STRÖER

QUARTERLY STATEMENT Q1 / 2018

STRÖER SE & Co. KGaA

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On 26 November 2015, the Transparency Directive Implementation Act ["Umsetzungsgesetz zur Transparenzrichtlinie-Änderungsrichtlinie": TUG] and the amendments to the Exchange Rules for the Frankfurt Stock Exchange came into effect. Against this background, Ströer publishes a quarterly statement for the first and third quarter of every fiscal year instead of quarterly financial reports.

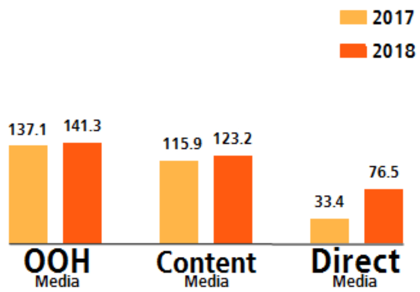
THE GROUP'S FINANCIAL FIGURES AT A GLANCE

Revenue

EUR 336.6m

(prior year: EUR 281.2m)

SEGMENT REVENUE
In EUR m



OPERATIONAL EBITDA

EUR 109.8m

(prior year: EUR 94.7m)

OPERATIONAL EBITDA-MARGIN

32.6%

(prior year: 33.7%)

ORGANIC REVENUE GROWTH

6.8%

(prior year: 8.8%)

ADJUSTED CONSOLIDATED PROFIT

EUR 29.2m

(prior year: EUR 20.5m)

FREE CASH FLOW BEFORE M&A TRANSACTIONS

EUR 43.5m

(prior year: EUR 28.0m)

ROCE

17.2%

(prior year: 16.2%)

In EUR m	After adjustment for IFRS 11 and IFRS 16 Q1 2018[1]	After adjustment for IFRS 11 and IFRS 16 Q1 2017[1]	Before adjustment for IFRS 11 and IFRS 16 Q1 2018	Before adjustment for IFRS 11 and IFRS 16 Q1 2017
Revenue (reported)	**336.6**	**281.2**	**336.6**	**281.2**
IFRS 11 adjustment	-	-	2.6	3.3
Revenue (Management View)	**336.6**	**281.2**	**339.2**	**284.5**
Operational EBITDA	**109.8**	**94.7**	**64.9**	**55.6**
Adjustment effects	7.7	4.4	7.7	4.8
IFRS 11 adjustment	-	-	0.9	1.2
EBITDA	**102.1**	**90.2**	**56.4**	**49.5**
Amortization, depreciation and impairment losses	81.3	77.7	38.9	40.2
thereof attributable to purchase price allocations and impairment	15.2	16.2	15.5	16.5
EBIT	**20.8**	**12.5**	**17.5**	**9.3**
Financial result	9.1	8.2	2.5	1.5
EBT	**11.7**	**4.3**	**15.0**	**7.8**
Taxes	1.9	0.8	2.5	0.8
Consolidated profit for the period	**9.7**	**3.5**	**12.5**	**7.0**
Adjusted consolidated profit for the period	**29.2**	**20.5**	**32.6**	**24.7**
Free cash flow (before M&A transactions)	**43.5**	**28.0**	**-15.8**	**-23.4**
Net debt	**533.6**	**376.9**	**527.4**	**368.4**

[1] The "IFRS 11 adjustment" relates to the alignment of the internal reporting to the external reporting. This alignment had an effect on several non-GAAP KPIs. The „IFRS 16 adjustment" results from the first-time application of this new standard.

CHANGES IN ACCOUNTING

As of **1 January 2018**, the Ströer Group adopted, among others, the new standard **IFRS 16, Leases**. The new standard contains substantially revised guidance on the definition and recognition of leases. It replaces the former standard IAS 17, which was previously applied for leases. The new standard was adopted for the first time applying the modified retrospective approach, i.e., the comparative period was not restated to reflect IFRS 16.

First-time application of this standard led in particular to a number of advertising concession contracts in the Ströer Group's OOH business being reclassified as a lease within the meaning of IFRS 16. These advertising concession contracts include contracts with cities and municipalities as well as with private property owners. In all of these contracts, Ströer has the right to install its advertising media on public and private land.

The reclassification of these contracts as leases within the meaning of IFRS 16 means that the Ströer Group now has to recognize the respective minimum lease payments agreed under these contracts as discounted financial liabilities in the statement of financial position. Effective 1 January 2018, the rights of use attributable to the respective land were recognized in the same amount as assets in the statement of financial position. Overall, this effect increased total assets of the Ströer Group by around EUR 1.1b at the beginning of 2018.

