STRÖER
out of home media

MOVING. OUT-OF-HOME ADVERTISING.
ANNUAL REPORT 2011

STRÖER OUT-OF-HOME MEDIA AG

KEY PERFORMANCE INDICATORS

		2008	2009	2010 [1]	**2011**	Change
Revenue	EUR m	**493.4**	**469.8**	**531.3**	**577.1**	8.6%
Revenue by segment						
Ströer Germany	EUR m	394.5	393.3	409.9	427.3	4.2%
Ströer Turkey	EUR m	37.2	33.5	68.6	89.0	29.7%
Other (Ströer Poland and blowUP)	EUR m	62.2	43.1	52.9	61.4	16.0%
Revenue by product group						
Billboard	EUR m	256.8	238.5	274.7	302.0	9.9%
Street furniture	EUR m	121.7	118.1	134.6	150.8	12.0%
Transport	EUR m	68.5	69.4	73.8	89.2	20.9%
Other	EUR m	46.3	43.8	48.1	35.1	−27.0%
Organic growth [2]	%	−3.2	−2.5	7.5	4.8	
Gross profit [3]	EUR m	193.2	169.1	198.6	205.0	3.2%
Operational EBITDA [4]	EUR m	**102.5**	**100.0**	**127.3**	**132.3**	3.9%
Operational EBITDA [4] margin	%	20.8	21.3	24.0	22.9	
Adjusted EBIT [5]	EUR m	73.3	71.1	97.4	96.3	−1.1%
Adjusted EBIT [5] margin	%	14.9	15.1	18.3	16.7	
Adjusted profit or loss for the period [6]	EUR m	17.5	16.8	33.2	40.3	21.4%
Adjusted earning per share [7]	€	0.38	0.36	0.74	0.96	29.4%
Profit or loss for the period [8]	EUR m	−14.5	1.1	58.1	−3.6	n.d.
Earning per share [9]	€	−0.38	−0.01	1.34	−0.08	n.d.
Investments [10]	EUR m	58.5	22.4	28.5	52.0	82.6%
Free cash flow [11]	EUR m	−41.4	16.6	−68.2	38.0	n.d.

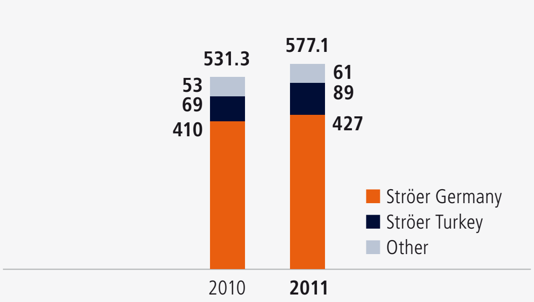
		31 Dec 2008	31 Dec 2009	31 Dec 2010	**31 Dec 2011**	Change
Total equity and liabilities	EUR m	753.1	748.6	987.1	982.6	−0.4%
Equity	EUR m	−42.7	−48.1	294.4	273.5	−7.1%
Equity ratio	%	−5.7	−6.4	29.8	27.8	
Net debt [12]	EUR m	525.5	495.4	320.1	304.3	−4.9%
Employees [13]	number	1,701	1,587	1,731	1,730	−0.1%

1) Retrospectively restated due to the completion of the purchase price allocation for Ströer Kentvizyon Reklam Pazarlama A.S. and Ströer City Marketing Sp. z.o.o. (formerly News Outdoor Poland Sp. z.o.o.)
2) Excluding exchange rate effects and effects from the (de-)consolidation and discontinuation of operations
3) Revenue less cost of sales
4) Earnings before interest, taxes, depreciation and amortization adjusted for exceptional items and effects from the phantom stock program which was terminated as of the IPO
5) Earnings before interest and taxes adjusted for exceptional items, effects from the phantom stock program which was terminated as of the IPO, amortization of acquired advertising concessions and impairment losses on intangible assets
6) Adjusted EBIT before non-controlling interest net of the financial result adjusted for exceptional items and the normalized tax expense
7) Adjusted profit or loss for the period net of reported non-controlling interests divided by the number of shares outstanding after the IPO (42,098,238)
8) Profit or loss for the period before non-controlling interest
9) Actual profit or loss for the period net of reported non-controlling interests divided by the number of shares outstanding after the IPO (42,098,238)
10) Including cash paid for investments in property, plant and equipment and in intangible assets but excluding cash paid for investments in non-current financial assets and cash paid for the acquisition of consolidated entities
11) Cash flows from operating activities less cash flows from investing activities
12) Financial liabilities less derivative financial instruments and cash
13) Headcount (full and part-time employees)

2011 AT A GLANCE[1)]

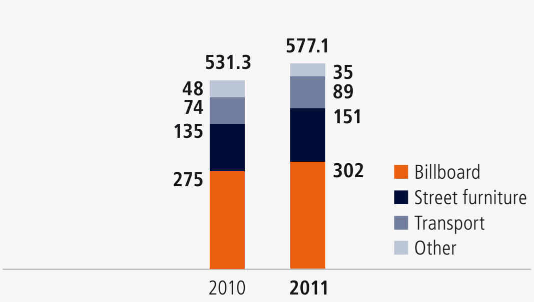
Revenue by segment

In EUR m



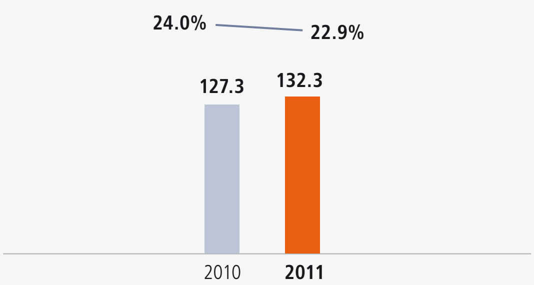
Revenue by product group

In EUR m



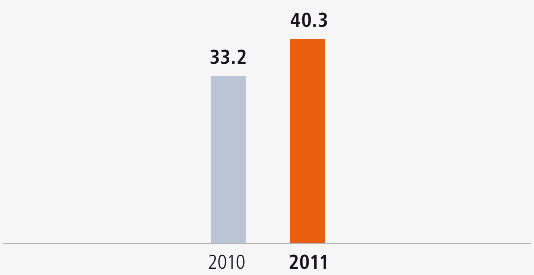
Operational EBITDA and EBITA margin in %

In EUR m



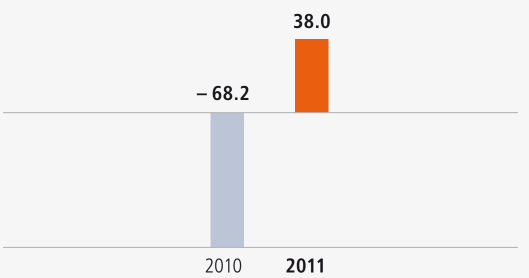
Adjusted profit for the period

In EUR m



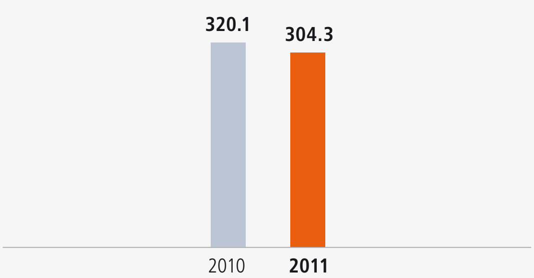
Free cash flow

In EUR m



Net debt

In EUR m



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

CONTENTS

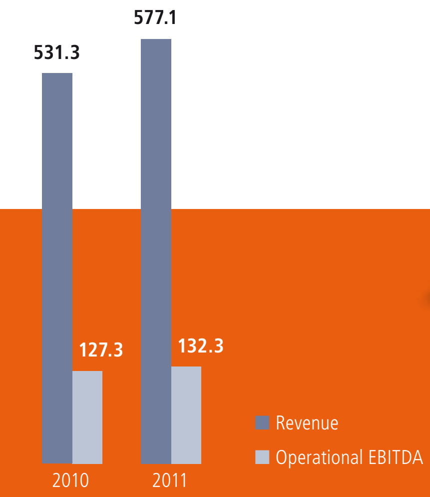
We are a provider of out-of-home media that sets the standard for quality and innovation in Europe, especially in the area of digital media.

The digitalization of the media landscape is directly and indirectly having an exceptionally positive effect on the development of out-of-home advertising. In the future, it will allow us to communicate more and more efficiently with our target groups and thereby increase the competitiveness of the entire industry.

We are only at the beginning of a growth cycle and will play a key role in developing and leveraging the new structural opportunities and possibilities offered by this trend.

HIGHLIGHTS 2011

IMPROVED EARNINGS AND FINANCIAL POSITION



SETTING THE PACE IN OUT-OF-HOME ADVERTISING

STRONGER CONTRACT PORTFOLIO

In 2011, Ströer achieved a new high in results, with revenue of EUR 577m and operational EBITDA of EUR 132m. Thanks to its attractive free cash flow, the Company also reduced its net debt to EUR 304m at year-end 2011. Ströer was able to negotiate a lower interest rate and more favorable conditions for its credit facilities, and saw internationally renowned banks join its banking syndicate.

→ page 56

With the out-of-home channel, we have created one of the largest digital out-of-home product offerings with a national reach and thus established a third pillar in the moving-picture market in addition to TV and the internet. Ströer began rolling out 1,000 full HD screens in German train stations in 2011. For the first time, advertisers can book slots for high-reach out-of-home campaigns of impressive quality on our out-of-home channel. The acquisition of ECE flatmedia GmbH allowed Ströer to expand its portfolio of digital out-of-home media to include major German shopping centers and gained additional reach.

→ pages 20, 21

Ströer further deepened its proven, decades-long partnership with municipal contract partners in Germany, winning three out of four tenders for public advertising concessions. In Turkey, too, Ströer Kentvizyon gained a large number of new contracts, for example in the major cities of Antalya, Izmir and Erzurum. By expanding its contract portfolio in Germany and abroad, Ströer again strengthened its competitive position in the long term.

→ page 7

NEW METHODS FOR MEASURING EFFECTIVENESS

Together with renowned scientists, Ströer developed Deep Impact, a new approach for testing the impact of advertising that complements the conventional, explicit measurement techniques established on the market. In this implicit effectiveness analysis, test subjects are asked about their spontaneous preferences, which are proven to play a greater role in purchasing decisions than traditional indicators such as advertising recall.

Ströer is pushing for a transparent planning basis in Poland and Turkey, where it is supporting the industry-wide roll-out of an audience measurement system which is comparable to POSTAR, the internationally established system used in the UK.

→ pages 7, 22

SALES AND MARKETING INNOVATIONS

Ströer's award-winning Vooh! app (virtual out-of-home) links traditional outdoor advertising campaigns with the digital world. A new image software feature recognizes the motif and automatically links users to exciting mobile web content relating to the poster. Our collaboration with United Internet Media (UIM) also addresses the changes in media use. The new planning approach allows specific target groups to be reached in a combined out-of-home/online media solution that is geographically precise and capable of being planned in real and digital spaces.

→ pages 6, 20

HIGH-PERFORMANCE PROGRAM FOR SPORTS

Ströer and German sports charity Deutsche Sporthilfe signed a national media partnership contract. The Company is supporting the "Your Name for Germany" fundraising appeal and will display the charity's motifs throughout Germany during the Olympic year 2012.

In addition, Ströer is sponsoring six young German athletes on their journey to the Olympic games and international championships.

→ page 38

OVERVIEW: GROUP AND SEGMENTS IN 2011

Our product range can be found wherever people are on the move. Our large-format images and broad reach allow us to showcase major brands and create impressive brand worlds. In our core markets, we are shaping the future of out-of-home communication.

Ströer Group

In 2011, Ströer focused on further strengthening its leading position in the three attractive and fast growing core markets in Europe: Germany, Turkey and Poland. The key levers here were the implementation of a quality and capacity initiative for traditional advertising media and the push for innovative and forward-looking digital advertising media. The Group again achieved a new high in revenue and operational EBITDA. The main driver of this positive performance was our German business, which reaped the rewards of our product innovations and extensive sales activities in the national and regional customer business. This was not only reflected in an above-average increase in the out-of-home advertising market, but also led to an improvement in our market share.

In 2011, Ströer again significantly reduced its net debt despite a considerable increase in investing activities. Ströer used the positive trend in its cash and business that it identified in the course of the fiscal year to negotiate with its banking syndicate in July 2011. As a result, we successfully agreed a contractual reduction of up to 100 basis points on our interest rates and a favorable adjustment of our loan covenants. We also took the opportunity to extend the syndicate to include renowned banks.

During the year, Ströer's senior management engaged in intensive, direct communication with the capital markets and gave presentations to analysts, investors and bank representatives at 20 roadshows and 8 conferences in cities such as London, New York and Paris. In October, Ströer held its first Capital Markets Day in Hamburg and Cologne; the board of management and marketing experts met more than 30 representatives from the German and international financial markets to showcase the long-term potential of the Company and the out-of-home advertising market.

In addition to sustainable business practices, social responsibility has always been firmly anchored in Ströer's corporate values. This applies to its forward-looking personnel management and development as well as to the question of how to manage its business while being mindful of the other resources. Ströer supports many social initiatives in the areas of sports/nutrition/health, children/young people and culture. In November, Ströer and German sports charity Deutsche Sporthilfe entered into a media partnership to support the "Your Name for Germany" campaign. This project directly sponsors six young elite athletes.

Germany

In its core market of Germany, Ströer is by far the leading provider of advertising media networks for nationwide marketing campaigns in the out-of-home advertising sector. Despite the uncertainty on the financial markets, business in Germany performed very well in 2011. The main growth drivers were the rise in bookings for high-margin premium products and the increasing digitalization in out-of-home advertising, which opens up new long-term growth opportunities. Ströer has considerably expanded its business opportunities with digital advertising media in train stations and shopping centers, which are both high-reach platforms. By combining nationally available digital media and traditional, high-quality forms of advertising, Ströer can offer the right products for all out-of-home advertising campaigns in terms of frequency, size and type of presentation. This makes us the number one solutions provider in this field.

We have received particularly positive feedback from key national advertisers in Germany for our sales efforts and the accompanying modern market research methods. Major national advertisers have recognized the growing market potential of out-of-home advertising and substantially raised the share of their advertising budgets dedicated to this segment in 2011. According to Nielsen, out-of-home advertising in Germany grew faster than TV, radio and print advertising in the reporting period and posted the second-strongest growth – after online advertising – among the relevant types of media. This significantly lifted the market share of out-of-home advertising from 3.9% in the prior year to 4.2%.

Ströer invested a double-digit million figure alone in rolling out its out-of-home channel network in Germany's most highly frequented train stations. This moved the digitalization of out-home advertising into a whole new dimension. For customers, the out-of-home channel combines the advantages of out-of-home advertising with those of digital media: as large as a poster, moving-pictures as in television, and as fast as the internet.

