STRÖER

STRÖER SE & Co. KGaA

HALF-YEAR FINANCIAL REPORT 6M/Q2 2020

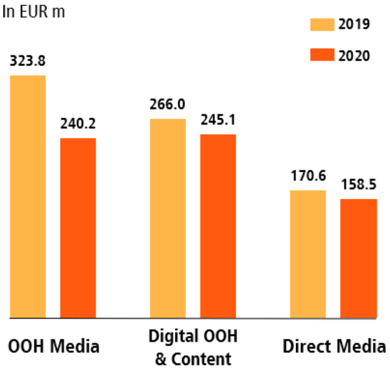
CONTENTS

THE GROUP'S FINANCIAL FIGURES AT A GLANCE

Continuing operations

REVENUE
EUR 632.4m
(prior year: EUR 743.5m)

SEGMENT REVENUE
In EUR m



EBITDA (ADJUSTED)
EUR 185.5m
(prior year: EUR 255.8m)

EBITDA-MARGIN (ADJUSTED)
29.3%
(prior year: 34.4%)

ORGANIC REVENUE GROWTH
-14.3%
(prior year: 7.6%)

ADJUSTED CONSOLIDATED PROFIT
EUR 22.1m
(prior year: EUR 86.0m)

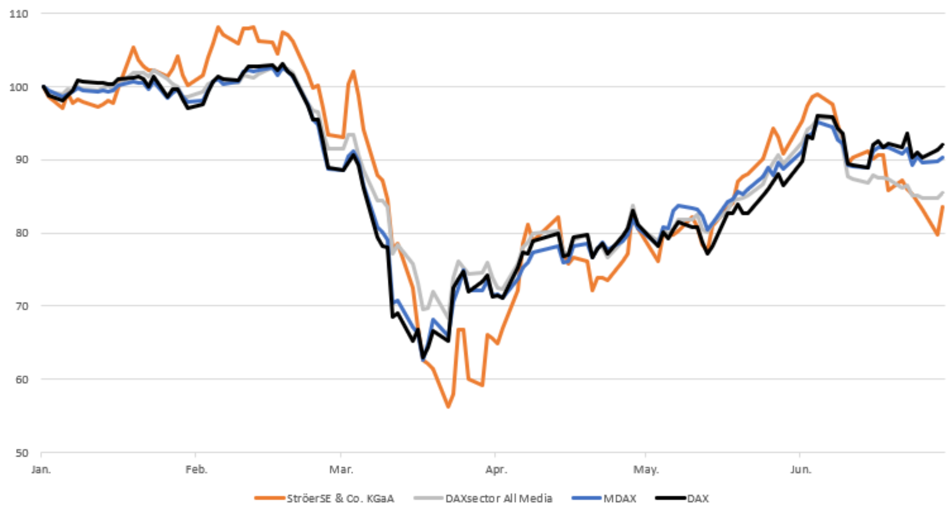
FREE CASH FLOW BEFORE M&A TRANSACTIONS
EUR 89.4m
(prior year: EUR 129.3m)

ROCE
14.2%
(prior year: 18.9%)

In EUR m	Q2 2020	Q2 2019	6M 2020	6M 2019
Revenue	**264.1**	**392.7**	**632.4**	**743.5**
EBITDA (adjusted)	**61.8**	**139.3**	**185.5**	**255.8**
Adjustment effects	-10.6	-5.7	-12.2	-13.5
EBITDA	**51.3**	**133.5**	**173.2**	**242.3**
Amortization, depreciation and impairment losses	-93.7	-90.3	-179.2	-173.4
thereof attributable to purchase price allocations and impairment losses	-20.4	-19.5	-33.1	-34.4
EBIT	**-42.5**	**43.2**	**-5.9**	**68.9**
Financial result	-8.4	-7.0	-14.8	-14.5
EBT	**-50.9**	**36.2**	**-20.8**	**54.4**
Taxes	7.6	-5.6	2.6	-8.8
Consolidated profit or loss for the period	**-43.3**	**30.6**	**-18.2**	**45.6**
Adjusted consolidated profit or loss for the period	**-15.5**	**51.4**	**22.1**	**86.0**
Free cash flow (before M&A transactions)			**89.4**	**129.3**
Net debt (30 Jun/31 Dec)			**565.2**	**547.6**

THE SHARE

The German stock market performed weakly in the first six months of 2020 due to the global Covid-19 pandemic. The positive developments of the prior year initially continued for the first three months of the year. With the sharp rise in infections worldwide and the increasing uncertainty on all capital markets, international indices as well as the DAX and the MDAX, in which Ströer SE & Co. KGaA stock is listed, declined significantly. Ströer stock largely performed in line with the German benchmark indices. Against the background of the Covid-19 crisis, the share fell by around 17 percent compared with the beginning of the year.



Stock exchange listing, market capitalization and trading volume

Ströer SE & Co. KGaA stock is listed in the Prime Standard of the Frankfurt Stock Exchange and has been listed in the MDAX again since 22 June 2020. Based on the closing share price on 30 June 2020, market capitalization came to around EUR 3.4b.

The average daily volume of Ströer stock traded on Xetra was approximately 140,000 shares in the first six months of 2020.

Shareholder meeting

The shareholder meeting for fiscal year 2019 planned for 30 June 2020 was canceled due to the Covid-19 pandemic and has been rescheduled as a virtual meeting on 4 November 2020.

Analysts' coverage

The performance of Ströer SE & Co. KGaA is tracked by 16 teams of analysts. Based on the most recent assessments, nine 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*
J.P. Morgan	Buy
Deutsche Bank	Buy
KeplerCheuvreux	Buy
Bankhaus Lampe	Hold
UBS	Buy
Exane BNP Paribas	Buy
Morgan Stanley	Buy
HSBC	Buy
Hauck & Aufhäuser	Buy
Citi	Hold
Goldman Sachs	Hold
Oddo BHF	Hold
Warburg Research	Hold
Barclays	Hold
LBBW	Buy
Commerzbank	Hold

* As of 28 July 2020

Shareholder structure

As of 30 June 2020, Co-CEO Udo Müller holds a total of 22.21%, supervisory board member Dirk Ströer holds 21.30% and Co-CEO Christian Schmalzl holds 0.05% of Ströer SE & Co. KGaA. According to the notifications made to the Company as of the date of publication of this report on 13 August 2020, the following parties reported to us that they hold more than 3% of the voting rights in Ströer SE & Co. KGaA: Allianz Global Investors (10.07%), Deutsche Telekom Trust e.V. (10.05%), Allianz Global Investors SICAV (3.01%), DWS Investment (5.01%) and Credit Suisse (3.45%).

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

INTERIM GROUP MANAGEMENT REPORT

This interim group management report covers the period from 1 January to 30 June 2020.

INTERIM GROUP MANAGEMENT REPORT

INTERIM GROUP MANAGEMENT REPORT

BACKGROUND OF THE STRÖER GROUP

Ströer is a leading provider in the commercialization of out-of-home and online advertising as well as all forms of dialog marketing in Germany, and offers its advertising customers individualized, scalable and integrated communications solutions along the entire media value chain.

It focuses on large national advertising customers, for which the Ströer Group can provide the relevant reach and range of advertising possibilities, as well as the segment of small to medium-sized regional, local and even hyper-local advertisers through to individual local retailers. The Ströer Group can provide these with the product and also service infrastructure to allow them to configure and efficiently provide the best local customized solution.

In the digital segment, the Ströer Group commercializes and operates several thousand websites in German-speaking countries in particular and in the out-of-home segment, it operates approximately 300,000 advertising media. It has around 9,600 employees at over 100 locations. In fiscal year 2019, Ströer generated revenue of EUR 1.6b.

