STRÖER SE, KÖLN
(FORMERLY STRÖER MEDIA SE)

STRÖER

SEPARATE FINANCIAL STATEMENTS
FOR 2015

Ströer SE (formerly Ströer Media SE), Cologne
Balance sheet as of 31 December 2015

ASSETS

	31 Dec 2015 EUR	31 Dec 2014 EUR
NON-CURRENT ASSETS		
Intangible assets		
Purchased concessions, industrial and similar rights and assets, and licences in such rights and assets	4,456,313.50	3,341,028.72
Prepayments	4,821,989.75	7,576,905.50
	9,278,303.25	**10,917,934.22**
Property, plant and equipment		
Other equipment, furniture and fixtures	3,857,119.48	2,868,208.08
Prepayments made and assets under construction	111,230.55	81,390.02
	3,968,350.03	**2,949,598.10**
Financial assets		
Shares in affiliates	811,358,467.56	523,926,134.56
Loans to affiliates	74,486,230.59	45,868,942.92
Loans to other investees and investors	360,000.00	0.00
Other loans	0.00	26,929.74
	886,204,698.15	**569,822,007.22**
	899,451,351.43	**583,689,539.54**
CURRENT ASSETS		
Receivables and other assets		
Trade receivables	93,300.53	108,317.67
Receivables from affiliates	126,002,399.07	54,944,599.42
Receivables from other investees and investors	221.44	0.00
Other assets	17,845,112.87	6,028,683.83
	143,941,033.91	**61,081,600.92**
Cash on hand and bank balances	1,050,276.86	14,375,075.65
	144,991,310.77	**75,456,676.57**
PREPAID EXPENSES	**4,662,175.88**	**3,924,483.08**
	1,049,104,838.08	**663,070,699.19**

EQUITY AND LIABILITIES

	31 Dec 2015 EUR	31 Dec 2014 EUR
EQUITY		
Subscribed capital	55,282,499.00	48,869,784.00
- Conditional capital: EUR 16,174,145.00 (prior year: EUR 14,952,400.00)		
Capital reserves	631,637,512.64	341,650,227.64
Retained earnings		
Other retained earnings	96,597,268.72	90,190,456.72
Accumulated profit	67,139,755.97	45,954,725.60
	850,657,036.33	**526,665,193.96**
PROVISIONS		
Provisions for pensions and similar obligations	20,083.00	20,323.00
Tax provisions	11,214,922.34	7,567,734.00
Other provisions	9,309,805.07	7,160,515.10
	20,544,810.41	**14,748,572.10**
LIABILITIES		
Liabilities to banks	64,485,285.35	49,167,091.73
- thereof due in up to one year: EUR 4,485,285.35 (prior year: EUR 167,091.73)		
Trade payables	7,077,718.26	3,977,727.85
- thereof due in up to one year: EUR 7,077,718.26 (prior year: EUR 3,977,727.85)		
Liabilities to affiliates	90,362,157.89	48,410,805.63
- thereof due in up to one year: EUR 90,362,157.89 (prior year: EUR 48,410,805.63)		
Liabilities to other investees and investors	5,500,000.00	3,990,000.00
- thereof due in up to one year: EUR 5,500,000.00 (prior year: EUR 3,990,000.00)		
Other liabilities	1,307,038.16	1,425,693.02
- thereof due in up to one year: EUR 1,307,038.16 (prior year: EUR 1,425,693.02)		
- thereof for taxes: EUR 293,501.91 (prior year: EUR 535,039.96)		
	168,732,199.66	**106,971,318.23**
DEFERRED TAX LIABILITIES	**9,170,791.68**	**14,685,614.90**
	1,049,104,838.08	**663,070,699.19**

Ströer SE (formerly Ströer Media SE), Cologne
Income statement for fiscal year 2015

	2015 EUR	2014 EUR
Other own work capitalized	31,280.01	86,518.34
Other operating income	19,754,790.91	26,699,148.88
- thereof income from currency translation: EUR 763.29 (prior year: EUR 790.35)		
Personnel expenses		
Wages and salaries	-20,874,034.72	-19,110,600.43
Social security and pension costs	-2,241,509.58	-2,250,522.90
- thereof for pensions: EUR 91,754.94 (prior year: EUR 59,063.88)		
Amortization, depreciation and impairment of intangible assets and property, plant and equipment	-7,863,343.30	-5,824,806.56
Other operating expenses	-28,968,078.72	-16,475,352.69
- thereof expenses from currency translation: EUR 11,884.72 (prior year: EUR 15,245.76)		
Income from equity investments	889,656.32	4,500,000.00
- thereof from affiliates EUR 889,656.32 (prior year: EUR 4,500,000.00)		
Income from profit and loss transfer agreements	93,722,042.03	46,932,199.87
Income from loans classified as non-current financial assets	1,394,972.06	2,639,671.24
- thereof from affiliates: EUR 1,387,040.23 (prior year: EUR 2,639,671.24)		
Other interest and similar income	16,322.02	212,844.28
- thereof from affiliates: EUR 53.72 (prior year: EUR 18,207.35)		
Expenses from loss transfer	-4,191,402.69	-980,102.35
Interest and similar expenses	-3,278,963.39	-4,551,570.16
- thereof to affiliates: EUR 23,533.73 (prior year: EUR 7,731.32)		
- thereof expenses from discounting: EUR 921.15 (prior year: EUR 6,741.66)		
Result from ordinary activities	**48,391,730.95**	**31,877,427.52**
Extraordinary expenses	-663,867.66	-240,483.17
Extraordinary result	**-663,867.66**	**-240,483.17**
Income taxes	-561,174.78	-5,640,633.16
- thereof income/expense from the change in deferred taxes: EUR 5,514,823.22 income (prior year: EUR 1,067,053.04 income)		
Other taxes	-26,932.54	-41,585.59
Profit for the period	**47,139,755.97**	**25,954,725.60**
Profit carryforward from the prior year	45,954,725.60	48,631,440.86
Allocations to other retained earnings	-6,406,812.00	-23,744,462.46
Profit distribution	-19,547,913.60	-4,886,978.40
Accumulated profit	**67,139,755.97**	**45,954,725.60**

Ströer SE (formerly Ströer Media SE), Cologne
Notes to the financial statements for fiscal year 2015

A. General

Ströer SE (formerly Ströer Media SE), Cologne (Ströer SE, the Company or SMH), was established under its articles of association and bylaws dated 18 June 2014. It was entered in the commercial register on 15 October 2014 under HRB no. 82548. On 30 June 2015, the shareholder meeting resolved to rename the company "Ströer SE" and amend the articles of incorporation and bylaws accordingly. As of 1 March 2016, Ströer SE changed its legal form to a German partnership limited by shares [Kommanditgesellschaft auf Aktien; KGaA] and was renamed Ströer SE & Co. KGaA, Cologne.

These financial statements were prepared in accordance with Sec. 242 et seq. and Sec. 264 et seq. HGB ["Handelsgesetzbuch": German Commercial Code] as well as in accordance with the relevant provisions of the AktG ["Aktiengesetz": German Stock Corporation Act]. The Company is subject to the requirements for large corporations.

The income statement is classified using the nature of expense method.

B. Accounting and valuation methods

The following accounting and valuation methods, which essentially remained unchanged in comparison to the prior year, were used to prepare the financial statements.

Intangible assets and **property, plant and equipment** are recognized at acquisition or production cost and are written off on a straight-line basis over their useful lives if they have a limited life.

Amortization/depreciation is based on the following useful lives:

- Purchased concessions, industrial and similar rights and assets, and licenses in such rights and assets — 3 to 5 years

- Other equipment, furniture and fixtures 3 to 13 years

Low-value assets with an individual net value not exceeding EUR 150.00 are fully expensed in the year of acquisition, with their immediate disposal being assumed. For convenience, the collective item procedure applied for tax purposes to assets with an individual net value of more than EUR 150.00 but no greater than EUR 1,000.00 is also used in the statutory balance sheet. The collective item is depreciated by 20% in the year of acquisition and in each of the following four years. All other depreciation of additions to property, plant and equipment is charged pro rata temporis. Depreciation of the collective item amounted to EUR 111k (prior year: EUR 72k).

With regard to **financial assets**, equity investments are recognized at the lower of cost or net realizable value, while loans are disclosed at nominal value. Interest-free or low interest loans were discounted to their present value.

Receivables and other assets are stated at their nominal value. Specific bad debt allowances provide for foreseeable valuation risks, while the general credit risk is provided for by a general bad debt allowance. Non-interest or low-interest bearing receivables due in more than one year were discounted.

Payments made before the balance sheet date which constitute expenses for a certain period after this date are recognized as **prepaid expenses**.

Provisions for pensions and similar obligations are calculated in accordance with the projected unit credit method using the "2005 G mortality tables." The obligations were discounted at the average market interest rate of 3.89% for a residual term of 15 years in accordance with the RückAbzinsV ["Rückstellungsabzinsungsverordnung": German Ordinance on the Discounting of Provisions] of 18 November 2009. Expected pension increases were taken into account at 1.0%.

Tax provisions and **other provisions** account for all uncertain liabilities and potential losses from pending transactions. They were recognized at the settlement value deemed necessary according to prudent business judgment (i.e., including future cost and price increases). Provisions with a residual term of more than one year were discounted.

Liabilities are recorded at the settlement value.

To determine **deferred taxes** arising due to temporary or quasi-permanent differences between the carrying amounts of assets, liabilities, prepaid expenses and deferred income in the statutory accounts and their tax carrying amounts or due to tax loss carryforwards, these differences are valued using the company-specific tax rates at the time they reverse; the amounts of any resulting tax charge and benefit are not discounted. Deferred tax assets and liabilities are offset.

Foreign currency assets and liabilities are translated using the mean spot rate on the balance sheet date. If they had residual terms of more than one year, the realization principle (Sec. 252 (1) No. 4 Clause 2 HGB) and the historical cost principle (Sec. 253 (1) Sentence 1 HGB) were applied.

All entities which are fully consolidated in SMH's consolidated financial statements are classified as **affiliates**.

C. Notes to the balance sheet

1. Non-current assets

The development of the individual non-current asset items, including amortization, depreciation and impairment for the fiscal year, is shown in the statement of changes in non-current assets.

	ACQUISITION AND PRODUCTION COST					ACCUMULATED AMORTIZATION, DEPRECIATION AND IMPAIRMENT LOSSES				NET BOOK VALUES	
	1 Jan 2015 EUR	Additions EUR	Disposals EUR	Reclassifications EUR	31 Dec 2015 EUR	1 Jan 2015 EUR	Additions EUR	Reversals EUR	31 Dec 2015 EUR	31 Dec 2015 EUR	31 Dec 2014 EUR
INTANGIBLE ASSETS											
Purchased concessions, industrial and similar rights and assets, and licences in such rights and assets	9,464,659.75	2,438,157.47	1,948,812.19	469,690.77	10,423,695.80	6,123,631.03	1,792,563.46	1,948,812.19	5,967,382.30	4,456,313.50	3,341,028.72
Prepayments	12,868,905.50	2,514,950.90	0.00	-469,690.77	14,914,165.63	5,292,000.00	4,800,175.88	0.00	10,092,175.88	4,821,989.75	7,576,905.50
	22,333,565.25	**4,953,108.37**	**1,948,812.19**	**0.00**	**25,337,861.43**	11,415,631.03	6,592,739.34	1,948,812.19	16,059,558.18	9,278,303.25	10,917,934.22
PROPERTY, PLANT AND EQUIPMENT											
Other equipment, furniture and fixtures	8,564,471.39	2,279,321.10	642,749.76	0.00	10,201,042.73	5,696,263.31	1,270,603.96	622,944.02	6,343,923.25	3,857,119.48	2,868,208.08
Prepayments and assets under construction	81,390.02	29,840.53	0.00	0.00	111,230.55	0.00	0.00	0.00	0.00	111,230.55	81,390.02
	8,645,861.41	**2,309,161.63**	**642,749.76**	**0.00**	**10,312,273.28**	5,696,263.31	1,270,603.96	622,944.02	6,343,923.25	3,968,350.03	2,949,598.10
FINANCIAL ASSETS											
Shares in affiliates	523,926,134.56	287,432,333.00	0.00	0.00	811,358,467.56	0.00	0.00	0.00	0.00	811,358,467.56	523,926,134.56
Loans to affiliates	45,868,942.92	74,196,287.67	45,579,000.00	0.00	74,486,230.59	0.00	0.00	0.00	0.00	74,486,230.59	45,868,942.92
Loans to other investees and investors	0.00	360,000.00	0.00	0.00	360,000.00	0.00	0.00	0.00	0.00	360,000.00	0.00
Other assets	26,929.74	0.00	26,929.74	0.00	0.00	0.00	0.00	0.00	0.00	0.00	26,929.74
	569,822,007.22	**361,988,620.67**	**45,605,929.74**	**0.00**	**886,204,698.15**	0.00	0.00	0.00	0.00	886,204,698.15	569,822,007.22
	600,801,433.88	**369,250,890.67**	**48,197,491.69**	**0.00**	**921,854,832.86**	17,111,894.34	7,863,343.30	2,571,756.21	22,403,481.43	899,451,351.43	583,689,539.54

a) Intangible assets

The items "Purchased concessions, industrial and similar rights and assets, and licenses in such rights and assets" and "Prepayments" mainly comprise the cost of purchased software. An impairment loss of EUR 4,800k was recognized for the item "prepayments" due to limited future usability.

b) Financial assets

With regard to shares in affiliates, SMH, with economic effect as of 27 May 2015, acquired the remaining 10% stake in BlowUP Media GmbH, Cologne. SMH now holds all the shares in the company. The purchase price for the 10% stake totaled EUR 2,590k.

With economic effect as of 2 November 2015, SMH also acquired all the shares in Digital Media Products GmbH, Darmstadt (DMP), at a cost of EUR 284,616k. The internet portal t-online.de of Deutsche Telekom AG, Bonn, and all the shares in InteractiveMedia CCSP GmbH, Darmstadt, are bundled in DMP. The basic component of the purchase price was settled by issuing 6,412,715 new shares in SMH. Purchase price liabilities from contractually agreed price adjustment clauses were settled in cash.

Also in November 2015, SMH, as the sole shareholder, established a new Ströer Venture GmbH, Cologne, after its previous subsidiary Ströer Venture GmbH, Cologne, was renamed Ströer Content Group GmbH, Cologne (SCG). The capital stock of the newly established Ströer Venture GmbH amounts to EUR 25k and is fully paid in.

The book value of the equity investment in Ströer Digital International GmbH, Cologne (formerly Ballroom International GmbH, Glonn), increased by EUR 201k to EUR 24,637k due to the earn-out adjustment.

The year-on-year change in loans to affiliates mainly relates to a loan from SMH to the newly established subsidiary Ströer Venture GmbH of EUR 21,210k and a EUR 11,150k increase in the loan granted to the subsidiary STRÖER media brands AG, Berlin (formerly GIGA Digital AG).

Loans to other investees and investors relate to the loan of EUR 360k granted to evidero GmbH, Cologne in 2015.

2. Receivables and other assets

	31 Dec 2015 EUR k	31 Dec 2014 EUR k
Trade receivables	93	108
thereof due in more than one year	0	0
Receivables from affiliates	126,002	54,945
thereof due in more than one year	0	0
Other assets	17,846	6,029
thereof due in more than one year	477	504
	143,941	61,082

EUR 92,701k (prior year: EUR 46,932k) of receivables from affiliates relates to the profit and loss transfer agreement with Ströer Media Deutschland GmbH, Cologne (SMD), and EUR 1,021k (prior year: EUR 0k) to the profit and loss transfer agreement with SCG. There are also trade receivables of EUR 3,603k (prior year: EUR 2,309k) and receivables from short-term loans due from Ströer Digital International GmbH (EUR 760k) and RZV Digital A.S., Istanbul, Turkey (EUR 220k). In addition, there are receivables of EUR 3,245k from cash pooling with Ströer Digital Group GmbH, Cologne (SDG), and receivables of EUR 23,174k and EUR 1,278k, from the cash pooling agreements concluded in the fiscal year with SCG and Ströer Digital International GmbH, respectively.

Other assets include receivables from purchase price adjustments of EUR 8,607k in connection with the acquisition of shares in DMP, tax refund claims of EUR 5,766k (prior year: EUR 4,386k), VAT receivables from the tax office of EUR 1,897k (prior year: EUR 77k), a tax-related recourse claim of EUR 911k (prior year: EUR 911k), security deposits of EUR 329k (prior year: EUR 329k), receivables from employees of EUR 215k (prior year: EUR 16k) and interest receivables of EUR 114k (prior year: EUR 100k).

3. Prepaid expenses

Prepaid expenses mainly include fees of EUR 3,562k (prior year: EUR 3,563k) charged by banks and consultants in connection with the refinancing arrangements made in 2012, 2014 and 2015, which are being expensed pro rata over the term of the loan until April 2020. See our explanations in section C. 8. a) iii).

4. Equity

a) Subscribed capital

In fiscal year 2015, subscribed capital was increased by EUR 6,412,715 from EUR 48,869,784 to EUR 55,282,499 by virtue of the authorization granted to the Company's board of management and entered in the commercial register on 8 July 2014 (approved capital 2014). The increase was implemented on 2 November 2015 as a capital increase in return for a non-cash contribution by issuing 6,412,715 new bearer shares of no par value carrying full dividend rights as of fiscal year 2015. Subscribed capital has since amounted to EUR 55,282,499.

Subscribed capital is split into 55,282,499 bearer shares of no par value. They have a nominal value of EUR 1 each and are fully paid in.

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

Approved capital 2014

Approved capital 2014 of EUR 18,938,495 was created by resolution of the shareholder meeting on 18 June 2014. Approved capital 2014 now amounts to EUR 12,525,780 after a portion of EUR 6,412,715 of the approved capital 2014 was exercised on 2 November 2015 by way of a capital increase in return for a non-cash contribution.

Subject to the approval of the supervisory board, the board of management is authorized to increase the Company's capital stock once or several times until 17 June 2019 by a maximum of EUR 12,525,780.00 in total (in words: twelve million five hundred and twentyfive thousand seven hundred and eighty euros) by issuing up to

12,525,780 (in words: twelve million five hundred and twentyfive thousand seven hundred and eighty) new bearer shares of no par value for contributions in cash or in kind (approved capital 2014); the increase, however, may not exceed the amount and the number of shares comprising the remaining approved capital pursuant to Art. 5 (1) of the articles of incorporation of Ströer Media AG on the date the change in the legal form of Ströer Media AG to a European Company (SE) pursuant to the conversion plan of 30 April 2014 took effect.

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

(i) in order to exclude fractional amounts from the shareholders' subscription rights;

(ii) if the capital increase is made in return for non-cash contributions, especially for – but not limited to – the purpose of acquiring entities, parts of entities or investments in entities

(iii) if the capital increase is made in return for cash contributions and the issue price of the new shares is not significantly below the market price of shares of the same class and voting rights already listed on the stock market on the date the final issue price is determined in accordance with Sec. 203 (1) and (2) and Sec. 186 (3) Sentence 4 AktG and the portion of capital stock allocable to the new shares issued in accordance with this section (iii) subject to the exclusion of subscription rights pursuant to Sec. 186 (3) Sentence 4 AktG does not exceed 10% of the total capital stock at the time that such authorization becomes effective or is exercised. The following portions of capital stock must be credited to this maximum amount: the portion which is attributable to new or treasury shares issued or sold since 18 June 2014 and subject to the simplified exclusion of subscription rights pursuant to or by analogy to Sec. 186 (3) Sentence 4 AktG, as well as the portion of capital stock which is attributable to shares with attaching option and/or convertible bond rights/obligations from debt securities or participation certificates issued since 18 June 2014 applying Sec. 186 (3) Sentence 4 AktG as appropriate; and/or

(iv) to the extent necessary to issue subscription rights for new shares to owners of warrants or to creditors of convertible bonds or participation certificates with conversion or option rights that are issued by the Company or those entities it controls or majority owns in the scope to which they would be entitled after exercising the option or conversion rights or after fulfillment of the conversion obligation.

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

After full or partial increase in the capital stock from approved capital or after expiry of the authorization period, the supervisory board is authorized to make any amendments to the articles of incorporation and bylaws, provided that such amendments are only to the wording.

Conditional capital 2010

The Company's capital stock is subject to a conditional increase by a maximum of EUR 11,776,000.00 by issuing a maximum of 11,776,000 new bearer shares of no par value (conditional capital 2010). This conditional capital increase, however, may not exceed the amount and the number of shares relating to the conditional capital increase pursuant to Art. 6 of the articles of incorporation of Ströer Media AG which had not yet been carried out on the date the change in the legal form of Ströer Media AG to a European Company (SE) pursuant to the conversion plan of 30 April 2014 took effect. The purpose of the conditional capital increase is to grant shares of no par value to owners/creditors of convertible bonds and/or bonds with warrants which are being issued by the Company or an investee as a result of the authorization granted by the shareholder meeting of 13 July 2010 based on item 4 of the agenda. New shares of no par value are issued at particular conversion and option prices determined by the abovementioned authorization resolution. Conditional capital is only to be increased to the extent that conversion or option rights are exercised or owners/creditors who are obliged to do so fulfill their obligation to exercise their conversion rights and provided that a cash settlement is not granted or use is not made of treasury shares or of new shares issued from approved capital. The new shares of no par value participate in profit from the beginning of the fiscal year in which they are issued through the exercise of options or conversion rights or the fulfillment of conversion obligations. The board of management, having obtained the approval of the supervisory board, is authorized to determine the further details of the conditional capital increase.

Conditional capital 2013

The capital stock is subject to a conditional increase by a maximum of EUR 2,274,700.00 by issuing a maximum of 2,274,700 bearer shares of no par value (conditional capital 2013). The sole purpose of the conditional capital increase is for the board of management to grant, as authorized by resolution of the shareholder meeting dated 8 August 2013, rights to bearers of stock options under the Stock Option Plan 2013. The conditional capital increase will only be implemented to the extent that the bearers of stock options granted under the authorization of the shareholder meeting on 8 August 2013 exercise these stock options and that the Company does not settle the stock options in cash. The new shares participate in profit from the beginning of the fiscal year for which no resolution on the appropriation of accumulated profit has been adopted by the shareholder meeting at the time of their issue. The Company’s board of management, having obtained the approval of the supervisory board, is authorized to determine the further details of the conditional capital increase unless stock options and shares are to be granted to members of the Company’s board of management. In that event, the supervisory board will determine the further details of the conditional capital increase. The supervisory board is authorized to amend the articles of incorporation and bylaws to reflect the scope of the capital increase from the conditional capital 2013.

Conditional capital 2015

The capital stock is subject to a conditional increase by a maximum of EUR 2,123,445.00 by issuing a maximum of 2,123,445 bearer shares of no par value (conditional capital 2015). The sole purpose of the conditional capital increase is for the board of management to grant, as authorized by resolution of the shareholder meeting dated 25 September 2015, rights to bearers of stock options under the Stock Option Plan 2015. The conditional capital increase will only be implemented to the extent that the bearers of stock options granted under the authorization of the shareholder meeting on 25 September 2015 exercise these stock options and that the Company does not settle the stock options in cash. The new shares participate in profit from the beginning of the fiscal year for which no resolution on the appropriation of the accumulated profit has been adopted by the shareholder meeting at the time of their issue. The Company's board of management, having obtained the approval of the supervisory board, is authorized to determine the further details of the conditional capital increase unless stock options and shares are to be granted to members of the Company's board of management. In that event, the supervisory board will determine the further details of the conditional capital increase. The supervisory board is authorized to amend the articles of incorporation and bylaws to reflect the scope of the capital increase from the conditional capital 2015.

b) Capital reserves

As of the balance sheet date, the Company had capital reserves of EUR 631,638k (of which EUR 597,187k pursuant to Sec. 272 (2) No. 1 HGB and EUR 34,451k pursuant to Sec. 272 (2) No. 2 HGB), which exceeds 10% of capital stock. In the fiscal year, capital reserves increased by EUR 289,987k year on year due to a contribution in kind relating to the acquisition of DMP effective 2 November 2015.

c) Retained earnings

By resolution of the shareholder meeting on 30 June 2015, EUR 6,407k from the accumulated profit for 2014 was allocated to other retained earnings.

d) Accumulated profit

By resolution of the shareholder meeting on 30 June 2015, EUR 19,548k (EUR 0.40 per qualifying share) was distributed as a dividend and EUR 20,000k from the accumulated profit for 2014 was carried forward to new account.

5. Provisions for pensions and similar obligations

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

6. Tax provisions

Tax provisions mainly include provisions for trade tax of EUR 5,123k (prior year: EUR 7,568k) and provisions for corporate income tax of EUR 5,864k (prior year: EUR 0k). In addition, there are other tax provisions of EUR 228k (prior year: EUR 0k) for wage-tax matters.