With the acquisition of ECE flatmedia GmbH in fall 2011, Ströer also expanded its overall digital reach and gained access to new target groups for its digital channel, such as mobile shoppers and families. To leverage the maximum potential of digital media, Ströer bundled all of its expertise in this area into the Ströer Digital Media GmbH, based in Munich.

Digital advertising media already accounted for over 8% of Ströer's total revenue in Germany in 2011. Although the increasing digitalization of out-of-home advertising over the coming years will provide Ströer with further growth opportunities, traditional advertising media will continue to be the backbone of the Company for the time being.

The media control system and program planning for all of Ströer's digital advertising media in Germany are both managed in a control center in Munich. Here, Ströer Digital's media experts design a multifaceted program with advertising and editorial elements.

In 2011, Ströer launched the Vooh! smartphone app, which links traditional out-of-home advertising campaigns with attractive online content. This makes out-of-home advertising a portal between the analog and digital worlds. Ströer's advertising customers can add mobile web content to their posters, such as GPS features, competitions or short moving-picture ads, allowing them to interact directly with their consumers everywhere. In October 2011, the jury at the ANNUAL MULTIMEDIA AWARD honored this Ströer innovation with the title "Silver in the ANNUAL MULTIMEDIA 2012" in the mobile apps category. Vooh! also made it onto the short list for the "Jahrbuch der Werbung 2012" (Advertising Yearbook 2012).

Quality in large format: customers are now able to individually book premium billboards at highly attractive locations. With their excellent reach, they offer new opportunities and more flexibility in reaching particular media objectives, specific target groups and raising regional awareness.

Another growth project in Germany is the installation of premium billboards with scrolling technology. This initiative mainly involves advertising media at prime locations in cities with more than 100,000 inhabitants, and is intended to run for several years. In 2011 alone, we marketed more than 700 of these modern products at attractive locations. In the next few years, Ströer intends to gradually increase this figure to up to 5,000 units. These glass-encased backlit scrolling billboards increase visibility and therefore significantly enhance the quality of poster advertising. Furthermore, their built-in scrolling technology allows Ströer to triple its capacity at each of the highly frequented locations selected. Advertising customers have flexibility in booking these premium billboards and can also occupy selected sites as individual packages. This ensures that even customers with smaller media budgets can reach specific target groups.

Ströer Germany

Companies [1]:	23
Offices:	34
Employees [2]:	1,303
Marketable advertising faces [3]:	~230,000
Cities [4]:	more than 600
Contracts:	~11,000 municipal and private contracts

1) Thereof 6 companies consolidated on a proportionate basis
2) Headcount (full and part-time employees), including the holding company, as of 31 December 2011
3) Source: FAW May 2011 and company data
4) Campaign-relevant cities > 20,000 inhabitants

Ströer commissions scientific studies on the impact of its advertising media to assess how effective and powerful its offerings are. The new Deep Impact method, which was introduced for the first time in 2011 and complements existing market research concepts, measures spontaneous purchase preferences which play a key role in determining the products consumers buy at the point of sale.

Another one of Ströer's success factors is its proven, decades-long partnership with municipal contract partners and private property owners. In the year under review, the Company again won or extended long-term municipal advertising concessions in cities such as Mainz, Heidelberg and Solingen, and lost just one tender in Lübeck. This again demonstrated Ströer's market position and success rate in bidding for tenders, with the Company achieving a tender performance indicator (TPI) of 370. The TPI is the ratio of revenue from tenders awarded to revenue from contracts lost and has a target threshold value of at least 100.

Turkey

In terms of revenue, Ströer is also the leading out-of-home media company in Turkey and maintained its strong market position in 2011. Although the severe restrictions on TV advertising times and the ensuing price increases for this medium led to cuts in out-of-home advertising budgets in the fiscal year, Ströer still managed to expand its business further. However, Ströer was unable to match the high revenue growth rates of prior years. This was due to the fact that customers temporarily focused more on television advertising as a result of the new TV regulations and their restricted budgets, even though the regulatory measures ultimately led to much higher prices in the TV sector.

Ströer Turkey

Companies:	9
Offices:	24
Employees [1]:	219
Marketable advertising faces [2]:	~41.000
Cities [3]:	25
Contracts:	~150 municipal and private contracts

1) Headcount (full and part-time employees) as of 31 December 2011
2) Source: company information
3) Cities = provinces, total number in Turkey 81

In Turkey, Ströer also invested in expanding its advertising capacity in important major cities such as Istanbul and Izmir. As well as successfully defending advertising concessions, Ströer also won new concessions from public and private partners. The Company expanded its business in shopping centers, not only installing traditional premium advertising media, but also digital products in individual locations. In addition, the Company terminated a small number of less profitable sales contracts in order to optimize its portfolio.

In August, Ströer also acquired all of the shares of the smaller Turkish out-of-home media company CBA, which primarily operates on the basis of advertising concessions in shopping centers in the greater Istanbul area as well as in the area of street furniture. Prior to the acquisition, Ströer had already marketed part of CBA's advertising faces under a nationwide sales contract.

To demonstrate the reach of its advertising media in Turkey, Ströer joined forces with other out-of-home media providers to drive forward the industry-wide roll-out of an audience measurement system comparable to the internationally established POSTAR system. For this purpose, the Out-of-Home Audience Research Committee (ACIAK) was set up as a joint initiative.

Poland and blowUP

As in the other core markets of Germany and Turkey, Ströer also is one of the leading providers of out-of-home media in Poland. Following the acquisition of News Outdoor Poland, the focus in 2011 was on integrating the company and exploiting cost synergies which led to an improvement in EBITDA profitability. The renowned Polish magazine Media&Marketing honored Ströer Poland's business efforts by naming the company Outdoor Advertising Agency of the Year 2011. Ströer is also helping professionalize the out-of-home market in Poland and, together with other out-of-home advertising companies, is supporting the roll-out of an audience measurement system comparable with POSTAR.

Ströer Poland

Companies:	4
Offices:	8
Employees [1]:	149
Marketable advertising faces [2]:	~19,000
Cities:	211
Contracts:	~9,000 municipal and private contracts

1) Headcount (full and part-time employees) as of 31 December 2011
2) Polish Chamber of Commerce for Out-of-Home Advertising (IGRZ), June 2011

The subsidiary blowUP media, which houses the Ströer Group's giant poster business in Western Europe, further strengthened its leading position in the markets of Germany, the UK, Spain, the Netherlands and Belgium in 2011. blowUP media marketed a total of around 300 locations in 2011, and thus operates the largest network for giant posters in Europe.

blowUp

Companies:	9
Offices:	11
Employees [1]:	59
Marketable sites [2]:	~300
Cities:	47
Contracts:	~150 private contracts

1) Headcount (full and part-time employees) as of 31 December 2011
2) Including cooperations

The year-on-year improvement in revenue and earnings was primarily attributable to the successful expansion of our pan-European campaign business with major international customers as well as the dynamic development of the UK subsidiary and the acquisition of giant poster sites belonging to a smaller competitor in the Netherlands. Although out-of-home advertising is generally a local business with few cross-border synergies, customers in the giant poster business are increasingly focusing on the one-stop shop approach. blowUP was able to expand its collaboration with global brands and successfully contribute its expertise in strategically focusing on an international location portfolio, including its ability to provide cross-border coordination and its knowledge of local approval processes.

Bold and fashionable in Berlin: large, prominent, impressive – these words best describe the 782 square-meter giant blowUP on Berlin's Alexanderplatz. Fashion labels are particularly excited by this format. In September, the international lifestyle company Esprit was the first advertiser to book this attractive, highly frequented location. For two weeks, it presented photos of its fall collection featuring supermodel Gisele Bündchen.

blowUP media is also focusing on increasing the digitalization of its business. In August, the company installed the largest giant digital poster in Birmingham, measuring over 60m^2, opposite the city's busy Bullring shopping center. The blowUP Super Motion format provides the highest level of modern full-motion technology, allowing TV-like flexible bookings and live broadcasts in the pedestrian area. In November, blowUP media also installed a temporary 60m^2 blowUP Mega Vision giant poster with LED technology at the entrance to the main train station in Hanover.

Furthermore, blowUP media GmbH is continually extending its expertise in the care that must be taken for planning advertising on historic buildings. Together with municipalities, the company guides advertising customers through the building consent procedures for historic monuments and listed urban sites during a period of renovation or remodeling.

FOREWORD BY THE BOARD OF MANAGEMENT

Dirk Wiedenmann
Member of the board of management/ chairman of the board of management of Ströer Media Deutschland GmbH

Dirk Wiedenmann was born in 1964 in Korschenbroich. After completing his degree in agronomy, he began his career in the Sales Department at Mars/Effem in 1990, where he held various management positions in trade marketing, sales and media. Between 2000 and 2008, he held several top management positions with Initiative Media, a leading international media network, where he last held the position of Chief Operating Officer/ Chairman for Europe, Middle East and Africa (EMEA). In 2009, he moved to Ströer Media Deutschland GmbH as general manager, and has also been a member of the holding company's board of management since 2010.

Udo Müller
Chief Executive Officer

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

Alfried Bührdel
Chief Financial Officer and deputy chairman of the board of management

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

**Dear shareholders,
ladies and gentlemen,**

We are shaping the future of out-of-home advertising.

In the past year, Ströer AG took a major step towards this future and maintained its leading position in a challenging environment. We again achieved a new high in results – with revenue of EUR 577m and operational EBITDA of EUR 132m. The Group posted organic revenue growth of around 5%. Thanks in particular to the dynamic German business, we can look back on a satisfactory fiscal year 2011. We have made significant progress with key growth projects that are rooted in the creativity and energy of our Company.

Our quality initiative is allowing us to steadily increase the share of premium products in our portfolio and thereby raise the marketing potential of our locations. The high-quality HD screens that we are installing in train stations and shopping centers and flexibly marketing by day-part slots and target groups represent a third pillar in the moving-picture market. This will enable us to secure future growth opportunities because digitalization is setting the pace and direction of the media market and is moving out-of-home media into a promising new dimension. The combination of traditional and digital forms of advertising is boosting the efficiency of multimedia out-of-home campaigns and thus offers us attractive development opportunities.

Together with the ongoing increase in mobility and urbanization of the population, digitalization is driving the structural change in the German media market. This particularly benefited the out-of-home advertising medium in the past year, allowing it to considerably raise its market share year-on-year from 3.9% to 4.2% according to Nielsen. This figure did not include the fast-growing revenue contributions from digital advertising media.

Thanks to its attractive free cash flow profile, Ströer was able to self-finance the growth projects that it initiated last year and used the additional liquidity generated to reduce its net debt ratio to 2.3. We reached an agreement with our lending banks in July 2011 to optimize our borrowing costs and covenants, which gives us greater financial headroom for the future.

A key factor in our Company's success is the skills of our employees, who are responsible for the communication processes at all levels of out-of-home advertising and personally ensure these are successfully implemented.

Unlike other major brands, our business is not based on standardized global solutions. Instead, it is tailored to local conditions and reflects customers' needs, which vary widely depending on the region and the composition of their product portfolio. Ströer's success as a business therefore crucially depends on an innovative approach to acquiring, maintaining and marketing high-reach advertising networks. This calls for unwavering commitment, outstanding creativity and employees with a high level of expertise. We know, promote and put our faith in this.

We expect to record organic revenue growth in the low to mid-single-digit range in fiscal year 2012. According to our forecasts, the effects of the current financial and sovereign debt crisis will still be more present in our operations in the first half of the year, while our business activities in the second half of the year are expected to increase. In view of the generally uncertain outlook for the economy and the industry, combined with the cost trend observed in 2012, we expect that the operational EBITDA margin will be around the same level as in the prior year.

We would like to thank our business partners, investors and employees for the trust they have placed in us and wish you all a successful year in business and on the markets in 2012.

Yours sincerely,

Udo Müller   Alfried Bührdel   Dirk Wiedenmann

Cologne, March 2012

MOVING. OUT-OF-HOME ADVERTISING. GREAT BRANDS NEED STRIKING IMAGES, WHICH ARE SEEN BY PEOPLE WHO ARE ON THE GO AND ARE OPEN TO NEW IMPRESSIONS WHILE THEY TRAVEL. THE INDUSTRY IS ALSO ON THE MOVE → 14. STRÖER IS CAPITALIZING ON THE DIGITALIZATION MEGATREND TO OFFER TAILOR-MADE FORMATS → 20 FOR FORWARD-LOOKING, CREATIVE FORMS OF ADVERTISING THAT WILL SHAKE UP THE MEDIA MIX. A NEW RESEARCH METHOD REVEALS IMPLICIT PURCHASING DECISIONS AND THUS ALLOWS THE EFFECT OF OUT-OF-HOME ADVERTISING MEDIA TO BE MEASURED. ACCOMPANYING STUDIES ON THE ADVERTISING IMPACT OF CAMPAIGNS ARE INCREASING OUR KNOWLEDGE → 22 OF THE RIGHT PARAMETERS FOR SUCCESS. A GROWING NUMBER OF MAJOR NATIONAL ADVERTISERS ARE MAKING OUT-OF-HOME MEDIA PART OF THEIR ADVERTISING STRATEGIES. THIS APPROACH IS BECOMING A KEY FACTOR FOR LONG-TERM SUCCESS → 24. WITH ITS INNOVATIVE RANGE OF DIGITAL ADVERTISING MEDIA FOR PUBLIC SPACES, STRÖER IS ESTABLISHING A THIRD PILLAR IN THE MOVING-PICTURE MARKET AND LAYING THE FOUNDATIONS FOR THE FUTURE → 28 OF OUT-OF-HOME ADVERTISING. COMBINING ANALOG ADVERTISING MEDIA AND THE DIGITAL WORLD OFFERS GREAT OPPORTUNITIES FOR OUR CUSTOMERS' INNOVATIVE ADVERTISING FORMATS AND IS ALSO PART OF SUSTAINABLE VALUE CREATION → 30 FOR OUR INVESTORS AND SHAREHOLDERS.


4-5
Innovation hautnah erlebe
intel

OUT-OF-HOME ADVERTISING GOES DIGITAL

Mobility, urbanization and digitalization are 21st century megatrends. In an age of abundant information, they provide the key factors for successfully creating advertising messages: what motifs get through to consumers and which campaigns move them? Whether they are located at train stations, underground and suburban stations or in shopping malls, digital out-of-home media offer new ways to creatively and effectively address consumers.

