STRÖER

STRÖER MEDIA SE

Quarterly financial report 9M/Q3 2014

CONTENTS

THE GROUP'S FINANCIAL FIGURES AT A GLANCE

		Q3 2014	Q3 2013	Change	9M 2014	9M 2013	Change
Revenue[1]	EUR m	**174.6**	**147.7**	**18.2%**	**509.3**	**430.1**	**18.4%**
by segment							
Ströer Germany[2]	EUR m	115.3	97.2	18.7%	334.0	302.0	10.6%
Ströer Turkey	EUR m	20.1	21.4	-5.7%	62.0	70.5	-12.1%
Ströer Digital (Online)	EUR m	27.7	18.3	51.3%	79.4	27.8	> 100%
Other (Ströer Poland and blowUP)	EUR m	14.3	13.7	4.3%	43.7	39.5	10.7%
by product group							
Billboard[2]	EUR m	77.3	70.1	10.2%	232.4	213.0	9.1%
Street furniture[2]	EUR m	36.2	30.6	18.1%	105.2	102.8	2.3%
Transport[2]	EUR m	24.6	21.4	15.0%	71.2	67.6	5.2%
Digital (Online)	EUR m	27.6	18.2	51.4%	79.1	27.7	> 100%
Other[2]	EUR m	11.6	9.8	17.8%	30.4	28.1	8.2%
Organic growth[3]	%	15.7	4.4		10.9	4.8	
Gross profit[4]	EUR m	48.6	39.3	23.6%	145.3	120.4	20.7%
Operational EBITDA[5]	EUR m	**30.1**	**20.3**	**47.9%**	**87.8**	**67.7**	**29.7%**
Operational EBITDA[5] margin	%	17.0	13.5		16.9	15.4	
Adjusted EBIT[6]	EUR m	18.1	9.9	82.9%	52.6	35.2	49.6%
Adjusted EBIT[6] margin	%	10.2	6.6		10.2	8.0	
Adjusted profit or loss for the period[7]	EUR m	9.9	3.3	> 100%	27.2	13.1	> 100%
Adjusted earning per share[8]	€	0.21	0.09	> 100%	0.54	0.30	80.5%
Profit or loss for the period[9]	EUR m	2.9	-6.6	n.d.	5.8	-8.3	n.d.
Earning per share[10]	€	0.06	-0.11	n.d.	0.10	-0.18	n.d.
Investments[11]	EUR m				25.8	26.6	-3.0%
Free cash flow[12]	EUR m				34.1	-18.6	n.d.
					30 Sep 2014	**31 Dec 2013**	**Change**
Total equity and liabilities[1]	EUR m				946.5	953.1	-0.7%
Equity[1]	EUR m				306.1	297.0	3.1%
Equity ratio	%				32.3	31.2	
Net debt[13]	EUR m				303.6	326.1	-6.9%
Employees[14]	number				2,366	2,223	6.4%

1) Joint ventures are consolidated at-equity - according to IFRS 11

2) Joint ventures are consolidated proportional (management approach)

3) Excluding exchange rate effects and effects from the (de-)consolidation and discontinuation of operations (Joint ventures are consolidated proportional)

4) Revenue less cost of sales (Joint ventures are consolidated at-equity - according to IFRS 11)

5) Earnings before interest, taxes, depreciation and amortization adjusted for exceptional items (Joint ventures are consolidated proportional)

6) Earnings before interest and taxes adjusted for exceptional items, amortization of acquired advertising concessions and impairment losses on intangible assets (Joint ventures are consolidated proportional)

7) Adjusted EBIT before non-controlling interest net of the financial result adjusted for exceptional items and the normalized tax expense (Joint ventures are consolidated proportional)

8) Adjusted profit or loss for the period net of non-controlling interests divided by the number of shares outstanding after the IPO (42,098,238) plus time-weighted addition of the shares from the capital increase (6,771,546) on 3 June 2013

9) Profit or loss for the period before non-controlling interest (Joint ventures are consolidated at-equity - according to IFRS 11)

10) Actual profit or loss for the period net of non-controlling interests divided by the number of shares outstanding after the IPO (42,098,238) plus time-weighted addition of the shares from the capital increase (6,771,546) on 3 June 2013

11) Including cash paid for investments in property, plant and equipment and in intangible assets (Joint ventures are consolidated at-equity - according to IFRS 11)

12) Cash flows from operating activities less cash flows from investing activities (Joint ventures are consolidated at-equity - according to IFRS 11)

13) Financial liabilities less derivative financial instruments and cash (Joint ventures are consolidated proportional)

14) Headcount of full and part-time employees (Joint ventures are consolidated proportional)

FOREWORD BY THE BOARD OF MANAGEMENT

Dear shareholders,

The strengths of Ströer Media SE's integrated business model proved their worth again in the third quarter, with a continuation of the positive trend. Thanks to growth in the poster business and strong revenue from the Ströer Digital (Online) segment, revenue increased by 18% overall with organic growth at 15.7% in the third quarter of 2014. Operational EBITDA surged 47.9% in the third quarter, resulting in an improvement in margins from 13.5% to 17.0% for the third quarter. Supported by the considerable growth in business performance, free cash flow climbed noticeably by more than EUR 50m year on year to around EUR 34m. By the same token, the dynamic leverage ratio decreased significantly to around 2.2 at the end of the quarter.

Our profit figures show that, with our portfolio of products spanning the out-of-home and online segments, we are benefiting greatly from the fundamental transformation of the media landscape through digitalization. As a fully integrated media marketer with a broad range of products, our ability to include digital offerings means we can offer our out-of-home customers individual solutions which are minutely attuned to their needs. Conversely, we are increasingly able to persuade online customers of the advantages of out-of-home advertising. On top of this, the third quarter saw strong demand for multi-screen products, which Ströer is able to offer as a one-stop provider. Consequently, all signs are pointing to growth in the poster business, for digital out-of-home advertising media and in the Ströer Digital (Online) segment.

Ströer is driving the market with its innovations. In the third quarter, Ströer presented the world's first ever ad server for the distribution of moving picture content which directly targets the public video network. Together with our partner Deutsche Bahn, we opened an Open Playground at Düsseldorf's main train station as a testing platform for iBeacon technology. With 230,000 advertising faces across Germany, Ströer can act as an infrastructure provider for this new technology and set decisive new standards. This is just one reason why the enhancement of our advertising media portfolio is of such importance. This year in our poster business in Germany, we renewed numerous important public advertising concessions and acquired new contracts. This not only contributes to our positive performance in the current year on a national and regional level, it also broadens the basis for the years to come. The giant poster business also performed encouragingly.

For the fourth quarter of 2014 we expect total group revenue growth from 10 to 15% with organic growth of at least 10%.

For the full year of 2014 we expect to increase our group revenue organically by at least 10% and raise the operational EBITDA-guidance to around 145 Million Euro.

Best wishes,

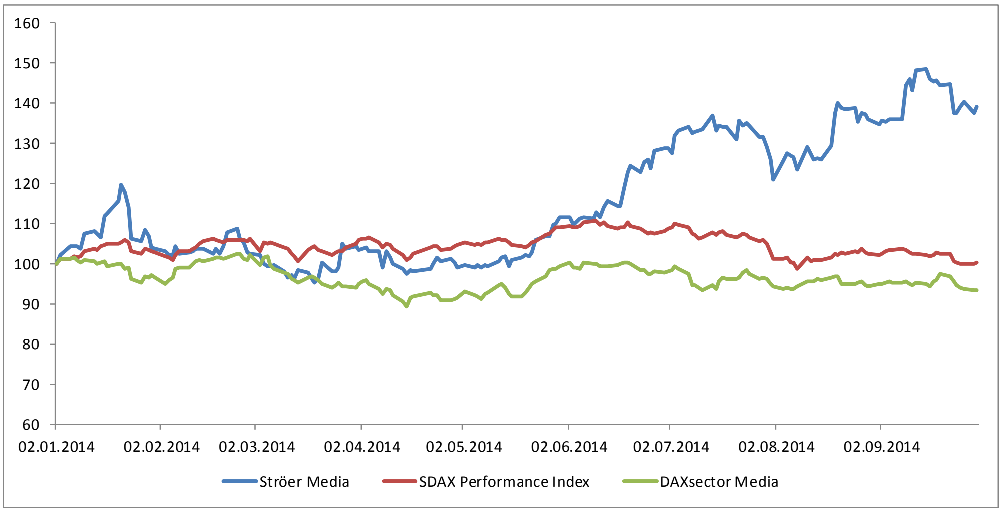
The Board of Management

Udo Müller Dr. Bernd Metzner Christian Schmalzl

SHARE

The Ströer share price continued to grow in the third quarter with an increase of 8%. On 30 September 2014, the Ströer share closed at EUR 17.45, up 39% compared to the beginning of the year, and thus significantly outperformed the DAXsector Media index, which lost around 7% in the previous nine months.

The stock market environment deteriorated in the third quarter. Concerns over the conflicts in Ukraine and the Middle East saw investors pulling their money out of the nervous markets. This situation was compounded toward the end of the third quarter by fears of an economic slowdown in Europe and an increase in the key interest rate in the US. The DAX conceded its entire price gains from the first six months, dropping to 9,474 points, 0.8% below the level at the beginning of the year.