7. Other provisions

Other provisions break down as follows:

	EUR k
Personnel provisions	7,518
Outstanding invoices	1,428
Financial statement and audit fees	356
Miscellaneous	8
Total	**9,310**

8. Liabilities

A breakdown of unsecured liabilities with their remaining terms is presented in the following statement of changes in liabilities:

	Total amount EUR k	Thereof due in: up to one year EUR k	one to five years EUR k	more than five years EUR k
Liabilities to banks	64,485 (prior year: *49,167)*	4,485 *(prior year: 167)*	60,000 *(prior year: 49,000)*	0 *(prior year: 0)*
Trade payables	7,078 *(prior year: 3,978)*	7,078 *(prior year: 3,978)*	0 *(prior year: 0)*	0 *(prior year: 0)*
Liabilities to affiliates	90,362 (prior year: *48,411)*	90,362 (prior year: *48,411)*	0 *(prior year: 0)*	0 *(prior year: 0)*
Liabilities to other investees and investors	5,500 (prior year: *3,990)*	5,500 (prior year: *3,990)*	0 *(prior year: 0)*	0 *(prior year: 0)*
Other liabilities	1,307 *(prior year: 1,425)*	1,307 *(prior year: 1,425)*	0 *(prior year: 0)*	0 *(prior year: 0)*
	168,732 *(prior year: 106,971)*	108,732 *(prior year: 57,971)*	60,000 *(prior year: 49,000)*	0 *(prior year: 0)*

a) Liabilities to banks

i) Loan liability

On 28 April 2015, Ströer SE and SMD obtained a syndicated loan in the amount of EUR 450,000k (including a credit facility) from a banking syndicate (facility agreement). The syndicate consists of 11 commercial banks and is led by Commerzbank International S.A., Luxembourg branch, as the loan agent. This loan replaced the previous financing arrangement from 2014, which had a volume of EUR 500,000k, and reduced it by EUR 50,000k.

The syndicated loan has a term of five years until April 2020 and consists of a bullet term loan of EUR 200,000k and a revolving credit facility (RCF) of EUR 250,000k. It bears interest at the EURIBOR reference rate plus a variable margin. This variable margin depends on defined financial covenants and the type of loan (term loan or RCF).

While the term loan is allocated to SMD, Ströer SE holds the RCF tranche, of which EUR 64,318k had been drawn down as of 31 December 2015. Due to the fact that several staggered drawings are made in parallel, the interest payments on the RCF are usually made monthly.

ii) Interest from the facility agreement

At the end of the fiscal year, the interest calculation for several drawings on the RCF tranche was not yet available. An interest liability of EUR 40k was disclosed in this connection as of 31 December 2015 (prior year: EUR 35k).

iii) Fees from the facility agreement

Loan commitment fees of EUR 823k were incurred in connection with the refinancing in 2015. Of this amount, EUR 457k was borne and recognized by Ströer SE in line with its share in the refinancing, in addition to the loan commitment fees already recognized in connection with the refinancing in 2014. The amount is being amortized over the term of the facility agreement on a straight-line basis and amounted to EUR 3,562k as of 31 December 2015 (prior year: EUR 3,563k).

In addition, the loan commitment fees, which are invoiced every three months for the undrawn part of the credit facility, were outstanding as of 31 December 2015. The resulting liabilities amounted to EUR 127k as of the balance sheet date (prior year: EUR 132k).

b) Liabilities to affiliates

Liabilities to affiliates relate to cash pooling with companies in the SMH Group (EUR 45,225k; prior year: EUR 46,107k) as well as to short-term loans from InteractiveMedia CCSP GmbH and DMP of EUR 17,000k and EUR 12,000k, respectively. This item also includes trade payables of EUR 9,796k (prior year: EUR 1,324k) and liabilities under a profit and loss transfer agreement with SDG of EUR 4,191k (prior year: EUR 980k). There is also a payment liability of EUR 2,150k to Ströer Digital International

GmbH due to the contractual transfer by Ströer Digital International GmbH to the Company of a loan receivable from RZV Digital A.S.

c) Liabilities to other investees and investors

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

d) Other liabilities

Other liabilities comprise in particular liabilities from salary payments of EUR 1,000k (prior year: EUR 0k), which were due to be made in January 2016. As of the balance sheet date, there were also liabilities from wage and church taxes for fiscal year 2015 of EUR 294k (prior year: EUR 369k).

9. Deferred taxes

Deferred taxes at the level of SMH (tax group parent) are calculated based on the tax rate, unchanged from the prior year, of 32.45%. This comprises corporate income tax of 15%, solidarity surcharge of 5.5% and average trade tax of 16.6%.

After offsetting deferred tax assets against deferred tax liabilities, the Company recognized net deferred tax liabilities of EUR 9,171k (prior year: EUR 14,686k). As in the past, deferred tax liabilities are attributable to the consolidation of the tax bases of the subsidiaries in the tax group at the level of SMH, the tax group parent. Material items in this context are the carrying amount of an investment in a subsidiary which was treated differently for tax purposes, and the carrying amounts of recognized rights of use that were different for tax purposes. The deferred tax assets of EUR 3,578k (prior year: EUR 8,185k) used for offsetting are also mainly attributable to the consolidation of the tax bases of the subsidiaries in the tax group at the level of SMH, the tax group parent. The deferred tax assets offset essentially arise from the different recognition of provisions for tax purposes as of 31 December 2015.

The following table shows details regarding deferred taxes and how they were offset:

In EUR k	31 Dec 2015		31 Dec 2014	
	Assets	Liabilities	Assets	Liabilities
Intangible assets	336	2,259	363	5,495
Property, plant and equipment	0	126	127	0
Financial assets	0	8,584	0	15,185
Pension provisions	986	0	530	0
Other provisions	2,256	1,780	2,602	2,187
Liabilities	0	0	92	4
Deferred taxes	**3,578**	**12,749**	**3,714**	**22,871**
Interest carryforwards	0	0	28	0
Loss carryforwards	0	0	4,443	0
Total	**3,578**	**12,749**	**8,185**	**22,871**
Offsetting	-3,578	-3,578	-8,185	-8,185
Carrying amount	**0**	**9,171**	**0**	**14,686**

Including unused tax losses and full use of the interest carryforward in 2015, SMH's tax rate is 1.19% (prior year: 17.85%).

D. Notes to the income statement

1. Other own work capitalized

In fiscal year 2015, personnel expenses of EUR 31k (prior year: EUR 87k) were recognized in connection with the in-house development of IT in the Ströer Group.

2. Other operating income

Other operating income breaks down as follows:

	2015 EUR k
Income from commercial and technical services	16,781
Income from cost allocations	2,365
Income from the reversal of provisions	424
Income from cost reimbursements	91
Income from the disposal of non-current assets	30
Miscellaneous income	64
	19,755

Income from the reversal of provisions mainly relates to the reversal of provisions for bonuses (EUR 237k) and outstanding invoices (EUR 162k). Miscellaneous income comprises out-of-period income of EUR 35k from cost reimbursements for 2013 and 2014.

3. Other operating expenses

Other operating expenses mainly comprise costs in connection with cost allocations from subsidiaries (EUR 8,371k), legal and consulting fees (EUR 5,536k), IT expenses (EUR 3,267k), expenses which are charged on to affiliates (EUR 2,365k), other administrative expenses (EUR 1,768k), premises expenses (EUR 1,410k), advertising and trade fair expenses (EUR 1,315k), travel expenses (EUR 814k), data communication costs (EUR 788k) and development costs (EUR 609k). Miscellaneous expenses comprise out-of-period expenses of EUR 92k, relating primarily to back payments of contributions for prior years to the Chamber of Industry and Commerce (IHK).

4. Income from equity investments

Income from equity investments is attributable to a dividend payment of EUR 890k made by BlowUP Media GmbH, Cologne, to SMH by shareholder resolution dated 10 February 2015.

5. Income from profit and loss transfer agreements

Income from profit and loss transfer agreements stems from the absorption of SMD's profit for the period (EUR 92,701k). The Company entered into a corresponding profit and loss transfer agreement effective 1 January 2010.

A profit and loss transfer agreement is also in place with SCG, effective 1 January 2015. It gave rise to income of EUR 1,021k.

6. Expenses from loss absorption

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

7. Extraordinary expenses

The extraordinary expenses of EUR 664k comprise the costs of converting the Company into a partnership limited by shares (KGaA), which was agreed at the extraordinary shareholder meeting on 25 September 2015 and was executed effective 1 March 2016.

8. Income taxes

Due to the Company's function as tax group parent, all of the tax bases of the subsidiaries in the tax group are transferred to the Company. Trade tax add-backs, restrictions on the deduction of interest expenses and rules on minimum taxation result in taxable profit/trade earnings.

Income taxes primarily comprise corporate income tax expenses including solidarity surcharge of EUR 5,864k for the current fiscal year (prior year: EUR 93k).

Furthermore, this item comprises expenses for trade tax for prior years (EUR 119k) and income from the recognition of deferred taxes (EUR 5,515k).

E. Other notes

1. Cash flow statement

	2015 EUR k	2014 EUR k
1. Cash flows from operating activities		
Profit or loss for the period before extraordinary items	47,804	26,195
Write-downs (+) on/ write-ups (-) of non-current assets	7,863	5,825
Increase (+)/decrease (-) in provisions	6,220	3,481
Other non-cash expenses (+)/income (-)	-95,495	-47,884
Gain (-)/loss (+) on disposals of non-current assets	-28	-67
Increase (-)/decrease (+) in trade receivables and other assets	39,153	41,438
Increase (+)/decrease (-) in trade payables and other liabilities	12,649	-1,170
Cash received from (+)/cash paid for (-) extraordinary items	-664	-240
Cash flows from operating activities	17,502	27,578
2. Cash flows from investing activities		
Cash received (+) from the disposal of property, plant and equipment	48	75
Cash paid (-) for investments in property, plant and equipment	-2,360	-1,991
Cash paid (-) for investments in intangible assets	-4,902	-1,816
Cash received (+) from the disposal of non-current financial assets	45,606	16,395
Cash paid (-) for investments in non-current financial assets	-71,643	-41,173
Cash flows from investing activities	-33,251	-28,510
3. Cash flows from financing activities		
Dividends (-)	-19,548	-4,887
Cash received from (+)/cash paid for (-) cash pooling activities	-23,856	14,957
Cash received (+) from the issue of bonds and borrowings	128,818	3,990
Cash repayments (-) of bonds and borrowings	-82,990	-8,000
Cash flows from financing activities	2,424	6,060
4. Cash at the end of the period		
Change in cash (subtotal 1 to 3)	-13,325	5,128
Cash at the beginning of the period	14,375	9,247
Cash at the end of the period	1,050	14,375
5. Composition of cash		
Cash	1,050	14,375
Cash at the end of the period	1,050	14,375

2. Contingent liabilities and other financial obligations

a) Contingent liabilities

Under the loan agreement between Ströer SE, SMD (both of them borrowers) and other entities of the Ströer Group (guarantors), and the banking syndicate, the Company as contracting party (guarantor) to the facility agreement, as evidenced by an independent guarantee, has joint and several liability for loan liabilities of EUR 200,000k owed by SMD.

In connection with the acquisition of Ströer DERG Media GmbH, Kassel, SMH issued an indefinite guarantee to Deutsche Bahn AG for the obligations of Ströer DERG Media GmbH under the advertising space agreement. These relate particularly to expenses for advertising media intended for the installation and operation of digital real-time systems for information and entertainment and the upgrading of existing advertising media. Over the life of the long-term agreement, the investment volume comes to roughly EUR 20m plus ongoing operating and maintenance expenses and overheads. The volume of ongoing costs depends, on the one hand, on the scope and duration of implementation and, on the other, on the use of existing electronic media structures within the Ströer Group.

Under the contract for services for the Bremen city contract between Telekom Deutschland GmbH, Bonn, and DSM Deutsche Städte Medien GmbH, Frankfurt am Main (DSM), dated 18 December 2015, SMH assumed an absolute guarantee for EUR 5,850k, which is limited until 31 December 2025.

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

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

In connection with an agreement concluded between SEM Internet Reklam Hiz. Ve Dan. A.S., Istanbul, Turkey, and Facebook Ireland Ltd., Dublin, Ireland, in January 2014, SMH assumed an indefinite guarantee of USD 500k on 19 August 2015.

In connection with the sale of shares in ADselect GmbH, Duisburg, on 22 May 2015 by Mr. Martin Reichardt (seller), SMH assumed an absolute guarantee of EUR 480k for the obligation by Business Advertising GmbH, Düsseldorf, to pay the purchase price, which expires upon payment of the last purchase price installment on 28 February 2017.

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

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

In addition to contingent liabilities, the Company has other financial obligations of EUR 22,822k (of which to affiliates EUR 0k). These obligations include the following items:

Lease payments:

- up to 1 year: EUR 2,187k
- 1 to 5 years: EUR 6,851k
- more than 5 years: EUR 2,615k

The lease payments mainly relate to the administrative building in Cologne used by the Company. The building was leased to avoid cash outflows and financing which would have been required if the building had been purchased. These benefits are contrasted by fixed and contractually agreed payment obligations over the term of the lease.

The Company also has other financial obligations from the lease of storage and administrative buildings. The remaining terms break down as follows:

- up to 1 year: EUR 769k
- 1 to 5 years: EUR 5,623k
- more than 5 years: EUR 4,777k

There are also obligations to non-controlling interests from put options for which the vesting conditions had not been met as of 31 December 2015. The theoretical value of potential liabilities under these options came to EUR 8,230k as of the balance sheet date. It is not possible to say when these obligations will fall due as SMH does not have any control over the exact date on which the options will be exercised by the holders. However, all option agreements are structured in such a way that the outflow of cash will not have a significant effect on the Company's financial position.

For supplies of advertising media in 2016 by Shanghai Kingbo Industry Co. Ltd., Shanghai, China, and Programm Contractors Ltd., Kowloon, Hong Kong, SMH signed two letters of intent in 2015. They come to EUR 398k.

3. Related party transactions

The following significant transactions with related parties were conducted:

Type of relationship	Subsidiaries	Other related parties
Type of transaction	**EUR k**	**EUR k**
Performance of services	154	126
Purchase of services	0	1
Provision of other services	424	2
Purchase of other services	366	211
Loans granted	1,440	360
Loans received	0	5,500

Other related parties comprise companies that are not fully included in SMH's consolidated financial statements and companies in which persons with SMH board functions have an equity interest. Furthermore, other related parties also includes companies which can exercise significant influence over SMH, as well as members of management in key positions.

The Company provides product development services for advertising media, IT services, central procurement and personnel services.

The purchase of services and the purchase of other services relate mainly to allocated expenses from subsidiaries.

In addition, the Company provides other services in the form of interest-bearing loans to foreign subsidiaries (EUR 418k). For further information see our explanations in C.1.b).

SMH also received a short-term loan of EUR 5,500k from a related party.

For information on further transactions with the board of management and the supervisory board, see our disclosures in E.5.

4. Audit and consulting fees

The total fee charged by the auditor for the fiscal year pursuant to Sec. 285 No. 17 HGB is included in the relevant disclosure made in the notes to the consolidated financial statements.

5. Board of management and supervisory board

The composition of the board of management and the supervisory board as well as membership in statutory supervisory boards and other oversight bodies comparable with a supervisory board is shown in the table below:

Name	Membership in statutory supervisory boards	Membership in other oversight bodies comparable with a supervisory board
Board of management		
Udo Müller (Chairman)	TARTECH eco industries AG, Berlin	Kölner Aussenwerbung GmbH, Cologne
Christian Schmalzl	STRÖER media brands AG, Berlin	Internet BillBoard a.s., Ostrava, Czech Republic
Dr. Bernd Metzner		Anavex Life Sciences Corp., New York, USA
Supervisory board		
Christoph Vilanek Chairman of freenet AG, Büdelsdorf (Chairman)	eXaring AG, Munich gamigo AG, Hamburg Netzpiloten AG, Hamburg mobilcom-debitel GmbH, Büdelsdorf	
Dirk Ströer, managing director of Ströer Aussenwerbung GmbH & Co. KG, Cologne (Deputy chairman until 2 November 2015)		
Ulrich Voigt Member of the management board of Sparkasse KölnBonn		modernes Köln GmbH, Cologne

Vicente Vento Bosch CEO of Deutsche Telekom Capital Partners Management GmbH (since 12 November 2015)	Scout24 AG, Munich STRATO AG, Berlin	T-Venture Holding GmbH, Bonn Deutsche Telekom Venture Funds GmbH, Bonn Telekom Innovation Pool GmbH, Bonn

Mr. Müller, Dr. Metzner and Mr. Schmalzl exercised their board of management functions on a full-time basis.

The benefits granted under payment arrangements with the board of management and the supervisory board of the Ströer Group (excluding share-based payments) are presented below for the fiscal years 2015 and 2014:

Board of management	2015 EUR k	2014 EUR k
Short-term benefits	4,382	3,161
Other long-term benefits	1,865	1,082
	6,247	**4,243**

Supervisory board	2015 EUR k	2014 EUR k
Short-term benefits	151	200
	151	**200**

Short-term benefits comprise in particular salaries, remuneration in kind and performance-linked remuneration components which are only paid in later years. Long-term benefits comprise performance-based remuneration components granted to the board of management – excluding share-based payments – that are only paid in later years. A reference price for the shares in Ströer SE is determined at the end of each fiscal year for share-based payments granted to the board of management (excluding the stock option plan). After four fiscal years, the reference price is compared with the share price at the end of the year and the payment of remuneration is based on the share price reached (cash-settled transaction). An upper limit has been agreed for share-based payments.

Calculating the value of the share-based payment requires an estimate to be made of the future share price as of each reporting date. This was done using a Black-Scholes valuation model that was based on volatility of 36% and a dividend yield of 1% as of 31 December 2015. The interest rate used for the model is 0.04%.

For the share-based payment attributable to 2015, we currently assume that the share price at the end of the vesting period will be 200% of the reference price. The 11,034 phantom stock options granted in 2015 each have a fair value of EUR 56.19.

EUR 1,055k of all long-term benefits (LTI) is due for payment in 2016.

Stock option plan:

Under the stock option plan resolved by the shareholder meeting in 2013 (SOP 2013), the board of management was granted a total of 1,954,700 options. In 2015, another stock option plan (SOP 2015) was resolved by the shareholder meeting, under which the board of management was granted 350,000 options.

Option rights can be exercised at the earliest after the expiry of the four-year vesting period beginning on the grant date of the subscription right. The options have a contractual term of seven years. Instead of issuing new shares, the Company may choose to grant a cash payment in order to satisfy the stock options. The right to exercise the stock options is dependent on the fulfillment of a certain length of service (vesting period), the value of the Company's share price and a minimum operational EBITDA of the Group of EUR 150m (SOP 2013) or EUR 250m (SOP 2015). The gain that can be achieved by option holders from exercising their stock options may not be more than three times the corresponding exercise price.

As of the grant date, the fair value of the stock options granted is determined using a Black-Scholes model and taking into account the conditions at which the stock options were issued.

The weighted average fair value of options granted under the SOP 2015 for the first time during the fiscal year was EUR 12.70. The weighted average fair value of all options granted under the Stock Option Plan 2013 was EUR 2.14 (prior year: EUR 1.99).

As of 31 December 2015, a total of EUR 6,289k (prior year: EUR 4,397k) was recognized as provisions for all potential future short and long-term bonus entitlements of the board of management, EUR 1,790k (prior year: EUR 1,255k) of which is attributable to current entitlements from share-based payments.

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

6. Employees

An average of 242 staff were employed in fiscal year 2015 (prior year: 242).

7. List of shareholdings

The disclosures pursuant to Sec. 285 No. 11 HGB on entities in which the Company holds an equity interest of at least 20% are presented in the following list of shareholdings.

	Equity interest 31 Dec 2015 %	Equity as of 31 Dec 2015 EUR k	Profit or loss 2015 EUR k
Direct investments			
BlowUP Media GmbH, Cologne	100	953	317
Digital Media Products GmbH, Darmstadt	100	31,848	6,489
Ströer Digital Group GmbH, Cologne	100	84,587	*-4,191
Ströer Digital International GmbH, Cologne (formerly Ballroom International GmbH, Glonn)	100	10,343	363
Ströer Kentvizyon Reklam Pazarlama A.S., Istanbul, Turkey	90	66,441	-4,625
Ströer Media Deutschland GmbH, Cologne	100	121,245	*92,701
Ströer Polska Sp. z.o.o., Warsaw, Poland	100	18,586	118
Ströer Venture GmbH, Cologne	100	-33	-58
Ströer Content Group GmbH, Cologne (formerly Ströer Venture GmbH, Cologne)	100	25	*1,328
Indirect investments			
adscale GmbH, Munich	99.6	9,497	-39
Adscale Laboratories Ltd., Christchurch, New Zealand	100	526	123
Adselect GmbH, Duisburg	100	156	76
Ad-Vice Sp. z.o.o., Warsaw, Poland	100	219	47
ARGE Aussenwerbung Schönefeld GbR, Berlin	50	33	60
BB Elements Sp. z.o.o., Warsaw, Poland	100	55	23
BlowUP Media Belgium BVBA, Antwerp, Belgium	80	628	254
BlowUP Media Benelux B.V., Amsterdam, Netherlands	100	649	859
BlowUP Media Espana S.A., Madrid, Spain	100	-1,037	76
BlowUP Media U.K. Ltd., London, UK	100	4,050	1,111
Business Advertising GmbH, Dusseldorf	50.4	1,725	606
Conexus AS, Drammen, Norway	54.83	5,195	329
Conexus Norge AS, Drammen, Norway	100	115	-272
Conexus Technology AS, Drammen, Norway	100	-1,426	80
Content Fleet GmbH, Hamburg	70.2	-973	-1,269
DERG Vertriebs GmbH, Cologne	100	50	*2,463
DSMDecaux GmbH, Munich	50	10,412	8,853
DSM Deutsche Städte Medien GmbH, Frankfurt am Main	100	12,611	*13,836
DSM Krefeld Aussenwerbung GmbH, Krefeld	51	1,614	145
DSM Rechtegesellschaft mbH, Cologne	100	25	*44,387
DSM Werbeträger GmbH & Co. KG, Cologne	100	31,031	205
DSM Zeit und Werbung GmbH, Frankfurt am Main	100	1,453	*844
ECE flatmedia GmbH, Hamburg	75.1	4,190	4,163
Erdbeerlounge GmbH, Cologne	100	-832	-272
evidero GmbH, Cologne	65	6	-377
FaceAdNet GmbH, Mannheim	52	872	791
Fahrgastfernsehen Hamburg GmbH, Hamburg	100	57	211
GIGA fixxoo GmbH, Berlin	75	3,379	-342

	Equity interest 31 Dec 2015 %	Equity as of 31 Dec 2015 EUR k	Profit or loss 2015 EUR k
GIGA Kino GmbH, Cologne	100	25	*-176
Hamburger Verkehrsmittel-Werbung GmbH, Hamburg	75.1	1,848	468
iBillBoard Internet Reklam Hizmetleri ve Bilisim Teknolojileri A.S., Istanbul, Turkey	96	52	20
iBillBoard Poland Sp. z.o.o, Warsaw, Poland	100	109	66
INFOSCREEN GmbH, Cologne	100	8,227	*30,007
Instytut Badań Outdooru IBO SP. z o.o., Warsaw, Poland	40	-350	-389
InteractiveMedia CCSP GmbH, Darmstadt	100	4,460	1,975
Internet BillBoard a.s., Ostrava, Czech Republic	85	1,161	422
INTREN Informatikai Tanacsado es Szolgaltato Kft., Budapest, Hungary	50.89	344	173
KissMyAds GmbH, Cologne	100	-153	-448
Konya Inter Tanitim ve Reklam Hizmetleri Anonim Sti., Istanbul, Turkey	50	138	-1
Kultur-Medien Hamburg GmbH Gesellschaft für Kulturinformationsanlagen, Hamburg	51	562	487
Laeringslaben Fou AS, Drammen, Norway	100	-302	6
Linkz Internet Reklam Hizmetleri ve Bilisim Teknolojileri A.S., Istanbul, Turkey	100	-37	-181
MBR Targeting GmbH, Berlin	79.07	-3,566	-1,493
mediateam Werbeagentur GmbH/Ströer Media Deutschland GmbH - GbR, Cologne	50	66	66
mYouTime AS, Drammen, Norway	64.25	-117	-7
Objektif Kentvizyon Reklam Pazarlama Ticaret Ltd. Sti., Istanbul, Turkey	80	193	151
Omnea GmbH, Berlin	80	-963	-1,254
OnlineFussballManager GmbH, Cologne	50.1	-527	-879
OSD Holding Pte. Ltd., Singapore, Singapore	36.46	905	124
Pacemaker AOS GmbH, Cologne	93.33	-155	78
Permodo International GmbH, Munich	51	911	859
Permodo GmbH, Munich	100	509	485
RegioHelden GmbH, Stuttgart	90	-3,739	-3,272
RZV Digital Medya ve Reklam Hizmetleri A.S., Istanbul, Turkey	100	-3,617	-3,260
SEM Internet Reklam Hizmetleri ve Danismanlik A.S., Istanbul, Turkey	100	1,604	526
SMD Rechtegesellschaft GmbH, Cologne	100	25	*20,977
SMD Werbeträger GmbH & Co. KG, Cologne	100	9,450	89
SRG Rechtegesellschaft GmbH, Cologne	100	25	*22,688
SRG Werbeträger GmbH & Co. KG, Cologne	100	14,409	78
Ströer DERG Media GmbH, Kassel	100	5,492	*17,975
Ströer Deutsche Städte Medien GmbH, Cologne	100	500	*9,597
Ströer Digital Media GmbH, Hamburg	100	974	*4,429
Ströer Digital Polska Sp. z o.o., Warsaw, Poland	100	1	0
Ströer Entertainment Web GmbH, Cologne	100	22	*-30
Ströer KAW GmbH, Cologne	100	1,538	1,039
Ströer Kulturmedien GmbH, Cologne	100	180	*543

	Equity interest 31 Dec 2015 %	Equity as of 31 Dec 2015 EUR k	Profit or loss 2015 EUR k
STRÖER media brands AG, Berlin (formerly GIGA Digital AG, Berlin)	100	1,508	*2,302
Ströer Media Sp. z.o.K., Warsaw, Poland	100	1,577	1,510
Ströer Media Sp. z.o.o., Warsaw, Poland	100	-1	-4
Ströer Netherlands B.V., Amsterdam, Netherlands	100	2	1
Ströer Netherlands C.V., Amsterdam, Netherlands	100	400	399
Ströer Sales & Services GmbH, Cologne	100	272	*19,365
Ströer Werbeträgerverwaltungs GmbH, Cologne	100	25	*-3
TUBE ONE Networks GmbH, Hamburg	51	1,487	459
Trierer Gesellschaft für Stadtmöblierung mbH, Trier	50	971	182
VIP 24 AS, Drammen, Norway	100	-60	-19
Webguidez Entertainment GmbH, Berlin	100	453	-145
X-City Marketing Hannover GmbH, Hannover	50	10,228	1,794

* Result before profit and loss transfer

8. Consolidated financial statements

The Company prepares the consolidated financial statements for the largest and smallest group of companies. The consolidated financial statements are published in the *elektronischer Bundesanzeiger* [Electronic German Federal Gazette].