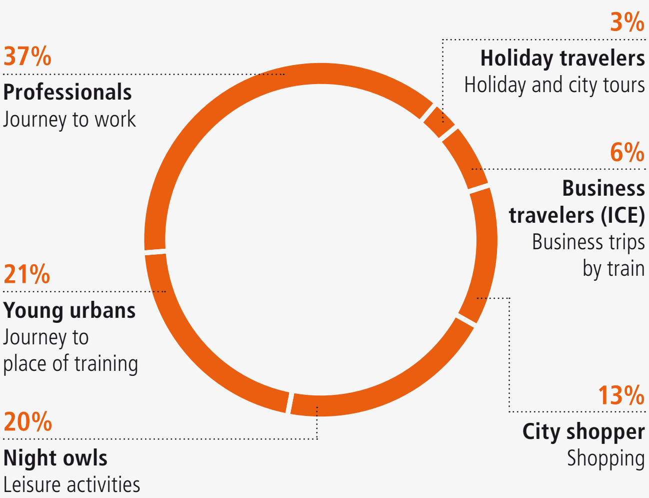
Cologne's main train station is typically bustling on a normal Monday morning: commuters and students come streaming into the city famous for its cathedral. A smaller number of people are going against the flow, trying to catch their connections to take them outside the city. The squeaking of brakes on the regional and long-distance trains can be heard coming down from the elevated tracks. There is a slight breeze and the wafting smell of freshly-baked buns begins to mingle with the aromas of perfume and coffee. People move in time with those who know where they are going; this is all just part of their familiar daily journey. As they pass through the station, they note track numbers and departure times, briefly making eye contact here and there. Consciously or subconsciously, they take in the things they see.

One of these things is the new out-of-home channel in Germany's largest train stations. The clear, eye-level screens display advertisements, news and the weather. The pictures change according to the speed of the pedestrians walking by.

While greater digitalization is leading to increasing fragmentation in the consumption of print, TV and online media, digital out-of-home advertising is growing. With large-format images and emotional messages, it reaches target groups who are mobile and have considerable purchasing power. It catches them wherever they happen to be – in underground and suburban railway stations, shopping malls, airports, or in major train stations. Digital out-of-home media are becoming an essential mass medium.

In 2011, Ströer installed over 800 out-of-home channels, which display digital content in state-of-the-art HD quality, in Germany's largest train stations. Across the country, the Company has created a unique moving-picture network with national reach in out-of-home advertising. In recent years, train stations have enjoyed a renaissance as commercial centers for shopping and entertainment, and as a relaxed alternative to traffic jams and stress on the gridlocked streets. Not to mention as a place where advertisers can reach mobile target

User structure in train stations



Source: Insight Station Study, Mediacom

groups that are otherwise hard to address. For the first time, train stations can be used to place advertisements throughout Germany for wide-reaching, high-quality out-of-home campaigns. The screens at the train stations are installed at strategic hubs where many people pass by. They are synchronized and placed in a way that makes the advertiser's message immediately catch the eye. In this way, the screens together form a perception system that can give a brand a dominant presence in public spaces. The channel shows segments of editorial content lasting 30 seconds each, such as headlines, news, weather and eye-catchers, as well as advertising messages of 150 seconds each.

Three billion videos are viewed each day on YouTube. This incredibly high figure offers impressive proof of just how much people love moving images. When moving pictures came along in the first half of the 19th century, almost nobody could imagine how popular

VISITORS TO COLOGNE'S MAIN STATION SHARE THEIR OPINIONS ON THE OUT-OF-HOME CHANNEL

Cologne main station – 280,000 visitors per day. Reactions of passers-by to the out-of-home channel:

»I just stopped in front of the screen out of curiosity. The contents are clear and understandable. The screens have great resolution and therefore immediately catch your eye. I'd like it if they showed more regional content such as news.«
Ernst Wagner, retiree

»The out-of-home channels are more easily noticeable because of the moving pictures. While waiting you certainly look at them, but even when walking by they grab your attention.«
Switchboard operator, Cologne

»I especially like the news and information. I wouldn't like it as much if it was just advertising. The combination makes for a pleasant distraction while you are waiting at the train station.«
Maddy Beautru, student

»The out-of-home channels are much more attractive, livelier and have more variety than other advertising.«
Cornelia Schacht, secretary

they would someday become. These days, films feature in our daily lives – from TV and video to moving pictures on mobile devices. The increasing importance of moving pictures naturally poses a challenge to the advertising industry. "Moving pictures are very relevant to communications and will remain highly significant in the future as well," says Matthias Grawitter, general manager of OMG Outdoor. "What is likely to change is the mix of moving-picture media." Increasing digitalization has given out-of-home media an ever-growing share of the moving-picture market. Thanks to the out-of-home channel, it will now be able to play an even bigger role. "This means our moving-picture campaigns can reach people in public places as well as in their homes," says Lars Kirschke, CEO of Optimedia. "That's especially appealing," he adds.

While other countries allow moving-picture billboards to be located on public streets, in Germany they are usually only permitted in the public space within buildings. Train stations are by far the liveliest places for this type of advertising. Hamburg's train station alone sees 450,000 people visit each day, equivalent to the population of Duisburg or Edinburgh. Over the course of a week, there are around 125 million visitors to Germany's train stations. Around one-quarter as many people can be found in a shopping mall each week and around 10% as many at the country's airports.

The new digital out-of-home segment can exploit a number of strengths as a kind of "complementary medium" to TV. Target groups come into contact with digital out-of-home media throughout their day. This makes these media the only way to reach the increasingly mobile population with moving pictures during the day. Digital out-of-home media therefore fill the gaps in an advertiser's media plan: in the mornings and early evenings, digital out-of-home media reaches commuters, while at lunchtime and in the afternoons, it is seen by students and people going shopping. The mood of people in the target groups while they are on the move plays an important role in how they perceive advertising messages: commuters, students, tourists and people who are off to the shops all see their surroundings in a different way and advertisers can adapt to this. A recent Mediacom study for Ströer, for example, found that there are two types of people who are especially receptive to advertising messages early in the morning: the seasoned commuters who welcome any distraction during their daily trip and the "I am an island" people who prefer to engross themselves in reading, music or even advertisements while they are waiting. Their mood changes in the course of the day. Later, many people who stroll through the train station are relaxed or curious to see what's around them. It's easier to catch their attention with something new and exciting. The out-of-home channels are tailored to these target groups and marketed in three-hour intervals. Ströer has introduced programming blocks in out-of-home advertising, making the medium's booking logic similar to that of TV advertising. Media specialist Kirschke believes this a "huge advantage" as it allows advertisers "to send different messages at different times of day."

It can also be used to address highly mobile population groups who consume less traditional in-home media such as TV and therefore

FROM MOBILITY PLATFORMS TO A SHOPPERS' PARADISE

With the acquisition of ECE flatmedia in November 2011, Ströer expanded its digital out-of-home activities to include shopping malls. In addition to train stations – the most-frequented transport hubs in the public space – the out-of-home channels will now be coming to Germany's most popular shopping malls in 2012. Ströer has thus taken a strategic step to further capitalize on the digitalization of out-of-home advertising and significantly expand its reach. More than 1,000 flat screens in over 50 shopping malls are already reaching around 10 million people a week.* These shoppers are a premium target group with strong purchasing power. They are especially attractive to advertisers because they can respond immediately to the impulses they have to buy things in the mall. On average, visitors spend 90 minutes in the shopping malls, where they are encouraged to hang out, shop and be inspired. ECE flatmedia's program is specifically tailored to the "shopper" target group. In addition to advertisements and business, political and lifestyle news, the program features content such as regional weather and the mall's current announcements regarding special promotions.

*Source: GfK

cannot be reached as efficiently by advertisers. These include high-income target groups who enjoy increasing flexibility in planning their working and leisure time, and are therefore spending less and less time at home or in the office. Another group is young urbanites with active lifestyles who are always on the move.

They are particularly receptive to interactive features that out-of-home media, whether digital or analog, transfers into the digital realm. One such example is the Vooh! App, which Ströer launched on the market in April 2011. It links advertisements and posters to online content and thus intensifies contact with target groups.

"Flexibility is another advantage of digitalization," OMG's Grawitter pointed out. "The lead times are shorter than for printed posters and it's possible to create spontaneous or event-related advertising." Not to mention the new design options that are available with "living" posters. Not only can they transport more complex content and even tell little stories in the short advertisements, advertising on large-format screens like those used by the out-of-home channel "also generates much stronger emotions than a static poster," says media expert Kirschke. It's no disadvantage that moving-picture outdoor advertisements usually have to be silent. "If there are 10 or 15 screens in a row showing the out-of-home channel in a train station like Munich's, then that speaks for itself – I don't need any sound," says Matthias Grawitter. ■

20 YEARS OF DIGITALIZATION – A STORY OF SUCCESS

It all started with the Infoscreens. In 1991, a concept was developed based on the idea of making passengers waiting times seem shorter at underground railway station platforms by offering a varying mix of infotainment and advertising. This was the birth of the first digital advertising medium in the German out-of-home advertising landscape. The rest is history: the Infoscreen joined the Ströer family in 2004 and the original concept of reaching people in public places with moving images has continuously evolved to include new sites and digital advertising media. There are now around 270 Infoscreens at underground and suburban railway stations in 17 cities. According to a study by Enigma GfK, these screens make contact with nearly 28 million people per week, meaning they reach the equivalent of almost 29% of the population.

A new dimension to digitalization is being added with the launch of the out-of-home channel, a moving-picture network with national reach that is unique in the German out-of-home advertising market. In November 2011, Ströer's acquisition of ECE flatmedia broadened its overall reach to include the most important German shopping centers. Once a pioneer, Infoscreen has now become an essential part of the Ströer Group.

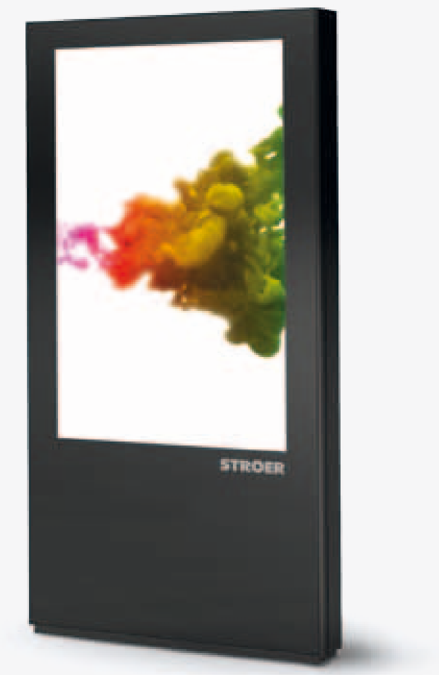
To emphasize the special role of this entire business area, in 2011 Ströer combined its digital expertise into a separate division which is based in Munich and manages all digital media. This is reflected in the company's new name: Ströer Infoscreen became Ströer Digital Media and has taken on responsibility for all of Ströer's digital media in Germany. However, the Infoscreen name will still be retained as a brand.

Ströer Digital Media now includes these products: Station Infoscreens at underground and suburban railway stations, Central Infoscreens in long-distance train stations, the Ad Walk at Düsseldorf International airport as well as the out-of-home channel in Germany's largest train stations. Thes are now complemented by the newly acquired ECE flatmedia screens in over 50 shopping malls.

This development can also be seen in the results achieved by the digital advertising media within the Ströer Group: over 8% of total revenue in Germany is now generated by Infoscreens, the out-of-home channel and other digital media. These innovations help us impress advertising customers. The flexibility of the medium, as well as the combination with mobile services such as Vooh! or QR codes as feedback channels, offer tremendous potential with totally new forms of advertising and communication opportunities that engage with people's emotions.

A WIDE RANGE OF OPTIONS FOR TOP VISIBILITY

High-definition screens with advertising messages in public places have become a feature of out-of-home advertising today – customized, flexible solutions that are effectively placed. Digital out-of-home combines the advantages of out-of-home advertising with those of digital and mobile media. The perfect showcase for advertising – precisely targeted and attention-grabbing.



OUT-OF-HOME-CHANNEL
The digital medium for public spaces

With 46 to 82-inch displays, full HD, outstanding picture quality and the ability to synchronize several screens, the out-of-home channel (OC) is a new digital medium that combines all the advantages of out-of-home advertising and TV. In 2012, the portfolio is expected to comprise around 1,000 screens in Germany's largest train stations. For the first time, advertisers can air their ads across Germany for high-quality out-of-home campaigns with excellent reach.

VOOH!
Virtual out-of-home advertising goes mobile

Vooh! is Ströer's first app that links traditional poster campaigns with attractive online content. The launch of the app "digitalized" up to 230,000 advertising faces overnight. As an add-on to traditional campaigns, Vooh! acts as an important multiplier and can create additional valuable contacts, especially with the young target group.

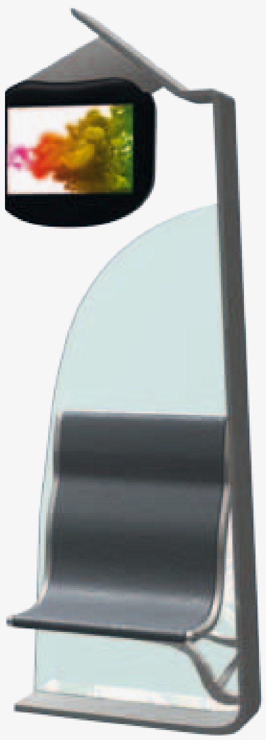
AD WALK
Creative solutions at the airport

Ad Walk is a specially developed digital advertising medium that accompanies passengers with advertisements as they walk through the airport. A unit is made up of five synchronized screens that are placed at regular intervals along walkways in the airport. This is the perfect showcase for creative advertising solutions. Since 2005, advertising customers have been able to place their messages on a total of 30 digital screens at Düsseldorf International airport.

ECE FLATMEDIA
Digital out-of-home advertising in shopping malls

As Germany's largest flat-screen network in premium shopping centers, ECE flatmedia GmbH broadcasts digital advertising via more than 1,000 flat screens in more than 50 malls and already 13 out-of-home channels (OCs). The existing twin flat screens and the OCs create a spatial unit within the mall; advertisements run on both media at the same time.

ECE flatmedia became part of Ströer Out-of-Home Media AG in November 2011. The existing OC network will be gradually expanded in the shopping centers, thus increasing its reach.



PASSENGER TELEVISION
Entertainment in underground and suburban railways

In Hamburg and Hanover, Ströer offers its advertising customers an additional digital medium – passenger television. Several hundred thousand passengers travel on underground and suburban railways daily. On average, each passenger spends more than 10 minutes in the train. Passenger television is a compelling medium thanks to its up-to-the-minute and varied program. Information about upcoming stops and connections make it a useful source of information for everyone. In addition to reaching a wide audience by booking slots on advertising faces throughout the city's network, advertisers can address specific target groups near a particular stop. There are 1,000 screens in Hamburg's underground railway cars, enabling 1.4 million contacts with advertising media each week, while the 864 screens in Hanover result in 0.7 million contacts.