In the income statement, the minimum lease payments are no longer recognized in full as an expense but broken down into interest expenses and a principal portion. While the interest expenses which decrease over the term of the lease are presented as part of the financial result, the principal portion, which increases continually over the term, is no longer reflected in the income statement. Consolidated profit or loss is thus no longer directly impacted by the amount of the principal portion of the lease payment. Instead consolidated profit or loss is reduced by (straight-line) depreciation of the right-of-use asset over the term of the respective lease. Although the sum of the continually increasing principal portions is identical to the sum of the straight-line depreciation over the full term of the individual lease, the excess of the straight-line depreciation over the initially lower principal portions has a negative effect on consolidated profit or loss in the first periods. For this reason, consolidated profit declines accordingly with the adoption of IFRS 16 in 2018. The negative effect on consolidated profit for the first quarter of 2018 totaled EUR 2.8m (upfront effect).

Lease payments in the statement of cash flows are also no longer recognized in full in cash flows from operating activities. The principal portions of the individual leases are now recognized in cash flows from financing activities. The reclassification of a portion of the lease payments thus gives rise to an improvement in cash flows from operating activities and to significantly higher outflows in cash flows from financing activities. By contrast, cash flows from investing activities are not affected by IFRS 16.

For more details also see our explanations in section 4 "Changes in accounting policies" in the notes section of our 2017 annual report.

In addition, the Ströer Group's internal reporting structure was adjusted to reflect the provisions of **IFRS 11** for the accounting of joint ventures as of **1 January 2018**. Ströer has already applied these provisions to its external reporting since 1 January 2014. By aligning the internal and external reporting, the four joint ventures in the Ströer Group are now also consolidated using the equity method in the internal reporting and no longer at 50% applying the proportionate method. Hence, Ströer has not disclosed the previously recognized reconciling item "IFRS 11 adjustment" in the calculation of operational EBITDA since the beginning of the year, which led to a corresponding decrease in operational EBITDA for the Group in the first quarter of 2018. For 2017 as a whole, this results in a EUR 5.1m reduction in operational EBITDA.

As a result of this internal change, the previously recognized reconciling item "IFRS 11 adjustment" was also omitted from the calculation of net debt of the Ströer Group which also had a negative effect on this KPI since 1 January 2018. Net debt as of 31 December 2017 thus increased by the adjustment amount of EUR 6.2m.

Furthermore, the Ströer Group aligned its internal controlling and thus also its external **segmentation** as of **1 January 2018** to reflect the current developments in the Group. In this connection, the segments OOH Germany and OOH International were consolidated in a new segment OOH Media. At the same time, the previous segment Ströer Digital was split into two new segments, namely Content Media and Direct Media. This new segmentation reflects the further expansion in the digital business. The prior-year figures were restated accordingly.

FINANCIAL PERFORMANCE OF THE GROUP[1,2]

The Ströer Group got off to a good start to the new year 2018, steadily continuing on its growth course of the last quarters. Owing to this ongoing positive development, the Group also reported a further increase in **revenue** from EUR 281.2m to EUR 336.6m. In addition to robust organic revenue growth in all three segments, the acquisition-related growth also had a very positive effect. This strong growth was only slightly dampened by the sale of the Vitalsana business, the discontinuation of smaller operations in e-commerce business (t-online shop, stylefruits) and the termination of the unprofitable Istanbul city contract in the Turkish OOH business. Overall, however, these effects were more than offset through the substantial rises in revenue in content and direct media business.

The sustainable increase in operating activities was also accompanied by a noticeable surge in **cost of sales**. The EUR 25.9m increase in costs to EUR 225.2m is partly attributable to the additional business from the newly acquired operations as well as to higher publisher fees in digital marketing. By contrast, the transition to IFRS 16 had a slightly dampening effect on cost of sales in the amount of EUR 3.1m as the prior-year figures – as described above – were not restated to reflect IFRS 16. Overall, the Group generated **gross profit** of EUR 111.4m (prior year: EUR 81.8m). The gross profit margin stood at 33.1% (prior year: 29.1%).