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

Dirk Ströer holds 21.80% and Udo Müller 21.42% of the Company's shares. Moreover, according to the notifications made to the Company as of the date of preparation of these notes to the financial statements on 16 March 2016, the following parties reported to us that they hold more than 3% of the voting rights in the Company: Deutsche Telekom AG (11.60%), Allianz Global Investors Europe (5.88%) and Credit Suisse (4.63%).

See also our disclosures in exhibit 1 to the notes.

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

The board of management and supervisory board of SMH submitted the annual declaration of compliance with the German Corporate Governance Code in accordance with Sec. 161 AktG on 17 December 2015. The declaration was made permanently available to shareholders on the Company's website (http://ir.stroeer.de).

11. Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and the combined management report of the Company and the Group includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected future development of the Company.

Cologne, 16 March 2016

The Board of Management

Udo Müller   Christian Schmalzl   Dr. Bernd Metzner

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

Disclosures pursuant to Sec. 160 (1) No. 8 AktG ["Aktiengesetz": German Stock Corporation Act]

The Company issued the following notifications pursuant to Sec. 26 (1) WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act]:

Allianz Global Investors GmbH, Frankfurt am Main, Germany, notified us pursuant to Sec. 21 (1) WpHG on 14 October 2015 that its share of the voting rights of Ströer SE, Ströer-Allee 1, 50999 Cologne, had fallen below the 5% reporting threshold on 13 October 2015 and amounted to 4.98% on this date. This corresponds to 2,432,865 out of a total of 48,869,784 voting rights issued by the Company.

Of these voting rights, 1.21% is attributable to Allianz Global Investors GmbH in accordance with Sec. 22 (1) Sentence 1 No. 6 WpHG. This corresponds to 591,910 out of a total of 48,869,784 voting rights issued by the Company.

On 2 November 2015, Deutsche Telekom AG, Bonn, Germany, notified us pursuant to Sec. 21 (1) WpHG that its share of the voting rights of Ströer SE, Cologne, Germany, had exceeded the thresholds of 3%, 5% and 10% of the voting rights and amounted to 11.59% on this date. This corresponds to 6,412,715 of the 55,282,499 voting rights issued by Ströer SE. Deutsche Telekom AG acquired the voting rights in Ströer SE by way of a capital increase in return for a non-cash contribution.

Further to the voting rights notification pursuant to Sec. 21 (1) WpHG dated 2 November 2015, Deutsche Telekom AG, Bonn, Germany, as the party subject to mandatory reporting pursuant to Sec. 27a (1) Sentences 1, 3 and 4 WpHG, stated the following on 4 November 2015:

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

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

3. Deutsche Telekom AG intends to be represented for an electoral term on the supervisory board of Ströer SE and, subsequent to the change in legal form of Ströer SE into Ströer SE & Co. KGaA resolved on 25 September 2015, on the supervisory board of Ströer SE & Co. KGaA. Deutsche Telekom is represented on the supervisory board of Ströer Management SE, the general partner of the future Ströer SE & Co. KGaA. Deutsche Telekom AG does not otherwise intend to influence the composition of the issuer's administrative, management or supervisory bodies.

4. Deutsche Telekom AG does not intend to significantly change the capital structure of Ströer

SE, especially with regard to the ratio of internal/external financing and the dividend policy.

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

On 23 November 2015, Delphi Beteiligungsges. mbH, Unterhaching, Germany, notified us pursuant to Sec. 21 (1) WpHG that its share of the voting rights of Ströer SE, Cologne, Germany, had fallen below the thresholds of 5% and 3% of the voting rights on 20 November 2015 and amounted to 2.81% (corresponding to 1,555,773 voting rights) on this date.

On 23 November 2015, Media Ventures GmbH, Cologne, Germany, notified us pursuant to Sec. 21 (1) WpHG that its share of the voting rights of Ströer SE, Cologne, Germany, had fallen below the thresholds of 5% and 3% of the voting rights on 20 November 2015 and amounted to 0.00% (corresponding to 0 voting rights) on this date.

On 23 November 2015, Mr. Dirk Ströer, Germany, notified us pursuant to Sec. 21 (1) WpHG that his share of the voting rights of Ströer SE, Cologne, Germany, had fallen below the threshold of 25% of the voting rights on 20 November 2015 and amounted to 21.80% (corresponding to 12,052,263 voting rights) on this date. 2.81% of the voting rights (corresponding to 1,555,773 voting rights) is attributable to Mr. Ströer in accordance with Sec. 22 (1) Sentence 1 No. 1 WpHG. 0.0009% of the voting rights (corresponding to 490 voting rights) are attributable to Mr. Ströer in accordance with Sec. 22 (1) Sentence 1 No. 6 WpHG.

On 23 November 2015, SAMBARA STIFTUNG, Vaduz, Liechtenstein, notified us pursuant to Sec. 21 (1) WpHG that its share of the voting rights of Ströer SE, Cologne, Germany, had fallen below the thresholds of 5% and 3% of the voting rights on 20 November 2015 and amounted to 0.00% (corresponding to 0 voting rights) on this date.

Voting right notification in accordance with Sec. 25 (1) WpHG
We received the following notification pursuant to Sec. 25 (1) WpHG on 23 November 2015:

1. Issuer:
Ströer SE
Ströer Allee 1, 50999 Cologne, Germany

2. Party subject to mandatory notification:
Green Towers Holding B.V., Amsterdam, Netherlands

3. How threshold was met: Exceeded

4. Relevant thresholds: 5%

5. Date when threshold was met: 3 June 2013

6. Share of voting rights subject to mandatory notification: 6.93% (corresponding to 3,385,773 voting rights) in relation to the total voting rights of the issuer of: 48,869,784

7. Details of the share of voting rights:
Share of voting rights due to (financial/other) instruments in accordance with Sec. 25 WpHG:
6.93% (corresponding to 3,385,773 voting rights)
of which held indirectly:
0.00% (corresponding to 0 voting rights)
Share of voting rights in accordance with Sec. 21, 22 WpHG:
0.00% (corresponding to 0 voting rights)

8. Details of (financial/other) instruments in accordance with Sec. 25 WpHG: ISIN or description of the (financial/other) instrument: Exercise period: from 3 June 2013 to 30 April 2019

Maturity:
Expiry:

Voting right notification in accordance with Sec. 25 (1) WpHG
We received the following notification pursuant to Sec. 25 (1) WpHG on 23 November 2015:

1. Issuer:
Ströer SE
Ströer Allee 1, 50999 Cologne, Germany

2. Party subject to mandatory notification:
Green Towers Holding B.V., Amsterdam, Netherlands

3. How threshold was met: Shortfall

4. Relevant thresholds: 5%

5. Date of falling below threshold: 20 November 2015

6. Share of voting rights subject to mandatory notification: 0% (corresponding to 0 voting rights) in relation to the total voting rights of the issuer of: 55,282,499

7. Details of the share of voting rights:
Share of voting rights due to (financial/other) instruments in accordance with Sec. 25 WpHG:
0.00% (corresponding to 0 voting rights)
of which held indirectly:
0.00% (corresponding to 0 voting rights)
Share of voting rights in accordance with Sec. 21, 22 WpHG:
0.00% (corresponding to 0 voting rights)

8. Details of (financial/other) instruments in accordance with Sec. 25 WpHG:

Voting right notification in accordance with Sec. 25 (1) WpHG
We received the following notification pursuant to Sec. 25 (1) WpHG on 23 November 2015:

1. Issuer: Ströer SE
Ströer Allee 1, 50999 Cologne, Germany

2. Party subject to mandatory notification: Dacapo 2 GmbH, Berlin, Germany

3. How threshold was met: Exceeded

4. Relevant thresholds: 5%

5. Date when threshold was exceeded: 3 June 2013

6. Share of voting rights subject to mandatory notification: 6.93% (corresponding to 3,385,773 voting rights) in relation to the total voting rights of the issuer of: 48,869,784

7. Details of the share of voting rights:
Share of voting rights due to (financial/other) instruments in accordance with Sec. 25 WpHG:
6.93% (corresponding to 3,385,773 voting rights)
of which held indirectly:
6.93% (corresponding to 3,385,773 voting rights)
Share of voting rights in accordance with Sec. 21, 22 WpHG:
0.00% (corresponding to 0 voting rights)

8. Details of (financial/other) instruments in accordance with Sec. 25 WpHG: Chain of controlled companies: Green Towers Holding B.V.

ISIN or description of the (financial/other) instrument: Exercise period: from 3 June 2013 to 30 April 2019

Maturity:
Expiry:

Voting right notification in accordance with Sec. 25 (1) WpHG
We received the following notification pursuant to Sec. 25 (1) WpHG on 23 November 2015:

1. Issuer:
Ströer SE
Ströer Allee 1, 50999 Cologne, Germany

2. Party subject to mandatory notification: Dacapo 2 GmbH, Berlin, Germany

3. How threshold was met: Shortfall

4. Relevant thresholds: 5%

5. Date of falling below threshold: 20 November 2015

6. Share of voting rights subject to mandatory notification:
0.00% (corresponding to 0 voting rights) in relation to the total voting rights of the issuer of: 55,282,499

7. Details of the share of voting rights:
Share of voting rights due to (financial/other) instruments in accordance with Sec. 25 WpHG:
0.00% (corresponding to 0 voting rights)
of which held indirectly:
0.00% (corresponding to 0 voting rights)
Share of voting rights in accordance with Sec. 21, 22 WpHG:
0.00% (corresponding to 0 voting rights)

8. Details of (financial/other) instruments in accordance with Sec. 25 WpHG:

Voting right notification in accordance with Sec. 25 (1) WpHG
We received the following notification pursuant to Sec. 25 (1) WpHG on 23 November 2015:

1. Issuer: Ströer SE

Ströer Allee 1, 50999 Cologne, Germany

2. Party subject to mandatory notification: Avalanche GmbH, Berlin, Germany

3. How threshold was met: Exceeded

4. Relevant thresholds: 5%

5. Date when threshold was met: 3 June 2013

6. Share of voting rights subject to mandatory notification: 6.93% (corresponding to 3,385,773 voting rights) in relation to the total voting rights of the issuer of: 48,869,784

7. Details of the share of voting rights:
Share of voting rights due to (financial/other) instruments in accordance with Sec. 25 WpHG:
6.93% (corresponding to 3,385,773 voting rights)
of which held indirectly:
6.93% (corresponding to 3,385,773 voting rights)
Share of voting rights in accordance with Sec. 21, 22 WpHG:
0.00% (corresponding to 0 voting rights)

8. Details of (financial/other) instruments in accordance with Sec. 25 WpHG: Chain of controlled companies: Green Towers Holding B.V., Dacapo 2 GmbH
ISIN or description of the (financial/other) instrument: Exercise period: from 3 June 2013 to 30 April 2019
Maturity:
Expiry:

Voting right notification in accordance with Sec. 25 (1) WpHG
We received the following notification pursuant to Sec. 25 (1) WpHG on 23 November 2015:

1. Issuer: Ströer SE
Ströer Allee 1, 50999 Cologne, Germany

2. Party subject to mandatory notification: Avalanche GmbH, Berlin, Germany

3. How threshold was met: Shortfall

4. Relevant thresholds: 5%

5. Date of falling below threshold: 20 November 2015

6. Share of voting rights subject to mandatory notification: 0.00% (corresponding to 0 voting rights) in relation to the total voting rights of the issuer of: 55,282,499

7. Details of the share of voting rights:
Share of voting rights due to (financial/other) instruments in accordance with Sec. 25 WpHG:
0.00% (corresponding to 0 voting rights)
of which held indirectly:
0.00% (corresponding to 0 voting rights)
Share of voting rights in accordance with Sec. 21, 22 WpHG:
0.00% (corresponding to 0 voting rights)

8. Details of (financial/other) instruments in accordance with Sec. 25 WpHG:

Voting right notification in accordance with Sec. 25 (1) WpHG
We received the following notification pursuant to Sec. 25 (1) WpHG on 23 November 2015:

1. Issuer: Ströer SE
Ströer Allee 1, 50999 Cologne, Germany

2. Party subject to mandatory notification: Mr. Matthias Rumpelhardt, Germany

3. How threshold was met: Exceeded

4. Relevant thresholds: 5%

5. Date when threshold was met: 3 June 2013

6. Share of voting rights subject to mandatory notification: 6.93% (corresponding to 3,385,773 voting rights) in relation to the total voting rights of the issuer of: 48,869,784

7. Details of the share of voting rights:

Share of voting rights due to (financial/other) instruments in accordance with Sec. 25 WpHG:
6.93% (corresponding to 3,385,773 voting rights)
of which held indirectly:
6.93% (corresponding to 3,385,773 voting rights)
Share of voting rights in accordance with Sec. 21, 22 WpHG:
0.00% (corresponding to 0 voting rights)

8. Details of (financial/other) instruments in accordance with Sec. 25 WpHG: Chain of controlled companies: Green Towers Holding B.V., Dacapo 2 GmbH, Avalanche GmbH
ISIN or description of the (financial/other) instrument: Exercise period: from 3 June 2013 to 30 April 2019
Maturity:
Expiry:

Voting right notification in accordance with Sec. 25 (1) WpHG
We received the following notification pursuant to Sec. 25 (1) WpHG on 23 November 2015:

1. Issuer:
Ströer SE
Ströer Allee 1, 50999 Cologne, Germany

2. Party subject to mandatory notification: Mr. Matthias Rumpelhardt, Germany

3. How threshold was met: Shortfall

4. Relevant thresholds: 5%

5. Date of falling below threshold: 20 November 2015

6. Share of voting rights subject to mandatory notification: 0.00% (corresponding to 0 voting rights) in relation to the total voting rights of the issuer of: 55,282,499

7. Details of the share of voting rights:
Share of voting rights due to (financial/other) instruments in accordance with Sec. 25 WpHG:
0% (corresponding to 0 voting rights)
of which held indirectly:
0.00% (corresponding to 0 voting rights)
Share of voting rights in accordance with Sec. 21, 22 WpHG:
0.00% (corresponding to 0 voting rights)

8. Details of (financial/other) instruments in accordance with Sec. 25 WpHG:

Voting right notification in accordance with Sec. 25a WpHG
We received the following notification pursuant to Sec. 25a WpHG on 23 November 2015:

1. Issuer: Ströer SE
Ströer Allee 1, 50999 Cologne, Germany

2. Party subject to mandatory notification: Mr. Udo Müller, Germany

3. How threshold was met: Exceeded

4. Relevant thresholds: 5%, 10%, 15%, 20%, 25% and 30%

5. Date when threshold was met: 3 June 2013

6. Share of voting rights subject to mandatory notification: 31.15% (corresponding to 15,224,273 voting rights) in relation to the total voting rights of the issuer of: 48,869,784

7. Details of the share of voting rights:
Share of voting rights due to (financial/other) instruments in accordance with Sec. 25a WpHG:
6.93% (corresponding to 3,385,773 voting rights)
of which held indirectly:
0.00% (corresponding to 0 voting rights)
Share of voting rights due to (financial/other) instruments in accordance with Sec. 25 WpHG:
0.00% (corresponding to 0 voting rights)
of which held indirectly:
0.00% (corresponding to 0 voting rights)
Share of voting rights in accordance with Sec. 21, 22 WpHG:
24.22% (corresponding to 11,838,500 voting rights)

8. Details of (financial/other) instruments in accordance with Sec. 25a WpHG: ISIN or description of the (financial/other) instrument: The instrument is a fiduciary agreement concerning the shares in Green Towers Holding B.V. ("GTH"). On 3 June 2013, GTH in turn acquired a call option on Ströer SE shares (exercise period: 3 June 2013 to 30 April 2019).

Voting right notification in accordance with Sec. 25a WpHG
We received the following notification pursuant to Sec. 25a WpHG on 23 November 2015:

1. Issuer: Ströer SE
Ströer Allee 1, 50999 Cologne, Germany

2. Party subject to mandatory notification: Mr. Udo Müller, Germany

3. How threshold was met: Shortfall

4. Relevant thresholds: 30%

5. Date of falling below threshold: 2 November 2015

6. Share of voting rights subject to mandatory notification: 27.54% (corresponding to 15,224,273 voting rights) in relation to the total voting rights of the issuer of: 55,282,499

7. Details of the share of voting rights:
Share of voting rights due to (financial/other) instruments in accordance with Sec. 25a WpHG:
6.12% (corresponding to 3,385,773 voting rights)
of which held indirectly:
0.00% (corresponding to 0 voting rights)
Share of voting rights due to (financial/other) instruments in accordance with Sec. 25 WpHG:
0.00% (corresponding to 0 voting rights)
of which held indirectly:
0.00% (corresponding to 0 voting rights)
Share of voting rights in accordance with Sec. 21, 22 WpHG:
21.41% (corresponding to 11,838,500 voting rights)

8. Details of (financial/other) instruments in accordance with Sec. 25a WpHG: ISIN or description of the (financial/other) instrument: The instrument is a fiduciary agreement concerning the shares in Green Towers Holding B.V. ("GTH"). On 3 June 2013, GTH in turn acquired a call option on Ströer SE shares (exercise period: 3 June 2013 to 30 April 2019).

Voting right notification in accordance with Sec. 25a WpHG
We received the following notification pursuant to Sec. 25a WpHG on 23 November 2015:

1. Issuer: Ströer SE

Ströer Allee 1, 50999 Cologne, Germany

2. Party subject to mandatory notification: Mr. Udo Müller, Germany

3. How threshold was met: Shortfall

4. Relevant thresholds: 25%, 20%, 15%, 10% and 5%

5. Date of falling below threshold: 20 November 2015

6. Share of voting rights subject to mandatory notification: 0.00% (corresponding to 0 voting rights) in relation to the total voting rights of the issuer of: 55,282,499

7. Details of the share of voting rights:
Share of voting rights due to (financial/other) instruments in accordance with Sec. 25a WpHG:
0.00% (corresponding to 0 voting rights)
of which held indirectly:
0.00% (corresponding to 0 voting rights)
Share of voting rights due to (financial/other) instruments in accordance with Sec. 25 WpHG:
0.00% (corresponding to 0 voting rights)
of which held indirectly:
0.00% (corresponding to 0 voting rights)
Share of voting rights in accordance with Sec. 21, 22 WpHG:
21.46% (corresponding to 11,863,100 voting rights)

8. Details of (financial/other) instruments in accordance with Sec. 25a WpHG:

Allianz Global Investors Europe GmbH, Frankfurt am Main, Germany, notified us pursuant to Sec. 21 (1) WpHG on 25 November 2015 that its share of the voting rights of Ströer SE, Ströer-Allee 1, 50999 Cologne, had exceeded the 5% reporting threshold on 20 November 2015 and amounted to 5.88% on this date. This corresponds to 3,249,040 out of a total of 55,282,499 voting rights issued by the Company.

Of these voting rights, 1.69% is attributable to Allianz Global Investors GmbH in accordance with Sec. 22 (1) Sentence 1 No. 6 WpHG. This corresponds to 935,822 out of a total of 55,282,499 voting rights issued by the Company.

COMBINED MANAGEMENT REPORT

The references made in this combined management report of Ströer SE (formerly "Ströer Media SE", since 1 March 2016 "Ströer SE & Co. KGaA", hereinafter "Ströer SE") and of the Group to page numbers refer to the numbering in the annual report.

BACKGROUND OF THE STRÖER GROUP

Business model

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

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

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

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

→ For further information on strategy and management, see page 21

Segments and organizational structure

At the beginning of fiscal year 2015, Ströer aligned its internal controlling and thus also the structure of its segments to reflect current developments and the Group's new focus. In this context, the digital business public video, which was previously part of the Ströer Germany segment, was transferred to the Ströer Digital segment. As such, the remaining Germany segment has since solely comprised the German out-of-home business excluding the public video business, which is aptly reflected in the new name "Out-of-Home Germany (OOH Germany)." We have also optimized our internal controlling in relation to our international out-of-home business. We grouped Ströer Turkey, Ströer Poland and blowUP Media into a new segment, "Out-of-Home International (OOH International)." The prior-year figures were restated accordingly to reflect the new segment structure.

The Ströer Group's reporting segments comprise the Ströer Digital segment, the OOH Germany segment and the OOH International segment. These segments operate independently on the market in close cooperation with the group holding company Ströer SE. This cooperation relates in particular to the Group's central strategic focus and enables a targeted transfer of expertise between the different segments.

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

Digital business

Ströer Digital segment
In the Ströer Digital segment, the Ströer Group offers digital advertising on the internet, on mobile devices and in public spaces as a public video network. The segment comprises in particular the intermediate holding companies Ströer Digital Group GmbH, Cologne (Ströer Digital Group), Ströer Digital International GmbH, Cologne (Ströer Digital International, formerly Ballroom International GmbH), Ströer Venture GmbH, Cologne (Ströer Venture), Ströer Content Group GmbH, Cologne (Ströer Content Group, formerly Ströer Venture GmbH), and their respective subsidiaries as well as Digital Media Products GmbH, Darmstadt (Digital Media Products). The Ströer Digital Group with its various subsidiaries holds a strong position in the commercialization of advertising in Germany and covers the entire digital marketing value chain, from traditional online banner advertising, special advertising formats and individual advertising integration through to video and mobile advertising. Ströer Digital International is similarly positioned in the markets outside Germany. Ströer Venture focuses on data-driven business models. Ströer Content Group works on enhancing our digital assets. Digital Media Products with its subsidiary InteractiveMedia CCSP GmbH, Darmstadt (InteractiveMedia), represents the acquisition of the portal business of t-online.de and the digital marketer.

Display and mobile advertising
With its portfolio of more than 600 websites and a reach of approximately 44 million unique users[1] Ströer Digital Media was ranked the number one marketer by the industry group Arbeitsgemeinschaft Online Forschung (AGOF), making it one of the most important display and online marketers in the German advertising market.[2] In the area of online advertising, Ströer has a large number of direct customers as well as an automated technology platform (for both the demand and supply side).

In the fiscal year, Ströer SE significantly increased its reach in the area of display and mobile marketing in particular by acquiring the marketer InteractiveMedia. Ströer SE also commenced its acquisition of OMS Vermarktungs GmbH & Co. KG, Düsseldorf (OMS), in the reporting year, which was completed in January 2016. In terms of mobile advertising, Ströer SE will considerably strengthen its portfolio through the exclusive contract to market the music identification service Shazam Entertainment Ltd (Shazam).

InteractiveMedia markets in particular t-online.de. In the fiscal year, the t-online portal was acquired from Deutsche Telekom AG as part of Digital Media Products. t-online.de is Germany's leading internet portal and reaches 31 million users per month.[3] The t-online portfolio includes email access as well as content offerings such as wetter.info, wanted.de, zuhause.de and selected news stories. As a premium online marketer, InteractiveMedia also markets kicker.de, gutefrage.de, vital.de, wetter.info and many more websites in addition to t-online.de.

1 Per month
2 Source: Extrapolation of marketer rankings following the merger of the offerings of Ströer Digital, InteractiveMedia and OMS based on the AGOF ranking digital facts 09-2015
3 Source: AGOF digital facts 10-2015; overall digital offerings ranking

In this context, rich media[4] and native advertising[5] are intelligently linked with traditional display advertising formats and new moving-picture products. At the same time, InteractiveMedia, a pioneer in programmatic advertising, is continuing to develop innovative advertising formats, also for automatic trading. In the area of social ads advertising, the premium marketer provides its customers with a unique marketing portfolio of renowned media brands and apps as well as thematic verticals.