INFOSCREEN
The digital time killer

Infoscreens are the digital large-format screens that are located in busy underground and suburban railway stations in 17 German cities (Station Infoscreens) as well as in Deutsche Bahn AG's most important long-distance train stations in cities with more than 250,000 inhabitants (Central Infoscreens). They make waiting times pass more quickly for passengers and provide information, entertainment and advertising. In the beginning, they mainly displayed still images and simple animated sequences but today the Infoscreen medium offers a technically sophisticated moving-picture show with an ideal mix of high-quality animation and brilliant HD videos.

NEW MEASUREMENT TECHNIQUES CONFIRM THE EFFECT OF ADVERTISING

Our subconscious plays a key role in how we perceive advertising. We are able to remember striking posters and moving pictures far more clearly than previously thought. How present are these images when we make decisions as consumers? We asked Dr. André Melzer, a psychologist and researcher at the University of Luxembourg, about our memory system, the effect of advertising and the new Deep Impact measurement technique, which complements traditional measurement methods.

Dr. Melzer – what new approaches are you using to measure the effect of advertising?

I am helping Ströer AG develop the Deep Impact approach – a ground-breaking new way of measuring the effect of advertising. We are gathering data on what people perceive when they come into contact with out-of-home advertising, how much they retain and what they can actually recall. From a researcher's perspective, the special thing about the approach is that it examines implicit memory – the processes that people are not really aware of. This important factor is consistently overlooked in traditional research. Memory psychologists have long known that we see and retain much more than we can recall when we're explicitly asked about something.

How can you get at this implicit knowledge and make it scientifically measurable?

The main difference compared with traditional ways of measuring the effect of advertising relates to the type of questions asked. In conventional techniques, participants are told to list everything they remember from an earlier study phase, such as what campaign pictures they saw on their way to work. This requires people to actively remember and use their explicit memory system.

Our approach is completely different. We show people two motifs, one of which they actually saw on their journey, say, at the train station, and another that wasn't at the station. Participants reveal their implicit memory by spontaneously showing a stronger preference for the motif they came across – without actively remembering it. This means that people keep images in their head and spontaneously choose them without actually being aware of it. This discovery is extremely exciting and completely new in the context of the effect of advertising. In a nutshell, actions speak louder than words. The closer a method gets to what really needs to be examined, the more effective it is.

How do these motifs get into people's minds and stay there?

Memory psychologists distinguish between different memory systems. It's not as if we have a big cabinet in which we record and store everything we see or hear. On the contrary, the whole process takes place in a sequence and goes through various instances. The interesting thing is that we mainly use our long-term memory. It was established several years ago that long-term memory is divided into different areas of responsibility, which hold information on areas such motor functions or knowledge. We also know that this memory of information is structured associatively. This means there are certain connections of meaning between the pieces of information. For example, we know that a tree grows from the bottom upwards, usually has leaves and consists of a trunk and branches. All these are features of a network-like structure. Our perceptions pass through this structure and are sorted accordingly.

To come back to implicit memory – when you travel to work or go through a train station, you have to absorb an extraordinary amount of information. An advertising motif is one piece of information on this journey. It passes through the processing structures in our mind and, depending on what is on the poster or screen, the motif can end up on something like a little yellow post-it in our brain and stay there for a while.

Can you give a concrete example of this?

Let's say you see something red on your way to work – a particular red on a poster or in an advertisement for a well-known refreshment brand. A little later, you may well choose this particular drink when you're shopping, simply because your memory is triggered by the color, which works like a post-it. You are usually not aware that coming into contact with the advertising poster played a decisive part in your choice.

Can we broadly sum up this effect by saying that your memory is refreshed?

That's not far wrong! Memory psychologists would say yes, refreshing your memory is nothing more than using a yellow marker or a note to help you remember one thing better than another.

And how do you measure this using the Deep Impact method?

One of the first tasks is to distinguish between two brands as quickly as possible. You then have two pieces of information for the analysis: the number of "hits" and the reaction time. As empirical psychologists, we define hits as simply what a person chooses. The funny thing is that people always prefer what they have seen before. Products, posters and moving pictures from advertising campaigns are chosen more quickly and more often than those that have not been seen previously – regardless of whether the people being tested are aware of it or not.

And we already have clear proof that picture size matters. A comprehensive study of train stations as an advertising environment revealed that people more easily recall big banner posters than smaller formats, even when making implicit choices. From a psychological perspective, it's also not surprising that visitors are highly attracted by the electronic screens and see them as enhancing train stations. The content on the screens constantly changes and our attention is drawn by new and different things, which we see as exciting and interesting. Information that is presented using such advertising media and that is perhaps even watched attentively can be expected to have a significant influence on implicit memory.

Do you think that Deep Impact will establish itself as a measurement technique?

I think so, because there are now a number of other new measurement techniques. They are in their infancy and form part of a front that is slowly developing against the one-sided and short-sighted nature of previous research into the effect of advertising. Researchers using the newer techniques agree that the traditional approach falls way too short.

Looking to the future – how will advertisers be able to reach people in the context of media convergence?

Media convergence will continue and, one day, households will probably have only one device for TV, the internet and telephone calls. This is certainly a challenge for advertising and the advertising industry because recipients will increasingly attempt to technically suppress blocks of advertisements. Advertisers must therefore work out how not to be seen as a nuisance and yet still be effective and make their mark. Out-of-home advertising can play a big trump card here since the vast majority of people are not bothered by it and yet it's still effective. This makes it all the more important to have the right tools to analyze how effectively advertising makes its mark, because the acid test is what people actually decide to buy. ■


Samsonite
WEICHE SCHALE, HARTER KERN
www.samsonite.de
STRÖER

THE ADVANTAGES OF DIGITAL OUT-OF-HOME ADVERTISING SPEAK FOR THEMSELVES

The media world is reinventing itself almost daily and traditional media and digital media are converging at an increasing pace. Today, more and more marketing experts are adopting a cross-media mindset – and their success has proved them right. A number of examples also illustrate the further potential of out-of-home advertising and are causing marketing managers to think about redistributing their budgets – as in the case of Samsonite, Ferrero and Universal Pictures International.

Advertisers like Samsonite have long recognized the potential of digital advertising media. For its premium Cubelite brand, the suitcase maker ran a 10-second version of the TV commercial that was airing at the same time. In the advertisement created by TBWA Brussels, two hard-shell suitcases crash through solid walls in slow motion and fall to the ground – without getting a single scratch. During the June campaign, these futuristic-looking 10-second ads were aired on the out-of-home channel in Germany. In addition, Samsonite booked Infoscreens in underground and suburban railway stations nationwide. "We think that digital out-of-home media is an ideal complement to traditional TV advertising. The advertisement was easily adapted to the format and the message came across well even without sound," says Dirk Schmidinger, Samsonite's general manager, explaining his company's exceptionally high commitment to digital out-of-home. Without sound, the advertisements leave consumers in peace, allowing them to focus on the visuals. The suitcase manufacturer invested around 40% of its total campaign budget in out-of-home media, of which around three-quarters was accounted for by the screens on the train platforms.

90% awareness rate

Booking on the out-of-home channel was new territory for Samsonite. Going with a digital-heavy media mix definitely proved to be the right choice, according to a classic case study by abh Market Research, a Cologne-based market research institute, on behalf of Samsonite during the campaign. "We were very excited by the results," says Schmidinger. The study found 90% of respondents noticed the out-of-home channel and the Infoscreens in the train stations and underground and suburban railway areas. The Samsonite

"Missed your train?" asked Ferrero in August on Infoscreens in train stations and at underground and suburban railway stops across Germany, following up with: "Time to get a Hanuta for some extra energy." In an animated sequence, the Hanuta wafer disappeared in three bites. Anyone who got a craving just had to walk to the next kiosk.

advertisements, which were running on both channels, caught the attention of 39% of those surveyed – an outstanding result compared to other campaigns. Unprompted, awareness of the advertising message rose overall from 4% to 31%. More than two-thirds of those who recognized the advertisement had seen it on Infoscreens or out-of-home channels. These results were also reflected in sales, with the Cubelight collection becoming a top seller. "For us, booking advertisements on TV in combination with Infoscreens and the out-of-home channel turned out to be extremely effective," Schmidinger concludes. "We are more than satisfied with both the increase in impact indicators as well as the sales generated by the campaign."

Ferrero was also impressed by the performance of digital out-of-home advertising. The confectionery group made several bookings on out-of-home channels and Infoscreens last year, airing an advertisement that played upon the current location of the target group. "Missed your train?" asked Ferrero in August on Infoscreens in train stations and at underground and suburban railway stops across Germany, following up with "Time to get a Hanuta for some extra energy." In an animated sequence, the Hanuta wafer disappeared in three bites. Anyone who got a craving just had to walk to the next kiosk. "The advantage of the Infoscreen and the out-of-home channel is that we know exactly where the viewer is at that moment," says Uwe Storch, Head of Media for Ferrero. "We can incorporate typical situations into our advertising scenario." This creates closeness and, ideally, prompts a buying impulse.

Ferrero also cleverly drew attention to the Mon Chéri brand at long-distance train stations. "Enough waiting already!" is the message that starts off this 15-second advertisement on the out-of-home channel. Running parallel to the TV campaign, the ad celebrates the return of the Piemont cherry after the summer break, announcing "It's back!" Uwe Storch is impressed: "The integration of television and digital out-of-home advertising allows each medium to increase awareness of the other." The confectionery manufacturer therefore also took advantage of this effect in a similar way for its Kinder brand products.

Bestseller: For its premium Cubelite brand, Samsonite ran an advertisement on Infoscreens and the out-of-home channel that was also running on TV at the same time. It showed two suitcases flying through the air in slow motion, breaking through walls without getting a scratch. The Cubelite became a bestseller.

Universal Pictures International clearly proved that digital media in train stations can serve as more than just a vehicle for advertising luggage or snacks for travelers. To attract a wide audience to cinemas, the film distributor booked the out-of-home channel to promote the action comedy Johnny English Reborn. "Thanks to the synchronized screens, Rowan Atkinson gave an impressive demonstration of his special talents as a secret agent in this new dimension and piqued people's interest in the new film. There were various advertisements that all excellently epitomized the creative ways that moving pictures and emotion can be incorporated in this picture format," explained Doris Wolf of Universal Pictures International. The campaign ran for two weeks in September 2011, around the time the film opened.

Digital out-of-home is booming

Samsonite, Ferrero and Universal Pictures are just a few examples. Demand for digital out-of-home advertising formats is there and Ströer anticipates it will grow in the long term. A look across the pond at the US shows this expectation is not exaggerated – the consulting firm eMarketer forecasts a boom in the outdoor media segment. Its figures show that advertising spending in the US should grow from USD 6.4b (2011) to USD 7.6b by 2015. The digital out-of-home option in particular is enjoying growing popularity among media planners, according to the analysts. eMarketer cited a study by the Digital Place-based Advertising Association (DPAA), which found in 2012 that around 86% of the media planners surveyed would like to add digital out-of-home to their customers' media plans.

In 2011, the poster segment in Germany exceeded the magic billion euro mark for the first time. According to Nielsen Media Research, annual gross advertising spending for out-of-home media – not including revenue from digital advertising media – reached EUR 1.083b. Yet it is the digital formats in particular that are helpful in raising advertising companies' awareness of out-of-home media and gaining them as customers, in the view of the Fachverband Aussenwerbung (out-of-home advertising industry association). ■

STRÖER DRIVES OUT-OF-HOME MEDIA

In other European countries, out-of-home advertising has been a key component of the media mix for years – and now Germany is catching up. Udo Müller, CEO of Ströer Out-of-Home Media AG, explains the importance, effectiveness and potential of out-of-home advertising in this age of digitalization.

Mr. Müller, everyone is talking about digitalization. What impact will it have on out-of-home advertising?
We offer excellent reach and large-format images as part of a location-specific package. We market faces that are embedded in a physical space, not content. This is a fundamental difference – streets, train stations and airports cannot be fragmented or digitalized. Digitalization is leading to growing fragmentation of content-based channels, and their reach in certain cases is therefore gradually decreasing. For example, a double-page advertisement gets shrunk to a small banner online. The reach of our channels, on the other hand, remains unchanged. And by transporting large-format images, we guarantee visibility and can thus build brand preferences.

But digitalization does not stop at out-of-home advertising …
No, of course not. We are at the forefront, as a trendsetter with our out-of-home channel. But I don't see these screens as out-of-home advertising in the classic sense – I believe they are the third pillar in the moving-picture market alongside TV and the internet. Furthermore, the distinctions between different types of media will disappear. In the future, we will no longer talk about radio, TV, print, online and out-of-home advertising; instead, there will be "inside" and "outside," and "moving" and "still pictures." We will think in terms of daily routines and about the functions of still and moving pictures.

So you are not in competition with other moving-picture media?

No, quite the opposite! We believe that we can offer moving-picture customers an attractive proposition: rather than reducing their marketing budget for television, they can considerably improve the efficiency of their campaigns through additional spending.

Digitalization also offers the opportunity to interact with consumers. What do you think about this?

It's an attractive option, no doubt about it. We have launched our own app called Vooh!, which can make entire posters interactive. But interactivity can result in a loss of mass-media power. A poster can't communicate interactively with 40,000 people at the same time. The interactive features are an attractive add-on that allows existing brand preferences to be turned into a real sale.

»A new technology already exists that will make interaction even easier: near field communication.«

So far, it has been difficult to engage consumers in interaction. How can they be encouraged to get involved?

A new technology already exists that will make interaction even easier: near field communication allows data to be exchanged in close proximity without any contact and does not require any activation on the mobile device. But in general it's a matter of socialization. The digital natives who have grown up with digital technologies will surely deal with this subject much differently. I think we are just at the beginning of the digitalization era. But brand preferences have to be built somewhere and I therefore believe that out-of-home advertising will benefit from this development in the long run.

Digitalization is just one side of out-of-home advertising. Which other developments are important?

The second key issue is measuring the effectiveness of advertising. Together with the University of Luxembourg and the Innofact institute, we have developed a new market research approach called Deep Impact. Until now, the standard for measuring the success of advertising has been based on prompted and unprompted advertising recall – in other words, on explicit criteria. But the information you can actively remember is just a fraction of what is actually stored in your brain. The vast majority of information is implicit, contained in our subconscious mind, and the effect it has on our purchasing decisions is not yet clear.

How does Deep Impact work?

The test participants have to answer a series of questions within two seconds. They don't have any time to think things over; they have to react spontaneously. This is a way to reveal spontaneous brand preferences, which ultimately influence what people decide to buy.

What conclusions can be drawn from this for out-of-home advertising?

Large-format images are absorbed by your subconscious, and you can't do anything about it. And large still pictures are processed the best and stay the longest in your memory by far. Ultimately, the various media not only have different functions, they are also effective in different ways. Investigating and comparing all of these with the same tool – prompted and unprompted advertising recall – can't give us a clear picture of reality. I am convinced that the Deep Impact approach will help us better quantify the effectiveness of out-of-home advertising and to more clearly establish its position within our customers' value chains.