MACROECONOMIC DEVELOPMENT

The Covid-19 pandemic has plunged the global economy into a deep recession. The loss of global demand, interrupted supply chains, changes in consumer behavior and investor uncertainty have left clear marks on the economy. The shutdowns imposed in many places to protect health and lives are affecting industry as well as many service sectors.

The German economy, too, felt the full impact of the pandemic after public life was gradually shut down in the wake of the contact restrictions introduced successively from mid-March. Domestic industrial production and many service sectors faced drastic restrictions and private consumption took a tumble, ultimately taking its toll on German employment market as well.

The further macroeconomic development in the second half of 2020 will hinge on how the Covid-19 pandemic pans out and as such, all estimates entail significant uncertainty. The International Monetary Fund (IMF) expects the economy to contract by 10.2% in the eurozone in 2020. For 2021, the IMF then predicts a recovery and growth of 6.0%, provided the economic effects of the pandemic are brought under control quickly and effectively in 2020.

The Kiel Institute for the World Economy (IfW) expects German GDP to decline by 6.8% in 2020. The Organisation for Economic Co-operation and Development (OECD) and the ifo Institute in Munich expect a slightly less pronounced decline in GDP of 6.6% and 6.7%, respectively, for 2020.

FINANCIAL PERFORMANCE OF THE GROUP

While the Ströer Group initially got off to an exceptionally good start to fiscal year 2020, the effects of the Covid-19 pandemic made themselves felt in the second quarter of the fiscal year, weighing in particular on the development of **revenue**. In terms of figures, the Group suffered a significant decline of EUR 111.1m to EUR 632.4m in the first half of the year, compared with EUR 743.5m in the same prior-year period. The Group's OOH business was particularly hard hit by the effects of the pandemic. Overall, nominal revenue growth came to -15.0% and organic revenue growth to -14.3% in the first six months.

The substantial decrease in revenue was partially offset by significant cost savings, which saw **cost of sales** decrease by EUR 43.3m to EUR 438.2m. The decrease was attributable to lower revenue-based lease payments and running costs in the OOH business, lower publisher fees in the digital business and lower personnel expenses. The latter expenses were lower in particular due to the use of government subsidy programs (short-time work). **Gross profit** totaled EUR 194.1m in the first six months (prior year: EUR 262.0m).

The active cost management was also reflected in the Group's **selling and administrative expenses**, which decreased by EUR 1.6m year on year to EUR 203.1m (prior year: EUR 204.7m). While costs rose by EUR 9.5m in the first quarter of 2020 mainly due to the targeted growth investments in the sales structures of the Digital OOH & Content and OOH Media segments, this increase was offset by the decrease in costs during the Covid-19 pandemic. Selling and administrative expenses as a percentage of significantly lower revenue were up on the prior year at 32.1% (prior year: 27.5%). Meanwhile, the **other operating result** decreased by EUR 7.0m to EUR 1.7m; however, the prior-year figure was influenced by positive valuation effects from the increase in an equity investment. Due to the negative effects of the Covid-19 pandemic, the Group's **share in profit or loss of equity method investees** was also down on the prior year, from EUR 2.9m to EUR 1.3m.

Against the background of the macroeconomic challenges caused by Covid-19 and the related significant slowdown in out-of-home advertising in particular, the Ströer Group's **EBIT** – for the first half of 2020 – declined by EUR 74.8m to EUR -5.9m (prior year: EUR 68.9m). The Group recorded a similar decrease in **EBITDA (adjusted),** which fell by EUR 70.3m to EUR 185.5m in the same period. The return on capital employed (**ROCE**) was also under pressure under these changed conditions, falling short of the very high level of prior years at 14.2% (prior year: 18.9%).

At EUR -14.8m, the Group's **financial result** was virtually unchanged (prior year: EUR -14.5m). In addition to general refinancing costs for existing loan liabilities, since the introduction of IFRS 16, this amount primarily includes expenses from the compounding of lease liabilities. While general refinancing costs rose slightly in the first half of 2020, expenses from the compounding of lease liabilities declined.

In line with the slowdown in operating business, the tax assessment base also decreased, leading to a significantly improved **tax result** than a year earlier (income of EUR 2.6m; prior year: loss of EUR 8.8m).

The **consolidated profit or loss from discontinued operations** only contains the effect on results in connection with the D+S 360° group for both the first half of 2020 (EUR -3.0m) and for the first half of 2019 (prior year: EUR -4.0m).

Consolidated profit or loss from continuing operations at EUR -18.2m reflects the sizable effects of the Covid-19 pandemic on the Ströer Group's operating business (prior year: EUR 45.6m). The **adjusted consolidated profit for the period** of EUR 22.1m declined significantly on the prior year owing to these impacts (prior year: EUR 86.0m).

FINANCIAL POSITION

Liquidity and investment analysis

The following overview relates exclusively to the continuing operations of the Ströer Group. The prior-year figures were adjusted for the contributions of the D+S 360° group.[1]

In EUR m	6M 2020	6M 2019
Cash flows from operating activities	**153.2**	**176.1**
Cash received from the disposal of intangible assets and property, plant and equipment	0.5	1.8
Cash paid for investments in intangible assets and property, plant and equipment	–64.2	–48.6
Cash paid for investments in equity method investees and financial assets	–3.3	–0.1
Cash received from and cash paid for the sale and acquisition of consolidated entities	0.3	–10.2
Cash flows from investing activities	**–66.8**	**–57.1**
Cash flows from financing activities	**135.7**	**–127.4**
Change in cash	222.1	–8.4
Cash at the end of the period	**325.7**	**90.1**
Free cash flow before M&A transactions (incl. IFRS 16 payments for the principal portion of lease liabilities)	14.0	42.4
Free cash flow before M&A transactions	**89.4**	**129.3**

As part of the general economic slowdown caused by Covid-19 and the related decline in revenue, particularly in the Ströer Group's OOH business, **cash flows from operating activities** were also significantly lower than the prior-year level at EUR 153.2m (prior year: EUR 176.1m). The decline in this cash flow item is primarily reflected in the significantly lower EBITDA (EUR -69.1m). This decline was partially offset by the lower tax payments (EUR +12.2m) and favorable shifts in working capital (EUR +22.1m).

In contrast to this, the Group's investment activities increased a little compared with the first half of the prior year, with the higher payments primarily attributable to increased investments in intangible assets and property, plant and equipment, especially in the first quarter of the current year. At the same time, M&A payments declined noticeably, bringing **cash flows from investing activities** to EUR -66.8m for the first six months of the fiscal year (prior year: EUR -57.1m). Overall, **free cash flow before M&A transactions** came to EUR 89.4m at the end of the first six months (prior year: EUR 129.3m). At EUR 14.0m adjusted for IFRS 16 payments for the principal portion of lease liabilities, it was well short of the very good prior-year figure of EUR 42.4m.

[1] For information on the sale of the 50.0% shareholding in the D+S 360° group, see our disclosures in note 6.2 in the notes section of our annual report for 2019.

In light of the spread of the Covid-19 pandemic, the Ströer Group drew down a large portion of its freely available credit facilities as a precaution in the second half of March and has since held the cash received as additional bank balances. By the same token, dividend payments (EUR -0.5m; prior year: EUR -119.8m) and cash paid for the acquisition of shares not involving a change in control (EUR -3.0m; prior year: EUR -65.8m) were significantly lower than the comparable prior-year figures, as a result of which **cash flows from financing activities** were up by a total of EUR 263.1m from EUR -127.4m in the prior year to EUR 135.7m in the first half of 2020.