OMS is one of the strongest premium marketers of high-quality editorial environments for regional daily newspapers and offers its advertising customers solutions for addressing attractive target groups with display, mobile and moving-picture campaigns across all screens.

Shazam is a music identification service for mobile phones and smartphones and has 7 million active users and 36 million downloads per month.

Along with the abovementioned acquisitions, Ströer added a large number of its own websites to its portfolio in the fiscal year, most of which are operated by Ströer Content Group. In this context, Ströer focuses on the performance publishing approach, which involves evaluating and developing content based on internet traffic quality and leads to a stronger generation of traffic on the website. The acquisition of Content Fleet GmbH, Hamburg (Content Fleet), – a notable company in the area of content optimization – is a key component in this regard. For the first time, Ströer can provide creative, distribution and monetization services from a single source. Content Fleet offers proprietary, performance-driven technology solutions for the real-time processing, evaluation and interpretation of large volumes of data. These solutions allow it to offer its customers detailed insights in real time.

Ströer is also a powerful player in the market for the automated marketing of advertising space. The technology platform is largely provided by the subsidiaries adscale GmbH (adscale) in Munich and MBR Targeting GmbH (MBR) in Berlin.

adscale is one of the biggest marketplaces for digital advertising in Germany. In the fiscal year, adscale significantly expanded its supply-side platform and supplemented it with a cross-media market place. This will enable publishers to put together cross-media packages comprising video, mobile and display inventory to which selected advertisers then enjoy exclusive access. Advertisers can use adscale to filter out target groups for their campaigns from a portfolio of more than 6,000 websites. Each month, adscale records around 42 million unique visitors and some 5 billion page views (as of the end of 2015).[6] With its wide-ranging portfolio of some 6,000 websites, adscale reaches more than three quarters of all German internet users.[6]

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

4 Rich Media refers to online content, which is enhanced both visually and acoustically, for example by video, audio and animation

5 Native Advertising is a method wherein various forms of advertising can be placed in an editorial environment

6 Source: comScore, November 2015

Video
Ströer offers various formats in the area of video: Public video screens (in stations, shopping malls, underground railway stations), online video as well as leading web TV offerings.

Ströer has around 3,500 public video screens in shopping malls, railway stations and underground railway stations. Public video is a new kind of media channel to complement traditional TV and can be combined directly with campaigns in the online segment. In contrast to linear TV, public video screens can accompany consumers on their customer journey and are therefore a unique product. Consumers can be addressed directly and in a targeted manner using specific synchronized advertising loops. In the online segment, the video format enables premium content to be offered on a large number of websites. In addition, Ströer has a leading web TV offering in the shape of TUBE ONE Networks GmbH (TubeOne), one of the largest social video networks in Germany. TubeOne markets around 150 artists and generates around 650 million video views per month (including 50 million social views). The YouTube channels of celebrities such as Simon Desue or DieAussenseiter have well over a million subscribers. Online and public video particularly appeal to young and mobile target groups, who react positively to moving pictures and who are reached less and less by linear television.

Transactional
In addition to traditional advertising income from the marketing of websites, Ströer SE intends to focus on other digital business models such as e-commerce, shopping and subscription-based revenue models.

In the reporting period, Ströer SE already initiated several game-changing acquisitions in this regard. Conexus AS, Drammen (Conexus), was acquired in the last quarter and the acquisition of Statista GmbH, Hamburg (Statista), was finalized in the first quarter of 2016.

Conexus is the market leader for digital, big-data driven educational solutions and professional learning for the educational sector in Scandinavia. Conexus is able to capture complex value chains and analyze big data in highspeed. Conexus delivers trendsetting infrastructure solutions, already in use by around 75% of all schools and educational institutions in Norway.

Statista is a leading global data and business platform. Statista offers its customers a considerable degree of efficiency and extensive cost benefits in sourcing business-relevant information, especially in the form of statistics. The platform already gives access to around one million statistics from more than 18,000 sources. On the basis of the compiled data, Statista continuously develops new, innovative and data-based products, which are primarily marketed with partners.

Statista and Conexus will be legally bundled into the newly established Ströer Venture. Ströer Venture will continue to focus on developing disruptive, digital business models.

International online marketing
Ströer Digital International is one of the biggest marketing networks for online advertising with a focus on south-eastern European markets. Its portfolio ranges from ad exchange services, video and display advertising to performance marketing. Ströer Digital International uses proprietary technologies, from real-time bidding, ad server and video solutions, through to targeting components.

Out-of-home business

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

Our portfolio currently comprises more than 290,000 marketable advertising faces in Europe. Agreements with private owners of land and buildings generally provide for the payment of a fixed lease, whereas the majority of the concession contracts with municipalities entail revenue-based lease payments.

Out-of-Home Germany segment

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

Out-of-Home International segment

The OOH International segment includes our Turkish and Polish out-of-home activities and the western European giant poster business of blowUP Media GmbH (blowUP Media).

Ströer Kentvizyon Reklam Pazarlama A.S., in which the Ströer Group holds a 90% stake, manages our operations in Turkey. Ströer has a presence in 7 of the 10 largest Turkish cities and operates in all product groups. With some 48,000 marketable advertising faces in approximately 20 cities and provinces, we also generate the highest revenue in our sector in Turkey and have a much larger share of the Turkish market than any other competitor.

The Polish OOH business is managed by Ströer Polska Sp. z.o.o. In terms of like-for-like revenue, Ströer is the joint leader of the Polish market with a similar-sized competitor. Our national company has a presence in approximately 120 cities and municipalities with some 12,000 marketable advertising faces and operates in all of the Group's product groups.

BlowUP Media is a strong western European provider of giant posters of up to more than 1,000m^2 positioned on building façades. The company currently markets more than 300 sites, some of which are digitized, which are booked either individually or in blocks, both nationally and internationally, by well-known advertisers. The generally shorter concession terms pose different challenges for portfolio management to those that arise in traditional out-of-home advertising. In Europe, BlowUP Media has operations in Germany, the UK, the Netherlands, Spain and Belgium.

Investments and locations

The following overview as of 31 December 2015 outlines the main investment structure and allocation to the core markets.

	Ströer SE								
	100%	100%	100%	100%	100%	100%	90%	100%	100%
Management company	Ströer Media Deutschland GmbH	Ströer Digital Group GmbH	Ströer Digital International GmbH	Ströer Venture GmbH	Ströer Content Group GmbH	Digital Media Products GmbH	Ströer Kent-vizyon Reklam Pazarlama A.S.	Ströer Polska Sp. z.o.o.	BlowUP Media GmbH
Geographical activity	Germany/ Netherlands	Germany/ New Zealand	Germany/ Hungary/ Turkey/ Poland/ Czech Republic	Germany/ Norway	Germany	Germany	Turkey	Poland	Germany/ UK/Belgium/ Spain/ Netherlands
Investees*	**25**	**7**	**8**	**9**	**10**	**1**	**1**	**3**	**4**
Segment revenue 2015	EUR 464m	EUR 243m					EUR 143m		
Segment	OOH Germany	Ströer Digital					OOH International		

* Number of fully consolidated companies

Management and control

The board of management of Ströer SE as of 31 December 2015 comprised three members: Udo Müller (CEO), Christian Schmalzl (COO) and Dr. Bernd Metzner (CFO). The following overview shows the responsibilities of each member of the board of management in the Group:

Name	Member since	Appointed until	Responsibility
Udo Müller	July 2002	October 2019	Chairman Strategy
Dr. Bernd Metzner	June 2014	June 2017	Chief Financial Officer Group Finance and Tax Group HR Group IT Group Legal Group M&A/Corporate Finance Group Internal Audit Group Investor Relations Group Procurement Group Risk Management Group Accounting Group Controlling
Christian Schmalzl	November 2012	October 2019	Management and supervision of national, international and digital companies Group business development Group corporate communications

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

The supervisory board as of 31 December 2015 comprised three members: Christoph Vilanek, Vicente Vento Bosch and Ulrich Voigt. For more information on the cooperation between the board of management and the supervisory board and on other standards of corporate management and control, see the corporate governance declaration pursuant to Sec. 289 HGB ["Handelsgesetzbuch": German Commercial Code], which also includes the declaration of compliance with the German Corporate Governance Code pursuant to Sec. 161 AktG ["Aktiengesetz": German Stock Corporation Act]. In addition, the board of management and supervisory board issue a joint corporate governance report each year in accordance with 3.10 of the German Corporate Governance Code. All documents are published on the website of Ströer SE (http://ir.stroeer.com).

Markets and factors

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

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

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

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

The use of ad blockers is becoming increasingly prominent. They allow users to prevent advertising being displayed on websites. At the same time, technology designed to circumvent these ad blockers is being developed on a similar scale.

Overall, the Ströer Group is very well positioned with its integrated portfolio to profit from the medium to long-term market trends. The expectation is that the market will focus more and more directly on media users and their usage behavior, which will increasingly involve media consumption via mobile end devices in the private, professional and public environments. This blurs the boundaries between the individual content channels, pushing centrally managed online marketing to the fore.

It also gives added importance to performance products, especially as it is possible to reach target groups with increasing accuracy by analyzing large volumes of data and using targeting technologies. The moving-picture and mobile offerings in the online advertising market are expected to see above-average growth. At the same time, there is substantial potential for regional online advertising campaigns. Out-of-home advertising is also affected by advances in digital media, but is the only medium to retain its physical presence.

Strategy and management

Value-based strategy

We have significantly developed the Ströer Group’s growth and value-based strategy by expanding our business model and developing our online portfolio. We are one of the first fully integrated digital marketers to focus our strategy on generating revenue and earnings potential from the integration of traditional and digital out-of-home advertising with online display and video marketing. Traditional out-of-home advertising campaigns, which are primarily aimed at increasing brand awareness (branding), are strategically supplemented by attractive and innovative performance marketing products and solutions. At the same time, Ströer is diversifying its advertising-heavy revenue streams towards subscription and e-commerce.

We are a major digital multi-channel media company focused on big data, digital content and out-of-home infrastructure. Our activities center around five strategic growth opportunities:

- OOH digitization in Germany
- First-party content business – enhancement of digital assets
- Local markets – increasing our local and regional advertising revenue
- National market – establishing ourselves as a leading cross-media marketer in Germany
- Ventures – focus on disruptive and data-driven business models

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

In 2015, our activities were dominated by the continued systematic modularization and standardization of the product portfolio to enhance product quality. In addition, product development also focused on optimizing the lighting/background lighting systems of advertising media and the related reduction in energy consumption in existing product ranges. Since 2014, the Ströer Group has already converted 26,500 sites to LED operation.

Crucial to the attractiveness of public video for advertising and media agencies is the synchronization of the screens, which ensures an attention-grabbing brand presence and visually dominant video advertising messages. In the fiscal year, we increased the number of our public video screens by 17% from around 3,000 screens to 3,500 screens.

The digital development also includes LED video boards, which can be used in the outdoor segment. Two-sided LED systems were planned and tested in 2014, and were launched on the German market in 2015. Ströer installed the first digital roadside screens in Wuppertal and Hamburg, with other cities across Germany, such as Cologne, to follow in the coming years.

After the successful launch of the iBeacon testing platform (Düsseldorf) in cooperation with Deutsche Bahn, we have begun installing 50,000 iBeacons across Germany. The use of this technology, which is based on Bluetooth low energy, makes it possible to connect the analog world with the digital world. Retail customers in particular could profit from this development as the iBeacon technology allows the mechanisms of e-commerce to be integrated into stationary trade. In this way, additional information that is pinpointed in terms of time and place concerning products, advertising campaigns or coupons is channeled to consumers directly and can guide them to the point of sale.

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

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

In the area of out-of-home advertising, around 28 employees worked in product development as of the end of 2015.

First-party content business – enhancement of digital assets
In 2014, we began setting up the Digital Content group. In 2015, we were already one of the biggest digital publishers in Germany. The group is based on a disruptive, tech-based and performance-driven business model which mainly involves monetizing content and maximizing traffic through our performance publishing approach.

Along with the portal t-online.de acquired in 2015, the portfolio built up to date includes in particular the content and technology specialist, Content Fleet, which was also acquired in 2015. Furthermore, we also signed an agreement on the acquisition of Statista with economic effect as of 1/2 February 2016. Statista is a global data and business platform. It offers its customers a considerable degree of efficiency and extensive cost benefits in sourcing business-relevant information, especially in the form of statistics. The platform gives access to around one million statistics from more than 18,000 sources. On the basis of the compiled data, Statista continuously develops new, innovative and data-based products, which are primarily marketed with partners.

STRÖER media brands AG, Berlin (Ströer Media Brands, formerly GIGA Digital AG), brings together the areas of Apple, Android, software and film.

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

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

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

In the fiscal year, we added digital products to our local and regional offering. The acquisition of RegioHelden GmbH, Stuttgart, enables us to also offer our local customers integrated services in the area of online advertising. In this context, we focus in particular on campaign management in the area of search engine optimization. By monitoring the success of advertising in detail and transparently, the traditional scattering loss in print advertising can be avoided and new target groups reached in the local environment.

We successfully increased our revenue at regional level during the reporting year. We also strengthened our regional sales force. We now have more than 300 field staff at regional level. This year we started offering products in the out-of-home advertising segment and in the digital segment from a single source at regional level. The extensive exploitation of structural growth potential should ensure an above-average increase in net revenue from local and regional advertising.

National market – establishing ourselves as a leading marketer in Germany
Today, we are already one of the largest marketers in Germany and intend to expand our position further, with consolidation being the key to our success. Following the acquisition of InteractiveMedia and OMS (with economic effect as of 19 January 2016), we hold a leading position in the area of national online marketing, in addition to out-of-home advertising.

The significant growth potential of our multi-screen products and marketing position arises from the increasing use of media across a range of screens in public, professional and private environments. As a result, advertisers are increasingly aiming for a combination of different screens when planning their campaigns to target specific groups as far as possible and to maximize their reach among those target groups. One core element of Ströer's multi-screen offering is the integration of public video and online/mobile video. The Ströer Group has developed a new kind of media channel to complement traditional moving pictures in television and online media. Hence we are no longer talking about digital OOH, but rather public videos – i.e., moving pictures in public spaces. Online and public videos appeal particularly to young and mobile target groups, who respond positively to moving pictures and who are reached less and less by linear television. The aim is to sharply increase the share of total revenue from multi-screen products in the next few years and, in connection with this, to also generate a larger proportion of out-of-home advertising revenue through public and online videos. In this way, customers receive all the main services for their moving-picture campaigns out of one hand – from cross-media planning and booking to campaign monitoring.

The group-wide marketing of multi-screen campaigns was made easier in the reporting year by an ad server solution in the form of a multi-screen planning and booking tool that enables dynamic and regional campaign management. In order to make the reaches comparable, Ströer converted the video views achievable via out-of-home advertising into ad impressions,[1] with the help of GfK's (Gesellschaft für Konsumforschung) Media Efficiency Panel. Ströer generates well over three billion video ad impressions per month via online video and public video.[2] Our digital out-of-home advertising portfolio currently comprises approximately 3,500 screens at the most highly frequented locations in public spaces. The cross-media combination aims to create benefits for both advertisers and publishers, since the additional digital moving-picture screens tap into new target groups and increase overall reach.

Ventures – focus on disruptive and data-driven business models
In the area of ventures, we invest in disruptive, data-driven and digital business models. In the reporting period, Ströer already initiated several game-changing acquisitions in this regard, such as Conexus.

Conexus is the largest provider of digital, big-data driven educational solutions and professional learning for the educational sector in Scandinavia. Conexus is able to capture complex value chains and analyze big data in high speed. Conexus delivers trendsetting infrastructure solutions, already in use by around 75% of all schools and educational institutions in Norway.

1 Own survey
2 Basis: Gesellschaft für Konsumforschung (GfK) enigma

Unifying success factor – OOH and digital: data-driven and innovative product development

The digital strategy is based on the Group's technology position, which is being continuously enhanced and enables local and regional performance strategies as well as direct marketing. Technologies for precisely controlling campaigns and professionally managing large volumes of anonymized data are crucial for success. This enables the smooth integration of branding and performance marketing as part of the multi-screen strategy. The installation of iBeacons in our out-of-home advertising media allows us to combine out-of-home advertising and digital business.

We are focusing heavily on data-driven business models which will help us control our campaigns even more precisely. Our newly established data management platform (DMP) launched in the fiscal year serves as a basis to this end. It will enable Ströer to record, collect and analyze anonymized traffic data and use them for individual campaigns.

Along with the existing demand-side platform (DSP), which enables advertisers to automatically buy advertising space from other providers, our supply-side platform (SSP) helps customers to optimize their advertising campaigns. The new targeting algorithms make it possible, among other things, to identify potential new customers on the internet (new customer prediction) and then to address them with a specific campaign. The retargeting of existing customers is also more precise. Ultimately, programmatic buying means that advertising customers can procure precisely the ad impressions that will increase the probability that their target groups will purchase a specific product.

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

Ströer is continuously expanding its strong technology position in the digital segment and integrated the advertising format mobile and video into the SSP and DSP in the fiscal year. In the case of the mobile format, special mobile formats can also be booked via both automated platforms.

We also focus on data-driven content marketing as part of our performance publishing approach. Supported by our subsidiary Content Fleet, we are able to analyze more than 400 million articles and images in real time and use them in effective marketing campaigns via Facebook and Twitter. This means that reach is decisive for brand awareness, and relevant content is the key prerequisite for satisfied readers. We prepare content which is perfectly tailored to the target groups, thereby increasing traffic on our websites.

We also added search engine optimization technology to our portfolio in the fiscal year, which helps websites achieve higher rankings with regional relevance in search machine rankings.

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

In the digital segment, product development accounted for around 100 employees as of the end of fiscal year 2015.

Value-based management

We manage our Group using internally defined financial and non-financial key performance indicators in the interests of sustainable development. Our group-wide reporting structure that is implemented at all subsidiaries ensures that we keep abreast of the value added of all group entities and of the Group. Our objective is sustainable value creation over the entire economic cycle. At the same time, this ensures that we observe the covenants set by our lenders. Our value-based management is also reflected in the performance-related remuneration of the board of management. For us, value drivers are the main internal and external factors affecting business development. Key financial indicators follow the internal reporting structure and are pro forma figures which are not covered by IFRSs. They comprise organic revenue growth, operational EBITDA, adjusted profit for the period, free cash flow (before M&A transactions), ROCE (return on capital employed), as well as net debt and the leverage ratio derived from it.

→ For more information on the financing strategy, see page 38

Revenue development is one of the key indicators for measuring the growth of the Group as a whole. It is also an important metric for managing the Ströer Group's segments. As part of the budgeting and medium-term planning process, the individual segments are set revenue targets that are broken down to the relevant level, and adherence to these targets is continuously monitored during the year. Both organic revenue growth (excluding the effects of acquisitions and exchange rate changes) and nominal revenue growth (joint ventures are consolidated proportionately) are analyzed in this context. In view of its expansionary business development, Ströer adjusted its calculation of organic growth in 2015 to improve transparency. The adjustment means that the business performance of acquirees – both positive and negative – is included in the calculation of organic growth from the time of initial consolidation.

Operational EBITDA gives an insight into the sustainable development of the Group's earnings adjusted for exceptional items (joint ventures are consolidated proportionately). Exceptional items include gains and losses from changes in the investment portfolio and from capital measures, reorganization and restructuring expenses, and other extraordinary expenses and income. Furthermore, operational EBITDA is a key input for determining the leverage ratio which must be reported to the syndicate of banks on a quarterly basis as one of several covenants. In addition, sustainable operational EBITDA is used on the capital market as part of the multiplier process for simplifying the determination of business value.

Free Cash Flow (before M&A transactions) is a key indicator for the board of management and is calculated from the cash flows from operating activities less cash paid for investments in intangible assets and property, plant and equipment. Free cash flow before M&A transactions therefore represents the earnings power of our Company (joint ventures are consolidated pursuant to IFRS 11 using the equity method) and is an important determining factor for our investment, financing and dividend policy.

Our aim is also to sustainably increase our return on capital employed. To achieve this, we have systematically enhanced our management and financial control systems.

ROCE is calculated as adjusted EBIT divided by capital employed (joint ventures are consolidated proportionately). Adjusted EBIT is defined as follows: Earnings before interest and taxes adjusted for exceptional items, amortization of acquired advertising concessions and impairment losses on intangible assets. Capital employed is defined as the average capital tied up in the Group. It is the arithmetic mean of capital employed at the start of the year and the respective year-end. Capital employed comprises total non-current intangible assets including goodwill, property, plant and equipment and current assets less total non-interest-bearing liabilities.

ROCE provides us with a tool that enables value-based management of the Group and its segments. Positive value added and thus an increase in the Company's value are achieved when ROCE exceeds the cost of capital.

The Company's net debt and net debt ratio are also key performance indicators for the Group. The net debt ratio is measured as the ratio of net debt to operational EBITDA. Net debt is calculated as financial liabilities less derivative financial instruments and cash (joint ventures are consolidated proportionately).

As non-financial indicators, we take into account certain key figures on the employment situation, such as headcount at group level.

ECONOMIC REPORT

Business environment

General economic developments in 2015

The global economic trend witnessed in 2014 continued into 2015, with growth of 3.1% forecast by the International Monetary Fund in its World Economic Outlook.[1] Various factors affecting growth such as the drop in commodity prices, the turnaround in interest rates in the US and the cooling off of the economy in China made themselves felt in different ways.

Our three key markets of Germany, Turkey and Poland turned in subdued to positive performances in the reporting year. Despite the ailing Chinese economy and the related decline in orders placed with German companies, the German economy recorded strong growth thanks to strong domestic demand. The ongoing geopolitical tensions in the Middle East and the related uncertainties curbed economic development in Turkey, but growth in 2015 was still slightly higher year on year. The Polish economy continued to develop positively despite prevailing political flashpoints such as the conflict between Russia and Ukraine.

Germany

The German economy developed positively in 2015. Leading economic institutes adjusted their growth forecasts upward several times during the year. According to initial calculations by the German Federal Statistical Office ["Statistisches Bundesamt"], price-adjusted GDP increased by 1.7% year on year and has therefore grown by more than the 10-year average (1.3%) According to the German Federal Statistical Office, the German economy maintained its position in a difficult global economic environment and profited, above all, from strong domestic demand. Adjusted for inflation, private consumer spending rose by 1.9% and public-sector spending by 2.8%.[2]

The number of people in employment reached 43 million in 2015, a new record high for the ninth consecutive year. Households' real disposable income increased by 2.8% in 2015. This growth was almost matched by household spending calculated on the basis of current prices, which grew by 2.5%. Preliminary calculations put the household saving ratio in 2015 at 9.6%, up slightly year on year despite low interest rates.[2] In 2015, the inflation rate in Germany fell to its lowest level for six years. In 2015, consumer prices increased by 0.3% year on year[2] chiefly due to the sharp fall in energy prices.

Turkey

According to the International Monetary Fund (IMF) and Organisation for Economic Cooperation and Development (OECD) estimates, GDP growth was still around 3.0% in 2015, compared with 2.9% in 2014, although the forecasts were downgraded continuously during the year.[3] Despite the presidential elections in the middle of the year, the political situation and the macroeconomic environment only stabilized to a small extent. Consumer prices increased during the course of 2015 from 7.2% in January to 8.8% at year-end.[4]

1 Source: World Economic Outlook Adjusting to Lower Commodity Prices, October 2015

2 Source: BVR study on World Savings Day, September 2015

3 Source: OECD real GDP forecasts summary, Turkey, November 2015

4 Source: Turkish Statistical Institute, January 2016

Poland
The Polish economy continued to grow in the reporting period. OECD figures suggest that real GDP is likely to have increased to 3.5% in 2015.[5] This positive development was driven mainly by substantial EU investments in the country's infrastructure, which continue to support GDP growth, as well as strong domestic demand and a record number of people in employment in 2015. The labor market continues to be very robust and, with unemployment standing at around 8.0%, improved significantly compared with prior years. The rate of inflation remained at a very low level and was negative throughout 2015. An average rate of inflation of –0.7% is anticipated over the course of the year.[6]

Development of the out-of-home and online advertising industry in 2015
The impact of muted economic growth in Europe as a whole also filtered through to the western European advertising market in 2015. ZenithOptimedia, for example, estimates that net advertising spending on the main media increased by 2.9% in this region, consistent with the prior-year increase. While print media continued to contend with substantial losses of market share (down 5.9%), net advertising spending in the online segment once again rose sharply by 10.9%. Out-of-home advertising in the western European advertising market increased marginally by 3.0%. The advertising industry contracted by 3.4%[7] in eastern and central European countries.[8]

Germany
According to the gross advertising spending calculated by Nielsen Media Research, the advertising market in Germany grew by 4.0% in 2015.[9] In our view, however, the gross advertising data provided by Nielsen only indicate trends and can only be used to a limited extent to draw conclusions about net figures due to differing definitions and market territories. We currently expect net advertising investments to have increased only slightly in 2015 – in line with the most recently announced forecasts of the Central Association of the German Advertising Industry ["Zentralverband der deutschen Werbewirtschaft e.V.": ZAW]. ZAW is scheduled to publish the official net media spending figures in May 2016.[10] Our estimate for 2015 is also supported by a ZenithOptimedia forecast, which expects net advertising spending to increase slightly by 1.7% following an increase by 2.1% in 2014.[11]

In terms of net advertising spending, according to ZenithOptimedia, the out-of-home segment grew by 2.0% in 2015. For the digital segment, growth in net advertising spending was measured at 9.7%. At –4.0%, the print segment is expected to have decreased in the fiscal year. Reliable estimates of any shifts in market share cannot be made until the net market figures are published. However, we expect our market share to have increased slightly in out-of-home advertising.