Where do you see growth potential for the Ströer Group? Will out-of-home advertising gain a bigger piece of the pie?

Owing to the structural transformation in the media sector, I believe an increase to around 6% to 7% in the coming years, compared with the current 4%, is realistic. In particular, our major national advertising customers are reacting very positively to our new offerings. Beyond that, the possibilities will certainly depend on the speed of digitalization and on how quickly media consumption patterns change. ■

OPPORTUNITIES OF GOING DIGITAL

The future trend is towards advancements in digital media and integration with other media. As this happens, out-of-home media are creating a new dimension for advertising customers. This is the only kind of advertising that has the reach and the relevance to open the gates to the digital world in public spaces. Ströer is thus making a key contribution to increasing the value of the Company in the interests of its shareholders.

Digitalization is one of the megatrends of our times. It has changed our lives and the way we communicate with each other. The boundaries between the real and virtual worlds are becoming increasingly blurred. Digitalization is both a blessing and a curse for the media industry. Fragmentation is accelerating as media offerings continuously become more specialized. Today, you can surf the web, listen to music or even just talk on the phone anywhere. As a result, addressing target groups through traditional in-home media no longer brings the desired success. Advertising customers therefore have to rethink how they can still reach their target groups efficiently these days. It's time to restructure the market. Instead of thinking in terms of categories such as TV, print, online and posters, in the future we will be talking about indoors and outdoors, and about moving and still pictures.

Digitalization is opening new doors and diverse opportunities for out-of-home advertising. To secure a strong position in tomorrow's media mix, creative solutions and high-reach networks will be essential. The answer is not just digitalizing posters; it is installing a media channel that complements traditional TV. Digital screens are no longer out-of-home advertising in the classic sense, they are – besides TV and internet – the third serious player in the moving-picture market.

The digitalization process in out-of-home advertising has already begun and will be completed in three steps:

Digital broadcasting

Digitalization has one main advantage for advertisers – flexibility. The digital screens can show motifs that are changed daily to adapt to visitor flows or the weather. This allows advertisements to be topical, more interesting and closer to people.

Interaction

The advantage of poster advertising is that it doesn't disappear if someone clicks away, turns the page or changes the channel. However, until recently, it has not been able to initiate direct communication with consumers and supply useful background information. That has now changed. Thanks to higher bandwidth and the increasing spread of smartphones, there are now campaigns with QR codes or picture recognition that can supplement poster motifs with additional online content and engage in lasting interaction with consumers. Bluetooth media and interactive screens are also being used, usually in places where people are waiting. This makes it possible to advertise products and services requiring explanation in public spaces in a way that achieves an excellent reach and with few words. In April, Ströer launched its Vooh! app, which links traditional out-of-home advertising campaigns with attractive online content. The app was awarded the German Multimedia Prize in 2011.

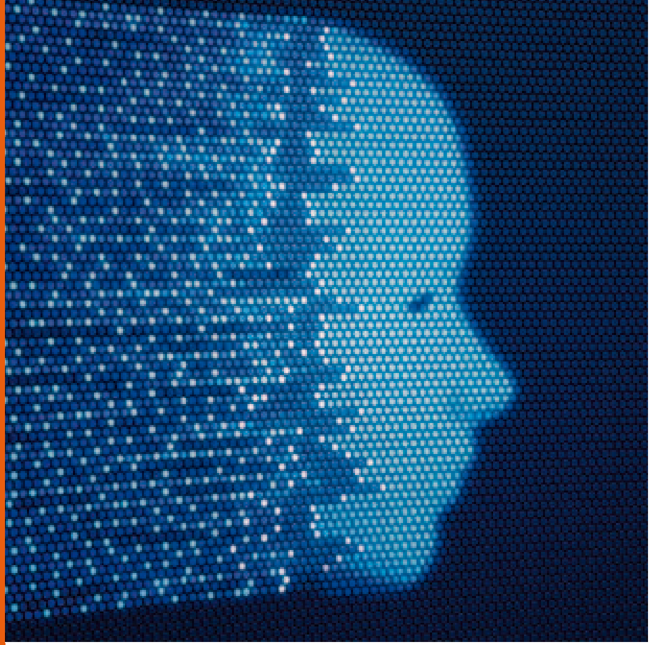
Immersion

The next step: in the future, we will see a blurring of the boundaries between the real and virtual worlds, for example through mobile augmented reality (MAR) and gesture technology, embedded in advertising media (out-of-home media, display windows, etc.). These new technologies will make out-of-home media a three-dimensional world of experiences. They will allow the consumer to experience the advertised brands and encourage them to act. For example, when people point their smartphones at a poster for a fashion label's campaign, the virtual model will suddenly leave the poster and present the newest fashion trends on a virtual catwalk. Using hand gestures, consumers will be able to zoom in, change the color of the clothing items or buy them immediately. In Japan, the agency Dentsu cleverly combined an MAR application with location-based-services: after downloading an app, customers were able to look through the lens of their smartphone in certain locations in four Japanese cities and see virtual butterflies fluttering around. They could 'catch' the butterflies by making a swift movement, then collect and trade them with other users. Brands could book the butterflies as coupons, which users could then redeem. This example shows that there are countless creative ways customers and agencies can use MAR.

Promotional posters or advertisements in prominent public locations make consumers aware of mobile offerings and can decisively boost the effectiveness of advertising messages. Mobile augmented reality therefore offers enormous potential for Ströer. The universal presence of the Company's advertising media in its core markets – especially at the main hubs of public life – and its regional sales structure enable advertisers to find the right "real world" complement to their mobile campaigns that ideally suits them in terms of location and target groups.

INTELLIGENT COMBINATION OF OUT-OF-HOME ADVERTISING AND ONLINE MEDIA

In 2011, Ströer launched Vooh!, an advancement in QR technology. Vooh! is an image recognition app that can also recognize moving pictures and objects. In contrast to QR codes, users are taken directly to an extensive menu where they can choose, for example, whether they want to watch a commercial, take part in a competition or just get additional information. Image recognition eliminates the additional step of going to a link.



Looking even further into the future, all of Ströer's 290,000 advertising media could be turned into channels. Radio-frequency identification (RFID) chips could be installed in posters and provide additional information about the company or products being advertised to the smartphones of people passing by. However, this will require smartphones to be perfectly compatible with the RFID chips and that the cost of RFID chips continues to decrease.

Furthermore, waiting areas and train stations maintained by Ströer could be equipped with Wi-Fi networks. This would provide visitors with a more powerful network to access online services that complement poster advertising, such as product information, web shops, games, songs or videos. As a result, the point of sale would be brought even closer to customers who are on the move, enabling them to act immediately on their buying impulses. When there are a significant number of users, Ströer will develop solutions to allow customers to combine traditional out-of-home media with mobile advertising and services to disseminate their advertising messages.

This wide range of creative innovations is not necessarily aimed at large, high-reach campaigns, but rather more at addressing smaller but potentially very important target groups. The appeal lies in the intelligent linking of traditional and innovative approaches. Although these developments may yet be some time coming, it's clear that with additional offerings and innovative approaches Ströer will be able to significantly increase its relevance in the advertising market and its market share. Ströer is constantly working to hone its expertise, especially in these fast-changing growth areas. In cooperation with a number of partners, it offers customers a wealth of creative test fields. For all innovative market players, particularly the major national advertisers, digitalization creates new opportunities. For Ströer this means: **Visibility creates Value**. ■

50 SQUARE METERS OF INTERACTIVE ADVERTISING

For the market launch of Volkswagen's new Quicar car-sharing service in October 2011, Ströer and advertising agency kempertrautmann change demonstrated at the Hanover main station how modern out-of-home advertising can communicate brands digitally using multimedia. Quicar is a forward-looking project for the Volkswagen group, which focuses on young, urban mobile target groups – those people who are no longer interested in buying a car, but still want to spontaneously use one once in a while.

The campaign strategy therefore had to be young, hip and interactive. The topic is discussed through a direct dialog in social networks and communicated on a large number of digital screens in Hanover. The car-renting community had the chance to share their opinions and experiences of Quicar on Facebook, Twitter or on the Quicar blog. Posts and tweets were published in near real time as speech bubbles on the out-of-home channels, digital displays in public transport and on the Mega-Vision, a 50 square-meter screen on the forecourt of Hanover's main train station. With this approach, we were able to combine the internet as a communication tool with out-of-home media and involve the community in the campaign. Over a period of four weeks, each day up to 100 posts, tweets and blog entries could be seen on the digital poster.

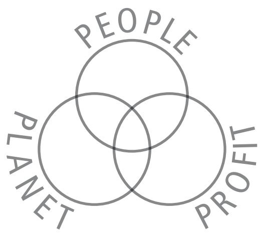
"This high degree of involvement ensured that the residents of Hanover themselves became part of the campaign, were inspired and came up with ideas about when and how to use Quicar. This campaign is a social media campaign on the street, so to speak," said Dr. Hendric Hallay, head of car sharing for the Volkswagen brand, describing the opportunities offered by linking moving-picture advertising with interactive elements. "This is modern out-of-home advertising," said Wulf-Peter Kemper of kempertrautmann change, who conceived the campaign. "The out-of-home channel's brilliance and commanding position in train stations make it the top medium for high-quality brand communication."

CORPORATE SOCIAL RESPONSIBILITY

STRÖER IS COMMITTED TO SOCIAL RESPONSIBILITY

Socio-political responsibility has been a core element of Ströer AG's business since the Company was founded. The Company has supported numerous social projects over the past 20 years, either directly providing funds or giving indirect support by leasing advertising faces at generous terms for social initiatives and projects. Together with its contracting partners in the various cities, Ströer again supported regional and nationwide social projects in 2011.

Ströer's social commitment has since evolved into a concept tailored specifically to the Company which was approved by the board of management last year. In accordance with this concept, the Company bases its sustainable development activities on three internationally applicable areas of social responsibility: **Handling of resources** (Planet), **sustainable business practices** (Profit) and **social commitment** (People).



Ströer's corporate social responsibility concept supports management's values and reflects external expectations in all areas.

The developments from the three areas are outlined below. In keeping with the tradition of a family-owned business, the Company's founder Udo Müller and his colleagues from the board of management have placed particular emphasis on the area of social commitment.

Handling of resources

Ströer is a pure-play service company with its own product development department. The Company's product engineers work to constantly enhance its portfolio, especially with a view to saving and conserving natural resources. All Ströer's advertising media and street furniture regularly undergo thorough testing for efficient energy usage, thereby contributing to sustainable energy consumption and a reduction in CO_2 emissions. Bus and tram stop shelters and illuminated advertising columns are lit up with highly-efficient, long-life and high intensity LEDs which require considerably less electricity.

Further efforts involve significantly reducing the use of materials and the weight of advertising media in the development stage, which has an overall positive effect on the environment. Moreover, all of Ströer's products use a high proportion of materials which can easily be reused or recycled. What is more, the construction groups are pieced together so as to ensure easy mechanical separation.

In developing its products, Ströer pays particular attention to the combination of benefit, safety and longevity. All products are designed to offer the best possible protection against accidents without compromising on appearance and to bring maximum benefits. For example, our product portfolio includes features for people with physical limitations, such as glass panes with richly contrasted designs which can be seen by the visually impaired. In addition, the WC-Tronic toilet facilities are largely barrier-free, making them accessible to those who are physically restricted. This toilet won the universal design award in 2008.

To ensure the environmentally friendly cleaning of its products, Ströer is increasingly using demineralized water, which obviates the need for cleaning agents. This is just one practical example of how ecology and efficient resource management can go hand in hand. Avoiding the use of cleaning agents not only reduces the level of pollutants released into the environment, it also prevents the growth of wild plants which react to commercially available cleaning agents in the same way as to fertilizer. At the same time, Ströer can achieve a tangible reduction in expenses for care and maintenance of its city furniture.

In addition to the Company's social commitment and its sustainable business model, Ströer places importance on issues such as conservation of resources, for example by using demineralized water to clean its advertising media.

Sustainable business practices

Solid, value-based leadership is an integral part of our sustainability strategy. This is underpinned by the knowledge that the sustainable alignment of strategy and operating business is a prerequisite for growing the long-term value of the business. Ströer aims to expand its business as an attractive partner for advertisers and municipalities – and, in its role as responsible employer, to recruit the best talent. Ströer's good reputation with business partners and employees is the cornerstone for profitable growth and shareholder value.

Ströer strives to provide its investors with impressive earnings growth as well as long-term value enhancement prospects. To achieve this, Ströer reinvests some of its cash flows into systematically expanding its reach among sophisticated target groups, whether by offering innovative products or by tapping into new market segments.

Ströer has focused its management of the Group in line with these targets. Hence, the Ströer value added (SVA), representing EBIT adjusted for one-time effects and less cost of capital, is the major indicator for capital appreciation of the Group. The long-term incentive, which is a component of board of management remuneration, is calculated on the basis of the three-year SVA and EBITA growth targets as well as share performance. From a corporate governance perspective, Ströer thus offers long-term incentives which serve the interests of its shareholders.

Ströer's long-term focus is also reflected in the development of its net assets and financial position. In the past years, the focus on the generation of attractive free cash flows has enabled us to reduce the leverage ratio, thereby significantly lowering future interest expenses. This offers additional earnings potential for Ströer and creates headroom to structure our value-based internal and external growth.

Social commitment

The social dimension of Ströer's sustainable activities covers its social commitment in supporting charitable initiatives and providing training and professional development measures for its own staff. Ströer revised its corporate social responsibility concept in the fiscal year. In connection with this, the board of management decided to concentrate its sponsorship activities on three areas: sport/nutrition/health, children/young people and culture.

Ströer sponsors selected projects from these areas by both providing media as well as long-term financial support. Through these efforts, Ströer raises public awareness of its projects and partnerships and improves their long-term prospects.

For each of the three areas, one lighthouse project has been defined which will be promoted in a special way.

Germany

Deutsche Sporthilfe

In the fiscal year, Ströer intensified its long-standing cooperation with the Deutsche Sporthilfe foundation in the area of sport/nutrition. A contract on a media partnership was signed in order to further raise public awareness of the foundation and its goals. The cooperation, which will initially run until 2013, also provides for mutual involvement in all communication and direct sponsorship of six sportsmen and women.

It will focus on the "Your name for Germany" campaign, which Ströer will make visible to a wide spectrum of the public via advertising media coverage. In the run-up to a sports festival entitled "Fest der Begegnung" in October 2011 in Dresden, Ströer provided over 100 billboards in preparation for the campaign run by Deutsche Sporthilfe. Altogether, the foundation put up some 1,100 posters last year.

In addition, Ströer provides direct support for the athletes sponsored by Deutsche Sporthilfe: The Company offers all sponsored athletes jobs and internships and assumes the annual support costs for six outstanding sportsmen and women under Deutsche Sporthilfe's junior elite sponsorship program.