Stock exchange listing, market capitalization and trading volume

Ströer Media SE stock is listed in the Prime Standard of the Frankfurt Stock Exchange and has been listed in the SDAX, a selection index of Deutsche Börse, since September 2010. Based on the closing share price on 30 September 2014, market capitalization came to EUR 855m.

We are continuing our efforts to boost the attractiveness of the Ströer share for investors, for example by improving its liquidity and the volume of trading in our shares on Xetra. The average daily volume of Ströer stock traded on German stock exchanges rose to just over 63,000 shares, an increase of just under 30% compared with the first nine months of 2013.

Analysts' coverage

The performance of Ströer Media SE is tracked by 11 teams of analysts. Based on the most recent assessments, eight of the analysts are giving a "buy" recommendation and three say "hold." The latest broker assessments are available at http://ir.stroeer.de and are presented in the following table:

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

*As of 30 September 2014

Shareholder structure

CEO Udo Müller holds 24.22%, supervisory board member Dirk Ströer holds 29.95% and board of management member Christian Schmalzl holds around 0.07% of Ströer Media SE shares. The free float comes to around 40%.

According to the notifications made to the Company as of the date of publication of this report on 12. November 2014, the following parties reported to us that they hold more than 3% of the voting rights in Ströer Media SE: Sambara Stiftung (5.73%), Allianz Global Investors (5.13%), Credit Suisse (4.63%), JO Hambro Capital Management (3.01%), HMI Capital (3.00%).

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

INTERIM GROUP MANAGEMENT REPORT

INTERIM GROUP MANAGEMENT REPORT

BACKGROUND OF THE STRÖER GROUP

Business model, segments and organizational structure

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

The Company's business model is based on offering traditional out-of-home (OOH) advertising and public videos (the 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.

The high impact of the advertising and the ability to address consumers directly at the point of sale can measurably influence purchasing decisions. The Ströer Group is also a one-stop provider of all the steps in the digital value chain necessary for a fully integrated digital business model: for publishers as well as for agencies and advertisers.

The Ströer Group continued to expand its digital portfolio in the reporting period. Following the majority acquisition of the GAN Group by Ströer Digital Media GmbH in January 2014, 51.0% of the online video network Tube One Networks GmbH was acquired via the group company PRIMETIME Networks GmbH. In March, the Ströer Group also announced that it had joined forces with the digital sports advertising agency mediasports to create "mediasports Ströer." In addition, Ströer acquired GIGA Digital AG and the rights to market and operate the kino.de and video.de portals in the third quarter.

In addition, the Ströer Group concluded a new credit facilities agreement with effect from 8 April 2014. The financing package with a total volume of EUR 500m and a five-year term was made available by an international banking syndicate. The funds were used to repay the existing syndicated credit agreement, which also had a volume of EUR 500m. The new agreement will enable the Ströer Group to further substantially reduce its borrowing costs in the future. At the same time, the new agreement extends the Group's financing reach by another two years, meaning it will not have to refinance until 2019.

Finally, Ströer Media SE paid a dividend to its shareholders in the second quarter for the first time after the shareholder meeting made a corresponding resolution on 18 June 2014 at the recommendation of the supervisory board and board of management. Based on this resolution, a total of EUR 4.9m of the accumulated profit of EUR 48.6m generated by Ströer Media SE in fiscal year 2013 was distributed.

On 18 June 2014, the shareholder meeting also approved a majority vote the conversion of the group holding company Ströer Media AG to a European public limited liability company – Ströer Media SE. The conversion was entered in the commercial register in the fourth quarter.

This interim management report covers the period from 1 January to 30 September 2014.

Management and control

At the shareholder meeting on 18 June 2014, Dirk Ströer and Ulrich Voigt were elected to the supervisory board for another term of office. On the same date, the supervisory board of Ströer Media SE appointed Mr. Christoph Vilanek as new Chairman with immediate effect in its subsequent meeting. He replaced Prof. Dr. h.c. Dieter Stole, whose term of office ended at the end of the reporting period and was not renewed at his own request. The supervisory board of Ströer Media SE will comprise three members. In accordance with a resolution passed by the shareholder meeting on 18 June 2014, these will be Christoph Vilanek, Dirk Ströer and Ulrich Voigt.

ECONOMIC REPORT

Macroeconomic development

The macroeconomic environment deteriorated slightly in the third quarter of 2014 compared to mid-2014. The International Monetary Fund (IMF) therefore again revised its forecast for global economic growth in 2014 downwards slightly from 3.4% to 3.3%. The risk of economic stagnation in the eurozone, the Ukraine conflict and the unstable situation in the Middle East were cited as reasons for the persisting uncertainty. In their fall reports, the leading economic researchers are predicting GDP growth for Germany of 1.3% in 2014, which is a weaker growth prospect for the German economy than the original forecast of 1.9%. The international crises in Syria and Iraq and the conflict between Russia and Ukraine in particular are creating market uncertainty and contributing to a gloomy economic outlook.

Continous tension in Iraq led Turkey to a slight reduction of its economic growth forecasts down to 3.3%. The forecast for economic growth in Poland was also recently adjusted downwards slightly by various research institutes and is expected to come to around 3.1%. Compared with last year, however, this growth continues to indicate that the Polish market is recovering. For the coming year, Poland is again expecting a slight increase in economic output.

The development of exchange rates was not homogenous. While the Polish zloty fell by 0.6% against the euro compared with 31 December 2013, the Turkish lira recovered slightly by 2.8% against the euro in the first nine months of 2014. However, the Turkish lira is still at a very weak level compared with the first nine months of 2013, which is the reason for our relevant earnings indicators in the Turkish segment being well below the prior year figures.

Results of operations of the Group and the segments

Consolidated income statement

In EUR m	Q3 2014		Q3 2013		Change	
Continuing operations						
Revenue	174.6	100.0%	147.7	100.0%	26.9	18.2%
Cost of sales	-126.0	-72.2%	-108.4	-73.4%	-17.6	-16.3%
Gross profit	**48.6**	**27.8%**	**39.3**	**26.6%**	**9.3**	**23.6%**
Selling expenses	-22.1	-12.7%	-21.0	-14.2%	-1.1	-5.4%
Administrative expenses	-19.9	-11.4%	-20.0	-13.5%	0.1	0.5%
Other operating income	2.9	1.6%	3.4	2.3%	-0.6	-16.3%
Other operating expenses	-2.1	-1.2%	-1.9	-1.3%	-0.2	-9.1%
Share in profit or loss of associates	0.6	0.4%	0.6	0.4%	0.0	-3.6%
EBIT	**8.0**	**4.6%**	**0.6**	**0.4%**	**7.5**	**>100%**
EBITDA	**26.8**	**15.4%**	**18.2**	**12.3%**	**8.6**	**47.4%**
Operational EBITDA	**30.1**		**20.3**		**9.7**	**47.9%**
Financial result	-3.5	-2.0%	-3.9	-2.7%	0.4	11.1%
EBT	**4.6**	**2.6%**	**-3.3**	**-2.3%**	**7.9**	**n.d.**
Income taxes	-1.7	-1.0%	-3.3	-2.2%	1.6	48.4%
Post-tax profit or loss from continuing operations	**2.9**	**1.6%**	**-6.6**	**-4.5%**	**9.5**	**n.d.**
Profit or loss for the period	**2.9**	**1.6%**	**-6.6**	**-4.5%**	**9.5**	**n.d.**

In EUR m	9M 2014		9M 2013		Change	
Continuing operations						
Revenue	509.3	100.0%	430.1	100.0%	79.2	18.4%
Cost of sales	-364.0	-71.5%	-309.7	-72.0%	-54.3	-17.5%
Gross profit	**145.3**	**28.5%**	**120.4**	**28.0%**	**24.9**	**20.7%**
Selling expenses	-68.4	-13.4%	-61.3	-14.3%	-7.0	-11.4%
Administrative expenses	-61.0	-12.0%	-58.5	-13.6%	-2.4	-4.2%
Other operating income	11.1	2.2%	9.4	2.2%	1.8	18.8%
Other operating expenses	-6.0	-1.2%	-5.3	-1.2%	-0.7	-12.9%
Share in profit or loss of associates	2.4	0.5%	2.8	0.6%	-0.4	-14.3%
EBIT	**23.4**	**4.6%**	**7.3**	**1.7%**	**16.1**	**>100%**
EBITDA	**79.3**	**15.6%**	**59.5**	**13.8%**	**19.8**	**33.2%**
Operational EBITDA	**87.8**		**67.7**		**20.1**	**29.7%**
Financial result	-12.2	-2.4%	-15.0	-3.5%	2.8	18.8%
EBT	**11.2**	**2.2%**	**-7.7**	**-1.8%**	**18.9**	**n.d.**
Income taxes	-5.5	-1.1%	-0.6	-0.1%	-4.9	<-100%
Post-tax profit or loss from continuing operations	**5.8**	**1.1%**	**-8.3**	**-1.9%**	**14.1**	**n.d.**
Profit or loss for the period	**5.8**	**1.1%**	**-8.3**	**-1.9%**	**14.1**	**n.d.**

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, five joint ventures which the Ströer Group previously accounted for on a proportionate basis were accounted for using the equity method with retroactive effect as of 1 January 2013. Consequently, the pro rata contributions of these five 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 associates" (see below). The prior-year figures were restated accordingly (please see our comments in the section "Accounting policies").