5 Source: OECD real GDP forecasts summary, November 2015
6 Source: European Commission, Economic and Financial Affairs, EU economic situation, Economies of the member states, January 2016
7 Source: ZenithOptimedia Advertising Expenditure Forecast, Western Europe & Central and Eastern Europe, December 2015
8 Includes the remaining countries of western Europe as well as selected central European countries with a moderate growth profile and strong economic connections to western Europe, such as the Czech Republic, Hungary and Poland
9 Source: Nielsen advertising trends for 12-2015, Nielsen, January 2016
10 Source: ZAW press release no.12/15, December 2015
11 Source: ZenithOptimedia Advertising Expenditure Forecast, Germany, December 2015

Turkey

The Turkish advertising market remained subdued overall in 2015 owing to continued domestic and international political uncertainty and the impact this had on the country's macroeconomic environment. Total advertising spending increased by 8.2% in 2015, an improvement on the increase in the prior year (8.0%).[12] A more conservative value can be gleaned from intra-year publications by the Turkish Association of Advertising Agencies (TAAA), with total advertising spending expected to increase by 5.3% in 2015.[13]

Consistent information on the net development of the Turkish out-of-home media market is not available. However, we expect nominal growth in this market segment to be just above the prior-year level. Based on ZenithOptimedia's data, the internet segment is again expected to have grown well above-average and gained further market share in 2015, mainly at the expense of the print segment.[14]

Poland

The economic upturn had a positive effect on the Polish advertising industry in the reporting year. According to the ZenithOptimedia report from December 2015, a 2.8% increase in advertising spending is expected compared with 2014.[15] Following the significant decreases seen in 2012 (down 5.5%) and 2013 (down 5.3%), this development underscores the turnaround that emerged in 2014 with growth of 2.4%. The Polish out-of-home market continued to stabilize, seeing advertising spending increase slightly by 0.2 percentage points year on year.[15] We anticipate that, in 2015, market share will mainly shift toward online media which is showing strong growth of 10.7% in the Polish market.[15]

Development of the exchange rate in 2015 [16]

In 2015, the development of the euro exchange rate against the Turkish lira, the Polish zloty and the pound sterling was primarily relevant for our business. The Turkish lira started the year at 2.83 TRY/EUR in January 2015. However, it lost considerable ground during the course of the year and was quoted at 3.18 TRY/EUR as of year-end. The annual average at which the Turkish lira was quoted was down overall by some 4.1% on the prior-year average.

The Polish zloty remained broadly stable in the reporting period and was quoted at an annual average of 4.18 PLN/EUR, exactly the same as the prior-year average. The zloty was quoted at 4.30 PLN/EUR at the beginning of the year and 4.26 PLN/EUR at year-end.

The pound sterling appreciated considerably against the euro over the course of the year, primarily due to the UK's stronger economic development compared with the eurozone and to the European Central Bank's more expansionary monetary policy. At the end of the year, it was quoted at 0.73 GBP/EUR, below the initial level of 0.78 GBP/EUR at the beginning of the year. The average exchange rate for 2015 of 0.73 GBP/EUR was 10.0% lower than the prior-year level.

12 Source: Magna Global Advertising Revenue Forecasts, Turkey, December 2015

13 Source: Turkish Foundation of Advertising Agencies, November 2015

14 Source: ZenithOptimedia Advertising Expenditure Forecast, Turkey, December 2015

15 Source: ZenithOptimedia Advertising Expenditure Forecast, Poland, December 2015

16 Source: European Central Bank (EZB)

Results of operations of the group and the segments

Overall assessment of the board of management on the economic situation

The Ströer Group closed fiscal year 2015 with an excellent consolidated result of EUR 59.5m. Both the very robust business in OOH Germany and the continued rigorous expansion of the digital business were key to this success. This positive development was most noticeable in the Ströer Group's key performance indicators – revenue and operational EBITDA – with both growing strongly once again compared with the prior year.

The Group's net assets and financial position also developed very well with both free cash flow and net debt improving considerably despite extensive investment measures in the fiscal year. The development of the equity ratio and leverage ratio was also very positive such that the Group's financial position was very sound and well balanced as of the reporting date.

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

Comparison of forecast and actual business development

The Ströer Group had drawn up its targets for fiscal year 2015 as presented in its prior-year forecast on the basis of a cautiously optimistic assessment of the economic conditions. However, annual forecasts in our industry are naturally subject to major uncertainties due to customer bookings frequently being made at short notice, volatile market sentiment and economic fluctuations. Our forecast for the development of economic conditions was largely on track as expected. We met or indeed for the main part exceeded all of the targets we set ourselves in fiscal year 2015.

With a view to **organic revenue growth** of the Ströer Group, we were expecting growth to be in the mid-single-digit percentage range. At 9.8%[1], actual organic revenue growth was higher than we forecast. For inorganic growth, we based our forecast on additional growth in the low-double-digit millions and clearly achieved that goal.

Operational earnings before interest, taxes, depreciation and amortization **(operational EBITDA)** is another key performance indicator of the Ströer Group. In our forecast we anticipated a noticeable increase in this indicator, which we then went on to quantify at at least EUR 180m in our Q1 report for 2015. Ultimately, operational EBITDA amounted to EUR 207.5m in the fiscal year (prior year: EUR 148.1m), more than fulfilling our goal. As regards the **operational EBITDA margin** (defined as the ratio of revenue to operational EBITDA)[2], we had assumed a stable to slightly improved margin for 2015 in our forecast a year ago, based on the prior-year value of 20.2%. The operational EBITDA margin stood at 24.8% at year-end, seeing it exceed the slight improvement we predicted.

With regard to **return on capital employed (ROCE)**, we forecast a considerable increase for 2015. Ströer ultimately achieved a ROCE of 15.4% (prior year: 13.8%), fulfilling that forecast.

1 After the change in the method of calculation in 2015.
2 Joint ventures are consolidated proportionately.

For fiscal year 2015, we also anticipated a further increase in **consolidated profit after taxes**, with the Ströer Group already having achieved very good consolidated profit of EUR 23.3m in 2014. However, the actual increase in 2015 to EUR 59.5m was well beyond our expectations.

A major indicator for measuring the financial position in the Ströer Group is **free cash flow** (before M&A transactions), which was anticipated in the mid to high-double-digit millions in our forecast. The free cash flow before M&A transactions generated in the fiscal year amounted to EUR 114.1m, putting it well above the range we forecast.

Equally material for assessing our financial position is the development of the **leverage ratio**. This is dependent, among other things, on the volume of business acquisitions made in the reporting period. In our forecast, we assumed a further reduction in the leverage ratio, notwithstanding major M&A transactions. With the leverage ratio at 1.1 (prior year: 1.9), we achieved that reduction in spite of extensive investment measures. At the same time, the Group's net debt decreased from EUR 275.0m to EUR 231.2m.

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

Results of operations of the Group

Consolidated income statement					
In EUR m	**2015**	2014	2013	2012[1]	2011[1]
Revenue	823.7	721.1	622.0	560.6	577.1
Cost of sales	–561.2	–506.2	–434.2	–386.5	–372.1
Gross profit	**262.6**	**214.9**	**187.8**	**174.1**	**205.0**
Selling expenses	–107.8	–91.7	–84.2	–75.4	–74.5
Administrative expenses	–94.9	–87.9	–82.6	–71.8	–75.1
Other operating income	24.0	25.1	18.7	16.5	15.9
Other operating expenses	–10.6	–11.5	–9.8	–9.6	–14.3
Share in profit or loss of equity method investees	4.5	3.7	4.1	0.0	0.0
EBIT	**77.7**	**52.5**	**34.0**	**33.7**	**56.9**
EBITDA	**187.8**	**134.3**	**108.8**	**100.4**	**121.1**
Operational EBITDA[2]	**207.5**	**148.1**	**118.0**	**107.0**	**132.3**
Financial result	–9.3	–14.8	–19.8	–31.9	–49.8
EBT	**68.4**	**37.7**	**14.2**	**1.8**	**7.1**
Income taxes	–8.9	–14.4	–9.7	–3.6	–10.7
Consolidated profit or loss for the period	**59.5**	**23.3**	**4.5**	**–1.8**	**–3.6**

[1] A retrospective adjustment in relation to IFRS 11 was not made.
[2] Joint ventures are consolidated proportionately.

With effect from 1 January 2014, the EU Commission adopted the new provisions of IFRS 11 issued by the International Accounting Standards Board (IASB) with binding effect for the whole European Union. As a result of these new requirements, four joint ventures which the Ströer Group previously accounted for on a proportionate basis were accounted for using the equity method. Consequently, the pro rata contributions of these four entities are no longer included in the individual income and expense items of the consolidated income statement, but are presented as a net item under "Share in profit or loss of equity method investees." The key indicators operational EBITDA, ROCE, net debt and the leverage ratio derived from it, as well as adjusted EBIT and adjusted profit for the period are not affected by this and continue to follow the internal reporting structure. The four entities accounted for using the equity method in which Ströer holds a 50.0% stake are included in these figures on a pro rata basis as in the prior years.

At the beginning of fiscal year 2015, Ströer aligned its internal controlling and thus also the structure of its segments to reflect current developments and the Group's new focus. In this context, the public video business, which was previously the digital business within the Ströer Germany segment, was transferred to the Ströer Digital segment, due to the high level of similarity in operations. As such, the remaining Germany segment has since solely comprised the German out-of-home business, which is aptly reflected in the new name "Out-of-Home Germany (OOH Germany)." We have also optimized our internal controlling in relation to our international out-of-home business. We grouped Ströer Turkey, Ströer Poland and BlowUP into a new segment, "Out-of-Home International (OOH International)." The prior-year figures were restated accordingly to reflect the new segment structure.

Development of revenue

In the fiscal year, the Ströer Group seamlessly followed on from the success of the prior year and drove its profitable growth course forward once again. At EUR 823.7m, consolidated revenue was a clear EUR 102.6m higher than in the prior year. Digital business accounted for the lion's share of the increase at EUR 73.7m, its growth stemming in turn from both M&A transactions and organic growth of the existing entities. Furthermore, the OOH Germany segment once again reported robust business and contributed to the significantly higher consolidated revenue with pleasing growth rates. Only the OOH International segment saw a slight fall in revenue. The geopolitical uncertainties in Turkey and the related weakness of the Turkish lira were disadvantageous for Ströer in this regard.

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

In EUR m	**2015**	2014
Ströer Digital	238.2	164.5
OOH Germany	457.2	422.9
OOH International	142.4	146.3
Reconciliation using the equity method (IFRS 11)	–14.0	–12.5
Total	**823.7**	**721.1**

A geographical breakdown of consolidated revenue shows a further shift in 2015 toward domestic revenue. Domestic revenue (excluding equity-method investees) increased by 19.5% to EUR 665.3m (prior year: EUR 556.8m), whereas external revenue saw a slight dip of 3.5% year on year and only reached EUR 158.4m (prior year: EUR 164.2m). Thus the percentage of revenue attributable to foreign operations came to 19.2% (prior year: 22.8%).

Revenue development in the online and out-of-home advertising industry is generally subject to similar seasonal fluctuations to the rest of the media industry. This also affects the development of the Ströer Group during the course of the year. While the second and fourth quarters are generally marked by higher revenue and earnings contributions, the first and third quarters are usually weaker. This pattern is reflected in the table below, which shows the quarterly distribution of revenue and operational EBITDA.

Revenue development by quarter

In EUR m

Q1	161.8
Q2	201.6
Q3	189.9
Q4	270.5
Q1 to Q4	**823.7**

Operational EBITDA development by quarter

In EUR m

Q1	26.3
Q2	52.1
Q3	43.4
Q4	85.7
Q1 to Q4	**207.5**

Earnings development

Gross profit amounted to EUR 262.6m in the fiscal year, an impressive EUR 47.7m increase on the prior-year figure. This is a reflection, in particular, of the fact that the substantial increase in revenue was paired with considerably lower growth in cost of sales. The gross profit margin rose by 2.1 percentage points to 31.9%.

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

The significant improvement in operating activities and the successful expansion in digital business had an extremely positive effect on the Ströer Group's **consolidated profit**. At the same time, the sustainable improvement in the financial result and the considerable reduction in the tax expense also contributed materially to this development. Only higher general and administrative expenses, which were due in particular to the first-time consolidations in the digital segment, had a downward effect on profit. Overall, however, consolidated profit was a pleasing EUR 36.2m higher than in the prior year at EUR 59.5m.

The dynamic growth in operating activities also gave a considerable boost to the earnings indicators adjusted for exceptional items. Thus at EUR 106.3m, **net profit (adjusted)**[1] was a notable EUR 49.9m higher than in the prior year. Even more remarkable was the increase in **operational EBITDA**, which at EUR 207.5m was even able to grow by EUR 59.5m. Finally, the upwards trend also had a very favorable effect on the return on capital employed (ROCE) – adjusted for amortization of our advertising concessions – which came to 15.4% (prior year: EUR 13.8%).

→ See the adjusted income statement on page 172

1 Adjusted EBIT before non-controlling interests net of the financial result adjusted for exceptional items and the normalized tax expense (joint ventures are consolidated proportionately).

Development of key income statement items

In contrast to the substantial increase in revenue, the **cost of sales** did not rise as much, only increasing by EUR 54.9m to EUR 561.2m. The development in the Ströer Digital segment played an important part here, with the additional cost of sales from the newly acquired entities chiefly responsible for the increase. The OOH Germany segment also reported higher cost of sales than in the prior year, which was mainly due to revenue-related higher lease expenses for advertising media locations. The OOH International segment saw some contrasting developments in the cost of sales in its various core markets but overall the cost of sales was also higher than in the prior year in this segment, albeit marginally.

With a view to **selling expenses**, the business acquisitions in the Ströer Digital segment also shaped the development. Furthermore, the cost of the rigorous ongoing expansion in regional sales operations had a negative effect on selling expenses. On balance, selling expenses came to EUR 107.8m in the fiscal year, which corresponds to an increase of EUR 16.0m. Given the strong growth in revenue, the ratio of selling expenses to revenue was only slightly higher than in the prior year at 13.1% (prior year: 12.7%).

Administrative expenses were also affected to a large extent by Ströer's expansion strategy. The EUR 6.9m increase to EUR 94.9m was almost entirely attributable to the newly acquired entities. Furthermore, the legal and consulting fees incurred in connection with the acquisition of the internet portal t-online.de and InteractiveMedia CCSP GmbH also made a negative contribution. Adjusted for effects from business acquisitions, administrative expenses in the Ströer Group fell sharply on the back of extensive cost-saving measures. Administrative expenses as a percentage of revenue improved by 0.7 percentage points to 11.5%.

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

Other operating income decreased slightly by EUR 1.1m in fiscal year 2015 to EUR 24.0m, which was chiefly attributable to the fact that compensation claims for advertising concessions that could not be used to the extent agreed had been unusually high in the prior year. There was only a low level of such compensation claims in the fiscal year. This decrease was offset, however, by a number of smaller contrasting effects.

The Ströer Group recorded a year-on-year reduction of EUR 0.9m in **other operating expenses** to EUR 10.6m. There were no notable effects in this development. Other operating expenses include bad debt allowances, exchange losses from operating activities, and losses from the disposal of assets.

As in the prior year, Ströer saw a steady upwards trend in the **share in profit or loss of equity method investees**, with their share amounting to EUR 4.5m in the fiscal year, up EUR 0.8m on the prior-year figure.

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

The Ströer Group's **financial result** improved by EUR 5.5m to EUR –9.3m in the reporting period. Besides the further reduction in capital market interest rates, the renewed adjustment in our favor of the interest rate on our syndicated loan in April 2015 had a particularly positive impact. In addition, the further reduction in the leverage ratio in the course of the year had a very beneficial effect on the interest margin payable to our lenders.

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

In view of the improvement in operating business for the Ströer Group and a further improvement in the financial result, the Group's tax base increased noticeably. However, some process improvement and structural changes carried out in 2015 in the Group's legal units countered this effect. In this connection there was, among other things, a significant reduction in the tax rate from 38.2% to 13.0%, such that the tax expense improved considerably year on year (EUR –8.9m; prior year: EUR –14.4m).

Ströer Digital

In EUR m	2015	2014	Change in %
Segment revenue, thereof	**243.5**	**165.4**	**47.2**
Digital (Online)	236.4	164.1	44.0
Other	7.1	1.3	>100.0
Operational EBITDA	**79.5**	**39.0**	**>100.0**

The Ströer Digital segment reported strong growth once again in the fiscal year and thus continued unabated on its upwards trajectory. Given the fact that we are continually adding to and expanding our business, the segment figures can only be compared with those of the prior year to a limited extent. Adjusted for the business acquisitions, all areas of the digital segment saw strong organic growth, led by our public video products. While digital marketing succeeded in monetizing the base of publishers which it had strengthened in the prior year and also selling more video and mobile products, public video reported a year-on-year increase in demand, especially from new customers. At the same time, our investments in other digital business models also contributed to robust organic growth. The integration of the newly acquired companies was simultaneously driven forward and we are increasingly able to leverage synergies and economies of scale on both the revenue and cost side.

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

Out-of-Home Germany

In EUR m	2015	2014	Change in %
Segment revenue, thereof	**464.0**	**429.1**	**8.1**
Billboard	208.6	198.3	5.2
Street furniture	137.6	129.5	6.3
Transport	54.5	52.6	3.6
Other	63.3	48.8	29.6
Operational EBITDA	**124.5**	**97.8**	**27.2**

Segment reporting in the Ströer Group follows the management approach under IFRS 8, according to which external segment reporting should follow the internal reporting structure. The internal reporting structure of the Ströer Group is based on the concept of proportionate consolidation of joint ventures. As a result, despite the new provisions under IFRS 11, 50% of the four joint ventures' contributions are included in the figures detailed in this section for the Out-of-Home Germany segment, as in the past. The other segments are not affected by this approach as there are no joint ventures in their portfolios.

In fiscal year 2015, the Ströer Group recorded significant growth in **revenue** in the Out-of-Home Germany segment, with both national and regional business contributing considerably to that growth. In addition to demand which continues to be very robust and dynamic, this upwards trend was largely bolstered by a number of sales measures.

The **billboard** product group, which targets both national and regional customers, grew its revenue by EUR 10.4m, bringing it to EUR 208.6m in the reporting period. This product group benefited on the one hand from the optimization of the national sales organization in the prior year, and on the other hand from the related regional sales force expansion, which had a markedly positive effect on business. By contrast, the **street furniture** product group serves mainly national and international customer groups. Business was expanded further in this product group too, allowing it to close the fiscal year with revenue of EUR 137.6m, an increase of EUR 8.2m. The **transport** product group, which has only comprised advertising on buses and trains since the start of 2015, closed the year at a low level with just minimal increases in revenue.

The strong growth in the **other** product group was primarily due to higher production revenue. This increase can be largely attributed to the increase in revenue from small local customers as this customer group is much more interested in full-service solutions, including the production of advertising materials.

Due to increased operating activities, the Out-of-Home Germany segment also saw its **cost of sales** increase, albeit at a much lower rate than revenue. In this connection, the cost-cutting program that was expanded in the prior year had a markedly positive impact on the cost structure in 2015 in particular. The cost cutting also led to a sustained reduction in overheads. Against this backdrop, the segment generated **operational EBITDA** of EUR 124.5m in the fiscal year (prior year: EUR 97.8m) and an **operational EBITDA margin** of 26.8% (prior year: 22.8%).

Out-of-Home International

In EUR m	**2015**	2014	Change in %
Segment revenue, thereof	**142.8**	**147.3**	**–3.0**
Billboard	114.5	120.7	–5.2
Street Furniture	20.3	20.0	1.7
Other	8.0	6.5	22.1
Operational EBITDA	**25.0**	**24.6**	**1.7**

The OOH International segment includes our Turkish and Polish out-of-home activities and the western European giant poster business of the blowUP group.

The OOH International segment generated **revenue** totaling EUR 142.8m in 2015, seeing it decrease EUR 4.5m year on year. This drop in revenue was primarily due to the geopolitical uncertainties and the related depreciation in the Turkish lira affecting the Turkey sub-segment. In local currency, however, revenue only fell marginally. In Poland, revenue was also slightly lower than in the prior year given the persistently challenging market environment. The BlowUP group was unable to attain the high growth rates of the prior year but managed to maintain and marginally increase the high level of revenue seen in the prior year.

In terms of cost of sales, all three sub-segments varied in their development. While our out-of-home business in Turkey and the BlowUP group reported higher cost of sales due to increased lease expenses, costs in Poland continued to fall. Given the additional savings in overheads, **operational EBITDA** improved overall at EUR 25.0m (prior year: EUR 24.6m). The **operational EBITDA margin** also picked up by 0.8 percentage points and came to 17.5%.

Net Assets and Financial Position

Main features of the financing strategy

Ströer is systematically pursuing a conservative and long-term financing strategy. Securing financial flexibility is a top priority of the Ströer Group.

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

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

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

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

The Ströer Group currently obtains its external financing from a syndicate of banks comprising 11 selected national and international institutions. The financing comprises a credit facility agreed in April 2014, the conditions of which were amended in the Ströer Group's favor to reflect its current situation in April 2015. At the same time, the volume was reduced from EUR 500m to EUR 450m, with the possibility to increase it by a further EUR 100m at a later date. The term of the facility was also extended by one year until April 2020. The loans were issued without collateral. This provides the Ströer Group with stable, long-term financing at low borrowing costs. The costs incurred in connection with the amendment are being amortized over the term of the agreement.

As of the reporting date, no single bank accounted for more than 20% of all loan amounts, hence there is a balanced diversification of the loan provision. Since we had only utilized EUR 282.7m (including utilization by bank guarantees) of our group-wide working capital facilities amounting to a total of EUR 461.3m as of the 2015 reporting date, we still have substantial unutilized financing facilities available beyond the existing cash on hand (EUR 56.5m). The credit margins for the different loan tranches depend on the leverage ratio. The financial covenants reflect customary market conditions and relate to two key performance indicators (leverage ratio and fixed charge ratio), which were met as of the end of the year with plenty of leeway to the relevant covenant limit. As of 31 December 2015, the Group had unutilized short and long-term credit facilities of EUR 178.6m (prior year: EUR 189.2m).

The loans all have a floating rate of interest. As of 31 December 2014, there were fixed interest rate swaps for around EUR 40m of these syndicated credit facilities. The terms of these swaps ended in January 2015. As part of the financing strategy, the board of management regularly examines the possibility of hedging interest rate risks by using fixed-interest derivatives.

In cash management, we focus on managing our liquidity and optimizing the cash flows within the Group. The financing requirements of subsidiaries, if they cannot be covered by the entity's internal financing, are primarily met by intercompany loans as part of automated cash pooling. In exceptional circumstances, credit facilities are also agreed with locally based banks in order to meet legal, tax or operational requirements. In accordance with these guiding principles, the subsidiaries were once again mainly financed via the group holding company in 2015. At group level, any liquidity surpluses in the individual entities are pooled, where legally possible. Through the group holding company, we ensure at all times that the financing requirements of the individual group entities are adequately covered.

Due to the encouraging earnings development of the entire Ströer Group, net debt fell considerably by EUR 43.8m in the fiscal year to EUR 231.2m. In 2015, Ströer SE and its group entities complied with all loan covenants and obligations from financing agreements.

Continuously increasing capital requirements, primarily due to the Basel III reform package, are having a significant impact on bank lending. As a result, our objective in the medium term is to diversify our financing structure, which is currently based heavily on banks, in favor of more capital market-oriented debt. For this purpose, we will periodically examine various alternative financing options as part of our financing management (such as issuing borrower's note loans or corporate bonds) and also take into account the further optimization of the maturity profile of our financial liabilities.

The Ströer Group did not make use of any off-balance sheet financing instruments in 2015. An agreement in place at the beginning of fiscal year 2014 on the sale of trade receivables (factoring) between a Turkish group entity and a bank based in Turkey was terminated at the end of 2014. We primarily use operating leases to finance our company vehicles. Due to the low volumes involved, however, operating leases do not have a significant effect on the economic situation of the Group.

