impairment loss is reversed as appropriate.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in profit or loss, is reclassified from equity to the income statement. Reversals of impairment losses on equity instruments classified as available for sale are not recognized in profit or loss.

A financial asset is derecognized when the contractual rights to receive cash flows expire, i.e., when the asset was realized or expired or when the asset is no longer controlled by the reporting entity. A financial liability is derecognized if the contractual obligation underlying the liability is discharged or canceled or if it expires.

Inventories
Inventories are carried at acquisition cost. Cost is calculated on the basis of the weighted average method. Inventories are measured at the lower of cost or net realizable value as of the reporting date.

Deferred taxes
Deferred taxes are calculated in accordance with IAS 12, "Income Taxes." They are recognized on temporary differences between the carrying amounts of assets and liabilities in the IFRS statement of financial position and their tax base as well as on consolidation entries and on potentially realizable unused tax losses. Deferred taxes on items recognized directly in equity according to the relevant standards are also recognized directly in equity. The accumulated amounts of deferred taxes recognized directly in equity as of the reporting date are presented in the consolidated statement of comprehensive income.

Deferred tax assets are recognized on deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which the deferred tax assets can be utilized. Unrecognized deferred tax assets are reviewed at each reporting date and recognized to the extent to which it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred taxes are determined on the basis of the tax rates which apply in the individual countries at the time of realization. These are based on tax rates that have been enacted or substantively enacted as of the reporting date. Effects from tax rate changes are recognized in profit or loss, unless they relate to items recognized directly in equity. Deferred tax assets and liabilities are netted when there is a legally enforceable right to offset current tax assets against the current tax liabilities, and when the deferred taxes relate to the same tax type and tax authority.

Non-current assets and liabilities held for sale
Non-current assets (or a disposal group) are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered through a sale transaction rather than through continuing use.

Provisions

Provisions are recognized for obligations to third parties arising from past events, the settlement of which is expected to result in an outflow of cash and whose amount can be reliably estimated.

Post-employment benefit plans are classified as either defined contribution plans or defined benefit plans, depending on the economic substance of the plan as derived from its principal terms and conditions.

Provisions for defined benefit and similar obligations are measured using an actuarial technique, the projected unit credit method. This method takes into account the pensions known and expectancies earned as of the reporting date as well as the increases in salaries and pensions expected in the future. Pension obligations are calculated on the basis of actuarial reports. All actuarial gains and losses are disclosed directly in equity.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognized when the curtailment or settlement occurs. They comprise any resulting change from a curtailment or settlement in the present value of the defined benefit obligations and any related actuarial gains and losses and past service cost that had not previously been recognized.

In the case of defined contribution plans (e.g., direct insurance policies), the contributions payable are immediately expensed. Provisions for pension obligations are not recognized for defined contribution obligations as the Ströer Group does not have any other obligations in these cases apart from premium payment obligations.

Other provisions are measured on the basis of the best possible estimate of the expected net cash flows, or in the case of long-term provisions, at the present value of the expected net cash flows provided the time value of money is material.

If legal or contractual obligations provide for the removal of advertising media and the restoration of the site at the end of the advertising concession contract, a provision is recognized for this obligation if it is probable that the obligation will have to be settled. The provision is measured on the basis of the estimated future costs of restoration at the end of the term, discounted to the date the provision was initially set up on. The provision is then recognized in this amount directly in the statement of financial position and is matched by the same amount under property, plant and equipment. Changes in the value of the provisions are immediately reflected in the corresponding value under property, plant and equipment.

Provisions for onerous losses are recognized if the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The provision for archiving costs is recognized to cover the legal obligation to retain business documents.

Other non-financial assets and liabilities

Deferrals, prepayments and non-financial assets and liabilities are recognized at amortized cost.

Contingent liabilities

Contingent liabilities are potential obligations which are based on past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events which are beyond the Ströer Group’s control. Furthermore, present obligations are deemed contingent liabilities if an outflow of resources is not sufficiently probable for the recognition of a provision and/or the amount of the obligation cannot be reliably estimated. Contingent liabilities reflect the scope of liability existing as of the reporting date. They are disclosed off the face of the statement of financial position in the notes to the financial statements.

Share-based payment
Goods or services received or acquired in a share-based payment transaction are recognized when the goods are obtained or as the services are received. A corresponding increase in equity is recognized if the goods or services were received in an equity-settled share-based payment transaction, or a liability is recognized if the goods or services were acquired in a cash-settled share-based payment transaction. For cash-settled share-based payment transactions, the goods or services acquired and the liability incurred are recognized at the fair value of the liability. Until the liability is settled, the fair value of the liability must be remeasured at the end of each reporting period, with changes in fair value recognized in profit or loss for the period.

For share-based payment transactions in which the terms of the arrangement provide Ströer AG with the choice of whether to settle in cash or by issuing shares (see the current stock option plan), the Company assumes that it will settle by issuing shares. The fair value is therefore measured at the grant date and is allocated to profit or loss over the vesting period until the claims for share-based payment vest in full and are settled by issuing shares.

Put options
Put options written on shares held by non-controlling interests are presented as a notional acquisition on the reporting date. The adjustment item for these interests recognized in equity was derecognized and a liability in the amount of a notional purchase price liability was recognized instead. The cumulative difference between the derecognized adjustment item and the notional purchase price liability was offset directly against retained earnings. The value of the notional purchase price liability and details on its calculation are presented in note 36.

Overview of selected measurement methods

Line item in the statement of financial position	Measurement method
Assets	
Goodwill	Lower of cost and recoverable amount
Other intangible assets	At (amortized) cost
Property, plant and equipment	At (amortized) cost
Investment property	Lower of cost and recoverable amount
Financial assets	
Loans and receivables	At (amortized) cost
Held to maturity	At (amortized) cost
Available for sale	At fair value through other comprehensive income
At fair value through profit or loss	At fair value through profit or loss
Trade receivables	At (amortized) cost
Inventories	Lower of cost and net realizable value
Cash and cash equivalents	Nominal value
Equity and liabilities	
Provisions	
Provisions for pensions and similar obligations	Projected unit credit method
Other provisions	Settlement amount
Financial liabilities	At (amortized) cost
of which earn-out liabilities	Fair value
Trade payables	At (amortized) cost
Other liabilities	Settlement amount

4 Changes in accounting policies

All new and amended standards and interpretations published by the IASB and the IFRIC that are effective for fiscal years beginning on 1 January 2013 and are required to be applied in the EU were applied in preparing the consolidated financial statements.

Changes in accounting policies and accounting estimates
There were no changes in accounting policies or accounting estimates in fiscal year 2013.

Standards and pronouncements adopted that have no effect on the Group's financial reporting
The following standards and pronouncements by the IASB became effective or were applied for the first time in fiscal year 2013. The specific nature of the amendments meant that they had no effect on the Group's financial reporting.

- **IFRS 7**, "Disclosures – Offsetting Financial Assets and Financial Liabilities" (effective for fiscal years beginning on or after 1 January 2013)

- An amendment to **IAS 1**, "Presentation of Financial Statements", was applicable for the first time for fiscal years beginning on or after 1 July 2012. Under this amendment, items that are recognized in other comprehensive income must be presented separately according to whether or not they could be reclassified subsequently to profit or loss. Application of the amended IAS 1 led to a corresponding breakdown of items in the statement of comprehensive income. This detailed presentation did not have any effect on the Group's net assets, financial position and results of operations.

- The IASB also amended significant elements of **IAS 19**, "Employee Benefits." The amendments are effective for fiscal years beginning on or after 1 January 2013. The key amendment is the elimination of the option when accounting for actuarial gains or losses. Under the new rules, actuarial gains or losses may only be recognized in other comprehensive income. At the same time, there are new rules on how to determine net interest, especially with regard to the expected interest income on plan assets. As the Group already recognizes actuarial gains or losses in other comprehensive income and there are no plan assets, the application of the amended standard does not affect the method of accounting or presentation in the consolidated financial statements.

- **IAS 36**, "Recoverable Amounts Disclosures for Non-Financial Assets" (effective for fiscal years beginning on or after 1 January 2014)

- In addition, the IASB has issued IFRS 13, "Fair Value Measurement." **IFRS 13** establishes a single source of guidance for fair value measurement. Although the initial application of this standard as of 1 January 2013 did not have a significant effect on the consolidated financial statements, corresponding disclosures are required in the notes to the consolidated financial statements. See the disclosures under note 36, "Financial instruments."

- Improvements to IFRSs (collection of amendments for 2009 to 2011) (effective for fiscal years beginning on or after 1 January 2013)

Standards and pronouncements that are not yet effective
The following standards are not yet effective and have not been previously applied by the Group.

In November 2009, the IASB published **IFRS 9**, "Financial Instruments: Classification and Measurement," as part of its project for replacement standards for IAS 39. The standard is effective for fiscal years beginning on or after 1 January 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of financial assets, but is not expected to affect the classification and measurement of financial liabilities. Overall, no significant adjustments to individual items in Ströer's consolidated financial statements are anticipated. The standard, for which amendments have now been issued, has not yet been endorsed by the EU.

In May 2011, the IASB amended or published the following five standards as part of its consolidation project. The standards are effective for fiscal years beginning on or after 1 January 2014.

- IFRS 10, "Consolidated Financial Statements"
- IFRS 11, "Joint Arrangements"
- IFRS 12, "Disclosure of Interests in Other Entities"
- IAS 27, "Separate Financial Statements"
- IAS 28, "Investments in Associates and Joint Ventures"

Of the published or amended standards, **IFRS 11** will have a significant effect on the Group's methods of accounting and presentation. The new IFRS 11, which will replace the currently valid IAS 31, means that the existing option to recognize the relevant interest in joint ventures will be subject to very restrictive requirements. These requirements are currently not met by the joint ventures in which the Ströer Group has an interest. As a result, these entities will be accounted for using the equity method in the future. According to an initial estimate, the effects of IFRS 11 as of 1 January 2013 (this is the initial statement of financial position for the comparative period in the financial statements as of 31 December 2014 and therefore the conversion date) will lead to the carrying amount of investments in entities accounted for using the equity method being recognized at EUR 28.4m. Overall, taking into account the disposal of assets previously accounted for on a proportionate basis, non-current assets will therefore increase by EUR 2.4m, while current assets will decrease by EUR 6.5m and total assets will decline by EUR 4.1m. Similarly, non-current liabilities will fall by EUR 6.1m, while current liabilities will rise by EUR 2.0m. Revenue for fiscal year 2013 will be EUR 10.7m lower. The profit or loss of entities accounted for using the equity method in the past was reported in EBIT rather than in the financial result and this form of presentation will be retained. With regard to the entities that were previously proportionately consolidated, the change in the accounting requirements will affect the Group's EBIT to the extent that the share of profit after taxes of the entities now accounted for using the equity method will be reported in the Group's EBIT. To date, the Group's share of EBIT of the proportionately consolidated entities has been included in consolidated EBIT. Under otherwise identical conditions, the change in the accounting requirements will in the future lead to a reduction in reported consolidated EBIT in the amount of the interest and taxes incurred by these entities.

The significantly increased disclosure requirements under **IFRS 12** will also have further effects on the consolidated financial statements.

In addition, the IASB and the IFRIC issued or amended the following standards. The first-time adoption of these standards is not expected to have a significant effect on the Group's net assets, financial position and results of operations:

- IAS 32, "Offsetting Financial Assets and Financial Liabilities" (effective for fiscal years beginning on or after 1 January 2014)
- IFRIC 21, "Levies" (effective for fiscal years beginning on or after 1 January 2014; this interpretation had not been endorsed by the EU by the date of preparation of this report)
- Improvements to IFRSs (collection of amendments for 2010 to 2012) (effective for fiscal years beginning on or after 1 July 2014 if endorsed by the EU by this date)
- Improvements to IFRSs (collection of amendments for 2011 to 2013) (effective for fiscal years beginning on or after 1 July 2014 if endorsed by the EU by this date)

5 Basis of consolidation

The consolidated financial statements include the financial statements of all entities which Ströer Media AG directly or indirectly controls. In addition to Ströer Media AG, a further 30 German and 23 foreign subsidiaries were consolidated as of 31 December 2013 on the basis of full consolidation and 5 German joint ventures on the basis of proportionate consolidation. The equity interests are disclosed in accordance with Sec. 16 (4) AktG ["Aktiengesetz": German Stock Corporation Act].

Fully consolidated entities

			Equity interest in %	
Name	Registered office	Country	**31 Dec 2013**	31 Dec 2012
adscale GmbH	Munich	Germany	97	–
Adscale Laboratories Ltd.	Christchurch	New Zealand	100	–
AdSolutions CEE GmbH	Glonn	Germany	100	–
Ballroom International CEE Holding GmbH*	Glonn	Germany	62	–
Ballroom International GmbH	Glonn	Germany	100	–
BB elements Sp. z.o.o.	Warsaw	Poland	65	–
BlowUP Media Belgium N.V.	Antwerp	Belgium	100	100
BlowUP Media Benelux B.V.*	Amsterdam	Netherlands	100	100
BlowUP Media España S.A.*	Madrid	Spain	88	88
BlowUP Media France SAS*	Paris	France	100	100
BlowUP Media GmbH*	Cologne	Germany	90	75
BlowUP Media U.K. Ltd.*	London	UK	100	100
Business Advertising GmbH	Düsseldorf	Germany	50	–
CBA Iletisim ve Reklam Pazarlama Ltd. Sti.	Istanbul	Turkey	–	100
City Design Gesellschaft für Außenwerbung mbH	Cologne	Germany	100	100
City Lights Reklam Pazarlama Ltd. Sti.	Istanbul	Turkey	–	100
Click Motion Sp. z.o.o.	Warsaw	Poland	94	–
Culture Plak Marketing GmbH	Berlin	Germany	51	51
DERG Vertriebs GmbH	Cologne	Germany	100	100
DSM Deutsche Städte Medien GmbH	Frankfurt	Germany	100	100
DSM Krefeld Außenwerbung GmbH	Krefeld	Germany	51	51
DSM Mediaposter GmbH	Cologne	Germany	–	100
DSM Zeit und Werbung GmbH	Frankfurt	Germany	100	100
Dünya Tanitim Hizmetleri ve Turizm Ticaret Ltd. Sti.	Istanbul	Turkey	–	100