Due to the abovementioned drawings on freely available credit facilities, **cash** stood at EUR 325.7m, EUR 222.1m higher than at 31 December 2019 (prior year: EUR 103.6m).

Financial structure analysis

The Ströer Group's **non-current liabilities** rose by EUR 220.3m in the first six months of the fiscal year to EUR 1,792.9m, largely due to the drawings described above on the additional freely available credit facilities at the beginning of the Covid-19 pandemic, which also led to a substantial increase in bank balances. A decrease in deferred tax liabilities attributable to the ongoing amortization of recognized hidden reserves were the only notable contrasting effects.

Current liabilities declined significantly and came to EUR 580.6m at the end of the first six months (prior year: EUR 702.3m), due in particular to the decrease in lease liabilities (EUR -54.3m) and lower trade payables (EUR -37.3m). Lower VAT liabilities (EUR -9.2m) were also a factor.

At EUR 604.9m (prior year: EUR 626.9m), the Ströer Group's **equity** was also lower than the figure as of 31 December 2019, primarily due to the consolidated profit or loss in the first half of 2020. Accordingly, the equity ratio decreased from 21.4% to 20.3%. Adjusted for the lease liabilities accounted for in accordance with IFRS 16, the equity ratio stood at 29.4% as of the reporting date.

Net debt

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

The leverage ratio is a significant financial covenant in the contractual relationships with our banks. We do not expect to reach the agreed upper limit during the Covid-19 pandemic. However, in March, we discussed a potential suspension or increase in this limit with our banking syndicate in the event that the limit is temporarily exceeded.

In EUR m		30 Jun 2020	31 Dec 2019
(1)	Lease liabilities (IFRS 16)	922.7	994.2
(2)	Liabilities from the facility agreement	352.4	98.7
(3)	Liabilities from note loans	494.5	494.4
(4)	Obligation to purchase own equity instruments	16.6	20.4
(5)	Liabilities from dividends to non-controlling interests	6.6	6.8
(6)	Other financial liabilities	37.4	51.3
(1)+(2)+(3)+(4)+(5)+(6)	Total financial liabilities	1,830.3	1,665.8
(2)+(3)+(5)+(6)	Total financial liabilities excluding lease liabilities (IFRS 16) and liabilities from the obligation to purchase own equity instruments	890.9	651.2
(7)	Cash	325.7	103.6
(2)+(3)+(5)+(6)-(7)	**Net debt**	**565.2**	**547.6**

In the first half of 2020, net debt increased by EUR 17.6m from EUR 547.6m to EUR 565.2m, primarily due to the unfavorable effects of the Covid-19 pandemic in addition to the normal seasonal fluctuations. At the end of the second quarter, the leverage ratio (defined as the ratio of net debt to EBITDA (adjusted)) stood at 1.84 and was therefore up slightly on the value at the end of the 2019 fiscal year of 1.44. Compared with the value at the end of the second prior-year quarter (1.80), the leverage ratio is largely unchanged.

ASSETS AND LIABILITIES

Analysis of the asset structure

At the end of the first half of 2020, the Ströer Group's **non-current assets** stood at EUR 2,444.8m, a decrease of EUR 103.6m on 31 December 2019. Significant changes in this connection were only reported in intangible assets and property, plant and equipment, and largely related to amortization and depreciation expenses that were not fully offset by investments.

By contrast, **current assets** increased from EUR 355.7m to EUR 533.6m in the same period. This was mainly owing to the drawings on the freely available credit facilities at the beginning of the Covid-19 pandemic, which resulted in both a noticeable increase in cash and a significant increase in non-current liabilities. By contrast, trade receivables decreased considerably (EUR -52.2m).

Assets held for sale decreased to EUR 0.0m as a result of the sale of the 50.0% interest in the D+S 360^{o} group and the sale of TubeONE Networks GmbH along with the associated liabilities.

FINANCIAL PERFORMANCE OF THE SEGMENTS

The following financial performance analysis relates exclusively to the continuing operations of the Ströer Group. The prior-year figures in this section have therefore been adjusted for the discontinued operations of the D+S 360° group in line with the provisions of IFRS 5.[2]

Out-of-Home Media

In EUR m	Q2 2020	Q2 2019	Change		6M 2020	6M 2019	Change	
Segment revenue, thereof	**88.6**	**180.8**	**-92.2**	**-51.0%**	**240.2**	**323.8**	**-83.6**	**-25.8%**
Large formats	44.6	95.2	-50.5	-53.1%	112.2	159.3	-47.1	-29.6%
Street furniture	14.4	37.9	-23.5	-61.9%	48.5	71.4	-23.0	-32.2%
Transport	12.3	15.8	-3.6	-22.5%	25.0	30.9	-5.9	-19.2%
Other	17.3	31.9	-14.6	-45.8%	54.6	62.2	-7.6	-12.2%
EBITDA (adjusted)	**25.2**	**83.9**	**-58.7**	**-70.0%**	**91.3**	**146.6**	**-55.3**	**-37.7%**
EBITDA margin (adjusted)	**28.4%**	**46.4%**	**-18.0 percentage points**		**38.0%**	**45.3%**	**-7.3 percentage points**	

The OOH Media segment saw its **revenue** contract by EUR 83.6m to EUR 240.2m in the first half of 2020. Following a strong first quarter of 2020, the fallout from the Covid-19 pandemic impacted business performance in the market for out-of-home advertising so massively in the second quarter of 2020 that revenue slumped by 51.0%, down from EUR 180.8m to EUR 88.6m. The lockdowns imposed, in particular in Germany and Poland, hit this segment particularly hard, with new bookings for out-of-home campaigns completely absent for a time. It took until the middle of the second quarter before the first new bookings were received. Overall, the decline was so marked that all product groups were down for the first six months year on year.

The **large formats** product group, which offers both national and regional customers traditional out-of-home products, contracted by EUR 47.1m to EUR 112.2m. The **street furniture** product group, which mainly serves national and international customer groups in the German OOH market, has a particularly large share of traditional advertising business with large cross-regional campaigns. Accordingly, this product group recorded the biggest relative decrease in revenue in the reporting period (down EUR 23.0m in the first six months to EUR 48.5m). The **transport** product group, which operates almost exclusively on the German out-of-home market and has virtually no traditional campaign business, also reported a significant decrease in revenue in the first six months to EUR 25.0m compared with the prior-year figure of EUR 30.9m, but was less strongly affected in relative terms. Revenue in the **other** product group fell by EUR 7.6m to EUR 54.6m. This product group includes smaller complementary acquisitions and full-service solutions for mostly small customers (including the production of advertising materials).

The effects of the Covid-19 pandemic also negatively impacted earnings. The revenue slump was partially offset by considerably lower costs in the second quarter. Overall, however, the segment

[2] For information on the sale of the 50.0% shareholding in the D+S 360° group, see our disclosures in note 6.2 in the notes section of our annual report for 2019.

reported significantly lower earnings in the first half of the year but still managed to generate **EBITDA (adjusted)** of EUR 91.3m in the reporting period (prior year: EUR 146.6m). Despite the severely negative effects of the Covid-19 pandemic, the **EBITDA margin (adjusted)** came to a remarkable 38.0% in the reporting period (prior year: 45.3%).