Overall assessment of net assets and financial position

The net assets and financial position of the Ströer Group improved once again in the fiscal year. The leverage ratio – the ratio between net debt and operational EBITDA – decreased further and amounted to just 1.1 as of the reporting date (prior year: 1.9). In terms of liquidity, the Ströer Group had cash of EUR 56.5m as of fiscal-year end (prior year: EUR 46.1m) as well as unutilized credit facilities of EUR 178.6m (prior year: EUR 189.2m). The credit lines are secured by a credit facility until April 2020. The Group's internal financing capability continues to be very robust. Cash flows from operating activities amounted to EUR 190.3m in 2015 (prior year: EUR 123.4m). In spite of the expansion strategy, free cash flow stood at EUR 92.4m, which was also far higher than in the prior year (EUR 65.5m). The capital increase in November gave a further considerable boost to equity gearing, bringing the equity ratio to an extremely comfortable 46.3% (prior year: 33.6%) as of the reporting date. Overall, the Ströer Group's net assets and financial position are very well balanced and sound as of fiscal year-end 2015.

Financial position

In EUR m	**2015**	2014	2013	2012*	2011*
Cash flows from operating activities	190.3	123.4	74.4	54.9	95.0
Cash flows from investing activities	–97.9	–57.9	–70.3	–44.1	–57.0
Free cash flow	92.4	65.5	4.1	10.8	38.0
Cash flows from financing activities	–82.0	–59.9	14.6	–121.4	–10.1
Change in cash	10.4	5.6	18.8	–110.6	27.9
Cash at the end of the period	56.5	46.1	40.5	23.5	134.0

* A retrospetive adjustment in relation to IFRS 11 was not made.

Liquidity and investment analysis
The notable upwards trend in the Ströer group's operating business also had a sustained impact on **cash flows from operating activities**, which hit a new record high at EUR 190.3m as of the reporting date (prior year: EUR 123.4m). Furthermore, cash flow benefited from a significant decrease of EUR 6.0m in interest payments, which was predominantly attributable to the optimization of refinancing in the prior year. In addition, the changes in working capital and the decrease in tax payments were advantageous for cash flow, with the latter stemming mainly from the changes made mid-year in the structure of the Ströer Group.

With outflows of EUR –97.9m (prior year: EUR –57.9m), **cash flows from investing activities** reflect the continuing growth course of the Ströer Group. Due to the expansion strategy, investments in intangible assets and property, plant and equipment were increased substantially.

As a result, Ströer managed to generate **free cash flow** of EUR 92.4m in spite of increased investing activities. In the last five years, it has financed all replacement and expansion investments and payments for growth projects and business acquisitions entirely from the cash flows from operating activities. Against this backdrop, the strong internal financing capability remains a defining feature of the Ströer Group, as demonstrated once again in the fiscal year.

With regard to **cash flows from financing activities**, EUR 54.1m of the outflows of EUR –82.0m (prior year: EUR –59.9m) related largely to the repayment of finance loans. Furthermore, a good EUR 19.5m of the outflows related to the distribution of a dividend to the shareholders of Ströer SE.

At the end of the fiscal year, **cash** totaled EUR 56.5m, up EUR 10.4m on the prior year. In conjunction with the additional available, long-term credit facilities of EUR 178.6m, we believe that the Ströer Group's liquidity remains very comfortable.

Financial structure analysis
As of the end of 2015, around 75.6% of the Ströer Group's **financing** was covered by equity and non-current debt (prior year: 75.9%). Well over 100% of the current liabilities of EUR 355.3m (prior year: EUR 229.8m) is financed at matching maturities by current assets of EUR 240.9m (prior year: EUR 169.1m) as well as available, long-term credit facilities of EUR 178.6m (prior year: EUR 189.2m).

The balance of short and long-term **financial liabilities** amounted to EUR 351.0m (prior year: EUR 348.2m) as of the end of the fiscal year. The decrease in liabilities to banks was over compensated to some extent by, among other things, additional liabilities from put options, which were granted in connection with business acquisitions.

Net debt, operational EBITDA and the leverage ratio are calculated in accordance with the Ströer Group's internal reporting structure. Accordingly, the four entities accounted for using the equity method in which Ströer holds 50.0% of shares are included in these figures on a pro rata basis as in the prior years. As such, these three ratios were unaffected by the transition to IFRS 11.

In EUR m		**31 Dec 2015**	31 Dec 2014	31 Dec 2013	31 Dec 2012*	31 Dec 2011*
(1)	Non-current financial liabilities**	302.7	307.7	351.2	311.0	413.1
(2)	Current financial liabilities**	43.3	36.5	42.3	31.6	52.6
(1)+(2)	Total financial liabilities	346.0	344.2	393.5	342.5	465.7
(3)	Derivative financial instruments**	56.5	21.6	24.3	16.9	27.4
(1)+(2)–(3)	Financial liabilities excluding derivative financial instruments	289.5	322.6	369.2	325.6	438.3
(4)	Cash**	58.3	47.6	43.1	23.5	134.0
(1)+(2)–(3)–(4)	**Net debt**	**231.2**	**275.0**	**326.1**	**302.1**	**304.3**
	Leverage ratio**	**1.1**	**1.9**	**2.8**	**2.8**	**2.3**
	Equity ratio (in %)	**46.3**	**33.6**	**31.1**	**32.4**	**27.8**

* A retrospective adjustment in relation to IFRS 11 was not made.
** Joint Ventures are consolidated proportionately.

Despite extensive investments in the fiscal year, the Ströer Group reduced its net debt from EUR 275.0m to EUR 231.2m in the fiscal year. This was largely made possible by the upwards trend in operating business, which is also reflected in a considerable improvement in operational EBITDA. Consequently, the leverage ratio, defined as the ratio of net debt to operational EBITDA, also improved noticeably to 1.1.

With regard to **trade payables**, the rise from EUR 121.7m to EUR 180.4m is mainly attributable to the inclusion of new entities in the digital segment as well as to a general increase in investing activities in the Ströer Group as a whole.

Other liabilities amounted to EUR 71.3m, up EUR 37.3m on the prior year. This was attributable, among other things, to an increase in deferred income for reported receivables where no services have yet been rendered.

The Ströer Group's **equity** increased predominantly as a result of the capital increase (EUR 378.2m) in return for a non-cash contribution as part of the acquisition of Digital Media Products GmbH, in which InteractiveMedia CCSP GmbH and the internet portal t-online.de from Deutsche Telekom AG are bundled. Furthermore, equity benefited from the profit for the period of EUR 59.5m. The increase in the reserve for put options, the distribution of a dividend to the shareholders of Ströer SE and the adjustment item for foreign currency translation for foreign operations all had the opposite effect on equity. Overall, the Ströer Group's equity rose from EUR 320.7m to EUR 675.2m, and the equity ratio improved from 33.6% to 46.3%.

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

Net assets

Consolidated statement of financial position					
In EUR m	**31 Dec 2015**	31 Dec 2014	31 Dec 2013	31 Dec 2012*	31 Dec 2011*
Assets					
Non-current assets					
Intangible assets	308.4	234.5	248.0	262.0	278.4
Goodwill	655.1	307.9	301.4	226.1	224.2
Property, plant and equipment	201.2	198.7	201.1	225.9	221.8
Investment in equity method investees	25.3	24.0	24.5	–	–
Tax assets	13.0	4.7	7.7	5.0	15.5
Receivables and other assets	13.1	15.0	10.6	14.3	14.4
Sub-total	**1,216.1**	**784.8**	**793.3**	**733.3**	**754.3**
Current assets					
Receivables and other assets	177.5	117.8	112.8	96.7	85.8
Cash	56.5	46.1	40.5	23.5	134.0
Tax assets	5.6	4.3	4.2	4.8	3.1
Inventories	2.7	0.9	2.8	5.5	5.4
Sub-total	**242.3**	**169.1**	**160.3**	**130.5**	**228.4**
Total assets	**1,458.4**	**953.9**	**953.6**	**863.7**	**982.6**
Equity and liabilities					
Equity and non-current liabilities					
Equity	**675.2**	**320.7**	**296.7**	**279.6**	**273.5**
Non-current liabilities					
Financial liabilities	302.7	307.7	351.2	311.0	413.1
Deferred tax liabilities	68.7	54.8	54.9	55.1	71.4
Provisions	56.4	40.8	38.4	37.2	31.3
Sub-total	**427.8**	**403.3**	**444.4**	**403.2**	**515.8**
Current liabilities					
Trade payables	180.4	121.7	103.2	80.5	77.5
Financial and other liabilities	119.5	74.4	82.1	65.9	81.7
Provisions	34.9	23.1	20.6	18.6	21.0
Income tax liabilities	20.4	10.5	6.6	16.0	13.1
Sub-total	**355.3**	**229.8**	**212.5**	**180.9**	**193.3**
Total equity and liabilities	**1,458.4**	**953.9**	**953.6**	**863.7**	**982.6**

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

Analysis of the net asset structure
The Ströer Group's **total assets** amounted to EUR 1,458.4m as of 31 December 2015 (prior year: EUR 953.9m).

The considerable rise in total assets is attributable first and foremost to additions to **non-current assets** which, at EUR 1,216.1m, were EUR 431.3m higher than in the prior year. The acquisition of Digital Media Products GmbH, in which InteractiveMedia CCSP GmbH and the internet portal t-online.de from Deutsche Telekom AG are bundled, was mainly responsible for this growth. The additions, both from this acquisition and from numerous smaller M&A transactions, are chiefly reflected in intangible assets including goodwill. Furthermore, the rise in non-current deferred taxes of EUR 8.5m is almost exclusively due to the business acquisitions made in the fiscal year.

By contrast, the growth in **current assets**, which stood at EUR 242.3m as of the reporting date (prior year: EUR 169.1m), was much lower than that of non-current assets. Notable changes were seen in particular here in current receivables and other assets. These were due on the one hand to the EUR 32.1m increase in trade receivables, which was almost exclusively the result of entities being consolidated for the first time. On the other hand, the changes were due to current financial receivables, which increased from EUR 8.9m to EUR 28.9m year on year mainly as a result of receivables from purchase price adjustments (M&A) and contractual compensation claims.

The Ströer Group's **off-balance sheet assets** include a substantial portfolio of internally generated advertising concessions with municipalities and private lessors. This is due to the fact that only advertising concessions that were acquired as part of business combinations are recognized as intangible assets. Thanks to our strong market position, we also have a broad-based portfolio of sustainable customer relationships on the sales side. The majority of these customer relationships can also be classified as off-balance sheet assets. Other financial obligations amounted to EUR 1,005.2m as of 31 December 2015 (prior year: EUR 1,011.6m) and related to obligations from not yet completed investments and leases based on operating lease agreements. Due to the selected agreement structures, the latter may not be recognized in non-current assets. In addition, there are obligations of EUR 77.9m (prior year: EUR 5.8m) arising from acquisitions of shares in companies contractually agreed in 2015 and executed in 2016. For more information, see our comments in the "Subsequent events" section.

INFORMATION ON STRÖER SE

The management report of Ströer SE (formerly "Ströer Media SE") and the group management report for fiscal year 2015 have been combined pursuant to Sec. 315 (3) HGB ["Handelsgesetzbuch": German Commercial Code] in conjunction with Sec. 298 (3) HGB. The separate financial statements and the combined management report of the Company and the Group are published at the same time in the elektronischer Bundesanzeiger [Electronic German Federal Gazette].

Description of the Company

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

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

Results of operations

Ströer SE boosted its **result from ordinary activities** considerably in the fiscal year from EUR 31.9m to EUR 48.4m. This increase was primarily due to significantly higher income from intragroup profit and loss transfers, which almost doubled year on year at EUR 93.7m (prior year: EUR 46.9m). By contrast, the other operating result, in particular, did not fare as well, being impacted by higher legal and consulting fees, restructuring costs and the group-wide harmonization of overhead cost allocations. The significant increase in the result from ordinary activities, together with the EUR 5.1m year-on-year improvement in the tax result, had a very positive effect on the Company's **profit for the period**. Overall, the profit for the period came to EUR 47.1m (prior year: EUR 26.0m).

In EUR k	**2015**	2014
Other own work capitalized	31	87
Other operating income	19,755	26,699
Personnel expenses	–23,116	–21,361
Amortization, depreciation and impairment of intangible assets and property, plant and equipment	–7,863	–5,825
Other operating expenses	–28,968	–16,475
Income from equity investments	890	4,500
Income from profit and loss transfer agreements	89,531	45,952
Income from loans classified as non-current financial assets	1,395	2,640
Interest and similar expenses/income	–3,263	–4,339
Result from ordinary activities	**48,392**	**31,877**
Extraordinary result	–664	–240
Income taxes	–561	–5,641
Other taxes	–27	–42
Profit for the period	**47,140**	**25,955**
Profit carryforward	45,955	48,631
Allocation to other retained earnings	–6,407	–23,744
Dividend distribution	–19,548	–4,887
Accumulated profit	**67,140**	**45,955**

Other operating income totaled EUR 19.8m in the fiscal year (prior year: EUR 26.7m). This decrease is attributable in part to the group-wide harmonization of holding cost allocations implemented at the start of 2015. Furthermore, the prior-year result included one-time effects which did not occur in 2015.

By contrast, **personnel expenses** only saw a slight increase of EUR 1.8m against the prior year to EUR 23.1m.

At EUR 7.9m, **amortization, depreciation and write-downs** of intangible assets and property, plant and equipment were higher than in the prior year. As in the prior year, in addition to regular amortization and depreciation, this figure includes in particular the additional amortization charge on intangible assets recognized within the context of the restructuring of the IT landscape.

Other operating expenses were negatively impacted by, among other things, higher legal and consulting fees, restructuring costs and the group-wide harmonization of overhead cost allocations and amounted overall to EUR 29.0m (prior year: EUR 16.5m).

Income from equity investments in 2014 benefited from a dividend distribution by BlowUP Media GmbH of EUR 4.5m which related to several prior years. In 2015, however, this income was much lower at EUR 0.9m.

With a view to the **income from profit and loss transfer agreements**, Ströer SE recorded profit transfers of EUR 89.5m from its subsidiaries in the reporting period (prior year: EUR 46.0m). At EUR 92.7m (prior year: EUR 46.9m), the largest portion thereof by far stemmed from Ströer Media Deutschland GmbH under the profit and loss transfer agreement concluded in 2010. The pleasingly high profit transfer is attributable to the continued very robust development of the German Ströer Group’s business.

Income from loans classified as non-current financial assets relates to long-term intragroup loans that Ströer SE granted to its subsidiaries in the fiscal year or in prior years. The decline to EUR 1.4m (prior year: EUR 2.6m) this item reflects, among other things, the Ströer Group’s lower cost of refinancing, which we passed on to our subsidiaries in the form of reduced interest rates. It is also due to the fact that existing loans of EUR 65.0m to our subsidiaries in Poland and Turkey were converted into equity toward the end of 2014.

At EUR –3.3m (prior year: EUR –4.3m), **interest and similar expenses/income** by contrast was positively shaped in particular by new interest terms negotiated with our banks in April 2015. At the same time, the lower net debt of the Ströer Group reduced the interest margin payable to the banks.

At EUR –0.6m, the **tax result** improved considerably year on year (prior year: EUR –5.6m). Among other things, this reflects the changes in the structure of the Ströer Group which have led to a decline in tax expenses.

Net assets and financial position

Ströer SE's total assets increased from EUR 663.1m to EUR 1,049.1m in the reporting period (up EUR 386.0m). The major reason for this increase was the acquisition of shares in Digital Media Products GmbH, which affected assets under shares in affiliates and equity as part of a capital increase in return for a non-cash contribution. Furthermore, the financial position changed significantly due in particular to the profit transfer receivable from Ströer Media Deutschland GmbH of EUR 92.7m (prior year: EUR 46.9m). Other effects stemmed from the rise in receivables from subsidiaries, which had been provided additional funds under the expansion strategy in digital business.

In EUR k	**2015**	2014
Assets		
Non-current assets		
Intangible assets and property, plant and equipment	13,247	13,868
Financial assets	886,205	569,822
	899,451	**583,690**
Current assets		
Receivables and other assets	143,941	61,082
Cash on hand and bank balances	1,050	14,375
	144,991	**75,457**
Prepaid expenses	**4,662**	**3,924**
Total assets	**1,049,105**	**663,071**
Equity and liabilities		
Equity	**850,657**	**526,665**
Provisions		
Provisions for pensions and similar obligations	20	20
Tax provisions	11,215	7,568
Other provisions	9,310	7,161
	20,545	**14,749**
Liabilities		
Liabilities to banks	64,485	49,167
Trade payables and other liabilities	8,385	5,403
Liabilities to affiliates	90,362	48,411
Liabilities to other investees	5,500	3,990
	168,732	**106,971**
Deferred tax liabilities	**9,171**	**14,686**
Total equity and liabilities	**1,049,105**	**663,071**

Analysis of the net asset structure

Intangible assets and property, plant and equipment were roughly on a par with the prior year at EUR 13.2m (prior year: EUR 13.9m), with depreciation and amortization being almost entirely compensated for by corresponding additions.

By contrast, Ströer SE saw a considerable change in its **shares in affiliates**, which were up EUR 287.4m against the prior-year figure at EUR 811.4m. The main reason for this increase, accounting for EUR 284.6m, was the acquisition of all of the shares in Digital Media Products GmbH, Darmstadt. With economic effect as of 2 November 2015, Ströer SE acquired all of the shares in this company, in which InteractiveMedia CCSP GmbH, Darmstadt, and the internet portal t-online.de from Deutsche Telekom AG are bundled. Ströer SE also acquired the remaining 10.0% of the shares in BlowUP Media GmbH for a purchase price of EUR 2.6m, effective 27 May 2015.

At EUR 74.8m, **loans to affiliates** were also significantly higher than in the prior year (up EUR 29.0m). The funds made available to subsidiaries in this connection were predominantly used to finance the expansion strategy in digital business. Specifically, the lion's share of the increase, at EUR 21.2m, is attributable to the newly established subsidiary Ströer Venture GmbH, and EUR 11.2m is attributable to STRÖER media brands AG (formerly GIGA Digital AG).

With a view to **receivables and other assets**, the increase in the reporting period came to EUR 82.9m, bringing the balance to EUR 143.9m at fiscal-year end. At EUR 71.1m, current receivables from affiliates were chiefly responsible for this significant growth. EUR 45.8m thereof was attributable to the increase in profit transferred by Ströer Media Deutschland GmbH, which at EUR 92.7m was almost twice as high as in the prior year (prior year: EUR 46.9m). A further EUR 23.2m related to Ströer Ströer Content Group GmbH, with the addition attributable on the one hand to its integration in the cash pool with Ströer SE, and on the other to the provision of additional funds as part of the expansion strategy in digital business. In addition, Ströer SE recognized a receivable of EUR 8.6m under other assets from purchase price adjustments in connection with the acquisition of shares in Digital Media Products GmbH.

Bank balances amounted to EUR 1.1m as of the reporting date, down EUR 13.3m on the prior-year figure. For further information, see the liquidity analysis in the following section.

Prepaid expenses stood at EUR 4.7m as of 31 December 2015, up EUR 0.7m on the prior year. This increase was primarily due to the capitalization of costs incurred in April 2015 as part of the new refinancing arrangement, which will be amortized over the loan period of five years.

Financial structure analysis

Ströer SE's **equity** rose by EUR 324.0m to EUR 850.7m in fiscal year 2015. EUR 296.4m of this increase was attributable to the contribution of the shares in Digital Media Products GmbH as part of a capital increase in return for a non-cash contribution by Deutsche Telekom AG (see our comments under "Shares in affiliates"). In turn, Deutsche Telekom AG has become a shareholder of Ströer SE and received 6,412,715 new shares in this connection. Furthermore, the profit for the period in 2015 of EUR 47.1m increased equity, while the dividend for 2014 of EUR 19.5m distributed in 2015 decreased equity. The equity ratio rose from 79.4% to 81.1%, thereby remaining very comfortable.

As regards **provisions**, the Company saw a moderate increase from EUR 14.7m to EUR 20.5m. The main cause for this change was, in particular, the tax provisions which, at EUR 11.2m, were EUR 3.6m up on the prior year. In addition, other provisions increased from EUR 7.2m to EUR 9.3m.

Ströer SE saw its **liabilities to banks** increase by EUR 15.3m to EUR 64.5m, which was almost exclusively due to the higher utilization of the working capital facility provided by its banking syndicate. For further information, see the liquidity analysis in the following section.

In terms of **liabilities to affiliates**, too, the year-end balance of EUR 90.4m was considerably higher than in the prior year (prior year: EUR 48.4m). This was due to the fact that some of the subsidiaries had considerable amounts of cash and cash equivalents which they temporarily transferred to Ströer SE in order to optimize the Group's financing.

Trade payables and **other liabilities** increased by EUR 3.0m overall year on year to EUR 8.4m.

Liquidity analysis

In EUR m	**2015**	2014
Cash flows from operating activities	17.5	27.6
Cash flows from investing activities	–33.2	–28.5
Free cash flow	**–15.7**	**–0.9**
Cash flows from financing activities	2.4	6.1
Change in cash	**–13.3**	**5.1**
Cash at the end of the period	1.1	14.4

In fiscal year 2015, Ströer SE generated **cash flows from operating activities** of EUR 17.5m (prior year: EUR 27.6m). While the profit of EUR 46.9m transferred by Ströer Media Deutschland GmbH for fiscal year 2014 was only slightly lower than in the prior year (EUR 47.5m), higher outflows for the operating business of the holding company, which included extensive costs in connection with M&A transactions, led to the reduction in cash flow.

With a view to **cash flows from investing activities**, outflows were slightly higher than in the prior year (EUR –33.2m; prior year: EUR –28.5m), and related primarily to loans of EUR 21.2m to the newly established Ströer Venture GmbH. In other respects, investments in intangible assets were also up slightly.

Free cash flow – defined as cash flows from operating activities less cash flows from investing activities – amounted to EUR –15.7m in fiscal year 2015, down EUR 14.8m on the prior year. The discrepancy between the free cash flow and the considerable improvement in the Company's profit for the period is largely attributable to the time lag of Ströer Media Deutschland GmbH's profit transfer to Ströer SE, which will positively impact Ströer SE's free cash flow in fiscal year 2016.

Cash flows from financing activities were shaped in particular by the cash inflows from temporary loans by group entities to optimize refinancing costs across the Group as well as by higher loans from banks. These contrasted with the distribution of a dividend to the shareholders of Ströer SE (EUR 19.5m) and the outflows to group entities as a result of cash pool financing (EUR 23.9m). On balance, there was thus a slight net cash inflow of EUR 2.4m (prior year: EUR 6.1m).

Cash decreased by EUR 13.3m year on year to EUR 1.1m as of the reporting date.

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

In EUR m	31 Dec 2015	31 Dec 2014
(1) Non-current financial liabilities	–60.0	–49.0
(2) Current financial liabilities (including intragroup financial liabilities)	–90.5	–49.5
(1)+(2) Total financial liabilities	**–150.5**	**–98.5**
(3) Intragroup non-current and current financial receivables	200.8	100.8
(1)+(2)–(3) Financial liabilities (less intragroup financial receivables)	**50.3**	**2.4**
(4) Cash	1.1	14.4
(1)+(2)–(3)–(4) Net financial assets	**51.4**	**16.7**
Equity ratio (in %)	**81.1**	**79.4**

Ströer SE's net financial assets improved year on year, increasing from EUR 16.7m to EUR 51.4m. The considerable upwards trend in the Ströer Group's operating business and the related increase in profit transfer by Ströer Media Deutschland GmbH made a substantial contribution in this regard. Overall, Ströer SE's net financial assets remain positive and the Company thus has an extremely stable financing structure.

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

Anticipated development of the Company

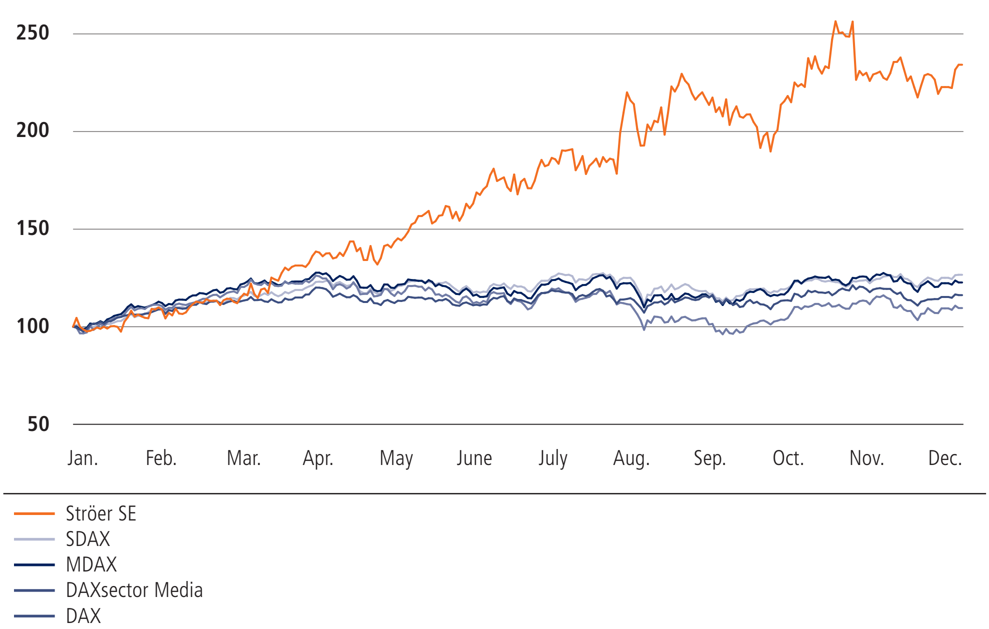
Due to its role as group parent, the anticipated development of Ströer SE depends on the development of the Group as a whole. Based on the Group's predicted results of operations for 2016 presented under "Forecast", we expect the subsidiaries to generate even higher earnings contributions overall and Ströer SE to achieve even higher results in the future.