In view of the unwavering expansion of the Group as a whole, **selling and administrative expenses** also rose once again. While EUR 75.9m was recorded in the prior year, an increase to EUR 97.8m was reported for the first quarter of the current fiscal year. Besides the additional material costs from the entities included in the consolidated financial statements for the first time, this increase was also due to the expansion of the local sales organization, particularly in German OOH business, as well as to targeted investments in specific areas of the Content Media segment. By contrast, the initial application of IFRS 16 only gave rise to a marginal ease of EUR 0.1m in selling and administrative expenses. Overall, selling and administrative expenses as a percentage of revenue came to 29.1% (prior year: 27.1%). An increase was also reported for **other operating income**, which was EUR 4.9m up on the prior-year level to EUR 9.7m due to a number of smaller effects, while **other operating expenses** remained virtually unchanged at EUR 3.3m (prior year: EUR 3.0m). At EUR 0.8m, the **share in profit or loss of equity method investees** was down on the very good result for the first quarter of the prior year (prior year: EUR 1.5m).

Operational EBITDA was bolstered in particular by the positive business performance and climbed again by a considerable EUR 9.4m. Together with the effects from IFRS 16 (up EUR 45.8m) and IFRS 11 (down EUR 0.9m), the Group achieved operational EBITDA of EUR 109.8m (prior year: EUR 55.6m). The Group also reported further increases in **EBIT**,[2] climbing EUR 11.5m up to EUR 20.8m, of which EUR 8.2m is attributable to an uptake in operating activities and EUR 3.3m to the adoption of IFRS 16. At 17.2%, the return on capital employed (**ROCE**) was up on the prior-year level.

The adjustments from IFRS 16 had a noticeable negative effect on the **financial result** which was impacted in the first quarter of 2018 by an additional EUR 6.7m from interest expenses[3] relating to

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[1] Within the scope of the modified retrospective method, the comparative figures (Q1 2017) presented in the financial performance (previously results of operations) were not restated retrospectively to account for IFRS 16.

[2] In relation to IFRS 11, the adjustment of the internal reporting to the external reporting mainly affected several non-GAAP KPIs (operational EBITDA, operational EBITDA margin, adjusted EBIT, net income (adjusted), net debt, leverage ratio, ROCE) and the segment revenue for the OOH Media segment. The other KPIs are not affected by the transition as of 1 January 2018 as they had already been adjusted to the requirements of IFRS 11 effective 1 January 2014. As a result, the KPIs EBITDA and EBIT are not affected by the transition.

the application of the new standard. The result from exchange gains/losses also deteriorated by EUR 0.6m, with the Group reporting a financial result of EUR -9.1m (prior year: EUR -1.5m).

Given the further improvement in operating activities, the Group's tax base also increased such that at EUR 1.9m, its **tax expense** was EUR 1.1m higher than in the prior year.

In the first quarter of 2018, **consolidated profit** only grew by a moderate EUR 2.7m to EUR 9.7m year on year despite the continued profitable growth course (prior year: EUR 7.0m). In this connection, the above upfront effect of EUR 2.8m from the adoption of IFRS 16 had a negative impact in particular.[3] By contrast, the Group reported an increase from EUR 24.7m to EUR 29.2m in **adjusted consolidated profit**, which included growth of EUR 8.0m from operations as well as a negative effect of EUR 3.4m from IFRS 11 and 16.

[3] We refer to our explanations on the effects of IFRS 16 on our income statement in the section "Changes in accounting."

FINANCIAL POSITION

Liquidity and investment analysis

In connection with the adoption of IFRS 16 and as described above, a number of advertising concession contracts in the Ströer Group's OOH business had to be reclassified as leases within the meaning of the new standard. In this context, a significant portion of lease payments have been classified as payment of the principal portion of a lease liability since 1 January 2018 and no longer treated as an operating lease payment. Against this backdrop, the Ströer Group's statement of cash flows has seen a corresponding shift between cash flows from operating activities and cash flows from financing activities. For more details, see our explanations in the "Changes in accounting" section.

In EUR m		Q1 2018	Q1 2017
(1)	Cash flows from operating activities (before IFRS 16)	18.4	7.6
(2)	Reclassification of cash payments for the principal portion of lease liabilities (IFRS 16 effect)	59.2	51.4
(3)	**Cash flows from operating activities**	**77.7**	**59.0**
(4)	Cash received from the disposal of intangible assets and property, plant and equipment	0.6	0.2
(5)	Cash paid for investments in intangible assets and property, plant and equipment	-34.8	-31.2
(6)	Cash received from and cash paid for the acquisition of consolidated entities	-45.6	-2.6
(7)	**Cash flows from investing activities**	**-79.8**	**-33.6**
(8)	Cash flows from financing activities (before IFRS 16)	72.8	22.1
(9)	Reclassification of cash payments for the principal portion of lease liabilities (IFRS 16 effect)	-59.2	-51.4
(10)	**Cash flows from financing activities**	**13.6**	**-29.3**
(11)	Change in cash	11.5	-3.9
(12)	**Cash at the end of the period**	**96.4**	**60.3**
(1)+(4)+(5)	Free cash flow before M&A transactions (before IFRS 16)	-15.8	-23.4
(3)+(4)+(5)	**Free cash flow before M&A transactions**	**43.5**	**28.0**