Name	Registered office	Country	Equity interest in % 31 Dec 2013	31 Dec 2012
ECE flatmedia GmbH	Hamburg	Germany	75	90
Evolution Media Net Sp. z.o.o.	Warsaw	Poland	100	–
Fahrgastfernsehen Hamburg GmbH	Hamburg	Germany	100	100
GAN Support GmbH	Hamburg	Germany	100	–
Gündem Matbaacilik Organizasyon Gazetecilik Reklam San. Tic. Ltd.	Antalya	Turkey	–	100
Hamburger Verkehrsmittel-Werbung GmbH	Hamburg	Germany	75	75
iBillBoard Internet Reklam Hizmetleri ve Bilisim Teknolojileri A.S.	Istanbul	Turkey	96	–
iBillBoard Poland Sp. z.o.o.	Warsaw	Poland	100	–
Ilbak Neon Kent Mobilyalari Ltd. Sti.	Istanbul	Turkey	–	100
INFOSCREEN GmbH (vormals Ströer Digital Media GmbH)	Cologne	Germany	100	100
Internet BillBoard a.s.	Ostrau	Czech Republic	51	–
INTREN Informatikai Tanácsadó és Szolgáltató Kft.	Budapest	Hungary	51	–
Inter Tanitim Hizmetleri San. ve Ticaret A.S.	Istanbul	Turkey	–	100
Kölner Aussenwerbung Gesellschaft mit beschränkter Haftung	Cologne	Germany	51	51
Kultur-Medien Hamburg GmbH Gesellschaft für Kulturinformationsanlagen	Hamburg	Germany	51	51
Linkz Internet Reklam Hizmetleri ve Bilisim Teknolojileri A.S.	Istanbul	Turkey	100	–
MBR Targeting GmbH	Berlin	Germany	79	–
Megaposter UK Ltd.	Brighton	UK	–	100
Meteor Advertising Ltd.	London	UK	–	100
Objektif Kentvizyon Reklam Pazarlama Ticaret Ltd. Sti.	Istanbul	Turkey	80	80
Pacemaker AOS GmbH	Cologne	Germany	80	–
Reklamz Internet Reklam Hizmetleri ve Bilisim Teknolojileri A.S.	Istanbul	Turkey	100	–
SEM Internet Reklam Hizmetleri ve Danismanlik A.S.	Istanbul	Turkey	100	–
Ströer Akademi Reklam Pazarlama Ltd. Sti.	Istanbul	Turkey	–	100
Ströer City Marketing Sp. z.o.o.	Warsaw	Poland	100	100
Ströer DERG Media GmbH	Kassel	Germany	100	100
Ströer Deutsche Städte Medien GmbH	Cologne	Germany	100	100
Ströer Digital Group GmbH*	Cologne	Germany	100	–
Ströer Digital Media GmbH (vormals freeXmedia GmbH)	Hamburg	Germany	100	–
Ströer Kentvizyon Reklam Pazarlama A.S.*	Istanbul	Turkey	90	90
Ströer Kulturmedien GmbH	Cologne	Germany	100	100
Ströer Media Deutschland GmbH*	Cologne	Germany	100	100
Ströer Media Sp. z.o.K.	Warsaw	Poland	100	99
Ströer Media Sp. z.o.o.	Warsaw	Poland	100	100
Ströer Mobile Media GmbH	Cologne	Germany	100	–
Ströer Polska Sp. z.o.o.*	Warsaw	Poland	100	99
Ströer Primetime GmbH	Cologne	Germany	100	–
Ströer Sales & Services GmbH	Cologne	Germany	100	100
Vidyoda ve Reklam Hizmetleri A.S.	Istanbul	Turkey	100	–

* Indicates entities in which Ströer Media AG holds a direct interest.

The following entities were acquired by other group entities in intragroup mergers in 2013:

- CBA Iletisim ve Reklam Pazarlama Ltd. Sti.
- City Lights Reklam Pazarlama Ltd. Sti.
- DSM Mediaposter GmbH
- Dünya Tanitim Hizmetleri ve Turizm Ticaret Ltd. Sti.
- Gündem Matbaacilik Organizasyon Gazetecilik Reklam San. Tic. Ltd.
- Ilbak Neon Kent Mobilyalari Ltd. Sti.
- Inter Tanitim Hizmetleri San. ve Ticaret A.S.
- Megaposter UK Ltd.
- Meteor Advertising Ltd.
- Ströer Akademi Reklam Pazarlama Ltd. Sti.

The following joint ventures are engaged in the commercialization of out-of-home media.

Proportionately consolidated joint ventures

			Equity interest in %	
Name	Registered office	Country	**31 Dec 2013**	31 Dec 2012
Arge Außenwerbung Schönefeld GbR	Berlin	Germany	50	50
DSMDecaux GmbH	Munich	Germany	50	50
mediateam Werbeagentur GmbH / Ströer Media Deutschland GbR	Cologne	Germany	50	50
Mega-Light Staudenraus & Ströer GbR	Cologne	Germany	–	50
Trierer Gesellschaft für Stadtmöblierung mbH	Trier	Germany	50	50
X-City Marketing Hannover GmbH	Hanover	Germany	50	50

Mega-Light Staudenraus & Ströer GbR was liquidated in the course of the fiscal year.

The following table shows the assets and liabilities and expenses and income of the joint ventures in relation to the Group's interest:

In EUR k	**31 Dec 2013**	31 Dec 2012
Current assets	8,804	11,318
Non-current assets	6,053	6,545
Current liabilities	2,977	2,772
Non-current liabilities	1,697	1,814
Net assets	**10,183**	**13,277**

In EUR k	**2013**	2012
Income	13,769	13,322
Expenses	8,812	8,531
Profit after taxes	**4,957**	**4,791**

Associates
In addition to the investments listed, the Group has held a 40% interest in Instytut Badań Outdooru IBO SP. z.o.o., Warsaw/Poland, since 1 August 2013.

The carrying amount of the associate was EUR 57k as of 31 December 2013.

The assets and liabilities of the associate are as follows:

In EUR k	**31 Dec 2013**	31 Dec 2012
Current assets	491	0
Non-current assets	721	0
Current liabilities	1,083	0
Non-current liabilities	0	0
Net assets	**129**	**0**

6 Significant business combinations and sales

Transactions not involving a change in control

BlowUP Media GmbH, Cologne
On 16 May 2012, the Ströer Group through Ströer AG concluded a purchase agreement for a further 15% of the shares in BlowUP Media GmbH, Cologne. The acquisition was deferred to take effect as of 1 January 2013 and increased Ströer's shareholding in the company from 75% to 90%. The minimum purchase price for the additional shares is approximately EUR 6m. The effect from the price adjustment clauses (earn-out arrangements based on EBITDA) contained in the purchase agreement cannot be assessed at present and, in the event of a clearly positive business performance, could lead to further purchase price payments in the mid-single-digit million Euro range in the coming three years.

ECE flatmedia GmbH, Hamburg
Effective as of 17 July 2013, the Ströer Group sold 14.9% of its shares in ECE flatmedia GmbH, Hamburg, to its co-shareholder, the ECE Group, via its group company Infoscreen GmbH. The shares were sold in order to more closely align company and shareholder interests and the purchase price totaled around EUR 2.1m. The purchase price was offset against liabilities due to the buyer. After the transaction was completed, the Ströer Group still held 75.1% of the shares in the company.

Transactions involving a change in control

adscale GmbH, Munich
The Ströer Group initially acquired around 91% of the shares in adscale GmbH, Munich, via its group holding company Ströer Media AG, with effect as of 4 April 2013. The purchase agreement was notarized on 14/15 December 2012.

In the area of online advertising, adscale GmbH operates a technology-based marketplace (ad exchange) for a connected portfolio of around 5,000 websites. The purchase price for the around 91% of the shares acquired is EUR 20.2m. Effective 1 October 2013, Ströer acquired a further 5.8% of the shares in adscale GmbH via its group company Ströer Digital Group GmbH and increased its shareholding in the company to around 97%. The purchase price for the additional shares is approximately EUR 1.7m. The acquisition was presented as a transaction between shareholders in accordance with IAS 27. There are put and call options on the remaining around 3% of the shares.

The acquisition gave rise to transaction costs of EUR 30k in the reporting year (prior year: EUR 287k) which were reported under administrative expenses.

The following table shows the fair values of the assets acquired and liabilities assumed at the acquisition date:

In EUR k	
Internally generated intangible assets	4,872
Other intangible assets	779
Property, plant and equipment	269
Deferred tax assets	305
Trade receivables	4,618
Financial assets	187
Other assets	23
Income tax assets	41
Cash and cash equivalents	5,111
Other provisions	510
Deferred tax liabilities	1,661
Trade payables	3,248
Financial liabilities	6
Other liabilities	481
Income tax liabilities	20
Net assets acquired	10,280

The internally generated intangible assets mainly comprise internally developed software. The useful lives of the intangible assets are between 4 and 5 years. The fair value and gross amount of the receivables acquired break down as follows:

In EUR k	Fair value	Gross amount
Trade receivables	4,618	4,700
Financial assets	187	187
Other assets	23	23

The fair value of the receivables acquired is the best estimate for the expected cash flows from these receivables.

The fair value of the assets and liabilities in the purchase price allocation has been finalized.

Goodwill breaks down as follows:

In EUR k	
Purchase price already transferred	20,177
Contractually agreed contingent purchase price payments in subsequent periods	1,919
Non-controlling interests	885
Net assets acquired	10,280
Goodwill	12,701

As of 31 December 2013, the recognized liability from contingent purchase price payments amounted to EUR 0k. The amount is final. The difference of EUR 1,919k compared with the amount reported as part of the purchase price allocation was recognized in other operating income.

The goodwill is based on the positive prospects of generating additional cash flows above and beyond existing technology and customer relationships by continuing to develop technology and further expanding customer relationships.

The allocation to the adjustment item for non-controlling interests was made on the basis of the share in equity.

Since control was obtained, adscale has contributed the following revenue and profit or loss after taxes which are included in the consolidated income statement.

In EUR k	Revenue	Profit after taxes
4 Apr to 31 Dec 2013	16,159	1,346

RAdcarpet, Berlin

Effective 23 May 2013, the Group acquired the RAdcarpet product group from Servtag GmbH, Berlin, in an asset deal via its group entity Ströer Mobile Media GmbH. RAdcarpet is a location-based advertising network specialized in localized and hyperlocalized online advertising on mobile devices. It allows advertisers to pinpoint the location of their target groups who are located in the immediate vicinity of their own or competitors' stores. The purchase price for the assets acquired, including expected purchase price adjustments, is approximately EUR 0.5m. However, it could increase to a total of EUR 2.7m in the next two years as a result of contractual adjustment clauses (earn-out arrangements based on revenue and margins). A significant proportion (around EUR 0.4m) of the assets acquired under the asset deal is attributable to internally developed software.

Ströer Digital Group GmbH, Cologne

Effective 3 June 2013, Ströer AG acquired all shares in Ströer Digital Group GmbH. Ströer Digital Group GmbH is a holding company, which in turn held all shares in Ströer Digital Media GmbH (formerly Ströer Interactive GmbH) and freeXmedia GmbH as well as 50.4% of shares in Business Advertising GmbH. The agreement was notarized on 21/22 December 2012. Following the acquisition, Ströer Digital Media GmbH and freeXmedia GmbH were merged to Ströer Digital Media GmbH. The companies held by Ströer Digital Group GmbH are primarily active in the exclusive marketing of websites and enter into service contracts with publishers for this purpose. The contracted websites are bundled horizontally and/or vertically into topic channels (e.g., car channel) for specific target groups and are offered to advertising customers and agencies using various online products. The basic component of the purchase price liability was settled by issuing a maximum of around 6.8 million new shares in Ströer AG at an issue price of EUR 7.31 per share (see our comments in the section "Corporate actions and shareholder structure" in the chapter entitled "Share"). Any purchase price liability arising from the contractually agreed price adjustment clauses (earn-out arrangements based on EBITDA) will be paid in cash. Costs of EUR 26k directly attributable to the capital increase were directly offset against the capital reserves.

The acquisition gave rise to transaction costs of EUR 95k in the reporting year (prior year: EUR 234k) which were reported under administrative expenses.

The following table shows the fair values of the assets acquired and liabilities assumed at the acquisition date:

In EUR k	
Intangible assets	18,352
Property, plant and equipment	200
Trade receivables	10,247
Financial assets	71
Other assets	492
Income tax assets	173
Cash and cash equivalents	1,940
Other provisions	2
Deferred tax liabilities	5,761
Trade payables	11,603
Other liabilities	943
Income tax liabilities	272
Net assets acquired	12,895

The useful lives of the contracts are between 7 and 13 years. The useful life of the recognized contracts on hand is 7 months. The fair value and gross amount of the receivables acquired break down as follows:

In EUR k	Fair value	Gross amount
Trade receivables	10,247	10,396
Financial assets	71	71
Other assets	492	492

The fair value of the receivables acquired is the best estimate for the expected cash flows from these receivables.

The fair value of the assets and liabilities in the purchase price allocation has been finalized.

Under IFRSs, the non-cash contribution made in connection with the capital increase is valued at the price on the date on which the shares were issued. On this basis, goodwill breaks down as follows:

In EUR k	
Capital increase	57,423
Contractually agreed contingent purchase price payments in subsequent periods	9,850
Non-controlling interests	2,516
Net assets acquired	12,895
Goodwill	56,893

As of 31 December 2013, the recognized liability from contingent purchase price payments amounted to EUR 10,705k. The difference compared with the amount reported (EUR 9,850k) as part of the purchase price allocation was recognized in other operating expenses. As a result of the arrangements in the purchase agreement, the liability of EUR 10,705k may decrease by 2015. No further increase is possible.

The goodwill is based on the positive prospects of generating additional cash flows above and beyond existing publisher contracts through additional agreements and by extending the current agreements.

The allocation to the adjustment item for non-controlling interests was made on the basis of the share in equity.

Since control was obtained, Ströer Digital Group GmbH including three acquired subsidiaries has contributed the following revenue and profit or loss after taxes which are included in the consolidated income statement.

In EUR k	Revenue	Loss after taxes
3 Jun to 31 Dec 2013	30,256	–2,863

Ballroom International CEE Holding GmbH, Munich

Effective 31 July 2013, Ströer Media AG acquired 53.4% of the shares in Ballroom International CEE Holding GmbH, Munich ("Ballroom GmbH"). Ballroom GmbH is an internet advertiser, which operates on Ströer's core foreign markets – Poland and Turkey – as well as in Hungary, Romania and the Czech Republic, offering ad exchange services, video and display advertising as well as performance marketing. The purchase price for the shares acquired in the group is EUR 19.8m. Also in 2013, after this transaction was completed, two non-controlling shareholders left Ballroom GmbH. In return for their departure, these shareholders took over six smaller companies of the Ballroom Group whose business was outside of the Ströer Group's core markets. As a result of the departure of the two shareholders, the Ströer Group's interest in Ballroom GmbH increased to 62.3%. There are also call and put options on the remaining 37.7% of the shares that can be exercised progressively over the coming years.

The acquisition gave rise to transaction costs of EUR 399k which were reported under administrative expenses.

The following table shows the provisional fair values of the assets acquired and liabilities assumed at the acquisition date:

In EUR k	
Internally generated intangible assets	980
Other intangible assets	578
Property, plant and equipment	420
Deferred tax assets	195
Trade receivables	12,908
Financial assets	77
Other assets	1,530
Income tax assets	120
Cash and cash equivalents	1,080
Deferred tax liabilities	230
Trade payables	7,694
Financial liabilities	1,654
Other liabilities	4,820
Income tax liabilities	131
Net assets acquired	3,360

The fair value and gross amount of the receivables acquired break down as follows:

In EUR k	Fair value	Gross amount
Trade receivables	12,908	13,198
Financial assets	77	77
Other assets	1,530	1,530

The fair value of the receivables acquired is the best estimate for the expected cash flows from these receivables.