The traditional values of sports, such as fairness, team spirit and motivation are consistent with Ströer's corporate culture. By actively supporting the "Your Name for Germany" campaign, Ströer is helping the German sports charity Deutsche Sporthilfe to raise even greater awareness of its concerns.

This commitment also penetrates company structures: Ströer encourages its employees to support Deutsche Sporthilfe. To this end and in celebration of the new contract, Ströer staged an inaugural event at its Cologne headquarters in November at which some of the new sponsored athletes talked about their sport in front of 450 employees.

Deutsche Sporthilfe supports sportsmen and women who are preparing for top sporting achievements, are already achieving or have achieved success in the past with funds, ideas and social projects. With their national and international appearances and dedication to their sport, the sponsored sportsmen and women act as role models for German society and motivators of mass sports.

Initiative Vermisste Kinder [Initiative for Missing Children]

Initiative Vermisste Kinder, which Ströer has supported since 2008, is the focus of our commitment in the area of children/young people. Ströer made its media available to this initiative again this fiscal year in order to help in the search for missing girls and boys. Digital advertising media, such as Infoscreens at underground train stations or on-board TV, were mainly used for this purpose. By expanding its digital advertising network, Ströer will be able to provide faster and more targeted help for this initiative in the future.

Each year, boys and girls fall victim to crime. Initiative Vermisste Kinder supports the parents of missing children and their families. It also provides information on how parents can take preventive measures and ensure their children stay safe. The aim of the initiative is to offer effective support in the search for missing children. The initiative evolved from a Hamburg-based initiative for the parents of missing children [Elterninitiative Vermisste Kinder], which has been providing advice and practical support to the parents of victims since 1997.

KUNSTPREIS START Bonn – the citizens of Bonn design their city

In the area of culture, Ströer is a sponsor of the START art award presented by the Kunstmuseum Bonn and founded by Helmut Andreas Hartwig and Arndt Lingohr. In July 2011, the inaugural prize was awarded to upcoming artist Max Frisinger, whose work has been exhibited in the museum since November.

Art and culture feature prominently in the public spaces of a modern city such as Bonn and need to be looked after. Ströer significantly increased the visibility and awareness of this project with a wide range of advertising media showing the winning entries submitted by citizens of Bonn in the "Gestalte deine Stadt" [Design your City] competition.

Furthermore, the citizens of Bonn were invited to give creative expression to their vision of the city in the "Gestalte deine Stadt" competition. Entries ranged from paintings and drawings through to models and films and computer-aided designs, thereby covering an extremely wide range of themes and artistic genres. From a total of 62 proposals received, 6 winners were selected by a jury. The criteria were visionary power, feasibility, relevance to Bonn and the general public, as well as suitability for visualization as a poster motif. From September to November, Ströer exhibited the winning designs on over 300 billboards throughout the city of Bonn, thereby providing a forum for the visions of Bonn's citizens.

Ströer also sponsors a number of regional and local initiatives. The sponsored projects are extremely varied and range from designing a suburban train, through to support for the Dresdner Kreuzchor and the provision of billboard faces for an advertising campaign by the Landesfeuerwehrverband Schleswig-Holstein to recruit new firemen and women, to the sponsorship of a charity concert in the Gewandhaus zu Leipzig for the "Leipzig hilft Kindern" foundation.

Initiatives in Turkey

In Turkey, Ströer sponsors several initiatives by providing free usage of billboard faces. Ströer supports the "Lösev Lösemili Çocuklar Vakfı (LÖSEV)" foundation, which offers schooling to children who are being treated for leukemia when they are not able to attend school. LÖSEV is reliant on donations to give as many children as possible access to tuition and brighten their day with pleasant activities. Ströer's billboard faces raise public awareness of this project. In addition, Ströer supports the Kizilay organization (the Turkish Red Crescent) as well as the efforts of UNICEF and Greenpeace in Turkey.

Ströer also provides financial support and donates its own labor for projects. In 2011, Ströer carried out a complete renovation of a school in the city of Ağrı in eastern Turkey. Ströer also takes part in corporate volunteering projects, such as a clean-up campaign on the shores of the Bosporus in which some of its own staff were actively involved.

Giving children a modern learning environment: In Ağrı, Turkey, Ströer helped equip a school with the latest technology.

Initiatives in Poland

In Poland, Ströer has been supporting the "Wielka Orkiestra Swiatecznej Pomocy" (WOŚP) (the "Christmas Charity Orchestra") for 10 years by providing media for out-of-home advertising. The foundation encourages Polish citizens to organize concerts, parties and other events as part of a nationwide campaign day and to collect donations. The organization devoted 2011, its 20th anniversary year, to improving the medical care of pregnant women and new-born babies suffering from diabetes. Ströer supported the project on Metroboards, City-Light posters and Infoscreens in the Warsaw underground and by providing 1,500 billboards in 60 cities throughout Poland. Ströer also provides advertising media to WOŚP during the year, such as in December 2011, when a nationwide information campaign featured on more than 1,000 billboards.

On its 20th anniversary, the charity Wielka Orkiestra Swiatecznej Pomocy was featured in Ströer's advertising media. For the past 10 years, Ströer has been a major supporter of this organization, which collects donations from people across Poland on a nationwide campaign day.

Over the last few years, Ströer has also been making billboards available free of charge to Caritas Poland in order to raise awareness of its activities. For example, Ströer sponsors the Skrzydła ("Wings") project, which offers school meals, school materials and funding for school trips to disadvantaged schoolchildren. Another Caritas project is Tornister pełen usmiechów ("Smiling School Satchel"), which helps children and young people who were victims of the floods in Poland.

Commitment to employees

In a dynamic and rapidly evolving media company, modern and professional human resource management are particularly crucial and entail numerous challenges. To address these growing demands, Ströer restructured its human resources department at the beginning of the fiscal year. By establishing dedicated specialist teams to cover areas such as recruiting, personnel development and service, Ströer aligned its human resources activities with its drive for sustainable growth.

2011 was also dedicated to talent management. Ströer implemented human resources tools which identify development potential, promote networking and allow a group-wide analysis. Standardized development paths were prepared for junior media consultants, junior key account managers and junior area managers, which can be used by young staff members across the Company to plan their careers within the Group. Actively supporting experienced colleagues and preparing individual development paths naturally plays an important role as well. Tying in with this role, our "Young Professionals Circle" and "Management Circle" network events are targeted at specific sections of our staff and offer an ideal platform for establishing and maintaining internal contacts. The explicit focus of these groups is on exchanging views and ideas as well as personal contact with the board of management.

Ströer has already been able to fill key positions from its own ranks. This is the result of forward-looking management development programs through which Ströer supports and actively promotes employees embarking on their management careers as well as experienced executives.

A further focus this fiscal year was the expansion of our e-learning platform. Using up-to-the-minute educational methods such as microlearning, the platform offers all employees throughout the Group interactive and targeted training which can be integrated into their day-to-day working routines and adapted to suit their schedules and personal needs. Ströer's in-house trainers complement the Company's needs-based professional development program by providing training to employees, in particular in sales, communication, conflict management as well as time and self-management.

In view of the ever-increasing complexity of our everyday lives, Ströer is conscious of the importance of combining family life and work. In this respect, Ströer laid an important foundation stone when it opened its company kindergarten, the "Ströer Strolche," (Ströer's Little Rascals) in 2006. Due to the high demand for day care places, Ströer will further expand its childcare facilities in the future.

CORPORATE GOVERNANCE

Corporate governance

SUPERVISORY BOARD REPORT

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

Ladies and gentlemen,

In fiscal year 2011, a year shaped by the global financial crisis, Ströer Out-of-Home-Media AG performed well in the market. The board of management took advantage of the relatively stable economic situation in Germany and was able to keep its consolidated revenue – at EUR 577m – within the forecast corridor. Given the speed of media convergence and the unrelenting fast pace of digitalization, we welcomed the investment program which will set us in the right direction for future growth and profitability. The attractive cash flow profile and lower interest and tax payments contributed in particular to further reducing the Company's debt. The Company has a solid capital structure which will allow it to comfortably take on an active role in the competitive environment.

This pleasing stable development was marred by the saddening news of Dr. Wolfgang Bornheim, who, having served as chairman of the supervisory board for many years, died in September 2011 after battling serious illness.

The supervisory board carefully monitored the work of the board of management on a regular basis in the reporting period. It mainly reviewed the legality, expediency and propriety of management. It also supported the strategic development of the Group and significant individual measures.

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

During fiscal year 2011, the supervisory board convened nine times and held one meeting by telephone. More than half of the supervisory board meetings could not be attended by all members. The main reason for this was the serious illness of Dr. Wolfgang Bornheim. Furthermore, the supervisory board passed resolutions in writing five times, with all supervisory board members participating each time. In additional meetings, the chairman of the supervisory board, the deputy chairman of the supervisory board and the chairman of the audit committee discussed key business events with the board of management – in particular with the chairman of the board of management and the CFO. The supervisory board received regular reports on this. The audit committee convened four times in the fiscal year. The external auditor, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Cologne, attended the closing meeting of the supervisory board and all meetings of the audit committee.

Focus of deliberations and review by the supervisory board plenum

At the closing meeting on 8 April 2011, the supervisory board approved and endorsed Ströer Out-of-Home Media AG's separate financial statements for fiscal year 2010. It also approved the consolidated financial statements for fiscal year 2010 and the report by the board of management on relationships with affiliates for the period from 1 January to 13 July 2010. Furthermore, the supervisory board resolved to recommend to the general meeting to reappoint Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Cologne, as the Company's auditor for fiscal year 2011. In preparation for the annual general meeting, the supervisory board resolved to recommend to the shareholder meeting that the board of management and supervisory board be exonerated, it approved the agenda of the annual general meeting with the exception of the nominations to the supervisory board and elected Mr. Dieter Keller as chairman of the annual general meeting from among its members. The purpose of the meeting was also to grant preferential rights for shares of a non-controlling interest in Ströer Kentvizyon Reklam Pazarlama A. S. In addition, we examined the recommendations of the German Corporate Governance Code in detail, in particular the consideration of diversity with regard to the composition of the supervisory board, board of management and other management levels at the Ströer Group. We set ourselves the goal of having at least one female representative on the supervisory board by 2015 at the latest. Furthermore, the supervisory board discussed issues on the management and control of the Group (governance) and approved new rules of procedure for the board of management. The closing meeting also set the targets for the variable compensation of management board members.

As part of a written procedure on 14 April 2011, the supervisory board resolved to recommend to the shareholder meeting that Dr. Wolfgang Bornheim, Mr. Dieter Keller and Mr. Dietmar Binkowska be reappointed to the supervisory board until the end of the shareholder meeting that decides on the exoneration of the supervisory board for fiscal year 2015.

The meeting on 18 May 2011 served primarily to discuss the interim financial statements for the first quarter of 2011. The supervisory board also dealt intensively with the Ströer Group's digitalization strategy.

During the telephone conference on 4 July 2011, the supervisory board agreed to Ströer Kentvizyon Reklam Pazarlama A. S. acquiring 100% of the shares in CBA Iletisim Pazarlama Ltd. Sti. and to Ströer Out-of-Home Media AG granting a shareholder loan to Ströer Kentvizyon Reklam Pazarlama A. S.

The agenda of the meeting on 12 August addressed the interim report for the first half of 2011. During this meeting, we also agreed on the proposed acquisition of shares in blowUp Media GmbH. In addition, the supervisory board deliberated for the first time on the acquisition of shares in ECE flatmedia GmbH. We also approved the adjustments to the investment budget for Ströer Germany and Ströer Turkey for the current fiscal year. The board of management reported in detail on the planned introduction of a new IT landscape at the Ströer Group. Finally, the board of management presented the optimized conditions achieved for the Group's syndicated loan.

During its meeting on 20 September 2011, the supervisory board discussed the auditor's fees. The planned acquisition of shares in ECE flatmedia GmbH and the digitalization strategy were again key topics of discussion. Finally, we dealt extensively with the design and conditions of an optimized capital structure for the Turkish holding company.

As part of a written procedure, on 19 October 2011, the supervisory board approved the conclusion of a credit facility between Ströer Kentvizyon Reklam Pazarlama A.S. and Yapi Credi Bank.

The meeting on 25 October 2011 focused again on optimizing the capital structure of the Turkish holding company. We agreed to the increase in equity at Ströer Kentvizyon Reklam Pazarlama A. S. coupled with the repayment of intragroup liabilities. Furthermore, we approved the submission of a binding tender by Ströer Kentvizyon Reklam Pazarlama A. S. for the conclusion of an advertising rights agreement in Istanbul. Finally, we approved the acquisition of 100% of the shares in ECE flatmedia GmbH.

On 14 November 2011, we discussed in particular the interim financial statements of the Ströer Group for the third quarter of 2011.

In the last meeting on 20 December 2011, the supervisory board approved the Ströer Group's business plan for fiscal year 2012. Furthermore, we dealt in depth with the risk management system, the status of the enhancement of the internal control system as well as the effectiveness and results of the compliance system. We also once again reviewed the efficiency of our activities and adopted the declaration of compliance with the German Corporate Governance Code. We also dealt with the allocation of responsibilities on the board of management and approved the adjustment to the remuneration of the chairman of the board of management.

Deliberations of the supervisory board's audit committee

The audit committee convened on 1 March 2011 and reviewed the consolidated financial statements for 2010. In another meeting on 29 April 2011, the audit committee examined business transactions relating to Ströer Media Deutschland, Ströer Turkey and Ströer Poland and reviewed the interim financial statements for the first quarter of 2011. Ströer Turkey and the respective interim financial statements were the main focus of the meetings on 25 July 2011 and 26 October 2011. All meetings were led by the chairman of the audit committee and attended by the CFO and the Company's auditor.

Separate and consolidated financial statements

The separate and consolidated financial statements prepared by the board of management for fiscal year 2011 were audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Cologne, together with the underlying books and records and the management report for the Company and the group management report. An unqualified audit opinion was issued in each case.

The documentation on the financial statements and the audit reports were presented to all members of the supervisory board in good time. The documents were the subject of intensive discussions in the audit committee and in the closing meeting of the supervisory board on 28 March 2012. The responsible auditor participated in the plenum discussions. He reported on the key findings of the audit and was available to answer questions.

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

Changes to the composition of the supervisory board

Fiscal year 2011 was one of great loss for us, the board of management and all employees of Ströer Out-of-Home Media AG. Much to our regret, Dr. Wolfgang Bornheim, who served as chairman of the supervisory board from 29 July 2002 to 15 June 2011, passed away on 11 September 2011. Dr. Wolfgang Bornheim's outstanding skills and competence were instrumental in the successful development of the Ströer Group. The Ströer Group, the supervisory board and the board of management are deeply indebted to Dr. Wolfgang Bornheim.