INFORMATION ON THE SHARE

The stock market was shaped by considerable fluctuations in 2015, with the uncertain monetary policy of the ECB and the US Federal Reserve as well as the development of economic growth in China playing a role. Having begun the year at 9,869 points, the DAX reached a record high of 12,390 points in April and fell to its annual low of 9,325 points at the end of September. The DAX closed the last trading day of 2015 at 10,743 points. This corresponds to an increase of 8.86% over the year as a whole.

The Ströer share performed extremely positively in 2015 and was one of the best performers on the SDAX. After closing 2014 at around EUR 24.72 (as of 31 December 2014), the share closed the reporting year at EUR 57.90 (as of 30 December 2015). This corresponds to an increase of more than 134% over the year as a whole. Ströer SE has been listed in the MDAX since 21 December.

The Ströer share in a 2015 index comparison



Source: Bloomberg

Targeted investor relations

In addition to complying with the statutory disclosure requirements, we aim to ensure a trust-building and transparent dialog through continuous and personal contact with analysts, investors and interested capital market players. We provide information about current developments through roadshows, meetings at our group headquarters and regular telephone contact. Active dialog with capital market players also helps to optimize our investor relations work in order to guarantee sustainable shareholder value. We continuously assess our shareholder structure and adapt our roadshow destinations accordingly. The main venues for our presentations in the reporting year were Frankfurt am Main, London and New York. We also regularly visit Paris, Zurich, Scandinavia and the west coast of the US. In addition, we hold Capital Market Days, Analyst Days and Lender Days to address individual issues from different capital market perspectives. Furthermore, we place value on a personal dialog with private shareholders, to whom we also pay close attention by participating in public shareholder forums.

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

Shareholder meeting

Ströer SE's shareholder meeting was held at the Koelnmesse Congress Center on 30 June 2015 and was attended by approximately 60 shareholders, guests and representatives of the press. Overall, nearly 80% of the capital stock was represented. Most of the resolutions proposed by the supervisory board and board of management were accepted by majorities of more than 80%. This also included the distribution of a dividend of EUR 0.40 per qualifying share. The proposals to waive disclosure of the remuneration paid to the individual members of the board of management in the separate and consolidated financial statements as well as to authorize the issue of convertible bonds and/or bonds with warrants were not adopted due to a three-quarters majority not being achieved.

Extraordinary shareholder meeting

On 25 September 2015, Ströer SE's extraordinary shareholder meeting took place at the Koelnmesse Congress Center and was attended by some 80 participants. The main reason for the extraordinary shareholder meeting was the proposed change of the legal structure from Ströer SE to a partnership limited by shares (KGaA). Overall, around 79.0% of the capital stock was represented. The resolutions proposed by the supervisory board and board of management were accepted by majorities of more than 80.0%. This also included the proposed conversion to a KGaA, which was accepted by a majority of over 84.0%.

Stock exchange listing, market capitalization and trading volume

Ströer SE stock is listed in the Prime Standard of the Frankfurt Stock Exchange. It was listed in the SDAX, a selection index of Deutsche Börse, from September 2010 and was admitted to the MDAX, a Prime Standard Index, on 21 December 2015. Based on the closing share price on 30 December 2015, market capitalization came to around EUR 3.2b. The average daily volume of Ströer stock traded on German stock exchanges was 161,872 shares over the 12 months of 2015, more than double the prior-year volume.

Analysts' coverage

The performance of Ströer SE is tracked by 13 teams of analysts. Based on the assessments at the end of the 12-month reporting period, 13 of the analysts are giving a "buy" recommendation. The latest broker assessments are available at http://ir.stroeer.com and are presented in the following table:

Investment bank	Recommendation*
Bankhaus Lampe	Buy
Citigroup Global Markets	Buy
Commerzbank	Buy
Deutsche Bank	Buy
ExaneBNP	Buy
Hauck & Aufhäuser	Buy
Jeffries	Buy
J.P. Morgan	Buy
KeplerCheuvreux	Buy
Liberum	Buy
MainFirst	Buy
Morgan Stanley	Buy
OddoSeydler	Buy

*As of 31 December 2015

Capital measures

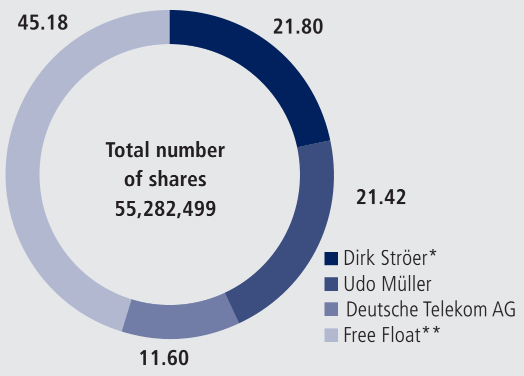
The total number of shares increased from 48,869,784 to 55,282,499 in the reporting period. This increase stems from the contribution of the shares in Digital Media Products GmbH in connection with a capital increase in return for a non-cash contribution by Deutsche Telekom AG.

Shareholder structure

CEO Udo Müller holds 21.42%, supervisory board member (until 2 November 2015) Dirk Ströer holds 21.80% and Christian Schmalzl holds around 0.05% of Ströer SE shares. The free float comes to around 45%. According to the notifications made to the Company as of the date of preparation of this report on 7 March 2016, the following parties reported to us that they hold more than 3% of the voting rights in Ströer SE: Deutsche Telekom AG (11.60%), Allianz Global Investors Europe (5.88%) and Credit Suisse (4.63%).

Shareholder structure of Ströer SE

As of 25 November 2015, in %



* Includes shares of companies in which Dirk Ströer holds a majority interest

** Free float, thereof:

Allianz Global Investors Europe[1], Germany	5.88%
Credit Suisse[1, 2, 3], Switzerland	4.63%
Christian Schmalzl	0.05%

[1] According to voting right notification in accordance with Sec. 21, 22 (1) WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act]
[2] According to voting right notification in accordance with Sec. 25 (1) WpHG
[3] According to voting right notification in accordance with Sec. 25a (1) WpHG

Dividend policy

In the reporting year, Ströer SE paid a dividend of EUR 0.40 per qualifying share. Ströer SE intends to continue to allow shareholders to participate in any successful profit development.

Key data of Ströer SE stock	
Capital stock	EUR 55,282,499
Number of shares	55,282,499
Class	Bearer shares of no par value (share in capital stock of EUR 1.00 per share)
First listing	15 July 2010
ISIN	DE0007493991
SIN	749399
Stock ticker	SAX
Reuters	SAXG.DE
Bloomberg	SAX/DE
Market segment	Prime Standard
Index	MDAX
Designated sponsors	OddoSeydler
Opening price 2015 (2 January)	EUR 24.61
Closing price 2015 (31 December)*	EUR 57.90
Highest price 2015 (10 November)*	EUR 63.40
Lowest price 2015 (21 January)*	EUR 24.10

*Closing price in XETRA in EUR

EMPLOYEES

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

We have successfully introduced trust-based working hours in Germany as well as target agreements. In this way, we would also like to enable employees to better combine their work and personal lives and to be individually responsible for achieving business goals. Ströer is thus laying the foundations for an open and trust-based working relationship. We believe that this will significantly increase employee efficiency and satisfaction.

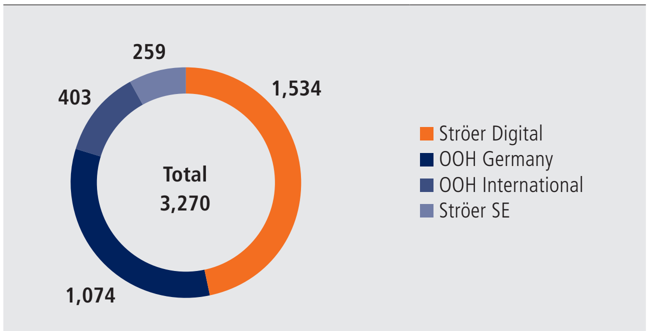
Employment situation

Headcount

As of year-end, the Ströer Group had 3,270 (prior year: 2,380) full and part-time employees. The increase of 890 positions is attributable to the digital business in Germany and results particularly from larger acquisitions such as t-online.de. In the coming year, we expect our headcount to rise, due in particular to the further expansion of our sales structure.

Employees by segment

as of 31 December 2015

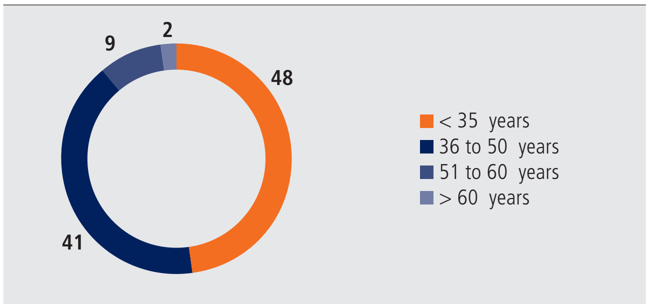


Length of service

As of the reporting date, employees had been working for an average of 6.5 years (prior year: 7.4 years) for the Ströer Group. The decline is due to the inclusion of employees in the digital segment which now also comprises companies which were established only a few years ago.

Age structure in the Group

2015 in %

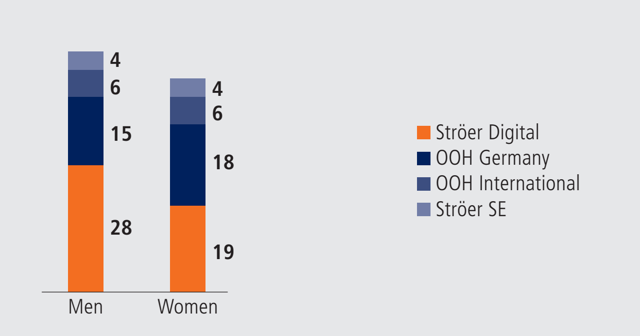


We have a balanced age structure. We aim to retain young employees through targeted training programs and to sustain their enthusiasm for our Company in the long term. They work with mentors who can support them in their careers and draw on their own extensive professional experience.

Gender structure
The share of female employees declined by 1.7 percentage points, but remained high. As of year-end, 53% of the Ströer Group's employees were male and 47% were female. This is due not least to our attractive working time models that help our staff reconcile work and family life, for example, and which make us a modern company.

Gender structure

2015 in %



Training

Vocational training and education
We systematically pursued our vocational training strategy again in 2015. This offers the Company a variety of ways to ensure the supply of qualified young staff. As of the reporting date, Ströer provided a total of 70 young talents throughout Germany with vocational training as digital and print media designers, office management assistants, marketing communications assistants and IT specialists, a substantial increase against the prior year. Our trainees receive practical training at our group headquarters and at large regional offices. In addition to traditional vocational training, Ströer offers places on cooperative study programs (BA degrees). In 2015, we employed 20 BA students in Germany. We have been offering our students the opportunity to spend one semester abroad for some time and plan to also offer our trainees the opportunity to work for one month at one of our European offices in the future.

Ströer offers BA students and trainees good prospects of a permanent position. In 2015, we again hired a large number of young talents in a wide range of business areas. We began recruiting our next trainee intake for 2016 at the end of 2015.

Further development and qualification
In the past year, we significantly enhanced our national and regional sales structures in Germany. A targeted training program comprising on the job training and individual seminars enables us to select the most successful sales staff. Our strategy here is also long term in nature. We want to involve our sales staff in the Ströer Group's strategy and drive forward the Ströer Group's revenue growth. Since the last reporting period, we have – for the first time – rigorously enhanced our regional sales operations at the level of digital products.

REMUNERATION REPORT

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

Remuneration of the board of management

The remuneration of the members of the board of management is determined by the supervisory board and reviewed on a regular basis. In accordance with the provisions of the VorstAG ["Gesetz zur Angemessenheit der Vorstandsvergütung": German Act on the Adequacy of Management Board Remuneration], the supervisory board deliberated on the decisions to be made regarding the board of management's remuneration and made appropriate resolutions. In fiscal year 2015, the board of management's remuneration once again comprised two significant components:

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

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

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

Variable compensation for fiscal year 2015 is based on the following key performance indicators and business targets:

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

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

The long-term incentives span a period of three to four years and carry a greater weighting than the short-term incentives.

ROCE on the basis of adjusted EBIT/capital employed
This remuneration depends on the return on capital over a period of three years. The benchmark for this is the achievement of a return equivalent to the Company's cost of capital. The agreed amount upon reaching the target in full is EUR 294k. The remuneration is limited to a maximum of two or three times this amount, which would require a return that is considerably above the cost of capital during the three-year period. Conversely, if the benchmark is not met, the remuneration is adjusted by the percentage shortfall but cannot decrease below EUR 0.

Organic revenue growth
The Company's average organic revenue growth over a three-year period is compared with the average growth of the advertising market as a whole, measured by the development of gross domestic product in the markets served by the Company. The agreed amount upon reaching the target in full is EUR 329k. If the Company's average revenue growth in the three-year period exceeds this comparative value, the remuneration can increase to a maximum of two or three times the amount. Conversely, if the benchmark is not met, the remuneration is adjusted by the percentage shortfall but cannot decrease below EUR 0.

Share price
This LTI component is linked to the development of the Company's share price over a four-year period against the reference price set at the beginning of this period. The agreed amount for the fiscal year 2015 upon reaching the target in full is EUR 242k, which as of the reporting date corresponded to 11,034 phantom stock options each with a fair value of EUR 56.19. If the share price rises during the four-year period, the remuneration component increases by the same percentage as the share price, but is limited to a maximum of two or three times the amount. Conversely, if the reference price is not met, the remuneration is adjusted by the percentage shortfall but cannot decrease below EUR 0. The members of the board of management can also decide to have the remuneration paid out in shares in the Company.

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

Share-based payment
The Company's supervisory board granted stock options under a stock option plan in fiscal year 2013 for the first time and in fiscal year 2015. The stock options constitute additional long-term remuneration components and are intended to create performance incentives that promote the sustainable and long-term success of the Company. Option rights can be exercised at the earliest after the expiry of the four-year vesting period beginning on the grant date of the subscription right. The options have a contractual term of seven years. Instead of issuing new shares, the Company may choose to grant a cash payment in order to satisfy the stock options.

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

Total remuneration for fiscal year 2015 (2014) is presented in the table below:

Benefits granted for 2015 (2014), in EUR					
	2015				2014
	Total	Udo Müller	Christian Schmalzl	Dr. Bernd Metzner	Total
Fixed remuneration	3,120,000	2,300,000	440,000	380,000	2,070,800
Fringe benefits	293,400	263,900	17,800	11,700	238,000
Total	**3,413,400**	**2,563,900**	**457,800**	**391,700**	**2,308,800**
One-year variable compensation (target reached in full)	**968,200**	**643,200**	**200,000**	**125,000**	**852,000**
Multi-year variable compensation (amount based on a probability scenario)					
LTI "ROCE" (3 years)	761,600	520,200	149,600	91,800	412,500
LTI "revenue growth" (3 years)	851,200	581,400	167,200	102,600	614,700
LTI "share price" (4 years)	627,200	428,400	123,200	75,600	452,900
LTI "other"	252,000	252,000	0	0	55,000
Share-based subscription rights (5 years)					
Total	**2,492,000**	**1,782,000**	**440,000**	**270,000**	**1,535,100**
Total remuneration	**6,873,600**	**4,989,100**	**1,097,800**	**786,700**	**4,695,900**

Benefits granted for 2015 (2014), in EUR

	2015 minimal achievable value				2015 maximal achievable value
	Total	Udo Müller	Christian Schmalzl	Dr. Bernd Metzner	Total
Fixed remuneration	3,120,000	2,300,000	440,000	380,000	3,120,000
Fringe benefits	293,400	263,900	17,800	11,700	293,400
Total	**3,413,400**	**2,563,900**	**457,800**	**391,700**	**3,413,400**
One-year variable compensation (target reached in full)	**0**	**0**	**0**	**0**	**968,200**
Multi-year variable compensation (amount based on a probability scenario)					
LTI "ROCE" (3 years)	0	0	0	0	761,600
LTI "revenue growth" (3 years)	0	0	0	0	851,200
LTI "share price" (4 years)	0	0	0	0	627,200
LTI "other"	0	0	0	0	252,000
Share-based subscription rights (5 years)					
Total	**0**	**0**	**0**	**0**	**2,492,000**
Total remuneration	**3,413,400**	**2,563,900**	**457,800**	**391,700**	**6,873,600**

Total remuneration <u>received</u> in fiscal year 2015 and in the prior year is presented in the table below:

Benefits received in 2015 (2014), in EUR	2015				2014
	Total	Udo Müller	Christian Schmalzl	Dr. Bernd Metzner	Total
Fixed remuneration	3,120,000	2,300,000	440,000	380,000	2,070,800
Advance payment	1,000,000	1,000,000			0
Fringe benefits	293,400	263,900	17,800	11,700	238,000
Total	**4,413,400**	**3,563,900**	**457,800**	**391,700**	**2,308,800**
One-year variable compensation (amount paid out in the reporting period)	**968,200**	**643,200**	**200,000**	**125,000**	**852,000**
Severance payment	**0**	**0**	**0**	**0**	**400,000**
Multi-year variable compensation (scheduled term ended in the reporting period)					
LTI "ROCE" 2012	78,000	74,000	4,000	0	114,200
LTI "ROCE" 2013	0	0	0	0	46,000
LTI "revenue growth" 2012	407,000	387,000	20,000	0	524,500
LTI "revenue growth" 2013	0	0	0	0	160,000
LTI "share price" 2011	91,000	91,000	0	0	112,800
LTI "share price" 2012	0	0	0	0	70,200
LTI "share price" 2013	0	0	0	0	117,600
Total	**576,000**	**552,000**	**24,000**	**0**	**1,145,300**
Total remuneration	**5,957,600**	**4,759,100**	**681,800**	**516,700**	**4,706,100**

<u>Re “LTI other”</u>
The remuneration of EUR 252k (prior year: EUR 55k) for a member of the board of management is dependent on the member remaining with the Company for four years. The amount is fully repayable in the event of early termination.

<u>Re “Share-based subscription rights”</u>
2015: 350,000 stock options each with a weighted fair value of EUR 12.70
2014: 554,700 stock options each with a weighted fair value of EUR 3.61

Post-employment benefits for members of the board of management

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

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

Severance payments
An arrangement has been agreed for one member of the board of management which stipulates that if his employment contract is not extended, he is entitled to fixed remuneration pro rata temporis for a further four months as a severance payment.

Non-compete clause

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

Remuneration of the supervisory board

The remuneration paid to the supervisory board is approved by the shareholder meeting. The members of the supervisory board receive fixed basic remuneration, attendance fees and out-of-pocket expenses. Total remuneration in fiscal year 2015 (excluding any VAT) is presented in the table below:

In EUR	Fixed remuneration	Attendance fee per meeting	Total
Christoph Vilanek	60,000	4,000	64,000
Dirk Ströer (until 2 November 2015)	40,000	3,500	43,500
Ulrich Voigt	40,000	3,500	43,500
Vicente Vento Bosch (since 12 November 2015)	0	500	500
Total	140,000	11,500	151,500

OPPORTUNITIES AND RISK REPORT

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

The Ströer Group's risk management system forms the basis for the board of management's comprehensive risk assessment. Our risk strategy is not based on the strict avoidance of risks but on ensuring that the business decisions we make are based on careful consideration of the opportunities and risks. At the same time, we aim to identify risks that could jeopardize the Company's ability to continue as a going concern in good time to ensure that we can immediately take action to avoid or limit any such risks. We expect all employees to deal with risks in a responsible manner.

We believe that, as of the publication date of this report, the risks currently identified and described below are manageable. There are no recognizable individual risks that could jeopardize the Company's ability to continue as a going concern. We are also confident that Ströer is in a good strategic and financial position and will take advantage of opportunities that arise. Despite the mixed economic environment in our core markets, the board of management expects market conditions to be stable overall in the current fiscal year. If a less favorable scenario were to occur, the Ströer Group would be able to react quickly and implement the internal measures needed to adjust its investment and cost budgets.

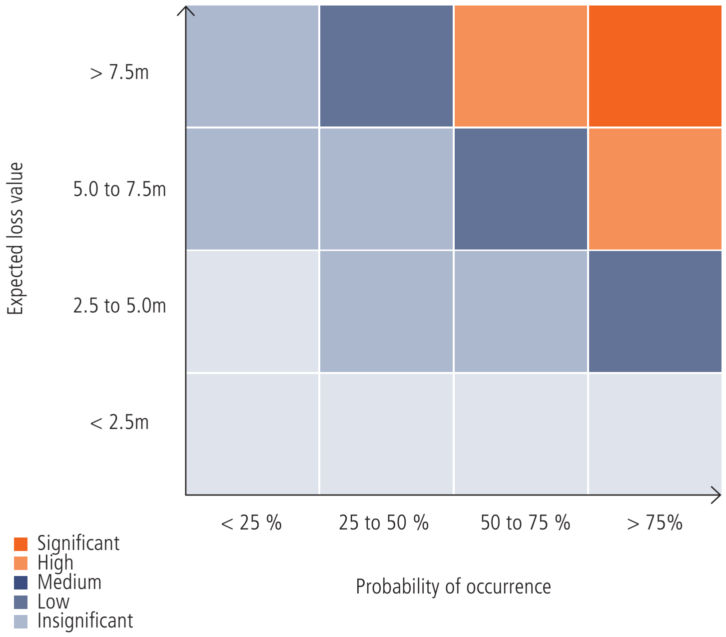
Opportunity and risk management system

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

Ströer also has a group-wide risk management system that complies with the legal requirements under Sec. 91 (2) AktG. The consolidated group for risk management purposes is the same as the overall consolidated group.

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

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



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

In order to ensure close collaboration on operational and financial matters, the group risk management department is part of the group controlling unit at the Company's headquarters. It has the methodological and system expertise. It ensures the functionality and efficiency of the early warning system for the detection of risk and informs the board of management and the supervisory board regularly about current risks to which the Group is exposed. The internal risk report is prepared regularly and addresses the various causes of the core risks, their probability of occurrence and effects (gross and net assessment). The report also provides information on the changes in risk profiles over time. All risk officers are obligated to report ad-hoc on any unexpected risks that are identified outside the scheduled dates for the control process and exceed specific materiality thresholds.

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

Internal control system

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

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

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

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

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

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

Taking all identified opportunities and risks into account, the following section describes the areas that, from today's perspective, could have a significant positive or negative effect on the net assets, financial position and results of operations in the forecast period. The following risks are classified according to their expected loss value based on the above evaluation of the expected loss value in terms of the expected EBITDA and/or cash flow and probability of occurrence (e.g., "ELV: medium).

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

We see particular economic risks for the Turkish advertising market but expect to see the market pick up overall after a difficult 2015. Ongoing domestic political uncertainties and geopolitical issues concerning Kurdish areas and Turkey's southern borders to Syria and Iraq may also have a negative impact again in 2016.

In the area of procurement, significant deviations from targets could result in particular from the loss of concessions for out-of-home advertising or large publisher contracts in the digital segment. Adverse effects could also arise from delays in the approval process, an increase in the cost of obtaining the required building approval and the rejection of attractive locations by the approval authorities. In the online media segment, there is the risk that websites in our portfolio attract less user interest than expected due to rival offerings, among other things. Fewer than anticipated unique visitors, unique users or ad impressions could adversely affect revenue from reach-based advertising. We consider these risks to be perfectly normal business risks, however, which are also very limited thanks to our highly diverse portfolio in the out-of-home and digital segments.

Procurement risks, particularly in out-of-home media can also arise from potential increases in the prices of primary products and energy or from price volatility. Other conceivable risks include the loss of key suppliers and problems with the quality of delivered products. To limit these risks, we use cross-product standardization of components and a multi-source procurement strategy.

With regard to commercialization, deviations from targets in the individual segments could arise through potential losses in income from orders placed by major advertisers or agencies, the loss of customers in intra and intermedia competition or reduced margins as a result of growing discounting in the media industry. In this connection, we regularly review our sales activities and take appropriate measures to counter the pressure for discounts.

Following the establishment of the new content-based business model centered around Germany's online portal with the largest reach, t-online.de, in the Ströer Group in the last two years, the Ströer Group is now also diversifying its advertising-heavy revenue streams to include other revenue types in the area of subscription-based business models and e-commerce activities. The aim is to mitigate general market risks in marketing advertisements.

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

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

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

In addition, there is a general risk from an increase in the scope of advertising bans as has been repeatedly called for in political discussions over the past few years, particularly for tobacco advertising. We are addressing this risk with different communications measures. By significantly reducing our dependency on individual advertising customers and industries, we have drastically reduced the significance of this risk.