The fair value of the assets and liabilities in the purchase price allocation is still provisional. Hence, the fair values of the assets acquired and liabilities assumed as well as goodwill may be adjusted. Provisional goodwill breaks down as follows:

In EUR k	
Purchase price already transferred	19,500
Contractually agreed contingent purchase price payments in subsequent periods	215
Non-controlling interests	2,006
Net assets acquired	3,360
Goodwill	18,362

As of 31 December 2013, the recognized liability from contingent purchase price payments amounted to EUR 312k. The amount is final. The difference compared with the amount reported (EUR 215k) as part of the purchase price allocation was recognized in other operating expenses.

The allocation to the adjustment item for non-controlling interests was made on the basis of the share in equity.

Since control was obtained, Ballroom GmbH including its subsidiaries has contributed the following revenue and profit or loss after taxes which are included in the consolidated income statement.

In EUR k	Revenue	Profit after taxes
1 Aug to 31 Dec 2013	16,636	1,989

MBR Targeting GmbH, Berlin

Effective 1 October 2013, the Ströer Group acquired a total of 79.1% of the shares in MBR Targeting GmbH, Berlin, via its group company Ströer Digital Group GmbH. MBR Targeting GmbH develops and markets innovative targeting technologies which facilitate the exact identification of online target groups and professional data management. The purchase price for the shares acquired is EUR 5.7m. Options to purchase the remaining 20.9% of the shares at a later date have also been agreed.

The acquisition gave rise to transaction costs of EUR 124k which were reported under administrative expenses.

The following table shows the provisional fair values of the assets acquired and liabilities assumed at the acquisition date:

In EUR k	
Internally generated intangible assets	367
Other intangible assets	4
Property, plant and equipment	15
Trade receivables	38
Financial assets	12
Other assets	1
Cash and cash equivalents	13
Deferred tax liabilities	121
Trade payables	78
Financial liabilities	201
Other liabilities	103
Income tax liabilities	6
Net assets acquired	–60

At the acquisition date, the fair value of the receivables was the same as the gross amount of the receivables acquired.

The fair value of the assets and liabilities in the purchase price allocation is still provisional. Hence, the fair values of the assets acquired and liabilities assumed as well as goodwill may be adjusted. Provisional goodwill breaks down as follows:

In EUR k	
Purchase price already transferred	3,504
Contractually agreed purchase price payments in subsequent periods	2,236
Non-controlling interests	−12
Net assets acquired	−60
Goodwill	5,787

The allocation to the adjustment item for non-controlling interests was made on the basis of the share in equity.

Since control was obtained, the MBR Targeting GmbH contributed the following revenue and profit or loss after taxes which are included in the consolidated income statement.

In EUR k	Revenue	Loss after taxes
1 Oct to 31 Dec 2013	69	−185

Summary information

The contractually agreed purchase prices for acquisitions involving a change in control totalled EUR 115,324k (prior year: EUR 0k) including payments in subsequent periods (excluding earn-out adjustments made in the meantime).

The effects on the cash flows from investing activities are presented below:

In EUR k	**2013**	2012
Total payments made	−43,356	0
Total cash acquired	8,145	0
Cash outflows for acquisitions in prior years	0	−2,747
Net cash flows from business combinations	−35,211	−2,747

The aggregate increases in the asset and liability items in 2013 are as follows (no companies were acquired in the prior year):

In EUR k	Carrying amounts in the local balance sheets including finalized purchase price allocations	Adjustments	Carrying amounts in Ströer's consolidated statement of financial position
Goodwill	0	93,822	93,822
Internally generated intangible assets	6,635		6,635
Other intangible assets	19,712		19,712
Property, plant and equipment	912		912
Deferred tax assets	500		500
Trade receivables	27,812		27,812
Financial assets	348		348
Other assets	2,046		2,046
Income tax assets	333		333
Cash and cash equivalents	8,145		8,145
Other provisions	512		512
Deferred tax liabilities	7,771		7,771
Trade payables	22,623		22,623
Financial liabilities	1,862		1,862
Other liabilities	6,347		6,347
Income tax liabilities	429		429
Net assets	26,896	93,822	120,718

The effect on the Group's revenue and profit or loss after taxes in the consolidated financial statements had all the entities acquired in 2013 been fully consolidated as of 1 January 2013 is presented below. The amounts do not include any effects from the purchase price allocation for Ballroom International CEE Holding GmbH and MBR Targeting GmbH.

In EUR k	Revenue	Profit after taxes
1 Jan to 31 Dec 2013	678,125	5,444

7 Consolidation principles

The assets and liabilities of the fully or proportionately consolidated entities are measured on the basis of uniform accounting policies. The reporting date of all entities consolidated is 31 December.

Subsidiaries are fully consolidated from the date of acquisition, i.e., the date on which the Group obtains control. Control within the meaning of IAS 27, "Consolidated and Separate Financial Statements," is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Consolidation ends as soon as the parent ceases to have control.

The cost of foreign entities acquired is translated into euros at the exchange rate applicable on the date of acquisition.

The acquisition method is applied for the initial accounting. The cost of a business combination is allocated by recognizing the assets acquired and liabilities assumed as well as certain contingent liabilities at fair value (purchase price allocation). Any excess of the cost of the combination over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities is recognized as goodwill. Goodwill attributable to non-controlling interests is also recognized as an asset on a case-by-case basis in accordance with IFRS 3. Any remaining negative goodwill is recognized immediately in profit or loss.

The hidden reserves and charges recognized are subsequently measured applying the accounting policy for the corresponding assets and liabilities. Goodwill recognized is tested for impairment annually (see note 19).

Write-ups or write-downs in the fiscal year on shares in consolidated entities recognized in the individual financial statements are eliminated in the consolidated financial statements. Intragroup profit and losses, revenue, expenses and income as well as receivables and liabilities between consolidated entities are eliminated.

Effects of consolidation on income taxes are accounted for by deferred taxes.

Non-controlling interests in equity and profit or loss are recognized in a separate item under equity. If additional interests are acquired or sold in fully consolidated entities, this difference is directly set off against equity.

A joint venture is defined as a contractual arrangement between two or more parties to undertake economic activities that are subject to joint control. Joint ventures are consolidated on a proportionate basis in line with the above principles of full consolidation.

For the purpose of measurement, other investments are classified pursuant to IAS 39 as "Available-for-sale financial assets" and are recognized at cost or fair value, provided this can be reliably measured.

8 Currency translation

The financial statements of the consolidated foreign entities whose functional currency is not the euro are translated pursuant to IAS 21, "The Effects of Changes in Foreign Exchange Rates," into the Group's presentation currency (euro). The functional currency of the foreign entities is the respective local currency.

Assets and liabilities are translated at the closing rate. Equity is reported at the historical rate. Expenses and income are translated into euros at the weighted average rate of the respective period. Exchange differences recognized directly in equity are only recognized in profit or loss if the corresponding entity is sold or deconsolidated.

Transactions conducted by the consolidated entities in foreign currency are translated into the functional currency at the exchange rate valid on the date of the transaction. Gains and losses arising on the settlement of such transactions or on translating monetary items in foreign currency at the closing rate are recognized in profit or loss.

Exchange rate effects from intragroup loans are recorded in other comprehensive income if the loans meet the criteria of a net investment as defined by IAS 21.

The following exchange rates were used for the most important foreign currencies in the Ströer Group:

		Closing date		Weighted average rate	
	Currency	**31 Dec 2013**	31 Dec 2012	**2013**	2012
Hungary	HUF	297.0400	–	297.7668	–
Czech Republic	CZK	27.4270	–	26.2582	–
Romania	RON	4.4710	–	4.4463	–
Poland	PLN	4.1543	4.0740	4.1966	4.1826
Turkey	TRY	2.9605	2.3551	2.5217	2.3136
UK	GBP	0.8337	0.8161	0.8491	0.8108

NOTES TO THE INCOME STATEMENT

9 Revenue

Revenue breaks down as follows:

In EUR k	2013	2012
Revenue from the commercialization of advertising media	601,952	531,838
Revenue from services	29,458	26,219
Royalties	1,101	1,121
Other operating income	2,309	1,419
Total	**634,820**	**560,597**

See the disclosures under segment information for a breakdown of revenue by segment. Revenue includes income of EUR 611k (prior year: EUR 350k) from barter transactions. As of the reporting date, outstanding receivables and liabilities from barter transactions amounted to EUR 155k (prior year: EUR 100k) and EUR 29k (prior year: EUR 49k), respectively.

10 Cost of sales

Cost of sales includes all costs which were incurred in connection with the sale of products and provision of services and breaks down as follows:

In EUR k	2013	2012
Rental, lease and royalty payments	212,023	211,656
Amortization, depreciation and impairment losses	66,473	60,811
Personnel expenses	2,607	1,472
Other cost of sales	157,480	112,567
Total	**438,583**	**386,506**

11 Selling expenses

Selling expenses include all expenses incurred in connection with direct selling expenses and sales overheads. They can be broken down into:

In EUR k	2013	2012
Personnel expenses	59,366	51,344
Amortization, depreciation and impairment losses	1,891	1,915
Other selling expenses	23,476	22,190
Total	**84,733**	**75,449**

The non-capitalizable components of product development costs are disclosed in the income statement under selling expenses and amounted to EUR 1,444k (prior year: EUR 1,398k) in the reporting period.

12 Administrative expenses

Administrative expenses include the personnel and non-personnel expenses as well as amortization, depreciation and impairment losses relating to all administrative areas which are not connected with technology, sales or product development. Administrative expenses break down as follows:

In EUR k	**2013**	2012
Personnel expenses	46,749	39,389
Amortization, depreciation and impairment losses	7,589	4,024
Other administrative expenses	29,224	28,422
Total	**83,562**	**71,835**

13 Other operating income

The breakdown of other operating income is shown in the following table:

In EUR k	**2013**	2012
Income from the reversal of provisions and derecognition of liabilities	7,831	6,628
Income from exchange differences	1,122	2,295
Income from the reversal of bad debt allowances	927	1,177
Income from services	936	713
Income from the disposal of property, plant and equipment and intangible assets	341	857
Miscellaneous other operating income	7,553	4,831
Total	**18,710**	**16,501**

EUR 1,919k of the increase in miscellaneous other operating income relates to the reversal of earn-out liabilities to profit or loss as part of the acquisition of the online advertising companies.

14 Other operating expenses

Other operating expenses break down as follows:

In EUR k	**2013**	2012
Expenses related to the recognition of bad debt allowances and derecognition of receivables and other assets	2,572	2,834
Loss from the disposal of property, plant and equipment and intangible assets	1,584	2,267
Expenses from exchange differences	1,349	2,137
Out-of-period expenses	2,307	1,786
Miscellaneous other operating expenses	2,023	598
Total	**9,835**	**9,622**

EUR 951k of the increase in miscellaneous other operating expenses relates to the adjustment of earn-out liabilities.

15 Financial result

The following table shows the composition of the financial result:

In EUR k	2013	2012
Finance income	**4,481**	**19,515**
Income from exchange differences on financial instruments	3,651	16,646
Income from financial instruments measured at fair value through profit or loss	13	2,178
Interest income from loans and receivables	593	684
Other finance income	224	7
Finance costs	**–24,228**	**–51,395**
Interest expenses from loans and liabilities	–17,286	–39,494
Expenses from exchange differences on financial instruments	–5,175	–11,093
Expenses from financial instruments measured at fair value through profit or loss	–51	–284
Other finance costs	–1,716	–524
Financial result	**–19,747**	**–31,880**

Interest expenses from loans and liabilities in 2012 include non-recurring non-cash expenses from the Group's new financing structure. In this context, transaction costs of EUR 7.5m for the previous group financing that had not been fully amortized were expensed. In addition, interest expenses fell sharply due to the optimization of the Group's financing structure in July 2012, favorable interest rate trends on the capital markets and the expiry of interest rate hedges in October 2012 and April 2013.

Income/expenses from exchange differences on financial instruments contain non-cash exchange gains/losses from the translation of the group loans granted in euros to the Turkish and Polish entities. In the course of fiscal year 2013, Ströer AG restructured the intragroup loans to the foreign subsidiaries in Poland and Turkey. Since the loans have an indefinite term, they now meet the criteria of a net investment as defined by IAS 21. As a result, any exchange rate effects from intragroup loans were recorded in other comprehensive income and not, as was previously the case, in the financial result. This meant that income and expenses from exchange differences decreased significantly year on year.

Income/expenses from financial instruments measured at fair value through profit or loss include the change in the market values of the stand-alone interest rate swaps.

16 Income taxes

Taxes on income paid or due in the individual countries as well as deferred taxes are stated as income taxes. The increase in expenses from current income taxes is mainly due to the utilization of all unused trade tax losses at the level of Ströer AG in spring 2013 and the overall growth in the operating business, which in total led to a much higher tax assessment base. In addition, the recognition of deferred tax assets on unused tax losses resulted in income from deferred taxes, although this was slightly lower than in the prior year. Income taxes break down as follows:

In EUR k	**2013**	2012
Expenses from current income taxes	16,748	10,562
thereof for prior years	2,790	79
Income from deferred taxes	–4,791	–6,943
thereof for prior years	114	–601
Expense (+)/income (–)	**11,957**	**3,619**

The changes in the transactions recognized directly in equity and the deferred taxes arising thereon are presented in the following table:

2013

In EUR k	**Before taxes**	**Taxes**	**After taxes**
Exchange differences on translating foreign operations	–31,510	931	–30,579
Cash flow hedges	0	0	0
Actuarial gains and losses	–561	182	–379
	–32,071	**1,113**	**–30,959**

2012

In EUR k	Before taxes	Taxes	After taxes
Exchange differences on translating foreign operations	5,768	0	5,768
Cash flow hedges	4,900	–1,590	3,310
Actuarial gains and losses	–3,637	1,219	–2,418
	7,031	**–371**	**6,660**

Deferred taxes are calculated on the basis of the applicable tax rates for each country. The rate ranges from 19% to 33% (prior year: from 19% to 35%).

Deferred taxes recognized for consolidation procedures are calculated based on the tax rate of 32.5% (prior year: 32.5%). This comprises corporate income tax of 15%, solidarity surcharge of 5.5% and average trade tax of 16.6%. If consolidation procedures relate to a foreign subsidiary, the respective country-specific tax rate is applied.

Deferred taxes are allocated to the following items in the statement of financial position:

	31 Dec 2013		31 Dec 2012	
in EUR k	**Assets**	**Liabilities**	Assets	Liabilities
Intangible assets	2,859	69,280	3,269	73,010
Property, plant and equipment	244	19,782	195	21,213
Financial assets	416	173	98	438
Receivables, other financial and non-financial assets	5,886	2,758	5,854	6,332
Inventories	73	1	508	3
Pension provisions	2,318	32	2,237	30
Other provisions	3,299	321	4,253	1,943
Liabilities	26,961	24,989	20,370	14,561
Deferred taxes	**42,056**	**117,336**	**36,784**	**117,530**
Tax loss and interest carryforwards	25,225	0	29,999	0
Total	**67,281**	**117,336**	**66,783**	**117,530**
Set-offs	−59,989	−59,989	−62,413	−62,413
Carrying amount	**7,292**	**57,347**	**4,370**	**55,117**

As of 31 December 2013, there were unused tax losses of EUR 133,401k (prior year: EUR 131,184k) as well as an interest carryforward of EUR 16,721k (prior year: EUR 35,218k). Out of the total amount of tax losses, no deferred tax assets were recognized for EUR 21,912k (prior year: EUR 24,585k). The majority of unused tax losses attributable to consolidated foreign entities will expire as follows:

Year	Amount in EUR k
2014	2,560
2015	2,244
2016	16,425
2017	6,049
2018	18,058
2019	0

After impairment losses, deferred tax assets arising from unused tax losses were recognized in the amount of EUR 61,655k; the entities to which these unused tax losses are attributable generated losses in prior years. On the basis of the tax planning of the entities concerned, however, we assume that we will be able to use these unused tax losses in future periods due to an increase in taxable income.