On 15 June 2011, following the recommendations of the supervisory board from 14 April 2011, the shareholder meeting reappointed Dr. Wolfgang Bornheim, Mr. Dieter Keller and Mr. Dietmar Peter Binkowska to the supervisory board. At the constituent meeting of the supervisory board held after the annual shareholder meeting on 15 June 2011, Mr. Dieter Keller and Mr. Dietmar Peter Binkowska accepted their appointment to the supervisory board; Dr. Wolfgang Bornheim could not accept his appointment on grounds of serious illness. The supervisory board re-elected Prof. Dr. h.c. Dieter Stolte as deputy chairman of the supervisory board. Furthermore, the supervisory board appointed Mr. Dieter Keller, Mr. Dietmar Peter Binkowska and Mr. Dirk Ströer as members of the audit committee, which in turn appointed Mr. Dieter Keller as chairman and Mr. Dietmar Peter Binkowska as deputy chairman of the committee from among its members.

At its meeting on 12 August 2011, the supervisory board appointed Prof. Dr. h.c. Dieter Stolte as chairman of the supervisory board.

At the request of the board of management to supplement the supervisory board, Cologne Local Court appointed Dr. Stefan Seitz to the supervisory board on 9 September 2011.

At its meeting on 20 September 2011, the supervisory board appointed Mr. Dieter Keller as deputy chairman of the supervisory board.

Thanks

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

On behalf of the supervisory board

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

Cologne, 28 March 2012

CORPORATE GOVERNANCE REPORT

For Ströer Out-of-Home Media AG, good and responsible corporate governance is key to maintaining and increasing the capital markets' trust in the Company. Responsible management focused on long-term value creation is a high priority for the Company. The fundamental characteristics of good corporate governance are an efficient working relationship between the board of management and supervisory board that is based on mutual trust, respect for shareholder interests as well as the openness of internal and external corporate communication.

Notes to the declaration of compliance in accordance with Sec. 161 AktG

Ströer bases its corporate governance on the generally accepted standards of good corporate governance, with particular regard to the recommendations and suggestions of the German Corporate Governance Code (GCGC). The joint declaration of compliance of the supervisory board and board of management in accordance with Sec. 161 AktG ["Aktiengesetz": German Stock Corporation Act] which was submitted in January 2012 deviates seven times from the recommendations of the GCGC as amended on 26 May 2010. These deviations relate to recommendations whose implementation is not considered appropriate as they do not reflect Ströer's sector-specific requirements. The declaration is available on Ströer's website (www.stroeer.com/investor-relations under the "Corporate Governance" menu item) as a component of the corporate governance declaration.

In contrast to the prior year, Ströer implemented a further recommendation with regard to the composition of the supervisory board (5.4.1 GCGC). In its closing meeting on 8 April 2011, the supervisory board, after careful consideration, set itself the goal of having at least one female representive on the supervisory board by the end of 2015. In addition to the recommendations of the GCGC, Ströer also implements most of the suggestions of the Code ("should" or "can" suggestions).

In line with the recommendation of the GCGC, the supervisory board regularly examines the efficiency of its work. This was last done in the meeting on 20 December 2011. In preparation, the members of the supervisory board were provided with detailed evaluation forms. After deliberating on the results of the evaluation in detail, the supervisory board concluded that it performs its control activities efficiently, also with the support of its audit committee.

At the annual general meeting for 2011, the elections to the supervisory board were made on an individual basis in accordance with 5.4.3 sentence 1 GCGC. Each of the three candidates received over 95% approval. The other resolutions, including the adjustment to the supervisory board remuneration, were also passed by large majority.

Ströer attaches particular importance to informing the shareholders promptly about the economic development of the Company. The group annual report and the interim financial reports were published in the reporting year within the legally prescribed period. Ströer also intends to fulfill the transparency requirements of the GCGC as soon as possible by optimizing the reporting process.

In fiscal year 2011, we did not publish any ad hoc announcements pursuant to Sec. 15 WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act].

Directors' dealings

In accordance with Sec. 15a WpHG, members of the board of management, supervisory board and other executive employees are required to disclose their trades in Ströer Out-of-Home Media AG stock or any related financial instruments if the value of the purchase or sale reaches or exceeds EUR 5,000 in any one calendar year. This obligation also applies to individuals closely related to the above group. The following announcements on directors' dealings were made in fiscal year 2011:

Name	Reason for announcement	Purchase/ sale	Date	Place	Number	Price in EUR	Trade volume in EUR
Wiedenmann, Dirk	Managing board member	Purchase	26 May 2011	Xetra	2,000	19.627	39,254.00
Ströer, Dirk	Member of administrative or supervisory body	Purchase	16 Aug 2011	Xetra	20,000	13.90	278,000.00
Ströer Beteiligungsgesellschaft mbH	Legal person, body or institution closely related to a person in a managerial position	Purchase	16 Aug 2011	Xetra	20,000	13.50	270,000.00
Ströer, Tina	Spouse or registered partner of a member of an administative or supervisory body	Purchase	16 Aug 2011	Xetra	431	13.90	5,990.90

Shareholdings of the board of management and supervisory board

Dirk Ströer, member of the supervisory board, holds 28.43% of the total shares in Ströer Out-of-Home Media AG. The other members of the supervisory board do not have any shares. The members of the board of management Udo Müller, Alfried Bührdel and Dirk Wiedenmann hold 28.12%, 0.11% and 0.02%, respectively.

Independence of the auditor

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Cologne, was appointed as auditor by the shareholder meeting, and audited the consolidated and separate financial statements for 2011. It was contractually agreed with Ernst & Young that the chairman of the audit committee would be informed of any possible material findings and events arising during the audit. There were no such findings or events. The supervisory board obtained a comprehensive independence declaration from the auditor before resolving to recommend to the general meeting to reappoint Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Cologne, as the Company's auditor for fiscal year 2011. This declaration states that the auditor has no business, financial, personal or other relations that could cast doubt on its independence.

COMPLIANCE REPORT

As an international company, the Ströer Group is subject to a number of laws, policies, provisions and regulations. In this context, it has implemented principles of the code of conduct that obligate it and its employees to comply with these standards and internal policies. These principles set standards for ethical and legally compliant conduct. The Group ensures that the highest possible ethical and legal standards are upheld in relations with its shareholders, employees, business partners, competitors and society. Even the mere indication of inappropriate conduct on the part of management or employees should be avoided in all of the Ströer Group's business activities.

The principles introduced underscore the corporate culture and values of the Ströer Group. The Ströer Group conducts its business according to the highest legal and ethical standards and in accordance with all applicable laws and provisions.

Management acts as a role model for all employees and constantly provides them with support in adhering to the applicable provisions. It has communicated the principles to all of its employees and made them aware of the consequences of a breach of conduct.

The Ströer Group has appointed a chief compliance officer whom the numerous compliance officers report to. The chief compliance officer manages the international implementation of the compliance program and is responsible for continually updating and adjusting the compliance system.

The compliance system places particular emphasis on anti-corruption and anti-trust regulations.

Since Ströer Out-of-Home Media AG went public in 2010, the compliance measures were extended to cover the area of capital market law and appropriate group policies were introduced. These govern, among other things, the trading of Ströer Out-of-Home Media AG securities for board members and employees as well as the proper handling of insider information and the maintenance of insider registers. An ad hoc committee was established to ensure that potential insider information is handled in accordance with legal regulations at all times.

There were no cases of non-compliance in fiscal year 2011.

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 also a component of the audited 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 for 2011 and made appropriate resolutions.

In fiscal year 2011, the board of management's remuneration comprised two significant components:

- A fixed basic salary
- Variable compensation linked to the achievement of targets and broken down into:
  – an annual short-term incentive (STI)
  – a long-term incentive (LTI)

The fixed 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 business targets.

Business targets in fiscal year 2011 were based on the following metrics:

Short-term incentive (STI)

– Cash flows from operating activities

Long-term incentive (LTI)

– Ströer value added (SVA)
– EBITA growth
– Share price

SVA (calculation: adjusted EBIT-(WACC x capital employed))

The supervisory board sets the SVA target for three fiscal years. If the actual SVA target, accumulated over the respective period of three fiscal years, exceeds the SVA target set by the supervisory board for these fiscal years, the SVA portion of the total LTI is paid out. If the SVA is below target, the LTI is adjusted by the percentage shortfall and paid out. It cannot fall below a value of EUR 0. If the SVA is above target, the LTI is adjusted by the percentage increase and paid out, but only up to a maximum of double the amount.

EBITA growth

The supervisory board sets the EBITA growth target for three fiscal years. If the EBITA growth target is achieved at the end of the three years, the EBITA growth portion of the total LTI is paid out. If EBITA growth is below target, the EBITA growth portion of the LTI is adjusted by the percentage shortfall and paid out. It cannot fall below a value of EUR 0. If EBITA growth is above target, the LTI is adjusted by the percentage increase and paid out, but only up to a maximum of double the amount.

Share price

This LTI component is linked to the development of the Company's share price against the reference price set. The average price of the Company's stock in November/December of a given fiscal year is used as the reference price. If the average price of the Company's stock reaches the reference share price in the period November/December as at the end of the fourth fiscal year after the cut-off date, the share price portion of the total LTI is paid out. If the reference share price is not met, the share price portion of the LTI is adjusted by the percentage shortfall and paid out. It cannot fall below a value of EUR 0. If the share price exceeds the reference price, the LTI is adjusted by the percentage increase and paid out, but only up to a maximum of double the amount. However, the Company is entitled to pay compensation for a higher share price development in exceptional cases. 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.

In the fiscal year 2010, the supervisory board set the targets for the short-term incentive and the targets for the long-term incentive for 2010 and 2011. The LTI targets span a period of three to four years and carry a greater weighting than the STI targets. With regard to the long-term incentive period which began at the start of 2011, the remuneration upon reaching a target (100%) amounts to EUR 880k in total.

By resolution dated 14 May 2010, the shareholder meeting waived the disclosure of the remuneration paid to each member of the board of management for a period of five years. Total remuneration for fiscal year 2011 is presented in the table below:

in EUR

Fixed remuneration	Fringe benefits	STI	LTI	**Total**
2,125,000	120,596	665,000	412,000	3,322,596

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
A retirement benefit plan is in place for one member of the board of management. These benefit obligations will be fully financed by the member of the board of management as part of a deferred compensation scheme, such that the Company will not incur any additional expenses.

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

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

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

Non-compete clause

Non-compete clauses have been agreed with two 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 which is paid out on a quarterly basis.

Following a resolution adopted by the annual shareholder meeting on 15 June 2011, the annual remuneration of the supervisory board starting from the third quarter of 2011 is as follows:

in EUR	
Chairman of the supervisory board	60,000.00
Deputy chairman of the supervisory board	40,000.00
Chairman of the audit committee	40,000.00
Member of the audit committee	30,000.00
Member of the supervisory board	25,000.00

Total remuneration in fiscal year 2011 came to EUR 200k (excluding any VAT).

DECLARATION OF COMPLIANCE

Corporate governance is of great importance for the board of management and the supervisory board of Ströer Out-of-Home Media AG. It helps us ensure responsible and transparent management and control of the Company and divisions of the Ströer Group.

This section (declaration of compliance, key corporate governance practices and work of the board of management and supervisory board) has been taken out of the annual report and is published on our website: www.stroeer.com/investor-relations.

GROUP MANAGEMENT REPORT

Group management report

SIGNIFICANT DEVELOPMENTS

2011 was shaped by growing uncertainty on the financial markets and a global economic slowdown in the second half of the year. This prevented the global economy from continuing its momentum from the prior year and in the end many European countries achieved only marginal growth.

In this increasingly challenging environment, the Ströer Group managed to perform well with regard to key financial indicators and continued on its growth path. Revenue, as the main growth indicator, increased by 8.6% year on year (prior year: EUR 531.3m) to a new high of EUR 577.1m, EUR 36.9m of which was attributable to changes in the consolidated group.

→ For more information on the development of revenue, see page 72

Operational EBITDA, which is a central indicator of the Group's sustainable earnings development, also improved from EUR 127.3m in the prior year to EUR 132.3m.

→ For more information on the development of operational EBITDA, see page 70

The loss for the period, which was adversely impacted by exchange rate effects, amounted to EUR 3.6m, EUR 61.7m down on the prior year. This was primarily due to gains of EUR 62.3m from the remeasurement of our previously held equity interest in Ströer Kentvizyon required by IFRS 3 and expenses of EUR 17.2m for the IPO in 2010. On a like-for-like basis (adjusted profit for the period), however, profit increased sharply by 21.4% year on year to EUR 40.3m.

→ For more information on the development of profit for the period, see page 74

Cash flows from operating activities were up substantially in the reporting period to EUR 95.0m (prior year: EUR 30.3m). This positive development was due to liquidity related working capital measures as well as lower interest and tax payments. In particular our optimized capital structure and the use of loss carryforwards had a positive effect at the holding company.

→ For more information on the development of operating cash flow, see page 80

Net debt, another key performance indicator in the Ströer Group, declined from EUR 320.1m in 2010 to EUR 304.3m in 2011. This is primarily due to the abovementioned substantial improvement in cash flows from operating activities.

→ For more information on the development of net debt, see page 82

Key performance indicators

in EUR m	**2011**	2010 [1]	Change (%)
Revenue	577.1	531.3	8.6
Operational EBITDA	132.3	127.3	3.9
Profit or loss for the period	−3.6	58.1	n.d.
Adjusted profit or loss for the period	40.3	33.2	21.4
Cash flows from operating activities	95.0	30.3	> 100.0
Net debt	304.3	320.1	−4.9

[1] Retrospectively restated due to the completion of the purchase price allocation for Ströer Kentvizyon Reklam Pazarlama A.S. and for Ströer City Marketing Sp. z.o.o. (formerly News Outdoor Poland Sp. z.o.o.)

Significant events in the fiscal year

During the reporting period, we made substantial progress with the nationwide roll-out of our out-of-home channel, which started at the end of 2010. This high-reach innovation complements our successful Infoscreen moving-picture format, which is already used in many German local and long-distance train stations. In the final stage of expansion, our out-of-home channel will comprise a national network of around 1,000 large-format HD screens in the most highly frequented German train stations. The acquisition of ECE flatmedia GmbH, which was completed as of 1 November 2011, is another important step in the implementation of our digital strategy.

GROUP STRUCTURE AND BUSINESS ACTIVITIES

Business model

The Ströer Group is a leading provider of out-of-home advertising. Our portfolio comprises more than 290,000 marketable advertising faces in Europe, which we install after acquiring concession rights. We obtain these rights by concluding agreements with private owners of land and buildings and through concession agreements with the public sector. The former generally provide for the payment of a fixed lease, whereas the majority of the concession contracts with municipalities entail revenue-based rent payments. We currently have more than 20,000 advertising concession contracts for public and private land.

Our more than 70 offices across Europe maintain close relationships with these contracting partners, while offering our advertising customers a wide range of out-of-home advertising options. These include conventional, digital and interactive media offerings as part of our four product groups – billboard, street furniture, transport and other business. 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.