The Ströer Group continued its growth path unabated in the third quarter of the fiscal year. In the first nine months, it grew its **revenue** by EUR 79.2m to EUR 509.3m. EUR 51.6m of this increase is attributable to the digital advertising companies acquired successively from April 2013. The revenue from these companies was not included in the comparative prior-year figures or was only included on a pro rata basis. The revenue figure also reflects the extremely encouraging development in the Ströer Germany and blowUP business units. Both units reported a significant surge in business activity in comparison with the prior year. However, as in the prior years, our business activities in Turkey were held back by the weakness of the Turkish lira against the euro. If the exchange rates had remained unchanged from the respective prior-year period, the Ströer Group would have generated revenue totaling EUR 522.0m in the first nine months of 2014.

Cost of sales of the Ströer Group came to EUR 364.0m in the reporting period, up EUR 54.3m on the prior year. This increase is mainly attributable to the newly acquired digital advertising companies. Furthermore, the higher revenue in the Ströer Germany segment and the blowUP sub-segment resulted in higher lease expenses, which are partly linked to revenue. The significantly depreciated Turkish lira against the euro in the prior year had a contrasting effect, resulting in a substantial decrease in the costs of sales of our Turkish business. Cost of sales was also visibly lower in Poland, with a comprehensive cost-cutting program and lower lease expenses having a positive effect. Overall, the Ströer Group improved its **gross profit** significantly by EUR 24.9m, with all segments and sub-segments making positive contributions.

Selling expenses rose EUR 7.0m to EUR 68.4m in the reporting period. Most of this increase (EUR 6.1m) is attributable to the digital advertising companies. Selling expenses as a percentage of revenue fell by 0.9 percentage points to 13.4%. **Administrative expenses** stood at EUR 61.0m, EUR 2.4m more than in the prior year. Adjusted for the new Digital segment, however, administrative expenses were lower than in the prior year. Prudent cost management and the exchange rate effects related to the Turkish lira had a certain effect in this context. Overall, administrative expenses as a percentage of revenue declined by 1.6 percentage points to 12.0%.

At EUR 11.1m, **other operating income** increased by EUR 1.8m while **other operating expenses** were just marginally higher than the prior-year level, up EUR 0.7m to EUR 6.0m. The increase in both the income and expense items was partly due to the digital companies which were reflected in the figures for the first time.

The **share in profit or loss of associates** fell slightly by EUR 0.4m and came to EUR 2.4m as of the reporting date.

The significant upturn in the operating business of the Ströer Group is reflected accordingly in **operational EBITDA**, which rose strongly on the prior year by EUR 20.1m to EUR 87.8m. **EBITDA** likewise benefited from the dynamic growth and stood at EUR 79.3m as of the reporting date, up EUR 19.8m.

The **financial result** was negative at EUR -12.2m at the end of the third quarter, which was an improvement of EUR 2.8m on the prior year. This was due in particular to the favorable interest rates on the capital markets and the substantially improved interest rates secured under the new credit facilities agreement. Furthermore, the continuous decrease in the dynamic leverage ratio in the course of the year had a positive effect on the interest margin payable to our lenders. Unlike the prior years, there were scarcely any exchange rate effects in 2014.

Tax expense rose from EUR 0.6m in the prior year to EUR 5.5m. This effect is due to the significantly higher profit before taxes and higher tax assessment base as a result. Taxes therefore had a substantially negative effect on consolidated profitwhile it only had a marginal effect in the prior year period.

Profit for the period came to EUR 5.8m for the first nine months of the fiscal year. This represents a considerable increase of EUR 14.1m on the comparative prior-year figure for the Ströer Group, which is primarily a reflection of the significant improvement in operating activities as well as the sustainably optimised financial result.

Results of operations of the segments

Ströer Germany

In EUR m	Q3 2014	Q3 2013	Change		9M 2014	9M 2013	Change	
Segment revenue, thereof	115.3	97.2	18.1	18.7%	334.0	302.0	32.0	10.6%
Billboard	48.9	41.3	7.6	18.3%	144.2	123.5	20.7	16.8%
Street furniture	31.0	25.2	5.8	23.0%	90.0	85.0	5.1	6.0%
Transport	24.4	21.3	3.2	14.9%	70.7	67.1	3.5	5.3%
Other	11.0	9.4	1.6	16.8%	29.1	26.4	2.6	10.0%
Operational EBITDA	26.3	19.9	6.4	32.2%	71.9	62.8	9.1	14.5%
Operational EBITDA margin	22.8%	20.4%	2.3 percentage points		21.5%	20.8%	0.7 percentage points	

The adjustment to the provisions of **IFRS 11** explained above (please see our comments in section 3 "Accounting policies") also had an effect on significant Ströer Group ratios. Notwithstanding these new provisions, however, reporting on the individual segments continues to follow 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 still based on the concept of proportionate consolidation of joint ventures. As a result, 50% of the joint ventures' contributions are still included in the following figures of Ströer Germany. The other segments are not affected by the new provisions. For information on the reconciliation of segment figures to group figures, please see our explanations in section 6 "Segment information."

Revenue in the Ströer Germany segment, already reporting a healthy increase compared with the prior-year period in the first two quarters of the fiscal year, climbed even further in the third quarter. The organizational realignment as well as numerous individual sales activities had a beneficial effect on revenue. This positive trend was visible across all our product groups.

In the **billboard** product group, unevenly utilized billboard space was removed from the network on a large scale for the first time in the reporting period in order to be able to generate revenue through the selected marketing of these individual spaces. This enabled national geotargeting campaign buyers as well as regional and local customers to selectively use individual premium advertising media in the billboard product group for the first time. In addition, since the beginning of 2013, we have added more than 100 field staff to our regional sales force and thus almost doubled its size. Start-up costs of approximately EUR 4.8m were incurred in this connection, which had a corresponding effect on operational EBITDA. In addition, new agreements with third-party providers concerning the marketing of advertising inventory as well as renewals and the conclusion of new municipal contracts made a positive contribution to revenue.

In contrast to the billboard product group whose customers operate largely on a regional or national level, the **street furniture** product group mainly addresses national and international customer groups. As expected, this group recorded significant catch-up effects in the third quarter, growing by 23.0%. The postponement of several major campaigns had dragged down revenue in the first half of 2014. The FIFA World Cup in Brazil was one of the reasons why various campaigns were put on hold until the second half of the year. At the same time, key customers had scaled back their advertising activities temporarily as they issued new tenders and then corrected this again in the third quarter. Overall, the healthy rise in demand from our customers with national operations had a highly favorable effect on street furniture revenue. New customers were acquired and cooperations with existing customers were also expanded in many instances.

Revenue growth of EUR 3.5m in the **transport** product group largely stems from business with digital out-of-home advertising media, which, on the back of the growing demand in the third quarter, trended extremely positively. As a result, the share in revenue of Ströer Germany taken by digital formats came to 9.6% in the reporting period. The **other** product group also reported a year-on-year revenue increase of a clear EUR 2.6m. As in the prior quarters, production revenue made a particularly positive contribution.

The growth in revenue in the Ströer Germany segment was offset to a certain extent by the increase in **cost of sales**, which itself was related to the revenue-driven rise in lease expenses. In contrast, running costs and overheads decreased slightly. Overall, the segment reported a EUR 9.1m increase in **operational EBITDA** and an improvement in the **operational EBITDA margin**.

Ströer Turkey

In EUR m	Q3 2014	Q3 2013	Change		9M 2014	9M 2013	Change	
Segment revenue, thereof	20.1	21.4	-1.2	-5.7%	62.0	70.5	-8.5	-12.1%
Billboard	15.1	16.0	-0.9	-5.7%	47.4	52.9	-5.6	-10.5%
Street furniture	5.1	5.3	-0.2	-4.7%	14.7	17.5	-2.8	-15.9%
Transport	0.0	0.0	0.0	n.d.	0.0	0.1	-0.1	n.d.
Other	0.0	0.0	0.0	n.d.	0.0	0.0	0.0	n.d.
Operational EBITDA	1.6	1.1	0.5	46.0%	8.4	7.8	0.6	7.0%
Operational EBITDA margin	8.1%	5.3%	2.9 percentage points		13.5%	11.1%	2.4 percentage points	

Reported **revenue** in the Ströer Turkey segement was negatively influcended by the continuously weak Turkish Lira against the euro in the first nine months of the fiscal year**.** Overall, revenue declined by EUR 8.5m to EUR 62.0m. However, in local currency and supported by regional sales, the segment continued to grow its revenue as in prior quarters, generating organic growth adjusted for currency effects of 4.8%. However, in light of the ongoing internal political and geopolitical instability in this region, which is also having an impact on the advertising budgets of our advertising customers, we consider that growth will slow in this segment. In line with the revenue trend, **cost of sales** in euros declined tangibly due to the change in the exchange rates; nevertheless, there was also a marginal fall in costs in local currency. While the volume and price-related increase in electricity costs had a negative impact, this was fully offset by other savings made in the operational business. Overall, the segment's **operational EBITDA** reported a slight increase, and measured in Turkish lira, it improved significantly. The **operational EBITDA margin** improved by 2.4 percentage points to 13.5%.