In accordance with IAS 12, deferred taxes must be recognized on the difference between the share in equity held in subsidiaries recognized in the consolidated statement of financial position and the carrying amount of the equity interest for these subsidiaries recognized in the parent’s tax accounts (“outside basis differences”) if this difference is expected to be realized. Deferred taxes were recognized in the consolidated financial statements for equity investments if distributions are expected in the near future. Overall, deferred tax liabilities on outside basis differences of EUR 67k (prior year: EUR 294k) were recognized.

For outside basis differences of EUR 27,429k (prior year: EUR 37,199k), no deferred taxes were recognized as Ströer AG can control the timing of the reversal of the temporary differences for these equity investments and does not expect them to reverse in the future.

As Ströer AG did not pay any dividends to its shareholders in 2013 or 2012, this did not result in any income tax consequences.

The reconciliation of the expected tax expense and the actual tax expense is presented below:

In EUR k	**2013**	2012
Earnings before income taxes pursuant to IFRSs	17,070	1,806
Group income tax rate	32.45%	32.45%
Expected income tax expense for the fiscal year	5,539	586
Effect of tax rate changes	−28	166
Trade tax additions/deductions	2,669	2,656
Effects of taxes from prior years recognized in the fiscal year	2,903	−680
Effects of deviating tax rates	819	1,183
Effects of tax-exempt income	−739	−244
Impact of permanent effects from consolidation	0	275
Effects of non-deductible business expenses	1,668	1,648
Effects of non-recognition or subsequent recognition of deferred taxes	0	0
Recognition of interest carryforward for tax purposes (interest limitation rules)	1,323	32
Correction of unused tax losses	−1,428	−2,164
Other deviations	−769	161
Total tax expense (+)/tax income (–)	**11,957**	**3,619**

17 Notes to earnings per share

In EUR k	**2013**	2012
Basic earnings attributable to the shareholders of Ströer AG	3,786	−2,860

In thousands	**2013**	2012
Weighted average number of ordinary shares issued as of 31 Dec	46,013	42,098
Effects from subscription rights issued	150	0
Effects from the obligation to purchase treasury shares	0	120
Weighted average number of ordinary shares issued as of 31 Dec (diluted)	46,163	42,218

As a result of a capital increase as of 3 June 2013, the number of shares (42,098,238) was increased by an amount of 6,771,546 shares. Earnings per share are therefore based on a weighted number of 46,012,748 shares. Earnings per share in 2013 are subject to a potential dilution due to the new stock option plan launched in the fiscal year (we refer to section "Conditional capital 2013" in note 28 "Equity").

In addition, earnings per share could potentially be diluted by the contingent put options that were granted to a non-controlling interest in fiscal year 2010 in respect of its shares in a Ströer group entity. Settlement may take the form of the issue of shares in Ströer AG. However, earnings per share were not diluted in 2012 due to the negative result. Nor did these options lead to any dilution in 2013 since the exercise price of the options was less favorable than the market price of the underlying share.

18 Other notes

Personnel expenses
Personnel expenses of EUR 108,722k (prior year: EUR 92,204k) are included in the cost of sales, administrative expenses and selling expenses.

The average number of employees in the fiscal year breaks down as follows:

Number	**2013**	2012
Salaried employees	1,933	1,580
Wage earners	6	5
Total	**1,939**	**1,585**

The number is based on the average number of employees at the end of the four quarters, taking into account their employment relationships. Part-time employees are included in full. Members of management, trainees, interns, pensioners and employees on parental leave are not included. Employees of proportionately consolidated joint ventures are included pro rata.

The total number includes 43 FTEs (prior year: 39) from the proportionately consolidated joint ventures.

The Group has a total headcount (full and part-time employees) of 2,223 (prior year: 1,750). The difference of 284 largely relates to employees on parental leave, trainees and temporary workers. These employees are not included in the above disclosure in accordance with Sec. 314 (1) No. 4 HGB in conjunction with Sec. 285 No. 7 HGB.

Amortization, depreciation and impairment losses
The amortization, depreciation and impairment losses included in the cost of sales, administrative expenses and selling expenses are shown in notes 10 to 12. The increase in amortization, depreciation and impairment losses by EUR 9,203k to EUR 75,953k is primarily attributable to additional amortization as part of the acquisition of the online advertising companies as well as in relation to software that was no longer required and capitalized expenses as part of the restructuring of the IT landscape.

Leases

Cost of sales, administrative expenses and selling expenses include the following expenses from operating leases:

In EUR k	**2013**	2012
Rent	5,626	5,331
Vehicle leasing	2,415	2,283
Hardware and software leasing	1,319	1,108
Leasing of buildings	1,631	1,716
Rental / lease of facilities	253	348
Total	**11,244**	**10,786**

Currency effects

In the reporting period, losses of EUR 1,751k (prior year: income of EUR 5,712k) arising from exchange differences were recognized in the income statement, EUR 1,524k thereof (prior year: income of EUR 5,554k) in the financial result.

NOTES TO THE STATEMENT OF FINANCIAL POSITION

19 Intangible assets

The development of intangible assets in the year under review and in the prior year is presented in the following table:

In EUR k	Rights and royalties	Goodwill	Prepayments	Development costs	**Total**
Cost					
Opening balance 1 Jan 2012	**400,807**	**229,955**	**995**	**6,751**	**638,508**
Change in the consolidated group	0	0	0	0	0
Additions	2,639	0	4,049	2,357	9,045
Reclassifications	616	0	–452	–314	–150
Disposals	–1,495	0	–145	–70	–1,710
Exchange differences	6,059	2,027	1	0	8,087
Closing balance 31 Dec 2012 / opening balance 1 Jan 2013	**408,626**	**231,982**	**4,448**	**8,724**	**653,780**
Change in the consolidated group	19,675	93,822	0	6,093	119,590
Additions	3,035	0	9,511	3,825	16,371
Reclassifications	457	0	–267	20	209
Disposals	–2,562	–2,263	0	–329	–5,154
Exchange differences	–19,375	–8,264	0	0	–27,639
Closing balance 31 Dec 2013 / opening balance 1 Jan 2014	**409,856**	**315,277**	**13,691**	**18,334**	**757,157**
Amortization and impairment losses / reversals					
Opening balance 1 Jan 2012	**128,777**	**5,800**	**0**	**1,386**	**135,963**
Change in the consolidated group	0	0	0	0	0
Additions	29,762	0	0	618	30,380
Reclassifications	0	0	0	0	0
Disposals	–1,477	0	0	0	–1,477
Exchange differences	725	61	0	0	786
Closing balance 31 Dec 2012 / opening balance 1 Jan 2013	**157,787**	**5,861**	**0**	**2,004**	**165,652**
Change in the consolidated group	–249	0	0	0	–249
Additions	33,151	0	2,178	2,258	37,586
Reclassifications	0	0	0	14	14
Disposals	–2,562	0	0	–85	–2,647
Exchange differences	–6,578	–14	0	–28	–6,620
Closing balance 31 Dec 2013 / opening balance 1 Jan 2014	**181,549**	**5,847**	**2,177**	**4,162**	**193,735**
Carrying amount as of 31 Dec 2012	**250,839**	**226,121**	**4,448**	**6,720**	**488,128**
Carrying amount as of 31 Dec 2013	**228,307**	**309,430**	**11,513**	**14,172**	**563,421**

In the fiscal year, advertising concessions awarded by municipalities were written off in the amount of EUR 23k (prior year: EUR 670k). Furthermore, an impairment loss of EUR 1,278k was charged due to publisher contracts that were not extended. These charges are included in cost of sales.

The additions to prepayments of EUR 9,511k (prior year: EUR 4,049k) primarily relate to the capitalized costs of optimizing the Ströer Group's IT landscape. In this context, additional amortization and impairment losses of EUR 2,342k were charged for these capitalized expenses and software that was no longer required.

All goodwill acquired in business combinations was tested for impairment in the fiscal year.

The table below gives an overview of the allocation of goodwill to cash-generating units (CGUs) as well as the assumptions made in performing the impairment test:

In EUR k	Ströer Germany	Ströer Turkey	Online Germany	Online International	Ströer Poland	BlowUP group
Carrying amount as of 31 Dec 2012	**175,591**	**39,760**	**0**	**0**	**6,175**	**4,595**
Changes in the consolidated group	0	0	75,460	16,099	0	0
Exchange rate effects	0	−8,131	0	0	−119	0
Carrying amount as of 31 Dec 2013	**175,591**	**31,629**	**75,460**	**16,099**	**6,056**	**4,595**
Detailed forecast period (in years)	5	5	5	5	5	5
Revenue growth after the forecast period	1% (PY: 1%)	4.4% (PY: 4.4%)	1 % (PY: –)	3.6 % (PY: –)	1.6% (PY: 1.6%)	1% (PY: 1%)
Interest rate (after taxes)	7.8% (PY: 6.9%)	13.3% (PY: 12.0%)	7.1 % (PY: –)	12.1 % (PY: –)	10.0% (PY: 9.3%)	7.5% (PY: 7.2%)

The recoverable amount of the CGUs has been determined using cash flow forecasts generated as of 30 September of each year based on financial forecasts approved by management.

The main growth driver for the Turkey cash-generating unit were identified as inflation, the generally high level of market growth as well as more efficient and more profitable product mixes. The development of the EBITDA growth rates at Ströer Germany and Ströer Poland is primarily due to the shift in the product mix towards higher-quality advertising media and rigorous cost management. The key driver of EBITDA growth in the online Germany cash-generating unit is the high market growth expected from exploiting new product formats and technologies.

In this regard, the budgeted EBITDA is determined on the basis of detailed forecasts about the expected future market assumptions, income and expenses. The projected growth of EBITDA in the detailed forecast period is closely related to expected advertising investments in the advertising industry, the ongoing development of the competitive situation, the prospects of innovative advertising formats, local inflation rates, the respective prospects for the out-of-home advertising industry and the expansion investments planned by Ströer in individual segments. These expectations are primarily based on publicly available market data. With regard to the individual cash-generating units, these expectations lead to average EBITDA growth rates that range from 8.5% (prior year: 5.6%) to 37.1% (prior year: 31.7%). In a second step, using the planned investments and working capital changes, EBITDA is transformed into a cash flow forecast. The detailed forecasts are then aggregated into financial plans and approved by management. These financial plans reflect the anticipated development in the forecast period.

For the purpose of performing an impairment test on goodwill, the fair value less costs to sell was classified as the recoverable amount. The discount rate used for the cash flow forecast was determined on the basis of market data and key performance indicators of the peer group and depends on the economic environment in which the cash flows were generated. As a result, separate interest rates for foreign CGUs were calculated on the basis of local circumstances.

The growth rate used in the terminal value (TV) is determined on the basis of long-term economic expectations and the expectations regarding the inflation trend in each market. To calculate these growth rates, information from central banks, economic research institutes and official statements by the relevant governments is gathered and evaluated.

We conducted a scenario analysis to assess the effect of significant parameters on the need for impairment at the cash-generating units. This was based on the difference between the recoverable amount and the carrying amount which the system set at EUR 0k on the date of initial consolidation and increased/decreased thereafter.

In the case of Ströer Poland, the difference between the recoverable amount and the carrying amount of the sub-segment as of the measurement date is EUR 37,943k (prior year: EUR 12,170k). The recoverable amount would equal the carrying amount of the cash-generating unit if the discount rate increased by more than 5.4 percentage points or if average forecast EBITDA (i.e., the amount expected in the detailed forecast period and in the terminal value) decreased by more than 36%.

In the case of Ströer Turkey, the difference between the recoverable amount and the carrying amount of the segment as of the measurement date is EUR 32,180k (prior year: 89,656k). The recoverable amount would equal the carrying amount of the cash-generating unit if the discount rate increased by more than 1.9 percentage points or if the growth rate after the forecast period decreased by more than 3.0 percentage points or if average forecast EBITDA (i.e., the amount expected in the detailed forecast period and in the terminal value) decreased by more than 14%.

In the case of the other cash-generating units, the difference between the recoverable amount and the carrying amount is high enough that no scenario analysis is required.

20 Property, plant and equipment

The development of property, plant and equipment is shown in the following statement of changes in non-current assets.

In EUR k	Land, land rights and buildings	Plant and machinery	Other plant and equipment	Property, plant and equipment (finance lease)	Prepayments made and assets under construction	Total
Cost						
Opening balance 1 Jan 2012	**14,492**	**662**	**369,588**	**4,213**	**29,378**	**418,333**
Change in the consolidated group	0	0	22	0	206	228
Additions	105	0	30,358	346	8,432	39,241
Reclassifications	0	0	7,044	0	–6,895	149
Disposals	–23	–538	–10,439	–486	–2,334	–13,820
Exchange differences	46	20	4,639	4	518	5,227
Closing balance 31 Dec 2012/ opening balance 1 Jan 2013	**14,620**	**144**	**401,212**	**4,077**	**29,305**	**449,358**
Change in the consolidated group	7	0	777	0	3	787
Additions	130	0	23,832	0	5,741	29,703
Reclassifications	–20	0	5,693	0	–5,882	–209
Disposals	–1,368	0	–12,594	–217	–1,580	–15,758
Exchange differences	–269	35	–10,312	–37	–997	–11,582
Closing balance 31 Dec 2013/ opening balance 1 Jan 2014	**13,101**	**178**	**408,607**	**3,824**	**26,589**	**452,298**
Depreciation and impairment losses/ reversals						
Opening balance 1 Jan 2012	**2,905**	**242**	**190,932**	**263**	**2,178**	**196,520**
Change in the consolidated group	0	0	0	0	0	0
Depreciation and impairment losses	730	142	34,018	1,277	12	36,179
Reclassifications	0	0	–522	0	522	0
Write-ups	0	0	0	0	0	0
Disposals	–23	–243	–10,351	–178	6	–10,789
Exchange differences	–23	3	1,369	–1	227	1,575
Closing balance 31 Dec 2012/ opening balance 1 Jan 2013	**3,589**	**144**	**215,446**	**1,361**	**2,945**	**223,485**
Change in the consolidated group	0	0	–18	0	0	–18
Depreciation and impairment losses	698	0	36,415	1,212	28	38,353
Reclassifications	–14	0	149	0	–149	–14
Write-ups	0	0	0	0	–51	–51
Disposals	–405	0	–11,449	–140	0	–11,994
Exchange differences	–34	35	–4,042	–25	–63	–4,129
Closing balance 31 Dec 2013/ opening balance 1 Jan 2014	**3,835**	**178**	**236,501**	**2,409**	**2,710**	**245,632**
Carrying amount as of 31 Dec 2012	**11,031**	**0**	**185,766**	**2,716**	**26,360**	**225,873**
Carrying amount as of 31 Dec 2013	**9,266**	**0**	**172,106**	**1,415**	**23,879**	**206,666**

Other plant assets mainly include advertising media (carrying amount for the fiscal year: EUR 164,499k; prior year: EUR 177,747k).