In the first quarter of 2018, the Ströer Group generated **cash flows from operating activities** of EUR 77.7m (prior year: EUR 7.6m). This represents an increase of EUR 70.1m on the same prior-year quarter, however, EUR 59.2m thereof is attributable to the adoption of IFRS 16 and the required separate disclose of cash payments for the principal portion of lease liabilities. On a comparable like-for-like basis, by contrast, the increase is EUR 10.8m. Besides a further improvement in operating business, reflected in particular in the EUR 6.8m increase in EBITDA (adjusted for IFRS 16), lower outflows in connection with the utilization of provisions also had a positive impact. However, all other changes – adjusted for IFRS 16 – were of marginal importance.

By contrast, **cash flows from investing activities**, which were not impacted by the adoption of IFRS 16, were shaped by the acquisition of shares in the DV-COM group and the D+S 360 group. For both combinations together, the paid purchase prices including assumed loan liabilities totaled EUR 45.6m, whereas in the prior year M&A transactions only came to EUR 2.6m. By comparison, cash paid for intangible assets and property, plant and equipment was only slightly higher than in the prior year at EUR 34.8m (prior year: EUR 31.2m) such that investments in the first quarter of 2018 amounted to a good EUR 79.8m (prior year: EUR 33.6m). Overall, the Ströer Group generated a **free cash flow before M&A transactions** of EUR 43.5m. Adjusted for IFRS 16 it came to EUR -15.8m.

In light of the noticeable increase in M&A outflows, the net cash received from raising loans was considerably higher than in the prior year at EUR 75.4m (prior year: EUR 22.8m). These higher inflows were contrasted however by the first-time recognition of cash payments for the principal portion of lease liabilities (IFRS 16) of EUR 59.2m, such that **cash flows from financing activities** came to EUR 13.6m and were thus down on the prior year (prior year: EUR 22.1m).

As of the end of the first quarter, **cash** totaled EUR 96.4m.

Financial structure analysis

First-time application of IFRS 16 had a considerable impact on the structure of the Ströer Group's debt, with **non-current liabilities** increasing by EUR 1,028.5m as of year-end 2017 from EUR 744.4m to EUR 1,772.9m. EUR 984.7m of this increase was attributable to the first-time recognition of non-current lease liabilities. Furthermore, liabilities to banks also rose by EUR 70.1m. By contrast, there was a noticeable decline in liabilities from put options in particular, mainly stemming from a shift to current liabilities.

Current liabilities also grew significantly in the reporting period, increasing by EUR 134.3m to EUR 596.3m. Of this increase, the largest share with an additional EUR 108.5m related to the first-time recognition of current lease liabilities. In addition, there were other changes due to additions to liabilities from put options, which had previously been recognized under non-current liabilities.

Equity stood at EUR 676.8m as of the reporting date, up EUR 8.6m on the year-end figure. Besides the consolidated profit generated of EUR 9.7m for the first quarter of 2018, there were no notable changes within equity to be reported. Due to the adoption of IFRS 16 and the substantial increase in total equity and liabilities as a result, the equity ratio fell from 35.6% to 22.2%. If lease liabilities were excluded the ratio would be 34.7%.

Net debt

Net debt, operational EBITDA and the leverage ratio continue to be calculated in accordance with the Ströer Group's internal reporting structure. Against this background, the four entities externally accounted for using the equity method in which Ströer holds 50.0% of shares have been included in these figures on a pro rata basis until 31 December 2017 in line with the internal reporting structure.

As of 1 January 2018, Ströer adjusted its internal reporting structure such that, in line with **IFRS 11**, these four entities are now only included with their pro rata "equity-method value" in these non-GAAP figures. Due to this change, the internal reporting structure now reflects the Ströer Group's external reporting structure such that the previous reconciling item "IFRS 11 adjustment" is not applicable any longer and net debt has increased by this adjustment amount (up EUR 6.2m as of year-end).