Ströer Digital (Online)

In EUR m	Q3 2014	Q3 2013	Change		9M 2014	9M 2013	Change	
Segment revenue, thereof	27.7	18.3	9.4	51.3%	79.4	27.8	51.6	>100%
Digital (Online)	27.6	18.2	9.4	51.4%	79.1	27.7	51.4	>100%
Other	0.1	0.1	0.0	26.7%	0.3	0.1	0.3	>100%
Operational EBITDA	2.1	0.3	1.8	>100%	5.6	0.9	4.7	>100%
Operational EBITDA margin	7.5%	1.6%	6.0 percentage points		7.0%	3.1%	3.9 percentage points	

The Ströer Group has been gradually entering the digital advertising business since the second quarter of 2013. In addition to the revenue and earnings contributions of the companies acquired in 2013, the new Ströer Digital segment (called the Online segment until the end of 2013) contains the contributions from the majority interest in the GAN Group, in Tube One Networks GmbH, in GIGA digital AG as well as the busuiness units “kino.de” and “video.de”, which were all acquired in the first nine months of 2014. While comparative prior-year figures are available for the segment, they only contain the revenue and earnings contributions of adscale GmbH, the location-based advertising segment of servtag GmbH, Ströer Digital Group and the Ballroom companies which were all acquired in the first nine months of the prior year. These companies recorded a sharp rise in revenue as well as earnings increases which fully met our expectations. Integration of these operations into the Ströer Group is proceeding as planned.

Other

In EUR m	Q3 2014	Q3 2013	Change		9M 2014	9M 2013	Change	
Segment revenue, thereof	14.3	13.7	0.6	4.3%	43.7	39.5	4.2	10.7%
Billboard	13.3	12.8	0.5	3.9%	40.8	36.6	4.2	11.5%
Street furniture	0.1	0.1	0.0	-6.0%	0.5	0.4	0.1	14.7%
Transport	0.2	0.1	0.1	76.1%	0.5	0.4	0.1	22.8%
Other	0.7	0.7	0.0	1.6%	1.9	2.1	-0.1	-6.6%
Operational EBITDA	1.9	1.3	0.6	45.0%	6.2	2.8	3.4	>100%
Operational EBITDA margin	13.0%	9.4%	3.7	percentage points	14.2%	7.0%	7.2	percentage points

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

Revenue in the **Poland** sub-segment stabilized at just under the level of the prior year in the first nine months of the current year after suffering significant revenue losses in the same period in 2013. The increase in capacity utilization rates was dragged down in the reporting period by a reduction of the advertising media portfolio and persistent price pressure. However, as demand gradually picks up, there are now signs that the Polish market for out-of-home advertising is recovering. Moreover, the sub-segment was able to significantly offset the decline in revenue through strict savings in rental and overhead costs, which resulted in a considerable improvement in operational EBITDA.

Our giant poster business bundled in the **blowUP** sub-segment also continued its growth course in Q3. The growth owes principally to our attractive locations in Germany and the UK. In addition, our product portfolio, which now includes our digital boards, enjoys growing popularity. As cost increases were insignificant, the blowUP sub-segment posted an improved contribution to operational EBITDA.

Overall, these factors led to an improvement in the segment's **operational EBITDA** and an increase in the **operational EBITDA margin**.

FINANCIAL POSITION

Facilities agreement

With effect from 8 April 2014, the Ströer Group concluded a new credit facilities agreement. The financing package with a total volume of EUR 500m and a five-year term was made available by an international banking syndicate. The funds were used to repay the existing syndicated credit agreement, which also had a volume of EUR 500m. At the same time, the new agreement extends the Group's financing reach by another two years, meaning it will not have to refinance until 2019. This provides the Ströer Group with stable, long-term financing at low borrowing costs. The costs incurred in connection with the new financing arrangement are amortized over the term of the agreement.

Liquidity and investment analysis

In EUR m	9M 2014	9M 2013
Cash flows from operating activities	71.6	39.3
Cash flows from investing activities	-37.5	-57.9
Free cash flow	34.1	-18.6
Cash flows from financing activities	-40.6	32.8
Change in cash	-6.5	14.2
Cash	33.9	35.9

The Ströer Group generated **cash flows from operating activities** of EUR 71.6m in the first nine months of the fiscal year, topping the impressive prior-year figure of EUR 39.3m by a further EUR 32.3m. This increase was driven to a large extent by the ongoing upward trend in our operating business, which is clearly reflected in the significantly improved EBITDA. The tangible decline in tax payments was another driving force – these were considerably higher in the prior year due to non-recurring trade tax backpayments. The reduction in working capital by EUR 16.2 m also made a positive contribution to cash flows.

Cash flows from investing activities fell EUR 20.4m year on year to EUR 37.5m. This was mainly due to lower payments for business combinations. Following substantial start-up investments in the prior year for establishing the Digital segment, investments in the current year focused on further acquisitions to expand and round off the portfolio. Payments of EUR 12.0m made in the current year primarily related to the settlement of purchase price liabilities from the purchase of MBR Targeting GmbH, GIGA Digital AG as well as the "kino.de" and "video.de" portals. By contrast, investments in property, plant and equipment and intangible assets were at around the same level as the prior year. **Free cash flow** came to EUR 34.1m, an increase of EUR 52.7m on the prior year.

Cash flow from financing activities in the first nine months of the fiscal year comprised payments totaling EUR 40.6m, EUR 27.9m of which related to the repayment of loan liabilities. EUR 10.4m was paid to shareholders. These payments to shareholders included a dividend paid to the shareholders of Ströer Media SE of around EUR 4.9m, distributions to non-controlling shareholders of various subsidiaries and purchase price payments made to non-controlling shareholders who offered us their shares in connection with the exercise of put options.

Overall, **cash** decreased by EUR 6.5m to EUR 33.9m in the first nine months of the fiscal year.

Financial structure analysis

As of the reporting date, **non-current liabilities** came to EUR 394.0m, which was EUR 49.1m less than at year-end 2013. This was due in particular to the EUR 42.6m decrease in non-current financial liabilities, which is attributable to a large extent to a shift in the items allocated to the current and non-current categories in connection with the credit facilities agreement. In addition, the lower valuation of the liabilities from put options resulted in lower financial liabilities. Deferred tax liabilities decreased by EUR 4.6m, largely due to tax effects from the amortization of recognized hidden reserves.

Current liabilities increased by EUR 33.4m in the first nine months of the fiscal year. EUR 26.0m of this amount alone relates to much higher trade payables. Such increases are largely caused by seasonal fluctuations. Current financial liabilities also increased by EUR 5.4m compared with year-end. The abovementioned shift from non-current to current financial liabilities, which initially resulted in a considerable rise in the current portion, was contrasted in particular by repayments of liabilities that resulted from business combinations.

Equity rose by EUR 9.1m to EUR 306.1m in the reporting period, due on the whole to the positive profit for the period in the first nine months. Positive exchange rate effects from the translation of our Turkish activities also contributed to this increase.

These effects were offset by the dividend of EUR 4.9m distributed to the shareholders of Ströer Media SE. As a result, the equity ratio improved from 31.2% to 32.3%.

Net debt

In EUR m		30 Sep 2014	31 Dec 2013	Change	
(1)	Non-current financial liabilities	308.6	351.2	-42.6	-12.1%
(2)	Current financial liabilities	48.1	42.3	5.8	13.7%
(1)+(2)	Total financial liabilities	356.7	393.5	-36.8	-9.3%
(3)	Derivative financial instruments	17.8	24.3	-6.4	-26.5%
(1)+(2)-(3)	Financial liabilities excl. derivative financial instruments	338.9	369.2	-30.4	-8.2%
(4)	Cash	35.2	43.1	-7.9	-18.4%
(1)+(2)-(3)-(4)	**Net debt**	**303.6**	**326.1**	**-22.4**	**-6.9%**

Net debt, operational EBITDA and the dynamic leverage ratio are calculated in accordance with the Ströer Group's internal reporting structure. As such, these three ratios are unaffected by the transition to IFRS 11.

Despite payment of a dividend of around EUR 4.9m, net debt declined by a significant EUR 22.4m in the first nine months of 2014. This development is largely attributable to the strong increase in free cash flow. Overall, the dynamic leverage ratio, which is defined as the ratio of net debt to operational EBITDA, improved to 2.20 as of 30 September 2014 after 2.76 at the end of 2013.