Digital OOH & Content

In EUR m	Q2 2020	Q2 2019	Change		6M 2020	6M 2019	Change	
Segment revenue, thereof	**108.0**	**140.9**	**-32.9**	**-23.3%**	**245.1**	**266.0**	**-20.9**	**-7.9%**
Display	55.9	66.3	-10.4	-15.7%	120.7	132.3	-11.6	-8.8%
Video	17.4	37.9	-20.5	-54.1%	51.8	63.9	-12.0	-18.8%
Digital marketing services	34.7	36.7	-2.0	-5.5%	72.5	69.7	2.8	4.0%
EBITDA (adjusted)	**33.0**	**48.4**	**-15.4**	**-31.9%**	**82.4**	**92.4**	**-10.0**	**-10.8%**
EBITDA margin (adjusted)	**30.5%**	**34.3%**	**-3.8 percentage points**		**33.6%**	**34.7%**	**-1.1 percentage points**	

Revenue in the Digital & OOH Content segment fell from EUR 266.0m to EUR 245.1m in the first half of 2020. Following the overall positive course of business in the first quarter of 2020, the fallout from the Covid-19 pandemic impacted business performance so massively in the second quarter of 2020 that revenue decreased by 23.3%, down from EUR 140.9m to EUR 108.0m. On the one hand, the economic slump in our core markets from the Covid-19 pandemic affected the advertising industry as a whole, and on the other hand, our digital out-of-home products were particularly affected by the lockdown of society.

The **video** product group, which includes in particular our digital out-of-home products (public video), recorded a EUR 12.0m decline in the reporting period to EUR 51.8m. The **display** product group, which offers a whole range of advertising formats for mobile devices and desktops, contracted by EUR 11.6m to EUR 120.7m in the first six months. Only the **digital marketing services** product group reported higher revenue in the first half of 2020 (EUR 72.5m; prior year: EUR 69.7m). In spite of the very difficult market environment and strong prior-year figures, Statista grew its revenue further in the second quarter.

The adverse impact on revenue of the Covid-19 pandemic took its toll on earnings here as well despite offsetting effects in the area of costs. Overall, the segment's results therefore failed to match the excellent prior-year figure, with **EBITDA (adjusted)** down by EUR 10.0m to EUR 82.4m for the first six months of 2020 (prior year: EUR 92.4m). As cost savings almost entirely offset the lost revenue in relative terms, the **EBITDA margin (adjusted)** was only slightly lower than in the prior year (33.6% compared with 34.7% in the prior year).

Direct Media

In EUR m	Q2 2020	Q2 2019	Change		6M 2020	6M 2019	Change	
Segment revenue, thereof	**71.1**	**81.2**	**-10.1**	**-12.4%**	**158.5**	**170.6**	**-12.1**	**-7.1%**
Dialog marketing	41.5	55.9	-14.5	-25.9%	100.9	114.1	-13.1	-11.5%
Transactional	29.7	25.3	4.4	17.2%	57.6	56.5	1.1	1.9%
EBITDA (adjusted)	**7.5**	**11.5**	**-4.0**	**-35.1%**	**22.3**	**25.3**	**-3.0**	**-11.8%**
EBITDA margin (adjusted)	**10.5%**	**14.2%**	**-3.7 percentage points**		**14.0%**	**14.8%**	**-0.8 percentage points**	

The Direct Media segment comprises the dialog marketing and transactional product groups. The segment figures can only be compared with those of the prior year to a limited extent due to the adjustments to the transactional portfolio.[3]

In the **dialog marketing** product group, which houses our call center and direct sales activities (door-to-door), revenue fell by EUR 13.1m in the reporting period to EUR 100.9m. The negative development in this product group was due to the temporary official ban on door-to-door sales activities from mid-March until well into May as a result of the Covid-19 pandemic. Call center business, by contrast, was hardly affected by the Covid-19 pandemic and generated revenue roughly on a par with the prior-year level. Despite some portfolio adjustments and in spite of the difficult market as a result of Covid-19, the **transactional** product group grew its revenue by EUR 1.1m to EUR 57.6m in the first six months. AsamBeauty's e-commerce business in particular continued to report substantial growth, even in the second quarter.

Overall, the segment generated **EBITDA (adjusted)** of EUR 22.3m, which was a decrease of EUR 3.0m (prior year: EUR 25.3m) and an **EBITDA margin (adjusted)** of 14.0%, only slightly lower than in the prior year (prior year: 14.8%).

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

EMPLOYEES

The Ströer Group employed 9,566 people as of 30 June 2020 (31 December 2019: 12,210). 4,766 thereof are Direct Media employees, 2,480 Digital OOH & Content employees, 1,850 Out-of-Home Media employees and 470 are employed at the holding company.

OPPORTUNITIES AND RISKS

In addition to our presentation of opportunities and risks, which were discussed on page 51 to 56 of the annual report as of 31 December 2019 and which continue to apply, we identified a further material risk in the first half of 2020:

Covid-19 pandemic

The Covid-19 pandemic triggered considerable revenue losses in the second quarter of the fiscal year, especially in the Ströer Group's out-of-home business. This was mainly due to the lockdown measures which were put in place to protect lives and saw public life in Germany, as in almost all other parts of Europe, largely shut down. As a result of these measures, advertising campaigns in the OOH business in particular saw a significant decline in reach, which led to a corresponding slump in new orders.

The further course of the Covid-19 pandemic is extremely hard to predict for the second half of 2020. Of particular note is the danger of a second wave of infections, which could make a return to regional or even national lockdown measures necessary.

The Ströer Group has initiated a string of countermeasures to mitigate and control the various effects of the Covid-19 pandemic. Key focuses of these measures are the health of our employees, maintaining business operations, safeguarding comfortable liquidity and introducing efficient cost-cutting measures.

All in all, even with the additional risks from the Covid-19 pandemic, we conclude that there are no risks at present that could jeopardize the ability of the Company to continue as a going concern.

FORECAST

Having fared very successfully in the first quarter of the fiscal year, the Ströer Group's second quarter was severely impacted in OOH business, in particular, by the massive macroeconomic changes triggered by the Covid-19 pandemic. Accordingly, the development of earnings for 2020 as a whole hinges on the further course of the Covid-19 pandemic and, with it, the overall economic development in Germany and the rest of Europe. It is not possible to reliably predict the course the pandemic will take or the overall economic development at this point in time. Given these conditions, we cannot uphold our original forecast for fiscal year 2020 as a whole and are revising it downwards.

SUBSEQUENT EVENTS

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

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Consolidated interim financial statements

CONSOLIDATED INCOME STATEMENT

In EUR k	Q2 2020	Q2 2019[1),2)]	6M 2020	6M 2019[1),2)]
Revenue	264,142	392,716	632,377	743,545
Cost of sales	-211,520	-251,720	-438,236	-481,549
Gross profit	**52,622**	**140,996**	**194,141**	**261,996**
Selling expenses	-50,970	-58,742	-115,890	-116,577
Administrative expenses	-40,396	-43,713	-87,174	-88,116
Other operating income	4,641	8,346	14,198	20,607
Other operating expenses	-8,562	-5,773	-12,532	-11,951
Share in profit or loss of equity method investees	199	2,101	1,329	2,942
Finance income	832	979	1,150	1,214
Finance costs	-9,239	-7,989	-15,980	-15,723
Profit or loss before taxes	**-50,875**	**36,204**	**-20,757**	**54,394**
Income taxes	7,552	-5,607	2,589	-8,821
Post-tax profit or loss from continuing operations	**-43,323**	**30,597**	**-18,168**	**45,573**
Discontinued operations				
Post-tax profit or loss from discontinued operations	-19	-2,926	-3,034	-3,975
Consolidated profit or loss for the period	**-43,342**	**27,671**	**-21,202**	**41,598**
Thereof attributable to:				
Owners of the parent	-46,569	24,914	-26,676	35,359
Non-controlling interests	3,227	2,757	5,474	6,239
	-43,342	**27,671**	**-21,202**	**41,598**
Earnings per share	-0.82	0.44	-0.47	0.63
Basic earnings per share (EUR)	-0.82	0.44	-0.47	0.63
Diluted earnings per share (EUR)				
Earnings per share – continuing operations[3)]				
Basic earnings per share (EUR)	-0.82	0.48	-0.43	0.69
Diluted earnings per share (EUR)	-0.82	0.48	-0.43	0.69