In the fiscal year, investment grants pursuant to the InvZulG ["Investitionszulagegesetz": German Investment Grant Act] totaling EUR 21k (prior year: EUR 66k) were accounted for as a reduction in cost.

EUR 1,195k (prior year: EUR 1,036k) was recognized as income from compensation for damage to or destruction of property, plant and equipment.

21 Investment property

The following table gives an overview of the development of the carrying amount of the investment property held in the reporting period:

In EUR k	Investment property
Cost	
Opening balance 1 Jan 2012	**2,129**
Disposals	**0**
Closing balance 31 Dec 2012 / opening balance 1 Jan 2013	**2,129**
Disposals	**–2,129**
Closing balance 31 Dec 2013	**0**
Depreciation and impairment losses / reversals	
Opening balance 1 Jan 2012	**639**
Depreciation and impairment losses	190
Disposals	0
Closing balance 31 Dec 2012 / opening balance 1 Jan 2013	**829**
Depreciation and impairment losses	17
Disposals	–846
Closing balance 31 Dec 2013	**0**
Carrying amount as of 31 Dec 2012	**1,300**
Carrying amount as of 31 Dec 2013	**0**

The investment property was sold in the reporting year.

Until the sale, the investment property earned rental income of EUR 181k (prior year: EUR 202k) in the reporting period. Directly attributable operating expenses of EUR 114k (prior year: EUR 60k) arose in the fiscal year.

22 Financial assets

The development of financial assets in non-listed companies is shown in the following statement of changes in non-current assets.

In EUR k	
Cost	
Opening balance 1 Jan 2012	**96**
Additions	5
Closing balance 31 Dec 2012 / opening balance 1 Jan 2013	**101**
Additions	72
Closing balance 31 Dec 2013	**173**
Impairment losses / reversals	
Opening balance 1 Jan 2012	**0**
Closing balance 31 Dec 2012 / opening balance 1 Jan 2013	**0**
Closing balance 31 Dec 20133	**0**
Carrying amount as of 31 Dec 2012	**101**
Carrying amount as of 31 Dec 2013	**173**

The development of the carrying amounts of these investments is presented in the table above. There is no active market for these interests. The fair value could only be measured reliably in the context of concrete sales negotiations. There are currently no plans to sell these shares.

23 Trade receivables

Specific bad debt allowances on trade receivables developed as follows:

In EUR k	**2013**	2012
Bad debt allowances at the beginning of the fiscal year	**4,221**	**3,004**
Additions (recognized in profit or loss)	2,131	2,593
Reversals (recognized in profit or loss)	−832	−1,158
Utilization	−999	−417
Exchange differences	−46	199
Change in the consolidated group	379	0
Bad debt allowances at the end of the fiscal year	**4,854**	**4,221**

General bad debt allowances on trade receivables developed as follows:

In EUR k	2013	2012
Bad debt allowances at the beginning of the fiscal year	**254**	**148**
Additions (recognized in profit or loss)	43	110
Reversals (recognized in profit or loss)	–95	–6
Utilization	–2	1
Exchange differences	–1	1
Change in the consolidated group	142	0
Bad debt allowances at the end of the fiscal year	**341**	**254**

Specific bad debt allowances with a gross invoice value of EUR 9,100k were recognized for trade receivables as of the reporting date (prior year: EUR 6,616k). Net of specific bad debt allowances of EUR 4,854k (prior year: EUR 4,221k), the carrying amount of these receivables came to EUR 4,246k as of the reporting date (prior year: EUR 2,395k).

The following table shows the carrying amounts of overdue trade receivables which have not been written down yet.

	Overdue by				
In EUR k	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	more than 180 days
31 Dec 2013	**11,716**	**4,148**	**2,263**	**3,253**	**195**
31 Dec 2012	12,933	4,200	1,354	1,265	497

As of the reporting date, trade receivables of EUR 1,466k (prior year: EUR 3,079k) were sold to a factor. Following the sale of the receivables, all opportunities and risks were transferred to the factor, which led to the receivables being derecognized in accordance with IFRSs and reported as other assets in the statement of financial position.

The change in overdue receivables compared with the prior year is chiefly due to the companies acquired in 2013. Adjusted for these companies, overdue receivables fell by EUR 4,284k with moderate shifts within the maturity structure.

For trade receivables for which no bad debt allowance has been charged and which are not in default, there were no indications as of the reporting date that the debtors will not meet their payment obligations.

24 Other financial and non-financial assets

A breakdown of non-current financial and non-financial assets is shown below:

In EUR k	**31 Dec 2013**	31 Dec 2012
Financial assets		
Other loans	646	942
Other non-current financial assets	535	1,066
Total	**1,181**	**2,008**
Non-financial assets		
Prepaid expenses	7,534	8,440
Miscellaneous other non-current assets	2,070	2,303
Total	**9,604**	**10,743**

Miscellaneous other non-current (non-financial) assets mainly include capitalized transaction costs which are amortized over the term of the credit facility.

Current financial and non-financial assets break down as follows:

In EUR k	**31 Dec 2013**	31 Dec 2012
Financial assets		
Receivables from existing and former shareholders of group entities	2,618	4,250
Creditors with debit balances	771	637
Security deposits	510	351
Other loans	2,382	0
Other financial assets	3,929	5,842
Total	**10,210**	**11,080**
Non-financial assets		
Prepaid expenses	9,422	11,393
Tax assets	6,029	5,600
Prepayments made on shares	78	0
Other prepayments	792	2,128
Receivables from investment grants	222	216
Miscellaneous other assets	1,127	722
Total	**17,670**	**20,059**

Other financial assets chiefly include receivables from the sale of trade receivables to a Turkish factoring company. The assumption of the significant risks by the factor led to the derecognition of the receivables. There is no continuing involvement on the part of Ströer. The recognized financial assets correspond to the receivables sold. Furthermore, other financial assets include guarantees relating to tenders and other claims from existing contractual relationships.

Impairment of financial assets relates to the category "Loans and receivables" and developed as follows:

In EUR k	**2013**	2012
Impairment at the beginning of the fiscal year	**524**	**612**
Additions (recognized in profit or loss)	288	2
Reversals (recognized in profit or loss)	–1	–8
Utilization	–188	–82
Other changes	–1	0
Impairment at the end of the fiscal year	**622**	**524**

Specific bad debt allowances with a nominal value of EUR 960k were charged on financial assets as of the reporting date (prior year: EUR 524k). Net of specific bad debt allowances of EUR 622k (prior year: EUR 524k), the carrying amount of these receivables came to EUR 338k as of the reporting date (prior year: EUR 0k).

The following table shows the carrying amount of overdue financial assets which have not been written down yet.

	Overdue by				
In EUR k	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	more than 180 days
31 Dec 2013	**667**	**7**	**20**	**7**	**62**
31 Dec 2012	221	12	14	22	38

For current financial assets which have not been written down and which are not in default, there were no indications as of the reporting date that the debtors will not meet their payment obligations.

25 Inventories

In EUR k	**31 Dec 2013**	31 Dec 2012
Raw materials, consumables and supplies	2,821	5,340
Finished goods and merchandise	64	111
Prepayments made on inventories	25	2
Total	**2,910**	**5,453**

Inventories disclosed as expenses in the income statement amounted to EUR 2,174k in the fiscal year (prior year: EUR 2,426k).

26 Cash

In EUR k	**31 Dec 2013**	31 Dec 2012
Bank balances	43,084	23,408
Cash	65	58
Total	**43,149**	**23,466**

The bank balances include overnight money and time deposits of EUR 7,291k (prior year: EUR 1,164k). The interest rates achieved range between 0.01% and 0.25% (prior year: 0.01% and 0.35%).

As of the reporting date, bank balances of EUR 5,000k (prior year: EUR 0k) were subject to short-term restraints on disposal.

27 Non-current assets held for sale

As of the reporting date, non-current assets held for sale included land and buildings owned by DSM Deutsche Städte Medien GmbH in Essen totaling EUR 963k. By purchase agreement dated 12 November 2013, ownership, risks and rewards will be transferred to the purchaser as of 1 January 2014. The purchase price of EUR 1,000k, which has already been received, is recognized under current liabilities.

28 Equity

The development of the individual components of equity in the reporting period and the prior year is presented in the consolidated statement of changes in equity.

Subscribed capital
In the fiscal year, subscribed capital was increased by EUR 6,772k from EUR 42,098k to EUR 48,870k by virtue of the authorization granted to the Company's board of management and entered in the commercial register on 14 July 2010 (approved capital I). The increase was implemented on 3 June 2013 by way of a non-cash contribution by issuing 6,771,546 new bearer shares of no par value carrying full dividend rights.

Subscribed capital is split into 48,869,784 bearer shares of no par value. They have a nominal value of EUR 1 and are fully paid in.

The following notes are mainly taken from the articles of incorporation and bylaws of Ströer AG.

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

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

(i) in order to exclude fractional amounts from the shareholders' subscription rights;
(ii) if the capital increase is made in return for non-cash contributions, especially for – but not limited to – the purpose of acquiring entities, parts of entities or investments in entities;
(iii) if the capital increase is made in return for cash contributions and the issue price of the new shares is not significantly below the market price of shares of the same class and voting rights already listed on the stock market on the date the final issue price is determined in accordance with Sec. 203 (1) and (2) and Sec. 186 (3) Sentence 4 AktG and the portion of capital stock allocable to the new shares issued in accordance with this section (iii) subject to the exclusion of subscription rights pursuant to Sec. 186 (3) Sentence 4 AktG does not exceed 10% of the total capital stock at the time that such authorization becomes effective or is exercised. The portion of capital stock must be credited to this maximum amount, which is attributable to new or treasury shares issued or sold since 13 July 2010 and subject to the simplified exclusion of subscription rights pursuant to or by analogy to Sec. 186 (3) Sentence 4 AktG, as well as the portion of capital stock which is attributable to shares with attaching option and/or convertible bond rights/obligations from debt securities or participation certificates issued since 13 July 2010 applying Sec. 186 (3) Sentence 4 AktG as appropriate; and/or
(iv) to the extent necessary to issue subscription rights for new shares to owners of warrants or to creditors of convertible bonds or participation certificates with conversion or option rights that are issued by the Company or those entities it controls or majority owns in the scope to which they would be entitled after exercising the option or conversion rights or after fulfillment of the conversion obligation.

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

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

Conditional capital 2010

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

Conditional capital 2013

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

Capital reserves

In fiscal year 2013, the Company's capital reserves were increased by EUR 50,902k from EUR 296,490k to EUR 347,391k. Of this increase, EUR 50,651k relates to the acquisition of Ströer Digital Group GmbH, whose shares were transferred to the capital reserves as a premium by way of a non-cash contribution in return for the issue of 6,771,546 new shares. This contrasts with expenses of EUR 26k that were directly attributable to the capital increase. In addition, EUR 277k relates to an allocation in connection with the stock option plan launched in 2013.

Retained earnings

Retained earnings contain profits generated in the past by entities included in the consolidated financial statements that have not been distributed. By resolution of the shareholder meeting on 8 August 2013, EUR 20,000k from the accumulated profit for 2012 was carried forward to new account and EUR 19,987k was allocated to other retained earnings.

Accumulated other comprehensive income

Accumulated other comprehensive income includes exchange differences from the translation of foreign currency financial statements of foreign operations as well as the effects from the valuation of hedged derivative financial instruments after deduction of the deferred taxes arising thereon. For the first time, the amount also includes exchange differences of EUR 10,992k resulting from the translation of the loans granted by Ströer AG to its foreign group entities that are designated as net investments and therefore did not reduce consolidated profit.

Deferred taxes on net valuation effects of hedged derivative financial instruments offset directly against equity amount to EUR 0k (prior year: EUR 0k) in total. This is due to the current absence of hedges.

Non-controlling interests

Non-controlling interests comprise minority interests in the equity of the consolidated entities.

Obligation to purchase own equity instruments

By granting put options to the non-controlling shareholders of subsidiaries, the Company has undertaken to purchase the non-controlling interest if certain contractual conditions are met. We have presented these options as a notional acquisition on the reporting date as specified in the explanations on accounting policies. Liabilities of EUR 21,724k (prior year: EUR 11,598k) have been allocated for these obligations.

Appropriation of profit
Profit is appropriated in accordance with German commercial and stock corporation law, which is used to calculate the accumulated profit of Ströer AG.

In fiscal year 2013, the financial statements of Ströer AG reported profit for the period of EUR 28,631k (prior year: EUR 19,987k) and accumulated profit of EUR 48,631k (prior year: EUR 39,987k).

Capital management
The objective of capital management at the Ströer Group is to ensure the continuation and growth of the Company, and maintain and build on its attractiveness to investors and market participants. In order to ensure the above, the board of management continually monitors the level and structure of borrowed capital. The borrowed capital included in the general capital management system comprises financial liabilities (incl. positive and negative market values from interest rate hedges) and other liabilities such as those disclosed in the consolidated statement of financial position. With regard to group financing through bank loans, the Ströer Group observes the external covenant of the maximum leverage ratio permitted. Key elements of the internal control system are the planning and ongoing monitoring of the operating result (operational EBITDA) as the latter is included in the determination of the applied credit margin by way of the leverage ratio. This leverage ratio is defined as the ratio of net debt to the operating result before interest, depreciation and amortization (operational EBITDA). The relevant performance indicators are submitted to the board of management for consideration as part of regular reporting. The Company comfortably remained within the permitted net debt ratio as of the closing date 2013 as well as in the prior year. See also operational EBITDA in note 35, Segment information.

Furthermore, the board of management monitors the Group's equity ratio. The equity used as a basis for determining the equity ratio corresponds to the equity disclosed in the statement of financial position including non-controlling interests.

Equity is also monitored by the individual entities within the scope of monitoring compliance with the minimum capital requirements to avert insolvency proceedings due to overindebtedness. The equity monitored in this context corresponds to the equity disclosed according to German commercial law.

There were no other changes to the capital management strategy against the prior year.

29 Pension provisions and similar obligations

The major pension plans in place are defined benefit plans in Germany, where the pension obligation either depends on the remuneration of the employee in question upon reaching retirement age, or is based on a fixed commitment. As the actuarial gains and losses are recognized immediately in equity, the present value of the benefit obligation less plan assets corresponds to the pension provision disclosed in the statement of financial position.

Provisions for pensions and similar obligations break down as follows:

In EUR k	31 Dec 2013	31 Dec 2012
Present value of the benefit obligation as of 1 Jan	23,924	20,928
Current service cost	153	289
Past service cost	239	–294
Interest expense	832	1,044
Actuarial gains (–)/losses (+)	561	3,637
Benefits paid	–1,603	–1,625
Change in the consolidated group	0	0
Exchange differences	–40	1
Other changes	–210	–56
Present value of the benefit obligation as of 31 Dec/carrying amount	**23,856**	**23,924**

The decrease in actuarial losses recognized in other comprehensive income of EUR 3,076k to EUR 561k is primarily due to the discount rate, which remained virtually unchanged year on year. In the prior year, a significantly lower discount rate led to higher actuarial losses. There were no curtailments in the fiscal year.