NET ASSETS

Consolidated statement of financial position

In EUR m	30 Sep 2014	31 Dec 2013	Change	
Assets				
Non-current assets				
Intangible assets	547.5	546.7	0.8	0.1%
Property, plant and equipment	193.0	201.1	-8.0	-4.0%
Investments in associates	22.6	24.5	-1.9	-7.7%
Tax assets	5.3	7.7	-2.5	-31.8%
Receivables and other assets	14.8	10.6	4.2	39.6%
Subtotal	**783.2**	**790.6**	**-7.4**	**-0.9%**
Current assets				
Receivables and other assets	124.3	115.0	9.3	8.1%
Cash	33.9	40.5	-6.5	-16.1%
Tax assets	4.4	4.2	0.2	4.4%
Inventories	0.6	2.8	-2.2	-77.5%
Subtotal	**163.3**	**162.5**	**0.8**	**0.5%**
Total assets	**946.5**	**953.1**	**-6.6**	**-0.7%**
Equity and liabilities				
Non-current equity and liabilities				
Equity	**306.1**	**297.0**	**9.1**	**3.1%**
Liabilities				
Financial liabilities	308.6	351.2	-42.6	-12.1%
Deferred tax liabilities	48.9	53.5	-4.6	-8.6%
Provisions	36.4	38.3	-1.9	-5.0%
Subtotal	**394.0**	**443.0**	**-49.1**	**-11.1%**
Current liabilities				
Trade payables	129.9	103.9	26.0	25.0%
Financial and other liabilities	91.1	82.0	9.0	11.0%
Provisions	19.8	20.6	-0.7	-3.6%
Income tax liabilities	5.7	6.6	-0.9	-14.0%
Subtotal	**246.5**	**213.1**	**33.4**	**15.7%**
Total equity and liabilities	**946.5**	**953.1**	**-6.6**	**-0.7%**

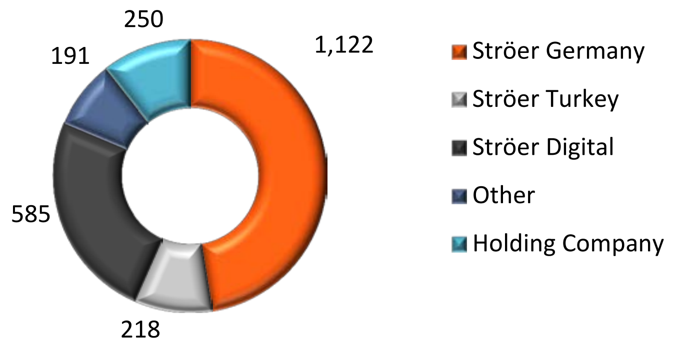
Analysis of the net asset structure

The Ströer Group's **non-current assets** declined by EUR 7.4m in the first nine months of the fiscal year to EUR 783.2m. This decrease is primarily attributable to changes in property, plant and equipment (down EUR 8.1m), for which the investments made were more than offset by regular depreciation. Investments in intangible assets, by contrast, which primarily related to company acquisitions carried out during the fiscal year, remained marginally above amortization and led to a minor increase in the carrying amounts. Furthermore, in addition to investments in associates, which were reduced by distributions of prior-year profits, deferred tax assets also exhibited a slight decrease. Other non-financial assets recorded an increase on the prior year-end figure in particular as a result of advance lease payments made.

Current assets came to EUR 163.3m as of 30 September 2014 and were thus EUR 0.8m lower than the 31 December 2013 figure. Notable changes under current assets related in particular to other non-financial assets, which increased by EUR 10.0m primarily as a result of higher lease prepayments owing to seasonal factors. The rise in trade receivables was also in the customary seasonal range and came to just over EUR 2.4m. By contrast, cash was EUR 6.5m below the 2013 year-end figure due to cash planning. The changes in the other items are of secondary importance.

EMPLOYEES

The Ströer Group employed a total of 2,366 persons as of 30 September 2014 (31 December 2013: 2,223). The allocation of employees to the different segments is shown in the following chart.



OPPORTUNITIES AND RISKS

Our comments in the group management report as of 31 December 2013 remain applicable with regard to the presentation of opportunities and risks (see pages 59 to 64 of our 2013 annual report. As in the past, we are currently not aware of any risks to the Company's ability to continue as a going concern. Any material divergence from the planning assumptions used for our Turkish segment or Polish sub-segment and any changes in the external parameters applied to calculate the cost of capital could lead to the impairment of intangible assets or goodwill.

FORECAST

We anticipate stable macroeconomic conditions to continue for our business in Germany. The situation in Turkey is not entirely free of risk due to the international crises in Syria and Iraq and the social uncertainty. In Poland, we expect the market environment to stabilize further.

For the fourth quarter of 2014 we expect total group revenue growth from 10 to 15% with organic growth of at least 10%.

For the full year of 2014 we expect to increase our group revenue organically by at least 10% and raise the operational EBITDA-guidance to around 145 Million Euro.

SUBSEQUENT EVENTS

Conversion to Ströer Media SE

On 18 June 2014, Ströer's shareholder meeting approved in a majority vote the conversion of the group holding company Ströer Media AG to a European public limited liability company – Ströer Media SE. The conversion to an SE was executed successfully in October 2014.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Consolidated interim financial statements

CONSOLIDATED INCOME STATEMENT

In EUR k	Q3 2014	Q3 2013 [1)]	9M 2014	9M 2013 [1)]
Continuing operations				
Revenue	174,578	147,691	509,295	430,094
Cost of sales	-125,987	-108,366	-364,031	-309,694
Gross profit	**48,591**	**39,325**	**145,265**	**120,400**
Selling expenses	-22,103	-20,978	-68,355	-61,336
Administrative expenses	-19,870	-19,961	-60,978	-58,544
Other operating income	2,871	3,432	11,140	9,374
Other operating expenses	-2,054	-1,883	-5,984	-5,302
Share in profit or loss of associates	612	635	2,356	2,750
Finance income	452	1,818	2,989	6,155
Finance costs	-3,935	-5,735	-15,215	-21,204
Profit or loss before taxes	**4,564**	**-3,347**	**11,217**	**-7,707**
Income taxes	-1,686	-3,266	-5,464	-612
Post-tax profit or loss from continuing operations	**2,878**	**-6,613**	**5,753**	**-8,319**
Consolidated profit or loss for the period	**2,878**	**-6,613**	**5,753**	**-8,319**
Thereof attributable to:				
Owners of the parent	2,788	-5,417	4,934	-7,943
Non-controlling interests	90	-1,196	819	-376
	2,878	**-6,613**	**5,753**	**-8,319**
Earnings per share (EUR, basic) from continuing operations	0.06	-0.11	0.10	-0.18
Earnings per share (EUR, diluted) from continuing operations	0.06	-0.11	0.10	-0.18

1) Adjusted retroactively due to the first-time adoption of IFRS 11 and finalization of the purchase price allocation for the digital advertising companies acquired in the second and third quarters of 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In EUR k	Q3 2014	Q3 2013 [1]	9M 2014	9M 2013 [1]
Consolidated profit or loss for the period	**2,878**	**-6,613**	**5,753**	**-8,319**
Other comprehensive income				
Amounts that will not be reclassified to profit or loss in future periods				
Income taxes	0	0	0	0
	0	0	0	0
Amounts that could be reclassified to profit or loss in future periods				
Exchange differences on translating foreign operations	660	-11,824	7,559	-23,080
Cash flow hedges	0	0	0	0
Income taxes	0	0	0	0
	660	-11,824	7,559	-23,080
Other comprehensive income, net of income taxes	**660**	**-11,824**	**7,559**	**-23,080**
Total comprehensive income, net of income taxes	**3,538**	**-18,437**	**13,312**	**-31,399**
Thereof attributable to:				
Owners of the parent	2,663	-16,454	11,894	-29,658
Non-controlling interests	875	-1,983	1,418	-1,741
	3,538	**-18,437**	**13,312**	**-31,399**

1) Adjusted retroactively due to the first-time adoption of IFRS 11 and finalization of the purchase price allocation for the digital advertising companies acquired in the second and third quarters of 2013

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets (in EUR k)	30 Sep 2014	31 Dec 2013 [1]
Non-current assets		
Intangible assets	547,499	546,692
Property, plant and equipment	193,047	201,097
Investments in associates	22,640	24,516
Financial assets	198	173
Trade receivables	55	12
Other financial assets	1,349	1,181
Other non-financial assets	13,158	9,209
Income tax assets	508	508
Deferred tax assets	4,761	7,222
Total non-current assets	**783,215**	**790,611**
Current assets		
Inventories	630	2,801
Trade receivables	91,318	88,882
Other financial assets	5,406	7,590
Other non-financial assets	27,600	17,554
Income tax assets	4,431	4,244
Cash and cash equivalents	33,939	40,461
Total current assets	**163,324**	**161,532**
Non-current assets held for sale	0	963
Total assets	**946,539**	**953,105**

Equity and liabilities (in EUR k)	30 Sep 2014	31 Dec 2013 [1]
Equity		
Subscribed capital	48,870	48,870
Capital reserves	347,851	347,391
Retained earnings	-65,142	-66,238
Accumulated other comprehensive income	-46,412	-53,372
	285,167	**276,652**
Non-controlling interests	20,933	20,321
Total equity	**306,100**	**296,973**
Non-current liabilities		
Pension provisions and other obligations	23,274	23,856
Other provisions	13,163	14,494
Financial liabilities	308,639	351,199
Deferred tax liabilities	48,892	53,481
Total non-current liabilities	**393,969**	**443,031**
Current liabilities		
Other provisions	19,814	20,560
Financial liabilities	52,771	47,361
Trade payables	129,910	103,914
Other liabilities	38,281	34,650
Income tax liabilities	5,695	6,617
Total current liabilities	**246,470**	**213,102**
Total equity and liabilities	**946,539**	**953,105**

1) Adjusted retroactively due to the first-time adoption of IFRS 11 and finalization of the purchase price allocation for the digital advertising companies acquired in the third quarter of 2013