In connection with the change in the internal reporting structure, the previous reconciling item "IFRS 11 adjustment," which was used in the past to derive operational EBITDA, has also been omitted. In this respect too, Ströer now forgoes a share of the positive contribution of these four joint ventures, which reduced the Group's operational EBITDA by an adjustment amount of EUR 5.1m per year as of year-end.[4]

With a view to the adoption of **IFRS 16** and the related recognition of additional lease liabilities, the Ströer Group bases the calculation of its net debt on its existing loan agreements with lending banks. The lease liabilities under IFRS 16 were excluded specifically from the calculation of net debt in both the facility agreement and the contractual documentation on the note loans as in the opinion of the contracting parties the economic situation of the Ströer Group does not change as a result of the adoption of IFRS 16. Against this background and for the sake of consistency, the effects of IFRS 16 on operational EBITDA are also not reflected in the calculation of the leverage ratio.

In EUR m		**31 Mar 2018**	**31 Dec 2017**
(1)	Lease liabilities (IFRS 16)	1,093.2	0.0
(2)	Liabilities from the facility agreement	72.9	0.0
(3)	Liabilities from note loans	493.9	493.9
(4)	Liabilities from the obligation to purchase own own equity instruments	91.8	96.5
(5)	Liabilities from dividends to non-controlling interests	0.0	5.3
(6)	Other financial liabilities	63.3	49.1
(1)+(2)+(3)+(4)+(5)+(6)	Total financial liabilities	1,815.1	644.8
(2)+(3)+(5)+(6)	Total financial liabilities excluding lease liabilities (IFRS 16) and liabilities from the obligation to purchase own equity instruments	630.0	548.3
(7)	Cash	96.4	85.0
(8)	IFRS 11 adjustment	-	6.2
(2)+(3)+(5)+(6)-(7)-(8)	**Net debt**	**533.6**	**457.1**

[4] For more information on the reconciliation of operational EBITDA, see page 118 of the 2017 annual report.

Net debt increased by EUR 76.5m from EUR 457.1m to EUR 533.6m in the first three months of 2018. EUR 6.2m of this increase to – in a first step – EUR 463.3m is attributable the adjustments under IFRS 11, while the remaining portion of EUR 70.3m is mainly due to the acquisition of the DV-COM group and the D+S 360 group. Overall, this gives rise to a leverage ratio, defined as the ratio of net debt to operational EBITDA, of 1.59 at the end of the first three months. Compared to the value at the end of fiscal year 2017 of 1.38 (after IFRS 11 adjustment: 1.42), the leverage ratio was up slightly due to seasonal effects.

ASSETS

Analysis of the asset structure

The development of **non-current assets** in the first quarter of 2018 was substantially shaped by the adoption of IFRS 16. While non-current assets at year-end came to EUR 1,543.8m, the Group recorded assets of EUR 2,699.1m as of 31 March 2018, corresponding to growth of EUR 1,155.3m. Of this increase, the largest share by far of EUR 1,094.3m related to the first-time recognition of right-of-use assets from leases under IFRS 16. Furthermore, another EUR 54.8m is attributable to an increase in intangible assets, which chiefly stems from acquisitions in the dialog marketing business.

Current assets, by contrast, were largely shaped by cash and cash equivalents, which rose by EUR 11.5m. Overall the Group reported a rise in current assets of EUR 16.0m to EUR 346.8m in the first quarter of 2018.

FINANCIAL PERFORMANCE OF THE SEGMENTS

As of 1 January 2018, the Ströer Group consolidated its OOH Germany and OOH International segments in a new segment, OOH Media. At the same time, the previous segment Ströer Digital was split into two new segments, namely Content Media and Direct Media. The new segmentation reflects the diminished significance of the international OOH business as well as the ongoing expansion of digital business, particularly in the area of dialog marketing. The prior-year figures were restated accordingly.

In addition, as of 1 January 2018, Ströer no longer includes its four joint ventures on a proportionate basis in its segment reporting, such that the previous reconciling item "IFRS 11 adjustment" is no longer applicable. The prior-year figures were adjusted retrospectively, reducing revenue from the OOH Media segment in the first quarter of 2017 by EUR 3.3m and operational EBITDA by EUR 1.2m.