Sensitivities were calculated with half of a percentage point above and below the interest rate used. Raising the interest rate by 0.5 percentage points would decrease the present value of the benefit obligation by EUR 1,337k (prior year: EUR 1,229k) while lowering the interest rate by 0.5 percentage points would increase the benefit obligation by EUR 1,479k (prior year: EUR 1,353k) as of the reporting date.

In addition to a change in the interest rate, the pension trend was identified as a significant factor influencing the present value of the benefit obligation. Raising the pension trend by 0.5 percentage points would increase the present value of the benefit obligation by EUR 1,143k (prior year: EUR 1,143k) while lowering the pension trend by 0.5 percentage points would decrease the benefit obligation by EUR 1,059k (prior year: EUR 1,061k) as of the reporting date.

The present value of the pension benefits was calculated using the following assumptions:

Group (in %)	31 Dec 2013	31 Dec 2012
Interest rate	3.40	3.50
Increase in pensions	1.00	1.00
Increase in salaries	2.00	2.00
Employee turnover	1.00	1.00

The components of the cost of retirement benefits recognized in profit or loss are presented below:

In EUR k	2013	2012
Interest expense	832	1,044
Current service cost and other changes	183	– 61
Net defined benefit costs	**1,015**	**983**
Expenses for statutory pension contributions	6,721	5,794
Total benefit expenses	**7,736**	**6,777**

Interest expense on pension obligations is included in the interest result, current service cost is included in personnel expenses. The actuarial gains and losses are recognized immediately in equity.

Cumulative actuarial gains (+) and losses (–) recognized directly in equity amounted to EUR – 1,808k after taxes at the reporting date (prior year: EUR – 1,435k).

The present values of the benefit obligations and actuarial gains and losses break down as follows:

In EUR k	31 Dec 2013	31 Dec 2012	31 Dec 2011	31 Dec 2010	31 Dec 2009
Present value of the shortfall	**23,856**	**23,924**	**20,928**	**21,317**	**20,069**
Gain/loss for the period from					
Experience adjustments on plan liabilities	– 258	111	316	– 20	– 111
Adjustments to actuarial assumptions	819	– 3,748	– 441	1,485	346

30 Other provisions

Provisions developed as follows in the fiscal year:

In EUR k	1 Jan 2013	Exchange differences	Change in the consolidated group	Allocation	Effects from unwinding the discount and changes in interest rates	Utilization	Reversal	Reclassification	31 Dec 2013
Restoration obligations	17,699	–29	0	1,945	283	–862	–1,175	0	17,861
thereof non-current	12,432								12,123
Personnel	6,138	–5	464	8,535	5	–5,684	–427	13	9,039
thereof non-current	152								1,872
Miscellaneous	7,965	–52	18	4,666	–6	–1,713	–1,624	–13	9,241
thereof non-current	660								1,517
Total	**31,802**	**–86**	**482**	**15,146**	**282**	**–8,259**	**–3,226**	**0**	**36,141**

The personnel provisions include management and employee bonuses as well as severance payments.

The provision for restoration obligations is based on the anticipated costs of restoration. The provision was discounted using an interest rate of 2.75% (prior year: 2.1%).

Miscellaneous other provisions primarily relate to litigation risks in Germany and Turkey.

They also include provisions for restructuring measures of EUR 457k (prior year: EUR 1,046k). EUR 661k was utilized and EUR 72k was allocated in the fiscal year.

31 Financial liabilities

Non-current financial liabilities break down as follows:

	Carrying amount	
In EUR k	**31 Dec 2013**	31 Dec 2012
Loan liabilities	330,573	296,967
Obligation to purchase treasury shares	14,364	2,600
Liabilities from acquisitions	3,929	6,570
Other financial liabilities	1,142	0
Finance lease liabilities	366	1,473
Derivative financial instruments	825	3,342
Total	**351,199**	**310,952**

The syndicated loan, which has an unchanged term ending on 27 July 2017, consists of a term loan of EUR 275,000k and a revolving credit facility of EUR 225,000k that can be flexibly used. Under a supplementary agreement to the existing loan agreement, a financial covenant was adjusted in favor of the Group for the long term in the reporting year.

The loan and the credit facility bear interest at the EURIBOR plus a variable margin that, as in the prior year, ranges between 175 and 360 basis points (bp) depending on the leverage ratio.

Transaction costs totaling EUR 625k (prior year: EUR 6,875k) were incurred for the adjustment of the existing loan agreement and the restructuring of the Group's financing in the prior year, of which EUR 344k (prior year: EUR 3,781k) was deducted from the carrying amount of the loan. The remaining amount was capitalized in other assets over the term of the credit facility. See note 24 for more details.

Current financial liabilities break down as follows:

In EUR k	**31 Dec 2013**	31 Dec 2012
Liabilities from acquisitions	15,373	1,532
Obligation to purchase treasury shares	7,360	8,998
Current account liabilities	6,642	10,534
Debtors with credit balances	6,354	4,767
Interest liabilities	2,192	2,144
Finance lease liabilities	1,119	1,325
Loan liabilities	1,039	16
Other current financial liabilities	483	264
Derivative financial instruments	1,708	2,004
Total	**42,270**	**31,584**

See note 6 for more information on liabilities from acquisitions.

As of the reporting date, the future minimum lease payments for finance leases that result primarily from the acquisition of ECE flatmedia in 2011 and that relate to furniture and fixtures were:

	31 Dec 2013			31 Dec 2012		
In EUR k	Future minimum lease payments	Interest	Present value	Future minimum lease payments	Interest	Present value
Up to one year	1,161	42	1,119	1,374	49	1,325
One to five years	394	28	366	1,599	126	1,473
Total	**1,555**	**70**	**1,485**	**2,973**	**175**	**2,798**

32 Trade payables

Current trade payables break down as follows:

In EUR k	**31 Dec 2013**	31 Dec 2012
Trade payables	69,057	53,209
Deferred liabilities from outstanding invoices	38,871	27,257
Total	**107,928**	**80,466**

Of the increase in the total amount of EUR 27,463k, EUR 27,911k is attributable to liabilities of the online advertising companies that were included in the Group for the first time in fiscal year 2013.

33 Other liabilities

Other current liabilities break down as follows:

In EUR k	**31 Dec 2013**	31 Dec 2012
Liabilities from other taxes	13,602	10,894
Deferred contributions	10,272	15,674
Miscellaneous other liabilities	11,735	7,761
Total	**35,609**	**34,329**

OTHER NOTES

34 Notes to the statement of cash flows

The statement of cash flows has been prepared in accordance with IAS 7, "Statement of Cash Flows," and shows the cash flows of the fiscal year broken down by cash flows from operating, investing and financing activities.

Cash flows from operating activities are presented using the indirect method by deducting non-cash transactions from profit or loss for the period in accordance with IAS 7. Furthermore, items which are attributable to cash flows from investing or financing activities are eliminated. The starting point for cash flows from operating activities is consolidated profit or loss, which is then reduced by the financial result (including exchange differences) and tax result in a second step.

As in the prior year, cash flows from operating activities do not include any dividends received.

In addition to other amounts contained in the cash flows from investing activities, transactions within the meaning of IAS 7.43 totaling EUR 0k (prior year: EUR 1,548k) were carried out in the fiscal year that led to an increase in non-current assets without resulting in cash flows in the reporting period.

Cash consists of the cash and cash equivalents disclosed in the statement of financial position. Cash and cash equivalents comprise cash on hand and bank balances.

Cash totaling EUR 5,000k (prior year: EUR 0k) is subject to a short-term restraint on disposal. See note 26 for more details.

35 Segment information

Reporting by operating segment
Ströer has identified three reportable segments that are organized and operated independently in terms of the internal control and reporting of the operating segments.

2013

In EUR k	Ströer Germany	Ströer Turkey	Other	Online	Reconciliation	**Group value**
External revenue	419,590	94,497	56,369	64,364	0	634,820
Internal revenue	1,037	63	29	0	– 1,128	0
Segment revenue	420,627	94,560	56,397	64,364	– 1,128	634,820
Operational EBITDA	100,482	13,816	6,425	6,368	–9,107	117,984
Amortization, depreciation and impairment	41,727	18,334	4,522	5,647	5,724	75,953
Interest income	206	0	157	206	92	661
Interest expenses	12,605	6,809	3,003	208	–5,339	17,286
Income taxes	3,562	1,004	– 268	232	– 16,487	– 11,957

2012

In EUR k	Ströer Germany	Ströer Turkey	Other	Online	Reconciliation	**Group value**
External revenue	411,411	91,290	57,896	0	0	560,597
Internal revenue	242	50	45	0	–337	0
Segment revenue	411,653	91,339	57,942	0	–337	560,597
Operational EBITDA	97,547	12,857	4,371	0	–7,796	106,978
Amortization, depreciation and impairment	40,682	18,616	4,977	0	2,475	66,750
Interest income	565	0	115	0	11	691
Interest expenses	31,881	7,347	2,804	0	–2,537	39,494
Income taxes	5,608	1,250	86	0	–10,562	–3,619

Ströer Germany
The segment "Ströer Germany" comprises the Group's entire German operations in the street furniture, billboard, transport and other business.

Ströer Turkey
This segment comprises the Group's entire operations in Turkey in the street furniture, billboard, transport and other business.

Other
This segment comprises the Group's operations in the street furniture, billboard, transport and other business in Poland and the Group's operations in the giant poster business in western Europe.

Online
The segment "Online" comprises the Group's entire operations relating to the commercialization of online advertising.

The information from the non-reportable segments is summarized in the column "Other."

Internal control and reporting is based on the IFRS accounting principles described in note 1, General.

The Group measures the performance of its segments by their internally defined "Operational EBITDA." From the board of management's perspective, this indicator provides the most appropriate information to assess each individual segment's economic performance.

The segment performance indicator Operational EBITDA comprises the sum total of gross profit, selling and administrative expenses and the other operating result (in each case before amortization, depreciation and impairment) less certain adjustment effects.

The Group has defined gains and losses from changes in the investment portfolio, reorganization and restructuring measures, capital measures and other extraordinary expenses and income as adjustment effects.

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

In EUR k	**2013**	2012
Gains and losses from changes in the investment portfolio	1,005	1,780
Gains and losses from capital measures	1	893
Reorganization and restructuring expenses	2,557	3,244
Other extraordinary expenses and income	1,651	625
Total	**5,214**	**6,542**

Inter-segment income is calculated using prices on an arm's length basis.

The reconciliation from segment to group values contains information on group units that do not meet the definition of a segment ("reconciliation items").

In the revenue item, the reconciliation of revenue from all segments to the Group's revenue only includes effects from consolidation.

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

In EUR k	**2013**	2012
Total segment results (Operational EBITDA)	**127,091**	**114,774**
Reconciliation items	−9,107	−7,796
Group Operational EBITDA	**117,984**	**106,978**
Adjustment effects	−5,214	−6,542
EBITDA	**112,770**	**100,436**
Amortization, depreciation and impairment	−75,953	−66,750
Finance income	4,481	19,515
Finance costs	−24,228	−51,395
Consolidated earnings before income taxes	**17,070**	**1,806**

Reporting by geographical location

Revenue is allocated according to the location principle (i.e., the geographical location of the revenue-generating Ströer company). In the prior year, revenue was allocated according to the destination country principle (i.e., the geographical location of the end customer). The adjustment was made as part of the integration of the companies in the online business and has no significant effect on the allocation of revenue from the out-of-home business. As in the prior year, non-current assets are allocated according to the location principle.

2013

In EUR k	Germany	Turkey	Rest of world	**Group value**
External revenue	467,575	106,233	52,012	**634,820**
Non-current assets (IFRS 8)	595,215	115,112	69,873	**780,200**

2012

In EUR k	Germany	Turkey	Rest of world	**Group value**
External revenue	418,886	91,290	50,421	**560,597**
Non-current assets (IFRS 8)	514,683	154,522	57,474	**726,679**

Reporting by product group

The Group has defined five product groups on the basis of the products and services it provides.

2013

In EUR k	Billboard	Street Furniture	Transport	Other	Online	**Group value**
External revenue	288,804	144,926	97,659	39,246	64,185	**634,820**

2012

In EUR k	Billboard	Street Furniture	Transport	Other	Online	**Group value**
External revenue	286,644	147,155	91,506	35,294	0	**560,597**

Street Furniture

The street furniture product group mainly comprises standardized small-format advertising media no larger than $2m^2$ which blend into the urban environment.

Billboard

The billboard product group largely includes the large-format advertising media of up to $9m^2$ and above which are predominantly found at prominent locations (e.g., arterial roads, squares and public buildings). In addition, this product group comprises the products from the giant poster business.

Transport
The advertising media included in this product group consist of advertisements in or on public transport vehicles and specially developed (digital) product solutions for use at airports, train stations and shopping malls.

Other
This product group comprises all income from promotional and event media as well as the production and procurement of advertising media within the scope of our full service solution for customers.

In the fiscal year, we did not generate 10% or more of our total revenue with any one of our end customers.

Online
This product group comprises all income from the commercialization of online advertising.

36 Other notes pursuant to IFRS 7 and IFRS 13 on financial risk management and financial instruments

Financial risk management and derivative financial instruments
In the course of its operating activities, the Group is exposed in the area of finance to credit, liquidity and market risks. The market risks mainly relate to interest rate and exchange rate changes.

Credit risk
The credit risk is related to the deterioration of the economic situation of Ströer's customers and counterparties. This brings about the risk of a partial or full default on contractually agreed payments as well as the risk of credit-related impairment losses on financial assets. Excluding securities, the maximum risk of default equates to the carrying amount.

Credit risks mainly result from trade receivables. To manage the credit risk, the receivables portfolio is monitored on an ongoing basis. Customers intending to enter into transactions with large business volumes undergo a creditworthiness check beforehand; credit risk is at a level customary for the industry. Bad debt allowances are charged to account for the residual risk. The Ströer Group is exposed to a lesser extent to credit risks arising from other financial assets that mainly relate to cash and cash equivalents and derivative financial instruments.

As part of the risk management process, the functional departments regularly analyze whether in particular credit risk concentrations have arisen from the build-up of receivables with comparable features. The Group has defined similar features as a high amount of receivables accumulated against a single debtor or group of related debtors. As of the reporting date of 31 December 2013, no such risk concentrations involving significant amounts were evident.

Interest rate risk

The Ströer Group is mainly exposed to interest rate risks in connection with non-current floating-rate financial liabilities and existing cash and cash equivalents. The liability bears a floating rate of interest. The interest rate trend is monitored regularly to enable a swift response to changes. Hedging measures are coordinated and executed centrally. As in the prior year, there are no interest rate hedges in a hedge relationship.

The nominal and market values of interest rate swaps existing as of the reporting date that are treated as stand-alone instruments are as follows:

In EUR k			Fair value			
Derivative	Nominal volume	End of term	**31 Dec 2013**	31 Dec 2012	Cash flow hedge	Stand-alone
Interest rate swap	70,000	April 2013	0	−1,252	0	70,000
Interest rate swap	40,000	January 2015	−2,533	−4,094	0	40,000

The market values of the interest rate swaps due in more than one year are recognized under non-current financial liabilities in the statement of financial position with the exception of accrued interest.