CONSOLIDATED STATEMENT OF CASH FLOWS

In EUR k	9M 2014	9M 2013 [1]
Cash flows from operating activities		
Profit or loss for the period	5,753	-8,319
Expenses (+)/income (-) from the financial and tax result	17,691	15,661
Amortization, depreciation and impairment losses (+) on non-current assets	55,815	52,147
Interest paid (-)	-12,433	-13,148
Interest received (+)	44	40
Cash received from profit distributions of associates	3,135	3,132
Income taxes paid (-)/received (+)	-8,068	-13,372
Increase (+)/decrease (-) in provisions	-2,318	-1,599
Share in profit or loss of associates[2]	-2,356	-2,750
Other non-cash expenses (+)/income (-)[2]	-2,261	-5,723
Gain (-)/loss (+) on the disposal of non-current assets	436	780
Increase (-)/decrease (+) in inventories, trade receivables and other assets	-7,930	6,136
Increase (+)/decrease (-) in trade payables and other liabilities	24,095	6,278
Cash flows from operating activities	**71,602**	**39,264**
Cash flows from investing activities		
Cash received (+) from the disposal of property, plant and equipment	516	313
Cash paid (-) for investments in property, plant and equipment	-15,631	-16,109
Cash paid (-) for investments in intangible assets	-10,208	-10,534
Cash paid (-) for investments in financial assets	-137	0
Cash received (+) from/cash paid (-) for the acquisition of consolidated entities	-12,049	-31,567
Cash flows from investing activities	**-37,509**	**-57,896**
Cash flows from financing activities		
Cash received (+) from equity contributions	1,609	0
Cash paid (-) to (non-controlling) shareholders	-10,399	-7,400
Cash received (+) from borrowings	0	43,650
Cash paid (-) to modify existing borrowings	-3,924	0
Cash repayments (-) of borrowings	-27,901	-3,417
Cash flows from financing activities	**-40,616**	**32,832**
Cash at the end of the period		
Change in cash	-6,522	14,200
Cash at the beginning of the period	40,461	21,704
Cash at the end of the period	**33,939**	**35,904**
Composition of cash		
Cash	33,939	35,904
Cash at the end of the period	**33,939**	**35,904**

[1] Adjusted retroactively due to the first-time adoption of IFRS 11 and finalization of the purchase price allocation for the digital advertising companies acquired in the second and third quarters of 2013

[2] The share in profit or loss of associates is shown separately for the first time, having been included in the item "Other non-cash expenses (+) / income (-)" in the two previous quarters

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In EUR k	Subscribed capital	Capital reserves	Retained earnings	Accumulated other comprehensive income Exchange differences on translating foreign operations	Total	Non-controlling interests	Total equity
1 Jan 2014 [1)]	**48,870**	**347,391**	**-66,238**	**-53,372**	**276,652**	**20,321**	**296,973**
Consolidated profit or loss for the period	0	0	4,934	0	4,934	819	5,753
Other comprehensive income	0	0	0	6,960	6,960	599	7,559
Total comprehensive income	0	0	4,934	6,960	11,894	1,418	13,312
Changes in basis of consolidation	0	0	0	0	0	661	661
Capital increase by way of non-cash contribution	0	0	0	0	0	0	0
Share-based payment	0	460	0	0	460	0	460
Cash received from capital increases from non-controlling interests	0	0	0	0	0	1,608	1,608
Effects from changes in ownership interests in subsidiaries without loss of control	0	0	-2,408	0	-2,408	-2,383	-4,791
Obligation to purchase own equity instruments	0	0	3,456	0	3,456	1,324	4,780
Dividends	0	0	-4,887	0	-4,887	-2,016	-6,903
30 Sep 2014	**48,870**	**347,851**	**-65,142**	**-46,412**	**285,167**	**20,933**	**306,100**

In EUR k	Subscribed capital	Capital reserves	Retained earnings	Accumulated other comprehensive income Exchange differences on translating foreign operations	Total	Non-controlling interests	Total equity
1 Jan 2013 [1)]	**42,098**	**296,490**	**-47,838**	**-24,594**	**266,156**	**13,419**	**279,575**
Consolidated profit or loss for the period	0	0	-7,943	0	-7,943	-376	-8,319
Other comprehensive income	0	0	0	-21,715	-21,715	-1,365	-23,080
Total comprehensive income	0	0	-7,943	-21,715	-29,658	-1,741	-31,399
Changes in basis of consolidation	0	0	0	0	0	7,323	7,323
Capital increase by way of non-cash contribution	6,772	50,489	0	0	57,261	0	57,261
Share-based payment	0	200	0	0	200	0	200
Cash received from capital increases from non-controlling interests	0	0	0	0	0	0	0
Effects from changes in ownership interests in subsidiaries without loss of control	0	0	-4,383	0	-4,383	310	-4,073
Obligation to purchase own equity instruments	0	0	-14,134	0	-14,134	2,663	-11,471
Dividends	0	0	0	0	0	-1,214	-1,214
30 Sep 2013 [1)]	**48,870**	**347,179**	**-74,298**	**-46,309**	**275,442**	**20,760**	**296,202**

1) Adjusted retroactively due to the first-time adoption of IFRS 11 and finalization of the purchase price allocation for the digital advertising companies acquired in the second and third quarters of 2013

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

General

1 Information on the Company and the Group

Ströer Media SE (Ströer SE) is registered as a stock corporation under German law. The Company has its registered office at Ströer Allee 1, 50999 Cologne, Germany. The Company is entered in the Cologne commercial register under HRB no. 82548.

The purpose of Ströer SE and the entities (the Ströer Group or the Group) included in the condensed consolidated interim financial statements (the consolidated interim financial statements) is the provision of services in the areas of media, advertising, commercialization and communication, in particular, but not limited to, the commercialization of out-of-home media and online advertising. The Group markets all forms of out-of-home media, from traditional billboards and transport media through to digital media. See the relevant explanations in the notes to the consolidated financial statements as of 31 December 2013 for a detailed description of the Group's structure and its operating segments.

2 Basis of preparation of the financial statements

The consolidated interim financial statements for the period from 1 January to 30 September 2014 were prepared in accordance with IAS 34, "Interim Financial Reporting." The consolidated interim financial statements must be read in conjunction with the consolidated financial statements as of 31 December 2013.

The disclosures required by IAS 34 on changes to items in the consolidated statement of financial position (also known as a balance sheet), the consolidated income statement and the consolidated statement of cash flows are made in the interim group management report.

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

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

3 Accounting policies

The figures disclosed in these consolidated interim financial statements were determined in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. The accounting policies applied in the consolidated financial statements as of 31 December 2013 were also applied in these consolidated interim financial statements except for the following accounting changes.

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

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

Of the published or amended standards, **IFRS 11** has a significant effect on the methods of accounting and presentation used in the consolidated interim financial statements. The new IFRS 11, which replaces IAS 31, places very strict requirements on the existing option to consolidate joint ventures on a proportionate basis. These requirements are not met by the joint ventures in which the Ströer Group has an interest. As a result, these entities, which all belong to the Ströer Germany segment, are recognized using the equity method. The statement of financial position, the income statement and the other elements of these financial statements were converted to IFRS 11 as of 1 January 2013. This is the date of the opening statement of financial position of the comparative period for the current financial statements which is therefore to be used as the conversion date.

The Group's share in the earnings contributions of the five joint ventures are no longer included in the individual items of the consolidated income statement. Instead, their post-tax profit or loss is presented on a net basis in the item "Share in profit or loss of associates" in the consolidated income statement. Accordingly, the revenue for fiscal year 2013 must be adjusted downwards by EUR 12.8m retrospectively to reflect the conversion. Revenue for the first nine months of 2013 was adjusted downwards by EUR 9.2m.

Aside from the adjustments set out under IFRS 11, the comparative figures must also be adjusted to account for the final figures from the purchase price allocation for the entities included in the basis of consolidation for the first time in the second and third quarters of 2013 adscale GmbH, Ströer Digital Media GmbH (formerly Ströer Interactive GmbH), freeXmedia GmbH, Business Advertising GmbH, the Radcarpet product group of servtag GmbH and the Ballroom Group.

The corresponding adjustments are presented in the following reconciliation.

Income statement	Adjusted	Purchase price allocation	IFRS 11 adjustments	According to Q3 2013 report
In EUR k	**9M 2013**			**9M 2013**
Continuing operations				
Revenue	430,094	0	-9,241	439,335
Cost of sales	-309,694	-1,844	3,942	-311,792
Gross profit	**120,400**	**-1,844**	**-5,298**	**127,543**
Selling expenses	-61,336	0	386	-61,722
Administrative expenses	-58,544	0	700	-59,244
Other operating income	9,374	0	0	9,374
Other operating expenses	-5,302	0	31	-5,333
Share in profit or loss of associates	2,750	0	2,750	0
Finance income	6,155	0	-5	6,160
Finance costs	-21,204	0	15	-21,219
Profit or loss before taxes	**-7,707**	**-1,844**	**-1,423**	**-4,440**
Income taxes	-612	577	1,423	-2,611
Post-tax profit or loss from continuing operations	**-8,319**	**-1,268**	**0**	**-7,051**
Consolidated profit or loss for the period	**-8,319**	**-1,268**	**0**	**-7,051**
Thereof attributable to:				
Owners of the parent	-7,943	-849	0	-7,094
Non-controlling interests	-376	-419	0	43
	-8,319	**-1,268**	**0**	**-7,051**

In accordance with IFRS 11, the comparative figures for 2013 in the statement of financial position must also be restated retrospectively. In these quarterly financial statements, the items in the statement of financial position as of 30 September 2014 are compared with the corresponding figures as of year-end 2013. The following overview therefore provides a reconciliation of the original published statement of financial position as of 31 December 2013 to the retrospectively adjusted comparative figures as of 31 December 2013 contained in the current quarterly financial statements. A retrospective adjustment of the aforementioned purchase price allocations is only required for the Ballroom Group acquired in the third quarter of 2013. The final purchase price allocations for the other acquired entities were already included in the final figures.