Content Media

In EUR m	Q1 2018	Q1 2017	Change	
Segment revenue, thereof	**123.2**	**115.9**	**7.3**	**6.3%**
Display	64.4	63.1	1.3	2.1%
Video	25.2	22.0	3.2	14.9%
Digital Marketing Services	33.6	30.9	2.7	8.9%
Operational EBITDA (before IFRS 16)	31.5	32.2	-0.7	-2.2%
IFRS 16 effect	2.7	2.9	-0.2	
Operational EBITDA	**34.2**	**35.1**	**-0.8**	**-2.3%**
Operational EBITDA margin	**27.8%**	**30.3%**	**-2.5 percentage points**	

In the first quarter of 2018, the Content Media segment grew its revenue from EUR 115.9m to EUR 123.2m. With respect to the individual product groups the development was positive across the board, however not all areas benefited to the same extent from the upward trend. While the product group **Video** was buoyed by both robust demand for moving-picture formats in the public domain (public video) as well as online and reported growth of EUR 3.2m, growth in **Display** business came to a moderate EUR 1.3m in the first three months. The general market pressure on desktop display marketing was more than offset through the marketing of advertising formats on mobile devices. In the product group **Digital Marketing Services**, business with subscription models (Statista) as well as local digital product marketing business with small and medium-sized customers (RegioHelden) was particularly positive.

Overall, despite the rise in revenue, the segment did not quite manage to match the excellent prior-year results in the first quarter of 2018 reporting slightly lower **operational EBITDA** of EUR 34.2m (prior year: EUR 35.1m (adjusted for IFRS 16)) due to unfavorable shifts in the product mix and special effects from publishing fees. The **operational EBITDA margin** thus came to 27.8% (prior year: 30.3% (adjusted for IFRS 16)).

Direct Media

In EUR m	Q1 2018	Q1 2017	Change	
Segment revenue, thereof	**76.5**	**33.4**	**43.1**	**>100%**
Dialog marketing	49.0	0.0	49.0	>100%
Transactional	27.5	33.4	-5.9	-17.7%
Operational EBITDA (before IFRS 16)	13.3	3.0	10.3	>100%
IFRS 16 effect	1.1	0.2	0.9	
Operational EBITDA	**14.4**	**3.2**	**11.1**	**>100%**
Operational EBITDA margin	**18.8%**	**9.6%**	**9.1 percentage points**	

The new segment Direct Media comprises the transactional and dialog marketing product groups. Given the fact that the dialog marketing operations were newly acquired, there are no comparative figures for the first quarter of the prior year for this product group. The integration and restructuring of the newly acquired operations is being driven forward in this segment in the meantime. By contrast, the transactional product group recorded a decline in revenue of EUR 5.9m to EUR 27.5m compared with the first quarter of the prior year. Adjusted for the sale of the Vitalsana business and the discontinuation of e-commerce business (t-online shop, stylefruits) in December 2017, the product group would have generated strong revenue growth of EUR 5.6m, with own-product business in particular posting substantial e-commerce growth (AsamBeauty and Ströer Products).

Overall, the segment generated **operational EBITDA** of EUR 14.4m (prior year: EUR 3.2m (adjusted for IFRS 16)) and an **operational EBITDA margin** of 18.8% in the reporting period (prior year: 9.6% (adjusted for IFRS 16)).

Out-of-Home Media

In EUR m	Q1 2018	Q1 2017	Change	
Segment revenue, thereof	**141.3**	**137.1**	**4.2**	**3.1%**
Large formats	66.3	67.4	-1.2	-1.8%
Street furniture	33.7	35.4	-1.6	-4.6%
Transport	14.0	13.8	0.2	1.3%
Other	27.3	20.5	6.9	33.7%
Operational EBITDA (before IFRS 16 and IFRS 11)	26.6	26.0	0.6	2.3%
IFRS 11 effect	-0.9	-1.2	0.3	
IFRS 16 effect	39.4	36.3	3.1	
Operational EBITDA	**65.1**	**61.1**	**4.0**	**6.5%**
Operational EBITDA margin	**46.1%**	**44.6%**	**1.5 percentage points**	

The previous segments OOH Germany and OOH International were combined into the new OOH Media segment as of 1 January 2018. This new segment saw its revenue grow by EUR 4.2m to EUR 141.3m in the first quarter of 2018.

In terms of the individual product groups, however, performance varied. The **large formats** product group suffered significant losses following the termination of the advertising concession contract in Istanbul and the tumble in the value of the Turkish lira such that revenue in this product group was down EUR 1.2m quarter on quarter at EUR 66.3m in the first three months. The **street furniture** product group, which mainly serves national and international customer groups, also reported declining revenue compared with the prior year (EUR 33.7m; prior year: EUR 35.4m). This was due in particular to the seasonality of the quarter. By contrast, the **transport** product group, which operates almost exclusively in the German OOH market, was up slightly year on year at EUR 14.0m (prior year: EUR 13.8m). The **other** product group gained even more ground, with a considerable rise of EUR 6.9m to EUR 27.3m.