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In EUR k	Q2 2020	Q2 2019[1),2)]	6M 2020	6M 2019[1),2)]
Consolidated profit or loss for the period	**-43,342**	**27,671**	**-21,202**	**41,598**
Other comprehensive income				
Amounts that will not be reclassified to profit or loss in future periods				
Actuarial gains and losses	0	0	0	0
Income taxes	0	0	0	0
	0	**0**	**0**	**0**
Amounts that could be reclassified to profit or loss in future periods				
Exchange differences on translating foreign operations	388	462	-2,176	724
Income taxes	0	0	0	0
	388	**462**	**-2,176**	**724**
Other comprehensive income, net of income taxes	**388**	**462**	**-2,176**	**724**
Total comprehensive income, net of income taxes	**-42,955**	**28,133**	**-23,378**	**42,322**
Thereof attributable to:				
Owners of the parent	-46,189	25,208	-28,809	35,896
Non-controlling interests	3,235	2,925	5,431	6,426
	-42,955	**28,133**	**-23,378**	**42,322**

[1)] Restated retrospectively due to the purchase price allocations that were finalized after 30 June 2019. See our disclosures on the retrospective restatement of purchase price allocations in note 6 in the notes section of our 2019 annual report.

[2)] Restated retrospectively due to the classification of the D+S 360° group as a discontinued operation within the meaning of IFRS 5. See our disclosures on the sale of the 50.0% shareholding in the D+S 360° group in note 6.2 in the notes section of our annual report for 2019.

[3)] The earnings per share from discontinued operations were diluted and undiluted for 6M 2020 at EUR -0.05 (previous year: EUR -0.06) and for Q2 2020 at EUR 0.00 (previous year: EUR -0.04).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets (in EUR k)	30 Jun 2020	31 Dec 2019
Non-current assets		
Intangible assets	1,199,525	1,227,407
Property, plant and equipment	1,178,667	1,246,316
Investments in equity method investees	20,037	25,089
Financial assets	3,162	2,971
Trade receivables	1,360	1,360
Other financial assets	7,612	8,534
Other non-financial assets	17,063	20,486
Deferred tax assets	17,412	16,291
Total non-current assets	**2,444,838**	**2,548,454**
Current assets		
Inventories	15,405	17,296
Trade receivables	129,629	181,828
Other financial assets	17,928	8,806
Other non-financial assets	36,087	35,538
Income tax assets	8,828	8,627
Cash	325,703	103,603
Total current assets	**533,580**	**355,697**
Assets held for sale	0	24,277
Total assets	**2,978,419**	**2,928,428**

Equity and liabilities (in EUR k)	30 Jun 2020	31 Dec 2019
Equity		
Subscribed capital	56,577	56,577
Capital reserves	748,525	747,491
Retained earnings	-204,160	-182,013
Accumulated other comprehensive income	-6,932	-4,800
	594,009	**617,255**
Non-controlling interests	10,879	9,684
Total equity	**604,888**	**626,939**
Non-current liabilities		
Provisions for pensions and similar obligations	43,975	44,145
Other provisions	27,632	25,434
Financial liabilities	1,673,262	1,446,939
Trade payables	3,366	4,035
Deferred tax liabilities	44,642	51,981
Total non-current liabilities	**1,792,877**	**1,572,533**
Current liabilities		
Other provisions	53,825	56,884
Financial liabilities	157,045	218,887
Trade payables	257,210	294,480
Other liabilities	91,574	103,719
Income tax liabilities	20,999	28,331
Total current liabilities	**580,653**	**702,300**
Liabilities associated with assets held for sale	0	26,656
Total equity and liabilities	**2,978,419**	**2,928,428**

CONSOLIDATED STATEMENT OF CASH FLOWS

In EUR k	6M 2020	6M 2019[1),2)]
Cash flows from operating activities		
Profit for the period	-18,168	45,573
Expenses (+)/income (-) from the financial and tax result	12,241	23,330
Amortization, depreciation and impairment losses (+) on non-current assets	88,480	87,791
Depreciation (+) of right-of-use assets under leases (IFRS 16)	90,677	85,559
Share in profit or loss of equity method investees	-1,329	-2,942
Cash received from profit distributions of equity method investees	4,818	4,321
Interest paid (-) in connection with leases (IFRS 16)	-8,161	-10,870
Interest paid (-) in connection with other financial liabilities	-3,088	-2,646
Interest received (+)	19	25
Income taxes paid (-)/received (+)	-11,365	-23,612
Increase (+)/decrease (-) in provisions	-1,204	-8,777
Other non-cash expenses (+)/income (-)	-1,232	-276
Gain (-)/loss (+) on disposals of non-current assets	103	-644
Increase (-)/decrease (+) in inventories, trade receivables and other assets	43,522	-17,768
Increase (+)/decrease (-) in trade payables and other liabilities	-42,157	-2,968
Cash flows from operating activities (continuing operations)	**153,157**	**176,095**
Cash flows from operating activities (discontinued operations)	329	-2.407
Cash flows from operating activities	**153,487**	**173,688**
Cash flows from investing activities		
Cash received (+) from the disposal of intangible assets and property, plant and equipment	447	1,834
Cash paid (-) for investments in intangible assets and property, plant and equipment	-64,210	-48,597
Cash paid (-) for investments in equity method investees	-3,265	-82
Cash received (+) from/paid (-) for the disposal of consolidated entities	266	909
Cash received (+) from/paid (-) for the acquisition of consolidated entities	0	-11,154
Cash flows from investing activities (continuing operations)	**-66,761**	**-57,089**
Cash flows from investing activities (discontinued operations)	-12,676	-200
Cash flows from investing activities	**-79,437**	**-57,290**
Cash flows from financing activities		
Cash received (+) from equity contributions	0	4,611
Dividend distributions (-)	-510	-119,785
Cash paid (-) for the acquisition of shares not involving a change in control	-3,030	-65,765
Cash received (+) from borrowings	340,838	157,239
Cash repayments (-) of borrowings	-126,244	-16,781
Cash payments (-) for the principal portion of lease liabilities (IFRS 16)	-75,350	-86,926
Cash flows from financing activities (continuing operations)	**135,704**	**-127,406**
Cash flows from financing activities (discontinued operations)	9,016	-2,545
Cash flows from financing activities	**144,721**	**-129,951**

Cash at the end of the period		
Change in cash (continuing operations)	222,100	-8,400
Change in cash (discontinued operations)	-3,330	-5,153
Cash at the beginning of the period (continuing operations)	103,603	98,529
Cash at the beginning of the period (discontinued operations)	3,330	5,167
Cash at the end of the period (continuing operations)	**325,703**	**90,129**
Cash at the end of the period (discontinued operations)	**0**	**15**
Composition of cash		
Cash (continuing operations)	325,703	90,129
Cash (discontinued operations)	0	15
Cash at the end of the period	**325,703**	**90,143**

[1] Restated retrospectively due to the purchase price allocations that were finalized after 30 June 2019. See our disclosures on the retrospective restatement of purchase price allocations in note 6 in the notes section of our 2019 annual report.