The interest rate swaps are valued as of the relevant reporting date using current yield curves by means of a discounted cash flow method.

In fiscal year 2013, no remeasurement gains on interest rate swaps were taken to equity (prior year: EUR 1,123k). Due to the dedesignation of hedges with a nominal volume of EUR 300,000k, the total amount of EUR 4,900k was derecognized from equity in the course of the prior year.

There was no close-out for the remaining interest rate swaps that are not in a hedging relationship and also no offsetting transaction concluded, meaning there is an interest rate risk for the remaining term of these interest rate swaps (a liquidity risk as well as market value risk). The stand-alone swaps are not part of a hedge pursuant to IAS 39 or part of an economic hedging relationship.

This exposure may have an impact on post-tax profit as well as cash flows depending on how the interest rate develops in the future. Both these items could develop positively if the interest rate were to rise faster than the rate expected by the market as of the reporting date, while a slower rise could have a negative impact.

The sensitivity analysis of the interest rate risk shows the effect of an upward shift in the yield curve by 100 bp and a downward shift by 25 bp, ceteris paribus, on the profit or loss for the period. The yield curve was only shifted down 25 bp as the Group believes that this decrease corresponds to the maximum interest rate risk arising from the current low interest rate level. The analysis relates to stand-alone derivatives, floating-rate financial liabilities and existing cash and cash equivalents. The results are summarized in the table below:

	31 Dec 2013		31 Dec 2012	
In EUR k	+ 100 bp	− 25 bp	+ 100 bp	− 25 bp
Change in profit or loss for the period	−2,136	533	−1,609	399

Currency risk

Following the designation of the group refinancing carried out in Turkey and Poland as net investments as defined by IAS 21 with the exception of the translation of the operating results of these segments into euros, currency risk is of minor significance for the Ströer Group. The designation as net investments was made in fiscal year 2013. The functional currency of the foreign operations is the local currency.

Currency risks arising on monetary financial instruments that are not denominated in the functional currencies of the individual Ströer group entities were included in the sensitivity analysis. Effects from the translation of foreign currency financial statements of foreign operations into the group reporting currency (euro) are not included in the sensitivity analysis in accordance with IFRS 7.

A 10% increase/decrease in the value of the euro against the Turkish lira as of 31 December 2013 would decrease/increase the profit or loss for the period by EUR 18k (prior year: EUR 4,461k). A 10% increase/decrease in the value of the euro against the Polish zloty would decrease/increase the profit or loss for the period by EUR 1,082k (prior year: EUR 3,444k). The designation of the euro-denominated loans as a net investment in a foreign operation (IAS 21) was considered in this analysis, which was performed on the assumption that all other variables, in particular interest rates, remain unchanged and is based on the foreign currency positions as of the reporting date.

Liquidity risk

The liquidity risk is defined as the risk that Ströer AG will not have sufficient funds to settle its payment obligations. The liquidity risk is countered through systematic liquidity management. A liquidity forecast for a fixed planning horizon and the unutilized credit lines in place ensure that the Group has adequate liquidity at all times. The following table shows the liquidity situation and the contractual maturity dates for the payments due under financial liabilities as of 31 December 2013 (the expected cash flows for derivatives were forecast on the basis of the yield curve as of 31 December 2013):

Contractual maturity of financial liabilities including interest payments as of 31 Dec 2013

In EUR k	Carrying amount	Up to 1 year	1 to 3 years	3 to 5 years	More than 5 years	**Total**
Financial liabilities	369,203	65,957	55,273	284,957	2,717	408,904
Trade payables	107,928	107,928	0	0	0	107,928
Derivatives not in a hedging relationship	2,533	1,711	828	0	0	2,539
Obligation to purchase treasury shares	21,724	7,360	6,988	8,512	0	22,860
Total	**501,388**	**182,956**	**63,089**	**293,469**	**2,717**	**542,231**

Contractual maturity of financial liabilities including interest payments as of 31 Dec 2012

In EUR k	Carrying amount	Up to 1 year	1 to 3 years	3 to 5 years	More than 5 years	**Total**
Financial liabilities	325,592	28,699	49,141	297,546	5,125	380,511
Trade payables	80,466	80,466	0	0	0	80,466
Derivatives not in a hedging relationship	5,346	2,855	2,505	0	0	5,360
Obligation to purchase treasury shares	11,598	8,998	2,600	0	0	11,598
Total	**423,002**	**121,018**	**54,246**	**297,546**	**5,125**	**477,935**

Additional disclosures on financial instruments

The following table presents the carrying amount and fair value of the financial instruments included in the individual items of the statement of financial position, broken down by class and measurement category according to IAS 39.

			Carrying amount in accordance to IAS 39			
In EUR k	Measurement category pursuant to IAS 39	**Carrying amount as of 31 Dec 2013**	Amortized cost	Fair value recognized directly in equity	Fair value through profit or loss	**Fair value as of 31 Dec 2013**
Assets						
Cash	L&R	43,149	43,149			43,149
Trade receivables	L&R	88,884	88,884			88,884
Other non-current financial assets	L&R	1,181	1,181			1,181
Other current financial assets	L&R	10,210	10,210			10,210
Available-for-sale financial assets	afs	173	173			n.a.
Equity and liabilities						
Trade payables	AC	107,928	107,928			107,928
Non-current financial liabilities	AC	336,001	332,072		3,929[2)]	336,001
Current financial liabilities	AC	33,203	21,056		12,147[2)]	33,203
Derivatives not in a hedging relationship (Level 2)	FVTPL	2,533			2,533	2,533
Obligation to purchase treasury shares (Level 3)	AC	21,724	2,600	19,124	0	21,724
Thereof aggregated by measurement category pursuant to IAS 39:						
Loans and receivables	L&R	143,424	143,424			143,424
Available-for-sale financial assets	afs	173	173			n.a.
Financial liabilities measured at amortized cost	AC	498,856	463,656	19,124	16,076	498,856
Financial liabilities at fair value through profit or loss	FVTPL	2,533			2,533	2,533

[1)] Fair value before deferred taxes
[2)] Earn-out liabilities (Level 3)

In EUR k	Measurement category pursuant to IAS 39	**Carrying amount as of 31 Dec 2012**	Carrying amount in accordance to IAS 39 Amortized cost	Fair value recognized directly in equity	Fair value through profit or loss	**Fair value as of 31 Dec 2012**
Assets						
Cash	L&R	23,466	23,466			23,466
Trade receivables	L&R	65,706	65,706			65,706
Other non-current financial assets	L&R	2,008	2,008			2,008
Other current financial assets	L&R	11,080	11,080			11,080
Available-for-sale financial assets	afs	101	101			n.a.
Equity and liabilities						
Trade payables	AC	80,466	80,466			80,466
Non-current financial liabilities	AC	305,010	298,455		6,555[2)]	305,010
Current financial liabilities	AC	20,582	19,915		667[2)]	20,582
Derivatives not in a hedging relationship (Level 2)	FVTPL	5,346			5,346	5,346
Obligation to purchase treasury shares (Level 3)	AC	11,598	8,579	3,019	0	11,598
Thereof aggregated by measurement category pursuant to IAS 39:						
Loans and receivables	L&R	102,260	102,260			102,260
Available-for-sale financial assets	afs	101	101			n.a.
Financial liabilities measured at amortized cost	AC	417,656	407,415	3,019	7,222	417,656
Financial liabilities at fair value through profit or loss	FVTPL	5,346			5,346	5,346

Due to the short terms of cash and cash equivalents, trade receivables, trade payables, other financial assets and current financial liabilities, it is assumed that the fair values correspond to the carrying amounts.

The fair values of the liabilities to banks included in non-current financial liabilities are calculated as the present values of the estimated future cash flows taking into account Ströer's own risk credit level (level 2 fair values). Market interest rates are used for discounting, in relation to the relevant maturity date. It is therefore assumed as of the reporting date that the carrying amount of the non-current financial liabilities is equal to the fair value.

The fair value hierarchy levels and their application to the Group's assets and liabilities are described below.

Level 1: Listed market prices are available in active markets for identical assets or liabilities.
Level 2: Quoted or market prices for similar financial instruments on an active market or for identical or similar financial instruments on a market that is not active or inputs other than quoted prices that are based on observable market data.
Level 3: Valuation techniques that use inputs which are not based on observable market data.

Changes in the assessment of the level to be used for measuring the assets and liabilities are made at the time any new facts are established. At present, derivative financial instruments are measured at fair value in the consolidated financial statements and are all classified as Level 2. Additionally, there are contingent purchase price liabilities from acquisitions as well as put options for shares in various group entities that are each classified as Level 3. These liabilities – which are tied to contractually agreed conditions – are remeasured as financial liabilities at fair value as of the reporting date on the basis of the measurement model laid down in the contract. The fair values of liabilities from contingent purchase price payments or to acquire non-controlling interests are determined on the basis of unobservable inputs (discounted cash flows). The valuation model includes the EBITDA figures forecast for the interests concerned (which are probability-weighted in individual cases) as well as risk-adjusted interest rates in line with the underlying terms. The EBITDA figures result from the respective short and medium-term business planning and are estimated and, if appropriate, adjusted on a quarterly basis. The following table shows the changes in the liabilities classified as Level 3:

In EUR k	1 Jan 2013	Additions	Remeasurements	Disposals	**31 Dec 2013**
Contingent purchase price liabilities	7,222	12,186	−555	−2,776	16,077
Liabilities from the acquisition of treasury shares	3,019	18,678	−2,573	0	19,124

The remeasurement of the contingent purchase price liabilities led to expenses of EUR 0.9m that are reported in other operating expenses as well as interest expenses from write-ups of EUR 0.4m. In addition, the derecognition of an expired contingent purchase price liability led to income of EUR 1.9m that was reported in other operating income.

The valuation models are sensitive to the amount of the forecast and actual EBITDA figures. For example, if the respective EBITDA increased by 20% (or decreased by 20%), the fair values of the contingent purchase price liabilities would increase by EUR 200k (or decrease by EUR 3,910k). Liabilities from put options would rise by EUR 5,516k (or fall by EUR 4,289k). The valuation models are also sensitive to the discount rates used. However, due to the predominantly short terms, if the discount rate increased or decreased by 100 basis points, there would only be a marginal change in the liabilities. This also applies to the prior-year amounts.

The following table shows the net gains and losses on financial instruments in the income statement, broken down by measurement category according to IAS 39 (excluding derivative financial instruments which are part of a hedge):

In EUR k	2013	2012
Financial liabilities recognized at fair value through profit or loss	– 38	1,894
Loans and receivables	– 1,907	– 2,118
Available-for-sale financial assets	0	0
Financial liabilities measured at amortized cost	–1,081	2,149

Net gains and losses resulting from financial assets and liabilities recognized at fair value through profit and loss include the gain or loss on the interest rate swaps classified as stand-alone derivatives.

Net gains and losses on loans and receivables include the impairment losses (EUR 1,611k, prior year: EUR 1,708k), write-ups and exchange differences.

Net gains and losses on financial liabilities measured at amortized cost include effects from exchange differences and the unwinding of the discount on loans.

The total interest income for financial assets or financial liabilities that are not at fair value through profit or loss came to EUR 661k in the fiscal year (prior year: EUR 691k). The total interest expense for financial assets or financial liabilities that are not at fair value through profit or loss came to EUR 15,981k in the fiscal year (prior year: EUR 37,821k).

37 Contingent liabilities and other financial obligations

Contingent liabilities

A group entity is a member of a municipal supplemental pension plan for the purpose of providing post-employment benefits. The secondary liability from post-employment benefits arising from the shortfall between the pension obligations/expectancies and the fund assets amounts to a total of EUR 1,509k (prior year: EUR 1,194k).

The nature of the underlying legal transactions gives rise to uncertainty with regard to the amount and due date of the figures stated. The figures stated thus represent maximum amounts.

Financial obligations

There are other financial obligations from the following contractual obligations, which are shown by maturity as of the reporting date below:

31 Dec 2013		thereof due in		
In EUR k	Total	up to 1 year	1 to 5 years	more than 5 years
Minimum leases	**663,312**	92,011	331,898	239,403
Site leases	**335,819**	65,722	253,789	16,308
Investment obligations	**32,212**	12,852	14,123	5,237
Other rental and lease obligations	**30,683**	8,357	13,973	8,353
Maintenance services	**827**	422	405	0

In the prior year, obligations broke down as follows:

31 Dec 2012		thereof due in		
In EUR k	Total	up to 1 year	1 to 5 years	more than 5 years
Minimum leases	**706,771**	90,314	321,921	294,536
Site leases	**390,470**	76,477	294,459	19,534
Investment obligations	**34,287**	11,825	17,294	5,168
Other rental and lease obligations	**31,807**	7,151	14,269	10,387
Maintenance services	**360**	180	180	0

In addition, the Ströer Group concluded agreements for the acquisition of the GAN Game Ad Net GmbH of around 0.2 million euro. For more information on the resulting financial obligations, see our comments in the "Subsequent events" section. In the course of the fiscal year, the Group did not enter into any additional financial obligations with regard to the acquisition of property, plant and equipment in the following year (prior year: EUR 572k).

38 Related parties

The board of management and supervisory board as well as their close family members are deemed related parties. Besides the entities included in the consolidated financial statements, related parties include in particular those entities in which related parties hold a controlling position alone or jointly with others.

All transactions with related parties were conducted at arm's length in the fiscal year.

The following transactions were conducted between the Ströer Group and related parties in fiscal year 2013:

Mr. Udo Müller is a shareholder as well as the president and CEO of Ströer AG. Furthermore, he holds shares in entities from which the Ströer Group procured services of EUR 432k in the fiscal year (prior year: EUR 443k). These services were mainly expenses relating to rights of use for sites. Income of EUR 91k (prior year: EUR 884k) was also generated from transactions with these entities. The income results mainly from marketing commissions received. As of the reporting date, there was a receivable of EUR 6k (prior year: EUR 22k) and a liability of EUR 30k (prior year: EUR 22k) from these transactions.

In addition, the Ströer Group acquired all shares in Ströer Digital Group GmbH effective 3 June 2013. Mr. Udo Müller previously held an indirect equity investment of less than 50% in this company. For more details, see our comments in note 6, "Significant business combinations and sales."

Mr. Dirk Ströer is a shareholder and member of the supervisory board of Ströer AG. He also holds shares in entities with which business transactions were conducted in the fiscal year, largely involving the commercialization of advertising media and the leasing of buildings. The services received amounted to EUR 20,368k (prior year: EUR 18,232k) in the fiscal year, the income generated to EUR 5,981k (prior year: EUR 4,983k). The receivables and liabilities resulting from this trade came to EUR 566k (prior year: EUR 295k) and EUR 257k (prior year: EUR 479k), respectively, as of 31 December 2013.

In addition, the Ströer Group acquired all shares in Ströer Digital Group GmbH effective 3 June 2013. Mr. Dirk Ströer previously held an indirect equity investment of more than 50% in this company. For more details, see our comments in note 6, "Significant business combinations and sales."

Dr. Stefan Seitz was a member of Ströer AG's supervisory board until 8 August 2013. Furthermore, he holds shares in entities from which the Ströer Group procured services of EUR 0k (prior year: EUR 25k). There were no liabilities resulting from these services as of the reporting date (prior year: EUR 0k).