Against the backdrop of higher revenue, **operational EBITDA** also rose from EUR 61.1m (adjusted for IFRS 11 and IFRS 16) to EUR 65.1m. The **operational EBITDA margin** picked up from 44.6% (adjusted for IFRS 11 and IFRS 16) to 46.1%.

SIGNIFICANT EVENTS

DV-COM group/D+S 360 group

As of the acquisition date effective 27 February 2018, the Ströer Group acquired all of the shares in DV-COM GmbH, Pforzheim. The provisional purchase price for the shares, including the redemption of financial liabilities, comes to EUR 30.2m.

As of the acquisition date effective 27 February 2018, Ströer also acquired all of the shares in D+S communication center management GmbH, Hamburg. The provisional purchase price for the acquired shares, including the redemption of financial liabilities, comes to EUR 17.2m.

The acquisitions of DV-COM and D+S 360 reinforce Ströer's new dialog media business created last year, adding additional extensive and scalable customer communication services. The sales and service products offered by DV-COM and D+S 360 encompass inbound and outbound, non-voice channels such as social media and chat, as well as products downstream of the sales process such as back office services and aftersales support. Prominent companies from the telecommunications, pharmaceutical, energy, finance and insurance sectors number among the customers of DV-COM and D+S 360 and bear a great similarity to the Ströer Group's existing customer portfolio.

No other significant events occurred in the first quarter of 2018.

SUBSEQUENT EVENTS

There were no significant events after the reporting date.

OUTLOOK

For 2018 as a whole, the board of management is forecasting organic revenue growth in the mid to high single-digit percentage range and expects operational EBITDA to amount to EUR 375m before taking the effects from IFRS 11 and IFRS 16 into account. Taking the effects from IFRS 11 and IFRS 16 into account, operational EBITDA is expected to come to around EUR 535m.

APPENDIX

CONSOLIDATED INCOME STATEMENT

In EUR k	Q1 2018	Q1 2017[1)]
Revenue	336,594	281,201
Cost of sales	-225,222	-199,354
Gross profit	**111,372**	**81,847**
Selling expenses	-53,443	-43,053
Administrative expenses	-44,355	-32,831
Other operating income	9,726	4,783
Other operating expenses	-3,315	-2,966
Share in profit or loss of equity method investees	809	1,493
Finance income	866	724
Finance costs	-9,991	-2,220
Profit or loss before taxes	**11,669**	**7,778**
Income taxes	-1,927	-809
Consolidated profit or loss	**9,742**	**6,969**
Thereof attributable to:		
Owners of the parent	9,671	8,029
Non-controlling interests	71	-1,061
	9,742	**6,969**

1) Restated retroactively due to the purchase price allocations that were finalized after 31 March 2017.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets (in EUR k)	31 Mar 2018	31 Dec 2017
Non-current assets		
Intangible assets	1,272,337	1,217,550
Property, plant and equipment	1,356,194	258,862
Investments in equity method investees	25,382	24,564
Financial assets	598	805
Trade receivables	1,484	34
Other financial assets	6,122	6,647
Other non-financial assets	23,977	22,671
Deferred tax assets	13,044	12,686
Total non-current assets	**2,699,138**	**1,543,818**
Current assets		
Inventories	17,803	15,522
Trade receivables	174,542	179,169
Other financial assets	11,929	8,582
Other non-financial assets	36,122	32,192
Income tax assets	9,989	10,371
Cash	96,436	84,984
Total current assets	**346,821**	**330,819**
Total assets	**3,045,959**	**1,874,637**

Equity and liabilities (in EUR k)	31 Mar 2018	31 Dec 2017
Equity		
Subscribed capital	55,726	55,558
Capital reserves	730,231	728,384
Retained earnings	-34,027	-43,119
Accumulated other comprehensive income	-90,029	-86,889
	661,901	**653,935**
Non-controlling interests	14,880	14,293
Total equity	**676,781**	**668,227**
Non-current liabilities		
Provisions for pensions and other obligations	39,677	39,727
Other provisions	27,914	27,428
Financial liabilities	1,632,584	600,254
Trade payables	63	0
Deferred tax liabilities	72,650	77,005
Total non-current liabilities	**1,772,888**	**744,415**
Current liabilities		
Other provisions	53,549	52,335
Financial liabilities	182,495	44,550
Trade payables	204,958	215,051
Other liabilities	102,814	100,305
Income tax liabilities	52,475	49,754
Total current liabilities	**596,290**	**461,995**
Total equity and liabilities	**3,045,959**	**1,874,637**