[2] Restated retrospectively due to the classification of the D+S 360° group as a discontinued operation within the meaning of IFRS 5. See our disclosures on the sale of the 50.0% shareholding in the D+S 360° group in note 6.2 in the notes section of our annual report for 2019.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In EUR k	Subscribed capital	Capital reserves	Retained earnings	Accumulated other comprehensive income – Exchange differences on translating foreign operations	Total	Non-controlling interests	Total equity
1 Jan 2019	**56,172**	**735,541**	**-122,511**	**-6,997**	**662,205**	**6,311**	**668,516**
Consolidated profit or loss for the period	0	0	35,359	0	35,359	6,239	41,598
Other comprehensive income	0	0	0	537	537	187	724
Total comprehensive income	0	0	35,359	537	35,896	6,426	42,322
Changes in basis of consolidation	0	0	0	0	0	686	686
Share-based payments	355	5,506	0	0	5,861	0	5,861
Effects from changes in ownership interests in subsidiaries without loss of control	0	0	-53,131	0	-53,131	-4,544	-57,675
Obligation to purchase own equity instruments	0	0	54,148	0	54,148	4,669	58,817
Dividends	0	0	-113,053	0	-113,053	-1,022	-114,075
30 Jun 2019[1),2)]	**56,527**	**741,048**	**-199,189**	**-6,461**	**591,924**	**12,525**	**604,449**

In EUR k	Subscribed capital	Capital reserves	Retained earnings	Accumulated other comprehensive income – Exchange differences on translating foreign operations	Total	Non-controlling interests	Total equity
1 Jan 2020	**56,577**	**747,491**	**-182,013**	**-4,800**	**617,255**	**9,684**	**626,939**
Consolidated profit or loss for the period	0	0	-26,676	0	-26,676	5,474	-21,202
Other comprehensive income	0	0	0	-2,132	-2,132	-44	-2,176
Total comprehensive income	0	0	-26,676	-2,132	-28,809	5,431	-23,378
Changes in basis of consolidation	0	0	0	0	0	-1,235	-1,235
Share-based payments	0	1,034	0	0	1,034	0	1,034
Effects from changes in ownership interests in subsidiaries without loss of control	0	0	-1,404	0	-1,404	-516	-1,920
Obligation to purchase own equity instruments	0	0	5,934	0	5,934	-2,206	3,728
Dividends	0	0	0	0	0	-279	-279
30 Jun 2020	**56,577**	**748,525**	**-204,160**	**-6,932**	**594,009**	**10,879**	**604,888**

[1)] Restated retrospectively due to the purchase price allocations that were finalized after 30 June 2019. See our disclosures on the restatement of purchase price allocations in note 6 in the notes section of our 2019 annual report.

[2)] Restated retrospectively due to the classification of the D+S 360° group as a discontinued operation within the meaning of IFRS 5. See our disclosures on the sale of the 50.0% shareholding in the D+S 360° group in note 6.2 in the notes section of our annual report for 2019.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

General

1 Information on the Company and Group

Ströer SE & Co. KGaA is a listed corporation. The Company has its registered office at Ströer-Allee 1, 50999 Cologne. It is entered in the Cologne commercial register under HRB no. 86922.

The purpose of Ströer SE & Co. KGaA and the entities included in the condensed consolidated interim financial statements (the Ströer Group or the Group) 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 large formats and transport media through to digital media.

See the relevant explanations in the consolidated financial statements as of 31 December 2019 for a detailed description of the Group's structure and its operating segments.

2 Basis of preparation of the financial statements

The consolidated interim financial statements for the period from 1 January to 30 June 2020 were prepared in accordance with the requirements of IAS 34, "Interim Financial Reporting." The consolidated interim financial statements must be read in conjunction with the consolidated financial statements as of 31 December 2019.

The disclosures required by IAS 34 on changes to items in the consolidated statement of financial position, the consolidated income statement and the consolidated statement of cash flows are made in the interim group management report.

Due to rounding differences, figures in tables may differ slightly from the actual figures.

The consolidated interim financial statements and interim group management report were not the subject of a review.

3 Accounting policies

New accounting standards

The figures disclosed in these consolidated interim financial statements were determined in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. The accounting policies applied in the consolidated financial statements as of 31 December 2019 were also applied in these consolidated interim financial statements except for the following accounting changes.

Since 1 January 2020, the following standards adopted by the IASB or amended by the IFRIC and endorsed by the EU have been used for the first time to prepare the consolidated interim financial statements:

- Amendments to IFRS 3 - Definition of a Business
- Amendments to IAS 1 and IAS 8 - Definition of Material
- Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform

First-time application of these standards did not have any significant effects on the assets, liabilities, financial position and financial performance of the Group.

The amendment to IFRS 16 issued by the IASB in May 2020, Covid-19-Related Rent Concessions, had not been endorsed by the EU at the time this report was prepared and was therefore not applied.

Covid-19 pandemic

a) Impairment tests (IAS 36)

The Ströer Group tests intangible assets and property, plant and equipment for impairment if there is an indication (triggering event) that the asset may be impaired. Since the Covid-19 pandemic is a triggering event for the Ströer Group’s OOH business, we tested more closely in particular the adequate valuation of goodwill and right-of-use assets from leases (IFRS 16) as of 30 June 2020. Our analysis focused on the three cash-generating units (CGUs) in the OOH business, Ströer Germany, Ströer Poland and the blowUP group.

In terms of the adequate valuation of goodwill, our analyses did not reveal any impairment as the underlying fair values were already considerably higher than the carrying amounts in the past. In addition, the OOH business is expected to recover relatively quickly and, where goodwill impairment testing is concerned, the expected long-term cash flows (terminal value) contribute significantly to the value of goodwill.

By contrast, for the right-of-use assets from leases recognized in accordance with IFRS 16, only the expected cash flows for the remaining lease term are included in the valuation. While there were no impairments for the OOH business in Germany due to the mainly long-term leases, our analyses of the Polish OOH business and the giant poster business of the blowUP group resulted in impairment losses of EUR 2.3m owing to the shorter residual terms of the leases.

b) Adjustment of lease payments (IFRS 16)

Against the backdrop of the Covid-19 pandemic, Ströer agreed a reduction of minimum lease payments for existing advertising rights contracts with numerous partners in the OOH business. The reduction in lease liabilities therefrom totaled EUR 2.8m as of the reporting date and led to a reduction in the relevant right-of-use assets by the same amount.

c) Government grants (IAS 20)

Due to the Covid-19 pandemic and the related reduction in business, employees of the Ströer Group also received short-time pay from the government. From an accounting perspective, the short-time pay was recognized as a reduction of personnel expenses in the Group's income statement. Overall, short-time pay came to EUR 7.4m in the first half of 2020.

In view of the aid package set up by the German federal government to protect workers and businesses during the Covid-19 pandemic, the Ströer Group reduced its current tax prepayments for the first half of 2020 by EUR 10.3m year on year. This adjustment reflects the fact that the tax assessment base is expected to be considerably lower for fiscal year 2020 as a whole given the weaker operating business and thus the overall tax liability is expected to be lower for the current year.

Purchase price allocations

The comparative figures for the first half of 2019 had to be adjusted in the income statement to account for the final figures of the following purchase price allocations that were finalized after 30 June 2019: TESTROOM GmbH and Media-Direktservice GmbH.