Process risks (ELV: low)
Our business processes and communication are highly dependent on information technology. IT security is therefore a critical factor and must be ensured with regard to data integrity, confidentiality of information, authenticity and availability. A disruption or system failure could result in a loss of data and have an adverse effect on IT-based business processes. These processes are subject to ongoing improvement measures aimed at reducing these risks.

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

Employee risks (ELV: insignificant)
A risk for Ströer is the unwanted turnover of key management personnel if they are not adequately replaced or not replaced in good time by in-house or new staff. We counter personnel risks with a number of established measures such as a performance-based remuneration system, training courses and deputization arrangements. We also strengthened our profile as an innovative and attractive media company by radically expanding our digital segment.

Financial risks (ELV: low)
Ströer's current debt poses a general financing risk. The significance of this risk is dependent on meeting the covenants set out in the loan agreements with the banking syndicate as well as duties to provide information and obtain authorization. However, this risk has decreased considerably over the course of the reporting period due to a considerable improvement in operating business.

→ For more detailed information on financial risks, see note 35 to the consolidated financial statements

Ströer is also subject to currency risks, in particular a risk arising from the translation of the financial statements of foreign operations prepared in foreign currency. However, the weight of the financial statements prepared in foreign currency in the consolidated financial statements decreased significantly in the reporting period. Transaction-based currency risks do not pose a significant risk to the Ströer Group.

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

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

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

Other risks (ELV: insignificant)
The Ströer Group is also exposed to communication risks that could ultimately lead to reputational risks. However, we have two important functions – group communication and investor relations – that make the relevant information available to recipients in good time and enable us to take appropriate action.

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

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

Opportunities

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

The structural change in the advertising industry that is reflected in particular by the continuing digitization of media offerings could further accelerate the migration of advertising business from print media to digital media in fiscal year 2016. In this context, demand for multi-screen solutions (public video, desktop, mobile) only offered in this form by the Ströer Group could exceed forecasts. Given the continuing megatrends of digitization, urbanization and the increasing mobility of the population, our range of out-of-home and online media products puts us in a good position to offer optimal solutions to our customers. This could give rise to opportunities to gain more market share in intermedia competition than previously forecast.

Equally, bookings for mobile advertising – including those linked to regional campaigns – could be higher than expected. Our strong positioning in performance technologies and in our core out-of-home business also offers us considerable growth potential.

In addition, strategic opportunities arise from the ongoing consolidation pressure in the online advertising market. The Ströer Group's credible positioning as a pioneer in this consolidation trend could lead to further specific opportunities for inorganic growth in the future. The continuing expansion of the Group's online inventory and the further improvement of its technology position – as well as the accelerated international roll-out of its fully integrated business model – could result in positive economies of scale and synergy effects that are not included in baseline forecasts. With our fully integrated business model, we are confident that we can position ourselves even better in competition with the large publisher-based marketers and TV offerings and that we can gain market share.

The increased integration efforts currently underway at the numerous companies acquired in the reporting period may lead to unexpected synergies at the revenue/cost level. The increased exchange of technological know-how between the newly acquired units provides us with an additional opportunity to further improve our position in this area.

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

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

FORECAST[1]

Overall assessment by the board of management on the Group's expected performance in 2016

The "internet of things" is the central driver of development in the entertainment and media industry thanks to the anytime and anywhere use of media on mobile end devices. Technical developments make individual needs-based use possible for consumers, regardless of where they are. The information gap between the real and the virtual world is diminishing.

For the first time, we can manage moving-picture content on online desktops, mobile and public video screens via our central ad server. We are therefore strengthening our position as the largest non-TV marketer for our advertising customers and our reputation as a provider of innovative communication solutions. The management of big data and performance publishing is also of particular interest, and the regional marketing of our out-of-home and digital portfolio is another major growth area.

To harness this potential, we plan to drive forward the expansion of our regional sales organization in Germany in 2016. We will continue to work intensively to safeguard and further expand our marketable portfolio in both the out-of-home and digital segments.

Based on our excellent market position, we again expect significant organic growth in revenue for the entire Ströer Group in 2016. Organic growth should be in the mid to high single-digit percentage range with a further slight improvement in the operational EBITDA margin compared with fiscal year 2015. Based on a higher cash flow forecast and owing to optimized financing terms in the fiscal year, we expect a further decline in finance costs. Notwithstanding M&A transactions, we will strive to further noticeably reduce the Ströer Group's leverage ratio (net debt to operational EBITDA). Factoring in investment requirements for the coming year, we anticipate (without M&A transactions) a significant increase in free cash flow. We also anticipate that our return on capital employed (ROCE) will remain virtually unchanged in the coming year.

Forward-looking statements

Our forward-looking statements for future business development reflect only the significant factors that were known at the time the financial statements were prepared and that could influence our activities in 2016. Based on past experience, the Ströer Group's revenue and earnings development is dependent on economic developments in our markets and developments in the relevant advertising markets. Revenue development is also influenced by the country-specific market share of digital and out-of-home media as a percentage of the overall advertising market. However, it is not possible to directly forecast revenue on the basis of these macroeconomic or industry-specific parameters, as the correlations between these parameters and revenue can vary considerably from year to year. In addition, conditions can change during the course of the year, which can result in significant deviations between the actual and forecast development of revenue and earnings.

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

In addition, it should be noted that for the outlook on consolidated profit, it is almost impossible to forecast the development of the relevant external market parameters, such as yield curves and exchange rates. Uncertainties in the forecasting of these parameters can also impact non-cash items in the financial result. The derivatives used to hedge these uncertainties expired in January 2015. There are currently no plans to utilize new hedging instruments. In this forecast, we expect the parameters to remain largely unchanged compared with the end of the reporting period.

1 Comparisons to the forecast values for the next year are generally based on the actual 2015 values

Future macroeconomic conditions

Global economic development fell short of expectations once again in 2015. Monetary policy normalized with the Fed raising interest rates for the first time since 2006, which should reduce liquidity slightly in 2016. The slowdown in the Chinese economy is also impacting the global economy. The low oil price is having a positive effect, however. Global growth on a par with the prior year is anticipated for 2016. In its World Economic Outlook for 2016, the IMF projects an increase of 3.6% in world output (prior year: 3.1%).

The European Commission is expecting to see GDP grow by 1.8% in the eurozone in 2016.[2] Besides the dampening effect of political and geopolitical risks (Greek debt-relief negotiations, refugee crisis in Europe), the ongoing quantitative easing and the weaker euro are having a positive effect on the economy. Overall therefore, exports, private consumption and investment should all increase moderately. Conditions on the finance markets are set to remain favorable initially in 2016 before becoming more restrictive towards the end of the year. However, we do not anticipate any major year-on-year changes in interest rates or capital markets.

In spite of the prevailing Volkswagen crisis, forecasts for **German** economic development were consistently positive in 2015. The German Federal Government is forecasting growth of 1.8%[3] for 2016, which is in line with OECD forecasts.[4] The main source of demand is domestic. Refugee migration is currently providing short-term stimulus for private and government spending. The low oil price is boosting private purchasing power and company profits. Positive impetus is also expected in the short term for exports on the back of the depreciation of the euro.

Although **Turkey** developed at a slower pace than predicted by long-term forecasts, the Turkish government and the OECD expect robust GDP growth of 3.4% in 2016.[5] Uncertainty may arise in connection with the development of the conflict in the neighboring south-eastern countries of Syria and Iraq and due to the exchange rate volatility of the Turkish lira against the US dollar and the euro. Following the parliamentary elections in the middle of the year, we believe the political situation is more stable but do not expect to see any major changes in development for the next few years.

The quantitative estimates for economic growth in **Poland** are positive. The OECD expects GDP growth of 3.4% for 2016.[6] This positive outlook is based chiefly on growing domestic demand stemming from large-scale investment plans, higher business investment and an increase in consumer spending. The promise of EU funds is also likely to have a positive effect on the economy. Fluctuations in the zloty exchange rate, however, pose a financial risk for imports and exports.

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2 Source: European Commission, European Economic Forecast Autumn 2015

3 Source: Fall forecast by the German Federal Government 2015

4 Source: OECD real GDP forecasts summary, Germany, November 2015

5 Source: OECD real GDP forecasts summary, Turkey, November 2015

6 Source: OECD real GDP forecasts summary, Poland, November 2015

Future industry performance

In the eurozone, the positive growth forecast should have a stabilizing effect on the traditionally cyclical advertising sector. MagnaGlobal expects growth of 2.5% in western Europe.[7] The ZenithOptimedia agency is forecasting an average growth rate of 4.0% for 2016.[8] ZenithOptimedia expects a few strong western European advertising markets to offset low growth rates in the peripheral countries and thus ensure average growth of 3.3% until 2018.

The increasing dominance of digital media is reflected nowhere better than in the advertising sector. In its study, "Global Entertainment and Media Outlook," PricewaterhouseCoopers (PwC) predicts that revenue from digital media will account for 43% of the overall market in 2019.[9]

Development of the German advertising market
The development of the advertising market in Germany was also characterized by strong growth in the digital segment in 2015. According to ZenithOptimedia, the advertising market grew by 1.7%. Growth of 1.6% is expected for 2016.[10] MagnaGlobal predicts that advertising revenues will grow at a stable rate of 1.3% in 2016.[11] These positive forecasts for 2016 are consistent with the results of a survey conducted by the German Advertisers Association ["Organisation Werbungtreibende im Markenverband": OWM]. Owing to the stable economic outlook, advertising companies are cautiously optimistic about 2016. In the German Advertisers Association's survey, 38% of advertisers said that they expect advertising revenue to rise, just under half expect revenue to remain stable and only 14% expect a decline.[12]

Established studies forecast a slightly stronger rise in advertising revenue in the out-of-home segment compared with the advertising market as a whole. According to PwC, advertising revenue will grow at a rate of 2.7% in 2016.[13] ZenithOptimedia forecasts slightly higher growth of 3.0%.[10] The main growth drivers are likely to be digital advertising media, which PwC expects to grow by an average rate of 8% in the coming years.[13] In addition, the increased flexibility and regionalization of advertising formats as well as society's increasing level of mobility will bolster the positive development of out-of-home advertising. New technological innovations, such as iBeacons and near field communication (NFC), are opening up new potential uses for out-of-home media by combining these with other forms of advertising and new formats that enable interaction between advertisers and consumers via their smartphones. Based on the positive market outlook on the whole, we expect revenue growth in the low to mid-single-digit percentage range in the out-of-home segment.

7 Source: Magna Global Advertising Revenue Forecasts, Western Europe, December 2015
8 Source: ZenithOptimedia Advertising Expenditure Forecast, Worldwide, December 2015
9 Source: PricewaterhouseCoopers, German Entertainment and Media Outlook 2015-2019
10 Source: ZenithOptimedia Advertising Expenditure Forecast, Germany, December 2015
11 Source: Magna Global Advertising Revenue Forecasts, Germany, December 2015
12 Source: German Advertisers Association ["Organisation Werbungtreibende im Markenverband": OWM], November 2015
13 Source: PricewaterhouseCoopers, German Entertainment and Media Outlook, OOH advertising, 2015-2019

The positive development in the online advertising market in 2015 is also expected to continue in 2016. The most dynamic growth among the various media types stems from the increasing digitization of the media landscape and the strong development of the internet as an advertising medium. Improved advertising efficiency through more precise targeting and performance-based offerings provides sustainable opportunities for growth. ZenithOptimedia and PwC predict growth in online advertising revenue of 7.6% and 7.5%, respectively, for 2016.[14] PwC expects growth in the stationary online advertising market to gradually slow in light of the increasing maturity of the market. Average growth of 7.1% is expected until 2019. Mobile online advertising offers greater growth potential. PwC expects this area to grow by an average of 20.8% until 2019.[15] This growth will be driven by the increasing penetration of internet-enabled mobile devices (smartphones and tablets), the associated shift in media usage and improved monetization opportunities. We agree with these market assessments. Based on our excellent market position in the display, video and mobile advertising segments, we expect to gain further market share in these areas. Our recently attained position as the online marketer with the widest reach in Germany will also contribute to this growth in market share.

Development of the Turkish advertising market

Revenue development in the advertising market in Turkey also depends largely on the prevailing economic conditions. Provided that the political environment remains stable, revenue in the Turkish advertising market should rise in 2016 owing to the economic environment as a whole. Following negative growth of –3.0% (adjusted for inflation) in 2015, ZenithOptimedia expects advertising markets to recover and see an upwards trend to neutral growth in 2016. The same applies for the online advertising and out-of-home markets.[16]

Entwicklung des polnischen Werbemarktes

The positive outlook on the Polish advertising market is underpinned by economic growth prospects. After several years of decline, Poland has developed positively since 2014. This has resulted in an increase in total advertising spending of 2.8%. For 2016, ZenithOptimedia expects growth of as much as 3.2%. This is largely attributable to the rapidly advancing online advertising segment, where ZenithOptimedia forecasts double-digit growth. In out-of-home advertising, advertising revenue is expected to stagnate or decrease slightly.[17] We also anticipate an increase in revenue in the overall advertising market and a largely unchanged market environment for out-of-home advertising.

14 Source: ZenithOptimedia Advertising Expenditure Forecast, Germany, December 2015

15 Source: PricewaterhouseCoopers, German Entertainment and Media Outlook, online advertising, 2015-2019

16 Source: ZenithOptimedia Advertising Expenditure Forecast, Turkey, December 2015

17 Source: ZenithOptimedia Advertising Expenditure Forecast, Poland, December 2015

Anticipated revenue and earnings development

Ströer Group

We expect the Ströer Group to record organic consolidated revenue growth in the mid to high-single-digit percentage range in 2016. As well as strong growth impulses in the digital segment and minor impulses in the OOH International segment, this will also be driven by robust revenue growth in the OOH Germany segment. The acquisitions made in the fiscal year and after the reporting date will also have a significantly positive effect on full-year revenue.

We further combined public video infrastructure (digital out-of-home displays) with online assets in both the desktop and the mobile sectors in the fiscal year. Initial customer feedback on this novel product combination in the moving-picture sector has been remarkably positive. We also enhanced our digital portfolio with numerous game-changing acquisitions. In terms of marketing this product innovation and the associated growth of digital media in 2016, we expect digital revenue as a percentage of consolidated revenue to increase to over 40%.

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

We expect a slight volume-related increase in direct advertising media costs in 2016. The increase is expected to remain below the level of organic revenue growth as we anticipate further cost savings and a more favorable product mix for the margin in the out-of-home segment. We expect an increase in overheads for the Group as a whole, which will be slightly higher than the increase in organic revenue. The planned cost increases – together with a strict cost management – relate primarily to the large number of acquired companies, inflation-related salary and other cost adjustments, as well as the strengthening of regional sales structures in Germany and the significant increase in business volume in the digital segment.

Based on the anticipated increase in business volume combined with a moderate rise in costs, we expect – provided there are no negative exchange rate effects – an increase in operational EBITDA from EUR 270m to EUR 280m in 2016. Overall, we expect the Group's operational EBITDA margin to remain stable or to increase slightly since costs are likely to increase at a slower rate than revenue. Notwithstanding significant M&A transactions in 2016, the Group's finance costs are likely to fall further due to the reduction in financial leverage in the fiscal year and the successful renegotiation of borrowing terms in the fiscal year. Thanks to tax-efficient structures, we expect an effective tax rate of around 20%. In view of the higher anticipated consolidated profit after taxes, we expect a further marked rise in earnings per share in 2016.

OOH Germany segment

In Germany we are optimistic about 2016. The economic outlook and consumer sentiment are positive. We believe that the advertising sector will also benefit from this general mood, although there is no way to reliably predict the availability and distribution of actual advertising budgets or the development of discounts. Among other things, this is because of radical changes in the media landscape and the increasing diversity of advertising offerings, especially in digital media channels, with a growing importance of social networks for the advertising industry. In this market environment, we are carving out a position for ourselves with a portfolio of attractive out-of-home and digital media that is unrivaled in Germany.

In the OOH Germany segment, we expect organic revenue growth in the mid-single-digit percentage range, which will be slightly higher than the market growth of 3.0%[18] predicted by ZenithOptimedia in the out-of-home advertising segment.

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

In Germany, we definitely expect the operational EBITDA margin to remain stable year on year.

OOH International segment
The OOH International segment comprises our operating activities in Turkey and Poland as well as BlowUP Media. In Turkey, unexpected increase in geopolitical instability could still negatively impact the political environment. We are seeing a relatively stable market environment in Poland despite challenging conditions.

Various internationally recognized audience measurement systems, as well as continual product portfolio enhancement and selective investments, can positively shape revenue development.

While we see positive trends in Poland, we expect the market environment to remain difficult in Turkey. Organic revenue growth should therefore be in the low single-digit percentage range in the OOH International segment.

Combined with further targeted cost management, we expect the relatively constant revenue development to result in a slight improvement in operational EBITDA and a slight rise in the operational EBITDA margin in 2016.

Ströer Digital segment
The Ströer Digital segment is benefiting greatly from strong growth in the online advertising market, particularly in Germany. In addition to the positive business development, the full-year effects of the first-time consolidation of new acquisitions in the fiscal year and in the months following the reporting date will be reflected in revenue for 2016.

According to figures published by AGOF, Ströer Digital was the number one online marketer in Germany[19] with 44 million unique users.[20] This ranking should further raise Ströer Digital's profile among customers and publishers, which will again improve our reputation as an advertising and marketing partner in 2016.

As announced in the prior year, we are anticipating further marketing success in 2016 from the linking of OOH and digital offerings, with personal (desktop, tablets, smartphones) and public screens (out-of-home displays) being combined in a new multi-screen solution.

In the area of performance-based digital products, technological advancement is playing an ever greater role in business expansion. Thus, besides the success of our performance publishing, we expect regional search engine optimization (SEO) to also stimulate revenue in digital business. Furthermore, we will source external growth opportunities in 2016 to achieve greater reach and better marketing opportunities for our portfolio as a whole.

18 Source: ZenithOptimedia Advertising Expenditure Forecast, Germany, 2015

19 per month

20 Extrapolation of marketer rankings following the merger of the offerings of Ströer Digital, InteractiveMedia and OMS based on the AGOF ranking "Digital Facts" 08/2015

In the digital segment, we are optimistic about 2016 and subsequent years. Based on the above initiatives and revenue synergies between acquired operations, we expect organic revenue growth of around 10% in 2016. We expect this revenue growth to be driven by higher expenditure in the high-demand mobile and video segments. Besides harnessing cost synergies in the area of marketing, we expect to make further investments in particular in our transactional product segment. On the back of investments in sustainable growth, we expect the operational EBITDA margin in 2016 to be between 25% and 30%.

Planned investments

Our investments in the forecast period will focus on the installation and exchange of out-of-home advertising media due mainly to the extension or acquisition of public advertising concessions. In this way, we are maintaining, modernizing and expanding our advertising infrastructure, which forms the basis for marketing out-of-home advertising faces in national and regional networks in our market. In 2016, investments are planned to further digitize out-of-home advertising in Germany. We also plan to convert more lighting systems to LED technology in order to further reduce the energy consumption of our advertising media.

In 2016, a similar level of investment in portfolio improvements as to that in 2015 is in the pipeline for our OOH International segment. Due to the demand for large-format digital advertising media, BlowUP Media plans to continue to pursue its digital strategy and to install further digital advertising media in select, highly frequented locations in European cities. At group level we remain committed to further developing our IT landscape. Furthermore, moderate investments are also planned for earnouts and subsequent purchase price payments.

In the Ströer Group, we anticipate the volume of total investments – excluding M&A activities – to amount to more than EUR 90m in fiscal year 2016. As a considerable proportion of these investments is not backed by binding investment commitments, we can significantly scale back investments if this is necessitated by market developments or the Company's situation.

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

Expected financial position

As a result of the further year-on-year increase in the Ströer Group's results of operations, we also anticipate a further improvement in the Group's financial position. Specifically, the improved results of operations should lead to higher cash flows from operating activities. In view of this and based on our planned investments in 2016, we forecast free cash flow before M&A transactions of more than EUR 120m. Due to the considerable increase in our adjusted EBIT, our return on capital employed (ROCE) should remain almost unchanged in spite of the t-online acquisition.

Following refinancing in the fiscal year, the Ströer Group's syndicated loan is secured until the middle of 2020. During the course of refinancing, we were able to further improve our borrowing terms. The covenants are designed to provide sufficient headroom even during economic and seasonal fluctuations. The leverage ratio of 1.1 at the end of the reporting period means that we are well below our target range of between 2.0 and 2.5.

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

SUBSEQUENT EVENTS

B. A. B. MaxiPoster Werbetürme GmbH
With effect as of 6 January 2016, Ströer acquired all the shares in B. A. B. MaxiPoster Werbetürme GmbH, Hamburg. The company commercializes large-format posters and advertising faces. The purchase price for the acquired shares is approximately EUR 7.4m.

OMS Vermarktungs GmbH & Co. KG
With effect as of 19 January 2016, the Ströer Group acquired OMS Vermarktungs GmbH & Co. KG, Düsseldorf, and its general partner. OMS Vermarktungs GmbH & Co. KG is the leading premium marketer of high-quality editorial environments for regional daily newspapers and offers its advertising customers solutions for addressing attractive target groups with display, mobile, moving-picture and cross-media campaigns across all screens. In return for the shares acquired, OMS-Online Marketing Service GmbH & Co. KG will gain a 10.0% share in Ströer Digital Group GmbH.

Statista GmbH
With effect as of 1/2 February 2016, the Ströer Group acquired a total of 81.3% of the shares in Statista GmbH, Hamburg. Statista GmbH is a leading data and business intelligence portal. It offers its customers a considerable degree of efficiency and extensive cost benefits in sourcing business-relevant information – especially in the form of statistics – on a single highly relevant platform. The purchase price for the acquired shares amounts to approximately EUR 64.7m.

Change in legal form from Ströer SE to Ströer SE & Co. KGaA
On 1 March 2016, Cologne Local Court entered the change in legal form from Ströer SE to Ströer SE & Co. KGaA into the commercial register. At the same time Deutsche Börse AG admitted the shares of Ströer SE & Co. KGaA to trading on the Frankfurt Stock Exchange. Following the change in legal form, Ströer SE & Co. KGaA is now registered in the commercial register of Cologne Local Court under HRB 86922.

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

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

Composition of subscribed capital

On 2 November 2015, Ströer SE's capital stock was increased by EUR 6,412,715.00 from EUR 48,869,784.00 to EUR 55,282,499.00 due to the utilization of the authorized capital. It is divided into 55,282,499 bearer shares of no par value. Each share has a nominal value of EUR 1 in the capital stock.

Restrictions concerning voting rights or the transfer of shares

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

Investments in capital exceeding 10% of voting rights

Udo Müller holds 21.42% and Dirk Ströer 21.80% of total stock. Both shareholders are resident in Germany. Deutsche Telekom AG, Bonn, also holds a total of 11.60% of the shares in Ströer SE. The board of management has not received any notification as required by the WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act] of other investments which exceed 10% of the voting rights.

Special rights granting control authority

There are no shares with special rights granting control authority.

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

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

Authorization of the board of management to issue or reacquire shares

Subject to the approval of the supervisory board, the board of management is authorized to increase the Company's capital stock once or several times until 17 June 2019 by a maximum of EUR 12,525,780.00 in total by issuing up to 12,525,780 new bearer shares of no par value in return for contributions in cash or in kind (approved capital 2014); the increase, however, may not exceed the amount and the number of shares comprising the remaining capital stock pursuant to Art. 5 (1) of the articles of incorporation of Ströer Media AG on the date the change in the legal form of Ströer Media AG to a European Company (SE) pursuant to the conversion plan of 30 April 2014 took effect.

Under a resolution approved by the shareholder meeting on 13 July 2010, the board of management is authorized, with the approval of the supervisory board, to issue convertible bonds and/or bonds with warrants of up to a maximum of EUR 11,776k until 12 July 2015 (conditional capital 2010). The capital stock of Ströer SE was increased conditionally by a maximum of EUR 11,776k by issuing up to 11,776,000 new bearer shares of no par value. The purpose of the conditional capital increase was to grant bearer shares of no par value to owners/creditors of convertible bonds and/or bonds with warrants which are being issued as a result of the above resolution. Use was not made of the authorization.

According to the resolution adopted by the shareholder meeting on 10 July 2010, the board of management of Ströer SE was authorized to acquire treasury shares of up to 10% of capital stock. The authorization expired on 9 July 2015. Use was not made of the option to acquire treasury shares.

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

The capital stock was also increased conditionally by a maximum of EUR 2,123,445 by issuing a maximum of 2,123,445 bearer shares of no par value (conditional capital 2015). The sole purpose of the conditional capital increase is for the board of management to grant, as authorized by resolution of the shareholder meeting dated 25 September 2015, rights to bearers of stock options under the Stock Option Plan 2015. The conditional capital increase will only be implemented to the extent that the bearers of stock options granted under the authorization of the shareholder meeting on 25 September 2015 exercise these rights and that the Company does not settle the stock options in cash.

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

Facility agreement

A facility agreement is in place between Ströer SE and a syndicate of various banks and credit institutions. The syndicate granted the Company a loan of EUR 200m and a credit line of EUR 250m. This facility agreement concluded in 2014 and amended in 2015 replaced the previous facility agreement dating from 2012.

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

Put option

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