The services received from business relationships with proportionately consolidated joint ventures amounted to EUR 2,909k (prior year: EUR 2,774k) in the fiscal year and the income generated to EUR 833k (prior year: EUR 1,392k). As of 31 December 2013, these services led to receivables of EUR 144k (prior year: EUR 287k) and liabilities of EUR 2,869k (prior year: EUR 4,462k).

39 Auditor's fees

The following expenses for services rendered by the group auditor, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, were posted in fiscal year 2013:

In EUR k	**2013**	2012
Auditor's fees		
Fees for audit services	606	611
Fees for audit-related services	297	9
Fees for tax services	182	178
Fees for other services	147	881
Total	**1,232**	**1,679**

The fees for audit-related services mainly comprise expenses for due diligence services.

40 Disclosures pursuant to Sec. 264 (3) HGB

The following incorporated subsidiaries based in Germany make use of the exemption from certain provisions concerning the presentation, audit and publication of the financial statements/management report in accordance with Sec. 264 (3) HGB:

CITY-DESIGN Gesellschaft für Außenwerbung mbH, Cologne
DERG Vertriebs GmbH, Cologne
DSM Deutsche Städte Medien GmbH, Frankfurt am Main
DSM Zeit und Werbung GmbH, Frankfurt am Main
INFOSCREEN GmbH (formerly Ströer Digital Media GmbH), Cologne
Ströer DERG Media GmbH, Kassel
Ströer Deutsche Städte Medien GmbH, Cologne
Ströer Digital Group GmbH, Cologne
Ströer Digital Media GmbH (formerly freeXmedia GmbH), Hamburg
Ströer Kulturmedien GmbH, Cologne
Ströer Media Deutschland GmbH, Cologne
Ströer Mobile Media GmbH (formerly RI RadioInvest GmbH), Cologne
Ströer Primetime GmbH, Cologne
Ströer Sales & Service GmbH, Cologne

41 Declaration of compliance with the German Corporate Governance Code

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

42 Remuneration of the board of management and the supervisory board

The cost of payment arrangements with the board of management and the supervisory board of the Ströer Group is presented below:

In EUR k	**2013**	2012
Board of management		
Short-term benefits	3,874	3,246
Other long-term benefits	1,119	163
Termination benefits	700	264
Share-based payments	901	– 116
Total	**6,594**	**3,557**
Supervisory board		
Short-term benefits	200	210
Total	**200**	**210**

Short-term benefits comprise in particular salaries, remuneration in kind and performance-linked remuneration components which are paid during the following year. 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. The share-based payment relates to long-term incentives (LTI) and remuneration under the stock option plan resolved in 2013.

A reference price for the shares in Ströer AG is determined at the end of each fiscal year for share-based payments granted to the board of management (excluding the stock option plan). After four fiscal years, the reference price is compared with the share price at the end of the year and the payment of remuneration is based on the share price reached (cash-settled transaction). An upper limit is agreed for share-based payments. The fair value is allocated to profit or loss over the vesting period until the claims for share-based payment vest in full and are settled by issuing shares.

Calculating the value of the share-based payment requires an estimate to be made of the future share price as of each reporting date. This is done using a Black-Scholes valuation model that was based on volatility of 36% to 43% and a dividend yield of 1.5% as of 31 December 2013. The interest rates used for the model are between 0.1% and 0.4%. For the share-based payment attributable to 2013, we currently assume that the share price at the end of the vesting period will be 178% of the reference price. The 29,580 phantom stock options granted in 2013 each have a fair value of EUR 12.33. This will lead to an expense from allocations to provisions of EUR 482k in 2013 (prior year: 152k).

Another allocation to provisions of EUR 173k (prior year: reversal of EUR 268k) relates to share-based payments for 2010 to 2012. The corresponding provision amounted to EUR 874k as of 31 December 2013 (prior year: EUR 263k).

Stock option plan
Under the stock option plan resolved by the shareholder meeting in 2013, the board of management received a total of 1,400,000 options, which resulted in an expense of EUR 246k in 2013. The fair value per option amounted to EUR 1.41 as of the grant date. For further details, see note 44 “Share-based payment.”

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

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

43 Executive bodies

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

44 Share-based payment

Stock option program for managers and employees
In 2013, the Group launched a stock option plan that entitles the relevant members of the board of management and managers to acquire shares in the Company.

The option rights can be exercised at the earliest after the expiry of the four-year vesting period beginning on the grant date of the subscription right. The options have a contractual term of seven years. Instead of issuing new shares, the Company may choose to grant a cash payment in order to service the stock options. The options are expected to be equity-settled.

The right to exercise the stock options is dependent on the fulfillment of a certain length of service (vesting period), the value of the Company's share price and operational EBITDA of the Group of EUR 150m. The gain that can be achieved by option holders from exercising their stock options may not be more than three times the corresponding exercise price.

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

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, stock options during the fiscal year.

In EUR	**2013 Number**	**2013 WAEP**	2012 Number	2012 WAEP
Outstanding on 1 Jan 2013	**0**	**0**	0	0
Granted in 2013	**1,650,000**	**6.77**	0	0
Forfeited in 2013	**0**	**0**	0	0
Exercised in 2013	**0**	**0**	0	0
Expired in 2013	**0**	**0**	0	0
Outstanding in 2013	**1,650,000**	**6.77**	0	0
Exercisable in 2013	**0**	**0**	0	0

The expense recognized for employee services received during the fiscal year is shown in the following table:

In EUR k	**2013**	2012
Expense arising from equity-settled share-based payment transactions	277	0

The weighted average remaining contractual life for the stock options outstanding as of 31 December 2013 is 6.5 years (prior year: –).

The weighted average fair value of options granted during the fiscal year was EUR 1.37 (prior year: –).

The following tables list the inputs to the models used for the stock option plans for the fiscal years ended 31 December 2013 and 31 December 2012:

	2013		2012	
	Board of management members	Managers	Board of management members	Managers
Dividend yield (%)	1.5	1.5	–	–
Expected volatility (%)	38	38	–	–
Risk-free interest rate (%)	0.85	0.85	–	–
Expected life of stock options (years)	5.5	5.5	–	–
Share price at grant date (EUR)	7.90	7.45	–	–
Model used	Black Scholes	Black Scholes		

The expected volatility is based on an assessment of the historical volatility of the Company's share price, in particular in the period that corresponds to the expected life. The expected life of the stock options is based on historical experience.

45 Subsequent events

See the disclosures made in the group management report for information on subsequent events.

RESPONSIBILITY STATEMENT

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

Cologne, 11 March 2014

Udo Müller　　Christian Schmalzl

AUDIT OPINION

We have audited the consolidated financial statements prepared by Ströer Media AG, Cologne, comprising the income statement, the statement of comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in equity and the notes to the consolidated financial statements, together with the combined management report of the Company and the Group for the fiscal year from 1 January to 31 December 2013. The preparation of the consolidated financial statements and the combined management report of the Company and the Group in accordance with IFRSs [International Financial Reporting Standards] as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ["Handelsgesetzbuch": German Commercial Code] is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the combined management report of the Company and the Group based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the combined management report of the Company and the Group are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the combined management report of the Company and the Group are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the combined management report of the Company and the Group. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The combined management report of the Company and the Group is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Cologne, 18 March 2014

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Muzzu	Zwirner
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

ADJUSTED INCOME STATEMENT

Reconciliation of the consolidated income statement to the non-IFRS figures disclosed in the financial reports

In EUR m	Income statement in accordance to IFRSs	Reclassification of amortization, depreciation and impairment losses	Reclassification of adjustment items	Income statement for management accounting purposes	Impairment and amortization of advertising concessions and publisher contracts
Revenue	**634.8**			**634.8**	
Cost of sales	– 438.6	66.4		– 372.1	
Selling expenses	– 84.7				
Administrative expenses	– 83.6				
Overheads	– 168.3	9.5	7.4	– 151.4	
Other operating income	18.7				
Operating expenses	–9.8				
Other operating result	8.9		– 2.2	6.7	
Operational EBITDA				**118.0**	
Amortization, depreciation and impairment losses		– 76.0		– 76.0	27.7
EBIT				**42.0**	
Exceptional items			–5.2	– 5.2	
Finance income	4.5				
Finance costs	–24.2				
Financial result	–19.7			– 19.7	
Income taxes	–12.0			–12.0	
Profit or loss for the period	**5.1**	**0.0**	**0.0**	**5.1**	**27.7**

Valuation effects from derivatives	Exchange rate effects from intragroup loans	Tax normalization	Elimination of exceptional items	**Adjusted income statement for 2013**	Adjusted income statement for 2012
				634.8	**560.6**
				−372.1	−325.7
				−151.4	−134.5
				6.7	6.6
				118.0	**107.0**
			2.2	−46.1	−39.6
				71.9	**67.4**
			5.2	0.0	0.0
0.0	1.5		0.0	−18.2	−31.9
		−5.5		−17.4	−11.5
0.0	**1.5**	**−5.5**	**7.4**	**36.3**	**24.0**

GLOSSARY

A

Ad impressions Ad impressions are a way of measuring the number of times an ad is displayed, i.e., the number of ad requests from an ad server.

Ad server Ad servers control the delivery of online advertising and measure the number of times an ad is displayed.

Advertising media Installations for displaying advertising which are mostly given special product names due to their special design or technology (e.g., Mega-Lights, City-Light posters, etc.).

B

Big data Large volumes of data from a variety of sources that can be captured, distributed, stored and analyzed using newly developed methods and technologies.

Billboards Product group comprising large-format advertising media, mainly in 9m² formats and larger (including Mega-Lights, premium billboards, big banners, directional media and advertising on bridges), which are to be found at traffic junctions and in urban areas. In addition, this product group includes the products from the giant poster business.

BlowUP (giant poster) Large-format advertising from traditional posters through to digital advertising faces on scaffolding and building façades; it can cover an area of several thousand square meters (m²).

Branding and performance marketing Branding refers to the establishment and development of a brand. In digital media, performance marketing is part of the media mix and serves to both acquire and retain customers. The use of various advertising media is intended to achieve measurable reactions from and/or transactions with the user. Customers or interested parties are addressed in a highly targeted manner – individually if possible – in order to achieve the greatest possible interaction with users.

C

City-Light column Upright premium advertising medium in static formats or using scrolling technology at top locations in urban areas; the posters are glass-encased and backlit in 2m² and 4m² formats.

City-Light poster (CLP) Free-standing, backlit and glass-encased 2m² poster format in urban areas and at tram and bus stops that can also be fitted with scrolling technology.

Culture media Advertising on selected media for cultural, political or religious events with a strong regional character, for example on advertising columns and cultural posters.

D

Digital out-of-home media Innovative advertising media that deliver advertising messages using moving pictures on screens. Includes the Out-of-Home Channel, Infoscreens, the ad walk and on-board TV on public transport.

Demand-Side Platform (DSP) Platform Optimization for Buyers.

F

Full HD resolution Full HD stands for full high definition and is a technology used to display crystal-clear images.

H

Hyperlocality When devices and objects are digitally connected to one another and can be adapted according to location.

I

Infoscreen Projection screens at and in central, highly frequented underground and suburban train station interchanges (Station Infoscreen) as well as screens at selected long-distance train stations and airports (Central Infoscreen).

M

Media mix A media mix determines how various media such as printed material, TV, radio, out-of-home advertising and internet are combined in an advertising campaign.

Media plan Sets out the media and how often they will be used in a campaign, includes the reach and target groups.

Mega-Light (ML) Backlit display cases, some with double-sided scrolling technology, in 9m² poster format. Standing at a height of 2.50m, they are situated road side at sites with excellent reach. Mega-Lights are booked individually as Mega-Light select or as part of a network of advertising faces (network booking) on a weekly basis.

Mobile advertising Advertising measures that can be communicated to particular target groups via their mobile devices (e.g. smartphones).

Multi-screen offering Advertising campaigns that are run on various screens and displays using a variety of media, including private screens such as smartphones, tablets or PCs, or public screens such as Mega-Lights, the Out-of-Home-Channel and City-Light posters.

N

Near field communication An international transfer standard for the contactless exchange of data. It allows devices to transfer data across short distances of up to 10cm at a rate of up to 424 kbit/s.

Nielsen Media Research Internationally operating media research company that measures and analyzes gross expenditure on advertising media.

O

On-board TV Screens at highly frequented underground train stations in Hamburg and suburban train stations in Hanover displaying advertisements with editorial content.

One-stop shop The ability of a company to offer customers all services along the value chain.

Online display advertising The marketing of advertisements in the form of graphics such as buttons, pop-ups or banners on individual websites.

Out-of-home advertising Advertising on public streets, squares and places of a public nature (out-of-home) accessible to a wide audience that provides for a large reach.

Out-of-Home-Channel (OC) Unique network of moving pictures that uses networked large-format digital screens in full HD quality at the most highly frequented train stations in Germany (OC Station) at selected shopping malls (OC Mall).

P

POSTAR POSTAR is a UK-based market research company established over 10 years ago that measures the audience reach of out-of-home media in the UK and other countries. The information is used as the currency for planning, buying and evaluating advertising investment in the medium. Comparable measurement systems are gradually being introduced in Turkey and Poland.

R

Reach Reach refers to the number of individuals who are exposed to an advertising medium or combination of advertising media. It can be expressed as an absolute figure or as a percentage of a given population and is generally targeted at a particular group.

Real-time bidding (RTB) Bidding procedures whereby online advertisers can bid in real time for internet advertising space. The highest bidder automatically receives the space.

Re-targeting Recognition system that places online advertising on the basis of available user data. Anonymously-saved user information enables advertisements to be displayed based on users' interests.

S

Station media All media formats in and outside train stations and directly on platforms which Ströer uses to reach attractive mobile target groups along the mobility chain.

Street furniture Product group comprising advertising media with smaller advertising faces mainly in 2m^2 and 4m^2 formats (such as City-Light posters, City-Light columns and advertising columns) which are in some cases integrated into a city's public street furniture (e.g. bus and tram stop shelters and toilet facilities).

Supply-Side Platform (SSP) Platform Optimization for Sellers.

T

Targeting In online advertising, targeting means addressing specific target groups. Advertising is tailored to the target group based on a definition of the target group that is as precise as possible.

Transport This product group comprises the marketing of all advertising space in and on vehicles used for local public transport and long-distance rail transport, as well as in shopping malls. It also includes individual station media where these are not part of the billboard or street furniture product groups (e.g. Out-of-Home-Channel).

U

Unique users are the individual visitors to a website. This indicator thus expresses the reach of a website.

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Pictures

Disclaimer

This annual report contains forward-looking statements which entail risks and uncertainties. The actual business development and results of Ströer Media AG and of the Group may differ significantly from the assumptions made in this annual report. This annual report does not constitute an offer to sell or an invitation to submit an offer to purchase securities of Ströer Media AG. There is no obligation to update the statements made in this annual report.

FINANCIAL CALENDAR

14 May 2014	Publication of the quarterly report/Q1 for 2014
18 June 2014	Annual shareholder meeting, Cologne
20 August 2014	Publication of the H1/Q2 report for 2014
18 November 2014	Publication of the 9M/Q3 report for 2014

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