The corresponding adjustments in the income statement are presented in the following reconciliation:

Income statement	**Adjusted**	**Purchase price allocation**	**Reclassification pursuant to IFRS 5**	**According to 6M/Q2 2019 report**
In EUR k	**6M 2019**			**6M 2019**
Revenue	743,545		-43,882	787,427
Cost of sales	-481,549	-271	37,459	-518,737
Gross profit	**261,996**	**-271**	**-6,423**	**268,690**
Selling expenses	-116,577		151	-116,728
Administrative expenses	-88,116		9,438	-97,554
Other operating income	20,607		380	20,227
Other operating expenses	-11,951		28	-11,979
Share in profit or loss of equity method investees	2,942			2,942
Finance income	1,214		187	1,027
Finance costs	-15,723		205	-15,927
Profit or loss before taxes	**54,394**	**-271**	**3,967**	**50,698**
Income taxes	-8,821	88	8	-8,917
Post-tax profit or loss from continuing operations	**45,573**	**-183**	**3,975**	**41,781**
Discontinued operations				
Post-tax profit or loss from discontinued operations	-3,975		-3,975	0
Consolidated profit or loss for the period	**41,598**	**-183**	**0**	**41,781**
Thereof attributable to:				
Owners of the parent	35,359	-169		35,528
Non-controlling interests	6,239	-14		6,253
	41,598	**-183**	**0**	**41,781**

The purchase price allocations did not give rise to any retrospective restatements in the balance sheet published as of 31 December 2019.

4 Accounting estimates

Preparation of the consolidated interim 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 consolidated interim financial statements. The estimates are based on historical data and other information on the transactions concerned. Actual results may differ from such estimates. The accounting estimates and assumptions applied in the consolidated financial statements as of 31 December 2019 were also used to determine the estimated values presented in these consolidated interim financial statements.

5 Related party disclosures

See the consolidated financial statements as of 31 December 2019 for information on related party disclosures. There were no significant changes as of 30 June 2020.

6 Segment information

The Ströer Group bundles its business into three segments which operate independently on the market in close cooperation with the group holding company Ströer SE & Co. KGaA. These are the segments Out-of-Home Media, Digital OOH & Content and Direct Media.

While the large formats, street furniture, transport and other OOH product groups are allocated to the Out-of-Home Media segment, the Digital OOH & Content segment houses display and video and digital marketing services. The dialog marketing and transactional product groups belong to the Direct Media segment.

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

In EUR k	Q2 2020	Q2 2019
EBITDA (adjusted) - total segment results	**65,606**	**143,797**
Reconciliation items	-3,772	-4,539
EBITDA (adjusted) – Group	**61,834**	**139,257**
Adjustment effects (exceptional items)	-10,565	-5,729
EBITDA	**51,269**	**133,528**
Depreciation (right-of-use assets under leases (IFRS 16))	-43,892	-44,338
Amortization and depreciation (other non-current assets)	-41,461	-42,553
Impairment (including goodwill impairment)	-8,383	-3,424
Financial result	-8,407	-7,010
Profit or loss before taxes	**-50,875**	**36,204**

In EUR k	6M 2020	6M 2019
EBITDA (adjusted) - total segment results	**195,976**	**264,224**
Reconciliation items	-10,504	-8,437
EBITDA (adjusted) – Group	**185,472**	**255,787**
Adjustment effects (exceptional items)	-12,242	-13,534
EBITDA	**173,230**	**242,253**
Depreciation (right-of-use assets under leases (IFRS 16))	-88,356	-85,559
Amortization and depreciation (other non-current assets)	-81,827	-83,803
Impairment (including goodwill impairment)	-8,975	-3,988
Financial result	-14,830	-14,509
Profit or loss before taxes	**-20,757**	**54,394**

REPORTING BY OPERATING SEGMENT

In EUR k	OOH Media	Digital OOH & Content	Direct Media	Reconciliation	Group value
Q2 2020					
External revenue	86,145	106,856	71,140	0	264,142
Internal revenue	2,473	1,173	0	-3,646	0
Segment revenue	88,619	108,029	71,140	-3,646	264,142
EBITDA (adjusted)	25,178	32,964	7,464	-3,772	61,834
Q2 2019					
External revenue	173,761	137,778	81,178	0	392,716
Internal revenue	7,028	3,156	65	-10,249	0
Segment revenue	180,789	140,934	81,243	-10,249	392,716
EBITDA (adjusted)	83,921	48,379	11,497	-4,539	139,257

In EUR k	OOH Media	Digital OOH & Content	Direct Media	Reconciliation	Group value
6M 2020					
External revenue	232,463	241,376	158,538	0	632,377
Internal revenue	7,743	3,689	7	-11,439	0
Segment revenue	240,206	245,065	158,544	-11,439	632,377
EBITDA (adjusted)	91,338	82,363	22,275	-10,504	185,472
6M 2019					
External revenue	313,803	259,271	170,471	0	743,545
Internal revenue	9,991	6,682	128	-16,800	0
Segment revenue	323,794	265,953	170,599	-16,800	743,545
EBITDA (adjusted)	146,612	92,354	25,258	-8,437	255,787

REPORTING BY PRODUCT GROUP

In EUR k	Large formats	Street furniture	Transport	Display	Video	Digital marketing services	Dialog marketing	Trans-actional	Other	Recon-ciliation	Group value
Q2 2020											
Segment revenue	44,644	14,446	12,266	55,917	17,398	34,714	41,481	29,659	17,263	-3,646	264,142
Q2 2019											
Segment revenue	95,167	37,922	15,835	66,318	37,898	36,718	55,947	25,296	31,864	-10,249	392,716

In EUR k	Large formats	Street furniture	Transport	Display	Video	Digital marketing services	Dialog marketing	Trans-actional	Other	Recon-ciliation	Group value
6M 2020											
Segment revenue	112,212	48,461	24,956	120,681	51,841	72,542	100,931	57,613	54,578	-11,439	632,377
6M 2019											
Segment revenue	159,289	71,444	30,892	132,331	63,874	69,748	114,053	56,546	62,169	-16,800	743,545

7 Reconciliation: Organic growth

The following tables present the reconciliation to organic revenue growth. For the first half of 2020, the decrease in revenue (without foreign exchange effects) amounts to EUR 105.5m. In relation to adjusted revenue of EUR 738.6m for the prior year, this results in an organic revenue growth rate of -14.3%.

In EUR k	Q2 2020	Q2 2019
Revenue Q2 prior year (reported)	**392,716**	**373,890**
Disposals	-3,666	-16,827
Acquisitions	1,831	8,228
Revenue Q2 prior year (adjusted)	**390,882**	**365,291**
Foreign exchange rate effects	-595	-464
Organic revenue growth	-126,145	27,889
Revenue Q2 current year (reported)	**264,142**	**392,716**

In EUR k	6M 2020	6M 2019
Revenue 6M prior year (reported)	**743,545**	**695,226**
Disposals	-7,526	-24,819
Acquisitions	2,571	21,414
Revenue 6M prior year (adjusted)	**738,590**	**691,822**
Foreign exchange rate effects	-752	-858
Organic revenue growth	-105,461	52,582
Revenue 6M current year (reported)	**632,377**	**743,545**