Assets (in EUR k)	Adjusted	Purchase price allocation	IFRS 11 adjustments	According to 2013 annual report
Non-current assets	**31 Dec 2013**			**31 Dec 2013**
Intangible assets	546,692	1,636	-18,365	563,421
Property, plant and equipment	201,097	0	-5,569	206,666
Investments in associates	24,516	0	24,516	0
Financial assets	173	0	0	173
Trade receivables	12	0	0	12
Other financial assets	1,181	0	0	1,181
Other non-financial assets	9,209	0	-395	9,604
Income tax assets	508	0	0	508
Deferred tax assets	7,222	0	-70	7,292
	790,611	**1,636**	**116**	**788,858**
Current assets				
Inventories	2,801	0	-109	2,910
Trade receivables	88,882	0	10	88,871
Other financial assets	7,590	0	-2,621	10,210
Other non-financial assets	17,554	0	-116	17,670
Income tax assets	4,244	0	-254	4,498
Cash and cash equivalents	40,461	0	-2,688	43,149
	161,532	**0**	**-5,777**	**167,309**
Non-current assets held for sale	963	0	0	963
Total assets	**953,105**	**1,636**	**-5,661**	**957,130**

Equity and liabilities (in EUR k)	Adjusted	Purchase price allocation	IFRS 11 adjustments	According to 2013 annual report
	31 Dec 2013			31 Dec 2013
Equity				
Subscribed capital	48,870	0	0	48,870
Capital reserves	347,391	0	0	347,391
Retained earnings (incl. profit or loss for the period)	-66,238	-557	0	-65,681
Accumulated other comprehensive income	-53,372	0	0	-53,372
	276,652	**-557**	**0**	**277,209**
Non-controlling interests	20,321	1,498	0	18,822
	296,973	**942**	**0**	**296,031**
Non-current liabilities				
Pension provisions and other obligations	23,856	0	0	23,856
Other provisions	14,494	0	-1,017	15,512
Financial liabilities	351,199	0	0	351,199
Deferred tax liabilities	53,481	694	-4,561	57,347
	443,031	**694**	**-5,578**	**447,914**
Current liabilities				
Other provisions	20,560	0	-70	20,630
Financial liabilities	47,361	0	5,091	42,270
Trade payables	103,914	0	-4,014	107,928
Other liabilities	34,650	0	-959	35,609
Income tax liabilities	6,617	0	-131	6,748
	213,102	**0**	**-83**	**213,185**
Total equity and liabilities	**953,105**	**1,636**	**-5,661**	**957,130**

Notwithstanding these new provisions under IFRS 11, however, reporting on the individual segments continues to follow 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 still based on the concept of proportionate consolidation of joint ventures. As a result, 50% of the joint ventures' earnings contributions are still included in all segment figures.

The other new standards and amendments to other standards that have also become effective do not have a significant effect on the Group's net assets, financial position and results of operations.

4 Accounting estimates

Preparation of the consolidated interim financial statements in compliance with IFRSs requires management to make assumptions and estimates which have an impact on the figures disclosed in the consolidated financial statements and consolidated interim financial statements. The estimates are based on historical data and other information on the transactions concerned. Actual results may differ from such estimates. The accounting estimates and assumptions applied in the consolidated financial statements as of 31 December 2013 were also used to determine the estimated values presented in these consolidated interim financial statements.

5 Related party disclosures

See the consolidated financial statements as of 31 December 2013 for information on related party disclosures. There were no significant changes as of 30 September 2014.

6 Segment information

See the explanations in the consolidated financial statements as of 31 December 2013 for information on the different segments and product groups.

Reconciliation of the segment reporting by operating segment:

In EUR k	Q3 2014	Q3 2013
Total segment results (Operational EBITDA)	**31,856**	**22,568**
Reconciliation items	-1,775	-2,233
Group operational EBITDA	**30,081**	**20,335**
Adjustment (exceptionals)	-2,480	-1,295
Adjustment (IFRS 11)	-798	-850
EBITDA	**26,804**	**18,190**
Amortization, depreciation and impairment	-18,756	-17,621
Finance income	452	1,818
Finance costs	-3,935	-5,735
Consolidated profit or loss before income taxes	**4,564**	**-3,347**

In EUR k	9M 2014	9M 2013
Total segment results (Operational EBITDA)	**92,061**	**74,255**
Reconciliation items	-4,218	-6,530
Group operational EBITDA	**87,844**	**67,726**
Adjustment (exceptionals)	-5,996	-5,267
Adjustment (IFRS 11)	-2,590	-2,969
EBITDA	**79,258**	**59,490**
Amortization, depreciation and impairment	-55,815	-52,147
Finance income	2,989	6,155
Finance costs	-15,215	-21,204
Consolidated profit or loss before income taxes	**11,217**	**-7,707**

As a result of the conversion from accounting for joint ventures on a proportionate basis to recognition using the equity method, the reconciliation also includes IFRS 11 adjustment effects. This is due to the new consolidated income statement item "Share in profit or loss of associates," which includes the Group's share in the post-tax profit or loss for the period of the five joint ventures. As a result, amortization, depreciation and impairment as well as the financial and tax result of the five entities are automatically included in consolidated EBITDA. However, since we do not view amortization, depreciation and impairment and the financial and tax result to be part of operational EBITDA, these amounts are eliminated accordingly. As such, the conversion to IFRS 11 has not had any effect on the Ströer Group's operational EBITDA since we continue to calculate and report this ratio using our internal reporting approach.

REPORTING BY OPERATING SEGMENT

In EUR k	Ströer Germany	Ströer Turkey	Ströer Digital (Online)	Other	Reconciliation	Equity method reconciliation	Group value
Q3 2014							
External revenue	115,287	20,103	27,666	14,252	0	-2,729	174,578
Internal revenue	52	45	5	75	-177	0	0
Segment revenue	115,339	20,148	27,671	14,327	-177	-2,729	174,578
Operational EBITDA	26,260	1,642	2,086	1,868	-1,775	-	30,081
Q3 2013							
External revenue	96,978	21,347	18,288	13,710	0	-2,633	147,691
Internal revenue	228	7	0	28	-264	0	0
Segment revenue	97,207	21,354	18,288	13,738	-264	-2,633	147,691
Operational EBITDA	19,871	1,124	284	1,289	-2,233	-	20,335

In EUR k	Ströer Germany	Ströer Turkey	Ströer Digital (Online)	Other	Reconciliation	Equity method reconciliation	Group value
9M 2014							
External revenue	333,645	61,808	79,356	43,447	0	-8,961	509,295
Internal revenue	305	236	60	263	-864	0	0
Segment revenue	333,950	62,044	79,416	43,710	-864	-8,961	509,295
Operational EBITDA	71,926	8,380	5,557	6,199	-4,218	-	87,844
9M 2013							
External revenue	301,584	70,535	27,771	39,447	0	-9,241	430,094
Internal revenue	397	13	0	28	-438	0	0
Segment revenue	301,981	70,548	27,771	39,475	-438	-9,241	430,094
Operational EBITDA	62,793	7,829	861	2,772	-6,530	-	67,726

REPORTING BY PRODUCT GROUP

In EUR k	Billboard	Street furniture	Transport	Digital (Online)	Other	Equity method reconciliation	Group value
Q3 2014							
External revenue	77,310	36,178	24,637	27,598	11,584	-2,729	174,578
Q3 2013							
External revenue	70,149	30,635	21,418	18,288	9,833	-2,633	147,691

In EUR k	Billboard	Street furniture	Transport	Digital (Online)	Other	Equity method reconciliation	Group value
9M 2014							
External revenue	232,381	105,198	71,158	79,078	30,441	-8,961	509,295
9M 2013							
External revenue	213,029	102,840	67,649	27,771	28,046	-9,241	430,094

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

7 Seasonality

The Group's revenue and earnings are seasonal in nature. Revenue and earnings are generally lower in the first and third quarters compared to the second and fourth quarters.

8 Disclosures on business combinations and sales

GAN Game Ad Net GmbH

Effective 8 January 2014, the Ströer Group acquired a 70% stake in the GAN Group via its group company Ströer Digital Media GmbH and expanded its online portfolio. The GAN Group includes specialist gaming marketer GAN Game Ad Net, the games marketing specialist NEODAU and the technology provider GAN Technologies. The purchase price for the shares is around EUR 0.2m.

Tube One Networks GmbH

Effective 11 April 2014, the Ströer Group acquired a total of 51.0% of the shares in Tube One Networks GmbH, Kassel, via its group company PRIMETIME Networks GmbH. Tube One Networks GmbH is a broadly positioned online video network covering entertainment, gaming, beauty and sport. This acquisition allows the Ströer Group to further expand its online video inventory. The purchase price for the shares is EUR 0.5m.