CONSOLIDATED STATEMENT OF CASH FLOWS

In EUR k	Q1 2018[2)]	Q1 2017[1)]
Cash flows from operating activities		
Profit for the period	9,742	6,969
Expenses (+)/income (-) from the financial and tax result	11,052	2,305
Amortization, depreciation and impairment losses (+) on non-current assets	38,873	40,243
Depreciation (+) of right-of-use assets under leases (IFRS 16)	42,473	-
Share in profit or loss of equity method investees	-809	-1,493
Interest paid (-) in connection with leases (IFRS 16)	-6,672	-
Interest paid (-) in connection with other financial liabilities	-564	-896
Interest received (+)	14	15
Income taxes paid (-)/received (+)	-3,166	-3,993
Increase (+)/decrease (-) in provisions	-1,525	-7,478
Other non-cash expenses (+)/income (-)	-1,248	-1,886
Gain (-)/loss (+) on the disposal of non-current assets	-271	530
Increase (-)/decrease (+) in inventories, trade receivables and other assets	15,758	-15,682
Increase (+)/decrease (-) in trade payables and other liabilities	-25,970	-11,028
Cash flows from operating activities	**77,687**	**7,606**
Cash flows from investing activities		
Cash received (+) from the disposal of intangible assets and property, plant and equipment	558	208
Cash paid (-) for investments in intangible assets and property, plant and equipment	-34,778	-31,202
Cash paid (-) for the acquisition of consolidated entities	-45,612	-2,639
Cash flows from investing activities	**-79,832**	**-33,633**
Cash flows from financing activities		
Cash received (+) from equity contributions	1,140	-
Dividend distribution (-)	-371	-450
Cash paid (-) for the acquisition of shares not involving a change in control	-3,370	-240
Cash received (+) from borrowings	75,998	36,359
Cash repayments (-) of borrowings	-560	-13,535
Cash payments (-) for the principal portion of lease liabilities (IFRS 16)	-59,240	-
Cash flows from financing activities	**13,597**	**22,133**
Cash at the end of the period		
Change in cash	11,452	-3,893
Cash at the beginning of the period	84,984	64,154
Cash at the end of the period	**96,436**	**60,261**

Composition of cash		
Cash	96,436	60,261
Cash at the end of the period	**96,436**	**60,261**

[1] Restated retroactively due to the purchase price allocations that were finalized after 31 March 2017.

[2] The three rows designated "IFRS 16" total EUR -23.4m. In addition, cash payments of EUR 20.1m, which would have been disclosed prior to IFRS 16 as "Decrease (-) in trade payables and other liabilities" also had to be presented as "Cash payments (-) for the principal portion of lease liabilities (IFRS 16)" upon adoption of IFRS 16. The remaining balance of EUR 3.3m reflects the positive effect of IFRS 16 on EBIT for the first quarter of 2018.

FINANCIAL CALENDAR

30 May 2018	Annual shareholder meeting, Cologne
09 Aug 2018	Half-year financial report H1/Q2 2018
13 Nov 2018	Quarterly statement 9M/Q3 2018

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IR contact

Ströer SE & Co. KGaA
Christoph Löhrke
Head of Investor & Credit Relations
Ströer-Allee 1 . 50999 Cologne
Phone +49 (0)2236 . 96 45-356
Fax +49 (0)2236 . 96 45-6356
ir@stroeer.de / cloehrke@stroeer.de

Press contact

Ströer SE & Co. KGaA
Marc Sausen
Director Corporate Communications
Ströer-Allee 1 . 50999 Cologne
Phone +49 (0)2236 . 96 45-246
Fax +49 (0)2236 . 96 45-6246
presse@stroeer.de / msausen@stroeer.de

Publisher

Ströer SE & Co. KGaA
Ströer-Allee 1 . 50999 Cologne
Phone +49 (0)2236 . 96 45-0
Fax +49 (0)2236 . 96 45-299
info@stroeer.de

Cologne Local Court
HRB no. 86922
VAT identification no.: DE811763883

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Ströer SE & Co. KGaA
Ströer-Allee 1
50999 Cologne