8 Reconciliation of the consolidated income statement to the management figures

Q2 2020 In EUR m	Income statement in accordance with IFRSs	Reclassification of amortization, depreciation and impairment losses	Reclassification of exceptional items	Income statement for management accounting purposes	Amortization, depreciation and impairment arising from purchase price allocations	Exchange rate effects from intragroup loans	Tax normalization	Adjustment of exceptional items and impairment losses	Adjusted income statement for Q2 2020	Adjusted income statement for Q2 2019
Revenue	**264.1**			**264.1**					**264.1**	**392.7**
Cost of sales	-211.5	81.6	0.4	-129.5					-129.5	-172.2
Selling expenses	-51.0									
Administrative expenses	-40.4									
Total selling and administrative expenses	-91.4	11.0	6.4	-73.9					-73.9	-84.4
Other operating income	4.6									
Other operating expenses	-8.6									
Total other operating income and other operating expenses	-3.9	1.1	3.8	1.0					1.0	1.0
Share in profit or loss of equity method investees	0.2			0.2					0.2	2.1
EBITDA (adjusted)				**61.8**					**61.8**	**139.3**
Amortization, depreciation and impairment losses		-93.7		-93.7	12.0			8.4	-73.3	-70.8
EBIT (adjusted)				**-31.9**	**12.0**			**8.4**	**-11.5**	**68.4**
Exceptional items			-10.6	-10.6				10.6	0.0	0.0
Financial result	-8.4			-8.4		-0.5		2.0	-7.0	-7.3
Income taxes	7.6			7.6			-4.6		2.9	-9.7
Consolidated profit or loss from continuing operations	**-43.3**	**0.0**	**0.0**	**-43.3**	**12.0**	**-0.5**	**-4.6**	**20.9**	**-15.5**	**51.4**

6M 2020 In EUR m	Income statement in accordance with IFRSs	Reclassification of amortization, depreciation and impairment losses	Reclassification of exceptional items	Income statement for management accounting purposes	Amortization, depreciation and impairment arising from purchase price allocations	Exchange rate effects from intragroup loans	Tax normalization	Adjustment of exceptional items and impairment losses	Adjusted income statement for 6M 2020	Adjusted income statement for 6M 2019
Revenue	**632.4**			**632.4**					**632.4**	**743.5**
Cost of sales	-438.2	155.4	0.8	-282.0					-282.0	-330.6
Selling expenses	-115.9									
Administrative expenses	-87.2									
Total selling and administrative expenses	-203.1	22.6	10.5	-170.0					-170.0	-169.6
Other operating income	14.2									
Other operating expenses	-12.5									
Total other operating income and other operating expenses	1.7	1.1	0.9	3.7					3.7	9.5
Share in profit or loss of equity method investees	1.3			1.3					1.3	2.9
EBITDA (adjusted)				**185.5**					**185.5**	**255.8**
Amortization, depreciation and impairment losses		-179.2		-179.2	24.1			9.0	-146.1	-139.0
EBIT (adjusted)				**6.3**	**24.1**			**9.0**	**39.4**	**116.8**
Exceptional items			-12.2	-12.2				12.2	0.0	0.0
Financial result	-14.8			-14.8		-0.3		2.0	-13.2	-14.6
Income taxes	2.6			2.6			-6.7		-4.1	-16.2
Consolidated profit or loss from continuing operations	**-18.2**	**0.0**	**0.0**	**-18.2**	**24.1**	**-0.3**	**-6.7**	**23.2**	**22.1**	**86.0**

Selected notes to the consolidated income statement, the consolidated statement of financial position, the consolidated statement of cash flows and other notes

9 Seasonality

The Group's revenue and earnings are seasonal in nature. While the fourth quarter is generally marked by significantly higher revenue and earnings, the first quarter in particular is usually somewhat weaker.

10 Disclosures on business combinations

Transactions not involving a change in control

In the first six months of fiscal year 2020, the Ströer Group acquired the remaining shares in PosterSelect Media-Agentur für Aussenwerbung GmbH (+24.9%), MediaSelect Media-Agentur GmbH (+24.9%) and Omnea GmbH (+10.6%).

These acquisitions were presented as transactions between shareholders in accordance with IFRS 10. The transactions mainly affected the consolidated retained earnings of the owners of Ströer SE & Co. KGaA.

11 Financial instruments

The table below presents the recurring financial assets and liabilities measured and reported at fair value as of 30 June 2020 and 31 December 2019:

			Carrying amount pursuant to IFRS 9			
In EUR k	Measurement category pursuant to IFRS 9	**Carrying amount as of 30 Jun 2020**	Amortized cost	Fair value recognized directly in equity	Fair value through profit or loss	**Fair value as of 30 Jun 2020**
Assets						
Cash	AC	325,703	325,703			325,703
Trade receivables	AC	130,989	130,989			130,989
Other non-current financial assets	AC	7,612	7,612			7,612
Other current financial assets	AC	17,928	17,928			17,928
Assets recognized at fair value through other comprehensive income	FVTOCI	3,162		3,162 [1]		n.a.
Equity and liabilities						
Trade payables	AC	260,576	260,576			260,576
Non-current financial liabilities [3]	AC	1,656,625	1,653,125		3,500 [2]	1,656,625
Current financial liabilities [3]	AC	157,045	152,393		4,653 [2]	157,045
Obligation to purchase own equity instruments	AC	16,637		16,637		16,637
Thereof aggregated by measurement category pursuant to IFRS 9:						
Assets at amortized cost	AC	482,233	482,233			482,233
Assets recognized at fair value through other comprehensive income	FVTOCI	3,162		3,162 [1]		n.a.
Financial liabilities measured at amortized cost	AC	2,090,883	2,066,094	16,637	8,153 [2]	2,090,883

In EUR k	Measurement category pursuant to IFRS 9	**Carrying amount as of 31 Dec 2019**	Amortized cost	Fair value recognized directly in equity	Fair value through profit or loss	**Fair value as of 31 Dec 2019**
Assets						
Cash	AC	103,603	103,603			103,603
Trade receivables	AC	183,188	183,188			183,188
Other non-current financial assets	AC	8,534	8,534			8,534
Other current financial assets	AC	8,806	8,806			8,806
Assets recognized at fair value through other comprehensive income	FVTOCI	2,971		2,971 [1]		n.a.
Equity and liabilities						
Trade payables	AC	298,514	298,514			298,514
Non-current financial liabilities [3]	AC	1,430,302	1,424,984		5,318 [2]	1,430,302
Current financial liabilities [3]	AC	215,159	210,663		4,496 [2]	215,159
Obligation to purchase own equity instruments	AC	20,365		20,365		20,365
Thereof aggregated by measurement category pursuant to IFRS 9:						
Assets at amortized cost	AC	304,130	304,130			304,130
Assets recognized at fair value through other comprehensive income	FVTOCI	2,971		2,971 [1]		n.a.
Financial liabilities measured at amortized cost	AC	1,964,340	1,934,161	20,365	9,814 [2]	1,964,340

[1] Other equity investments (Level 3)
[2] Earn-out liabilities (Level 3)
[3] Excluding the obligation to purchase own equity instruments

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 credit risk (Level 2 fair values). Market interest rates for the relevant maturity date are used for discounting. 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. The listed market price for the financial assets held by the Group is equivalent to the current bid price. These instruments are assigned to Level 1.

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. The instrument is assigned to Level 2 if all significant inputs required to determine the fair value of an instrument are observable in the market.

Level 3: Valuation techniques that use inputs which are not based on observable market data. Instruments assigned to Level 3 include in particular unquoted equity instruments.

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. There were no significant changes compared with the valuation techniques applied as of 31 December 2019.

12 Subsequent events

There were no significant events after the reporting date.

Cologne, 13 August 2020

Udo Müller	Christian Schmalzl	Dr. Christian Baier
Co-CEO	Co-CEO	CFO

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the condensed consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a true and fair view 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 development of the Group for the remaining months of the financial year.

Cologne, 13 August 2020

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

Udo Müller Co-CEO	Christian Schmalzl Co-CEO	Dr. Christian Baier CFO

FINANCIAL CALENDAR

4 November 2020	Annual shareholder meeting (virtual meeting)
12 November 2020	Quarterly statement 9M/Q3 2020

IMPRINT

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