Ballroom International CEE Holding GmbH

Effective 2 May 2014, the Ströer Group acquired an additional 9.9% of the shares in Ballroom International CEE Holding GmbH, Glonn, via its group company Ballroom International GmbH. The provisional purchase price for the shares is EUR 1m. However, it may decrease as a result of price adjustment clauses.

GIGA Digital AG

With effect from 1 July 2014, the Ströer Group acquired a total of 90.2% of the shares in GIGA Digital AG, Berlin. GIGA Digital AG is a digital media firm focusing on technology, games and entertainment. The final purchase price for the shares amounts to around EUR 4.0m.

Ballroom International CEE Holding GmbH

With effect from 3 July 2014, Ströer Media SE acquired an additional 1.0% of the shares in Ballroom International CEE Holding GmbH, Glonn. The purchase price for the acquired shares (approximately EUR 0.4m) is not subject to any further modification and is thus final.

Furthermore, in connection with the exercise of a put option by non-controlling interests, Ströer Media SE acquired an additional 4.0% of the shares in Ballroom International CEE Holding GmbH, Glonn, with effect from 30 July 2014. The purchase price for the acquired shares is approximately EUR 1.3m.

kino.de/video.de

By agreement dated 12 August 2014, the Ströer Group acquired all rights to market and operate the kino.de and video.de portals. The acquisition of these business units marked a further effective expansion of the Ströer Group’s portal business. The portals provide a wide range of content and trailers on new movies and multimedia services. The purchase price for these business units is approximately EUR 4.5m.

9 Financial instruments

The following table presents the carrying amounts and fair values of the financial instruments included in the individual items of the statement of financial position, broken down by class and measurement category according to IAS 39.

In EUR k	Measurement category pursuant to IAS 39	Carrying amount as of 30 Sep 2014	Carrying amount in accordance with IAS 39: Amortized cost	Fair value recognized directly in equity	Fair value through profit or loss	Fair value as of 30 Sep 2014
Assets						
Cash	L&R	33,939	33,939			33,939
Trade receivables	L&R	91,373	91,373			91,373
Other non-current financial assets	L&R	1,349	1,349			1,349
Other current financial assets	L&R	5,406	5,406			5,406
Available-for-sale financial assets	AFS	198	198			n.a.
Equity and liabilities						
Trade payables	AC	129,910	129,910			129,910
Non-current financial liabilities	AC	301,405	297,476		3,929	301,405
Current financial liabilities	AC	42,155	41,906		249	42,155
Derivatives not in a hedging relationship	FVTPL	888			888	888
Obligation to purchase treasury shares	AC	16,943	4,782	12,161	0	16,943
Thereof aggregated by measurement category pursuant to IAS 39:						
Loans and receivables	L&R	132,067	132,067			132,067
Available-for-sale financial assets	AFS	198	198			n.a.
Financial liabilities measured at amortized cost	AC	490,413	474,074	12,161	4,178	490,413
Financial liabilities at fair value through profit or loss	FVTPL	888			888	888

In EUR k	Measurement category pursuant to IAS 39	Carrying amount as of 31 Dec 2013	Carrying amount in accordance with IAS 39: Amortized cost	Fair value recognized directly in equity	Fair value through profit or loss	Fair value as of 31 Dec 2013
Assets						
Cash	L&R	40,461	40,461			40,461
Trade receivables	L&R	88,894	88,894			88,894
Other non-current financial assets	L&R	1,181	1,181			1,181
Other current financial assets	L&R	7,590	7,590			7,590
Available-for-sale financial assets	AFS	173	173			n.a.
Equity and liabilities						
Trade payables	AC	103,914	103,914			103,914
Non-current financial liabilities	AC	336,000	332,071		3,929	336,000
Current financial liabilities	AC	38,420	26,273		12,147	38,420
Derivatives not in a hedging relationship	FVTPL	2,533			2,533	2,533
Obligation to purchase treasury shares	AC	21,724	2,600	19,124	0	21,724
Thereof aggregated by measurement category pursuant to IAS 39:						
Loans and receivables	L&R	138,126	138,126			138,126
Available-for-sale financial assets	AFS	173	173			n.a.
Financial liabilities measured at amortized cost	AC	500,058	464,858	19,124	16,076	500,058
Financial liabilities at fair value through profit or loss	FVTPL	2,533			2,533	2,533

Due to the short terms of cash and cash equivalents, trade receivables, trade payables, other financial assets and current financial liabilities, it is assumed that the fair values correspond to the carrying amounts.

The fair values of the liabilities to banks included in non-current financial liabilities are calculated as the present values of the estimated future cash flow taking into account Ströer's own credit risk (Level 2 fair values). Market interest rates for the relevant maturity date are used for discounting. It is therefore assumed as of the reporting date that the carrying amount of the non-current financial liabilities is equal to the fair value.

The fair value hierarchy levels and their application to the Group's assets and liabilities are described below.

Level 1: Listed market prices are available in active markets for identical assets or liabilities.

Level 2: Quoted or market price on an active market for similar financial instruments or on a non-active market for identical or similar financial instruments or other observable inputs other than market prices.

Level 3: Valuation techniques not based on observable inputs.

The level used for the valuation of the respective assets and liabilities is changed as soon as new insights are available. At present, all derivative financial instruments measured at fair value in the consolidated financial statements fall within the scope of Level 2. In addition, the Group has contingent purchase price liabilities from business combinations and put options on shares in various group companies which belong to Level 3.

10 Subsequent events

See the disclosures made in the interim group management report for information on subsequent events.

Cologne, 12 November 2014

Udo Müller	Dr. Bernd Metzner	Christian Schmalzl
CEO	CFO	COO

Adjusted income statement

Reconciliation of the consolidated income statement to the non-IFRS figures disclosed in the financial reports.

Q3 2014 In EUR m	Income statement in accordance with IFRSs	Reclassification of amortization, depreciation and impairment losses	Reclassification at equity in proportionate consolidation	Reclassification of adjustment items	Income statement for management accounting purposes	Impairment and amortization of advertising concessions	Valuation effects from derivatives	Exchange rate effects from intragroup loans	Tax normalization	Elimination of exceptional items	Adjusted income statement for Q3 2014	Adjusted income statement for Q3 2013
Revenue	**174.6**		**2.7**		**177.3**						**177.3**	**150.3**
Cost of sales	-126.0	17.3	-1.4		-110.1						-110.1	-93.5
Selling expenses	-22.1											
Administrative expenses	-19.9											
Overheads	-42.0	2.0	-0.4	2.4	-38.1						-38.1	-37.9
Other operating income	2.9											
Other operating expenses	-2.1											
Other operating result	0.8		0.0	0.1	1.1						1.1	1.3
at equity income	0.6		-0.6		0.0							
Operational EBITDA					**30.1**						**30.1**	**20.4**
Amortization and depreciation		-19.3			-19.3	7.3					-12.0	-10.4
Adjusted EBIT											**18.1**	**9.9**
Exceptional items				-2.5	-2.5					2.5	0.0	0.0
Finance income	0.5											
Finance costs	-3.9											
Net financial result	-3.5		0.0		-3.5		0.0	0.0			-3.5	-5.1
Income taxes	-1.7		-0.3		-2.0				-2.9		-4.8	-1.6
Profit or loss for the period	**2.9**	**0.0**	**0.0**	**0.0**	**2.9**	**7.3**	**0.0**	**0.0**	**-2.9**	**2.5**	**9.9**	**3.3**

9M 2014 In EUR m	Income statement in accordance with IFRSs	Reclassification of amortization, depreciation and impairment losses	Reclassification at equity in proportionate consolidation	Reclassification of adjustment items	Income statement for management accounting purposes	Impairment and amortization of advertising concessions	Valuation effects from derivatives	Exchange rate effects from intragroup loans	Tax normalization	Elimination of exceptional items	Adjusted income statement for 9M 2014	Adjusted income statement for 9M 2013
Revenue	**509.3**		**9.0**		**518.3**						**518.3**	**439.3**
Cost of sales	-364.0	50.7	-4.3		-317.6						-317.6	-265.3
Selling expenses	-68.4											
Administrative expenses	-61.0											
Overheads	-129.3	6.5	-1.2	6.0	-118.0						-118.0	-110.2
Other operating income	11.1											
Other operating expenses	-6.0											
Other operating result	5.2		0.0	0.0	5.1						5.1	3.9
at equity income	2.4		-2.4									
Operational EBITDA					**87.8**						**87.8**	**67.7**
Amortization and depreciation		-57.2			-57.2	22.0					-35.2	-32.6
Adjusted EBIT											**52.6**	**35.2**
Exceptional items				-6.0	-6.0					6.0	0.0	0.0
Finance income	3.0											
Finance costs	-15.2											
Net financial result	-12.2		0.0		-12.2		0.1	-0.1			-12.3	-15.8
Income taxes	-5.5		-1.2		-6.6				-6.4		-13.1	-6.3
Profit or loss for the period	**5.8**	**0.0**	**0.0**	**0.0**	**5.8**	**22.0**	**0.1**	**-0.1**	**-6.4**	**6.0**	**27.2**	**13.1**

FINANCIAL CALENDAR

February 2015	Preliminary full year results 2014
March 2015	Publication of the 2014 financial statements

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DISCLAIMER

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