The Ströer Group's business performance is mainly determined by the extent to which it commercializes its advertising faces. Order intake in the out-of-home advertising industry generally has a lead time of two to three months. However, there is currently a noticeable trend towards shorter advance booking periods, which further reduces the time between receiving an order and realizing the revenue. Seasonal fluctuations in the order intake are in sync with the trend on the overall media market. There is generally a concentration of out-of-home activities in the second and fourth quarters, whereas they are comparatively low in the other quarters. In terms of costs, the development of rental and lease payments, personnel expenses and other overheads are key factors.

Segments and organizational structure

The Ströer Group comprises three reportable segments, which operate on the market in close cooperation with the group holding company Ströer Out-of-Home Media AG. This cooperation relates in particular to the Group's central strategic focus and enables a targeted transfer of expertise between the different segments. For example, newly launched products can initially be tested on a limited market and, after a successful test phase, further extended to other markets.

→ For more information on the Company's strategy and internal management, see page 65

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

The Ströer Group is represented with its three segments in attractive, fast-growing core regions of Europe. To ensure long-term market success, the Ströer Group systematically leverages its economies of scale. On the sales side, unlike many of its competitors, Ströer has the market presence needed to offer national customers nationwide out-of-home advertising. On the cost side, the synergies available in many areas (e.g., procurement, development, legal advice, human resources) can be leveraged without constraining the independence of the segments. We therefore believe the Group is ideally positioned to meet the future challenges.

Ströer Germany segment

The Ströer Germany segment is managed operationally by Ströer Media Deutschland GmbH. Management is based at the headquarters in Cologne. Together with its many subsidiaries, Ströer Media Deutschland GmbH is active in all of the Group's product groups (street furniture, billboard, transport, other). While day-to-day business is conducted from the individual regional locations and our headquarters in Cologne, key operating decisions and all accounting and financial control functions are managed centrally by the management company in Cologne.

With more than 230,000 marketable advertising faces in more than 600 cities – in terms of revenue – we have by far the largest market share of the German out-of-home advertising market, which is the largest advertising market in Europe.

Ströer Turkey segment

The Ströer Turkey segment is operationally managed by Ströer Kentvizyon Reklam Pazarlama A.S., in which the Ströer Group holds a 90% interest. Ströer Turkey has a presence in 7 of the 10 largest Turkish cities and operates in all product groups. With some 41,000 marketable advertising faces in more than 25 cities and provinces, we also have a much larger share of the Turkish market than any other competitor in terms of revenue.

The renewal of the sales agreement for public advertising concessions for billboards in Istanbul will in future double advertising media capacity in this important city.

"Other" segment

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

The Ströer Poland sub-segment is managed by Ströer Polska Sp. z.o.o. Including News Outdoor Poland (now: Ströer City Marketing), which we acquired in 2010, we are – in terms of comparable revenue – the joint leader of the Polish market with our largest competitor. Our national company has a presence in more than 200 cities with some 19,000 marketable advertising faces and operates in all of the Group's product groups.

The blowUP Media sub-segment is the leading western European provider of giant posters of more than 1,000m^2. The company currently commercializes around 300 sites in Europe and has offices in Germany, the UK, the Netherlands, Spain and Belgium.

Shareholdings and activities

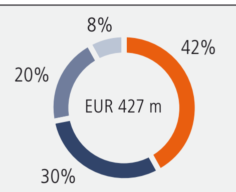
→ For more information on the investment structure, see page 131

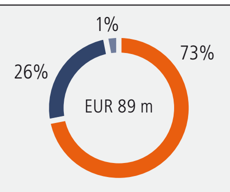
The following overview outlines the main investment structure and its allocation to the Group's core markets.

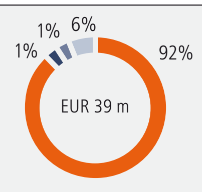
Ströer Out-of-Home Media AG

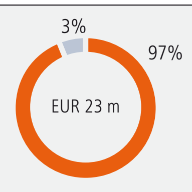
	100%	90%	99%	75%
	Ströer Germany	Ströer Turkey	Ströer Poland	blowUp
Management company	Ströer Media Deutschland GmbH	Ströer Kentvizyon Reklam Pazarlama A.S.	Ströer Polska Sp. z.o.o.	blowUP Media GmbH
Geographical activity				
Subsidiaries [1]	**23**	**9**	**4**	**9**

Revenue in 2011 broken down by product group









■ Billboard ■ Street furniture ■ Transport ■ Other

[1] Number of fully and proportionately consolidated companies

Management and control

Board of management and supervisory board

In fiscal year 2011, the board of management of Ströer Out-of-Home Media AG remained unchanged, comprising the three members: Udo Müller (Chairman), Alfried Bührdel (Deputy chairman) and Dirk Wiedenmann. The following overview shows the responsibilities of each member of the board of management in the Group:

Name	Member since	Appointed until	Responsibilities
Udo Müller	July 2002	March 2015	Chairman Strategy R&D
Alfried Bührdel	July 2002	March 2015	Chief Financial Officer Group finance Group organization Group HR Group IT Group procurement Group legal
Dirk Wiedenmann	May 2010	March 2014	Board of management Germany

The members of the board of management collectively bear responsibility for overall management. In the fiscal year, this included responsibility for the Turkey segment and the Poland and blowUP sub-segments.

The supervisory board of Ströer Out-of-Home Media AG comprises six members elected by the shareholders at the shareholder meeting. Resolutions require a simple majority. In the event of a tied vote, the chairman of the supervisory board casts the deciding vote. In order to increase efficiency, three members of the supervisory board also form the audit committee.

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 joint corporate governance report by the board of management and supervisory board, which is issued annually in accordance with 3.10 of the German Corporate Governance Code and published in the annual report and on Ströer Out-of-Home Media AG's website: www.stroeer.com/investor-relations.

→ For more information on the board of management and supervisory board, see page 48

Main features of the remuneration system

The main features of the remuneration system within the meaning of Sec. 315 (2) No. 4 HGB ["Handelsgesetzbuch": German Commercial Code] are explained in the remuneration report. The audited remuneration report forms part of the corporate governance report and is also part of this group management report.

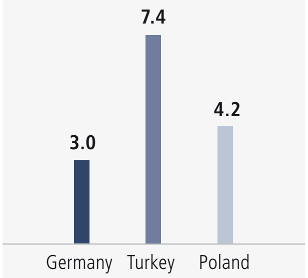
→ For more information on the remuneration report, see page 51

BUSINESS ENVIRONMENT

General economic developments in 2011

Economic development

Anticipated real change in GDP in the Ströer Group's key regional markets (2011) in %



Source: OECD

Following the strong recovery of the global economy in 2010, growth slowed substantially over the course of fiscal year 2011. This was mainly due to uncertainty in connection with the euro crisis, high sovereign debt both within and outside of the eurozone, and slower growth in key emerging economies. This picture can also be seen in the global trade figures, which were flat in 2011 according to the Kiel Institute for the World Economy.

In Europe, too, growth dropped significantly at the end of the reporting period. According to the ifo Institute, the eurozone saw an increase in gross domestic product (GDP) of 1.5% for the full year; however, this was primarily thanks to growth in the first half of the year. Overall, there was wide variation in the performance of the eurozone economies. Our three core markets were all well above the European and OECD average in the reporting period.

Germany

The German economy remained robust in 2011, despite the fact that the international environment grew ever more difficult over the course of the year. Following strong GDP growth of 3.7% in the prior year, economic output increased by 3.0% in 2011. However, the growth rate dropped off towards the end of the year. According to the German Federal Statistical Office ["Statistisches Bundesamt"], the level of GDP achieved before the financial market crisis was exceeded in the second quarter of 2011.

The upturn was driven in particular by consumer spending and high demand for capital goods. Consumer spending was bolstered by a further recovery in the labor market. In December 2011, unemployment reached 6.6%, its lowest rate for many years. The number of employed persons is at the highest level since reunification – and is accompanied by increases in real incomes. However, the increase in net wages and salaries was offset in the reporting period by an approximate rise of 2.5% in consumer prices. Despite higher year-on-year inflation, consumers remained optimistic, as could be seen in the sustained high level of the GfK consumer confidence index.

The weakening of growth towards the end of the year was the result of the global uncertainties due to the financial crisis in the eurozone and its aftermath.

Turkey

In Turkey, the economic upturn continued in the reporting period. According to OECD estimates, GDP growth stood at around 7.4% in 2011, compared with 9.0% in 2010. This increase was much higher than in the rest of the OECD area (1.9%) and means that Turkey is still one of the fastest growing economies in the world.

This trend is due in large part to solid domestic demand, which accounts for approximately two thirds of Turkey's GDP. Consumer spending benefited from a sharp rise in incomes and lower unemployment year on year. Exports also recorded double-digit growth.

After a strong first half of the year, with monthly growth rates of more than 10%, Turkey also began to show signs of a slowdown in the second half of the year in light of the currency and financial crisis in the eurozone. Economic development in Turkey is closely linked to the situation in the EU which, according to the Turkish Statistical Institute (TÜIK), accounted for almost half of Turkey's exports in the first three quarters of 2011 (47.2%). However, dampening effects also came from more restrictive government economic and financial policies aimed at preventing the economy from overheating. The further slight increase in unemployment towards the end of the year was also taken as an indication of a weakening growth rate.

A key factor for the valuation of the Turkish lira on the currency markets is the current account deficit determined by credit-financed demand. As a result, the central bank has now significantly restricted the banks' scope for lending.

In the first three quarters, prices merely increased by up to 7%. Towards the end of the year, however, there was a substantial hike, due in large part to the weakening of the Turkish lira.

Poland

Poland again recorded considerable GDP growth of 4.2% in 2011, which was well above the European Union average. This rate was even higher than in 2010, when the country saw growth of 3.8% according to the OECD. This trend was supported by relatively stable domestic demand and robust foreign trade. Extensive public-sector projects, such as infrastructure measures as part of the 2012 European football championship, which Poland is co-hosting, provided additional impetus. After a strong spring, however, growth slowed somewhat over the course of 2011, which was also seen in falling business climate indexes. Export activities, which had remained relatively strong until spring 2011, also slowed in the last few months of the year. The rate of inflation averaged at 4.2% for the year, which was higher than the government target of 2.5%. The weakening of the zloty contributed to the upsurge in prices. In October 2011, the re-elected government announced cuts in government spending to reduce the country's budget deficit and meet the Maastricht criteria.

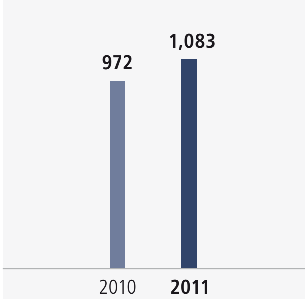
Development of the out-of-home advertising industry in 2011

Germany

After extremely dynamic growth in 2010, the German advertising market remained robust in fiscal year 2011. An indicator of this is the rise in gross advertising spending identified by Nielsen Media Research, which was 3.5% in 2011. Gross advertising spending in the poster segment, which is relevant for Ströer, climbed by as much as 11.4%, thereby exceeding the EUR 1b mark for the first time. In our view, the market data used by Nielsen indicate trends but can only be used to a limited extent to draw conclusions about net figures for the media market due to differing definitions and market territories. We currently believe that net spending in the German media market in 2011 remained on a par with the prior-year level. Changes in the market share of the individual media are much more meaningful for us than Nielsen's absolute growth rates. Based on the Nielsen figures, out-of-home advertising increased substantially year on year by 30 basis points (bp) to 4.2%. From our perspective, this clearly underlines the structural shift towards out-of-home advertising driven by digitalization, mobility and urbanization. This positive development in the fiscal year is also confirmed by the media agencies organization OMG's Herbstmonitor 2011 survey, in which 88% of respondents expect increased gross advertising spending for poster advertising.

Gross adverting expenditure in the poster segment

in EUR m

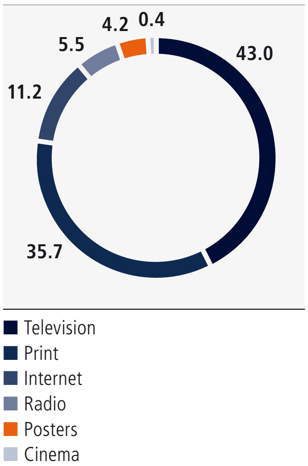


Source: Nielsen Media Research

The ZenithOptimedia report published in December 2011 expects the overall advertising market in Germany to grow by 2.7% (net) in 2011. At 4.0%, out-of-home recorded the strongest revenue growth among the relevant advertising media, after the internet (up 13.2%). The actual net media market spend for 2011 is expected to be published in May 2012 by the Central Association of the German Advertising Industry ["Zentralverband der deutschen Werbewirtschaft e.V.": ZAW].

Market share of advertising media in Germany (2011)

in %



Source: Nielsen Media Research

The growing digitalization of out-of-home advertising is providing strong growth momentum for the out-of-home market although, this will only be reflected in the Nielsen figures from 2012 onwards. According to estimates in the "2011 global digital out of home handbook" by Kinetic, a global network of agencies for out-of-home advertising, the digital out-of-home advertising market in Germany increased by as much as 29%.

Turkey

Comprehensive information on the development of the Turkish out-of-home media market is not available. However, some indications can be gleaned from intra-year publications by the Turkish Association of Advertising Agencies (TAAA), which suggest trends in the out-of-home advertising industry. Although the association has not yet published its commentary on the performance of the media market in 2011 as a whole, it can be assumed that growth continued apace in the fiscal year, once again reaching double digits. The market share for TV (2010: 56%) is likely to have increased markedly in 2011 as a result of regulatory changes, at the expense of other media. Only the internet is expected to have recorded higher growth than TV. All other media (especially print) will have profited much less from the growth momentum in the advertising market and hence will account for smaller market shares.

Poland

The Polish out-of-home advertising market only benefited from the country's positive economic trend to a limited extent and, according to the Polish Outdoor Advertising Chamber of Commerce, declined by 0.6% in 2011 to some PLN 0.6b. After a slow start to the year, out-of-home advertising showed a little more momentum in the second half of the year which, however, dived in the last two months. The recent drop in market volumes was mainly attributable to reduced campaign activities by customers from the food and telecommunications industries. The number of advertising media available overall fell slightly again in 2011, allowing the percentage of higher-quality products to increase. There is no information available at present on the performance of the media market as a whole. However, it can be assumed that only online media achieved above-average growth rates again in the fiscal year.

Regulatory environment

The content of advertising is subject to different legal restrictions in the countries in which we operate. In Turkey and (with the exception of beer) Poland, out-of-home advertising of tobacco and alcohol is prohibited, whereas in Germany, these products can be advertised in out-of-home campaigns. It is unlikely that prohibitions on advertising in Germany will be extended in the next few years. If, contrary to expectations, regulatory amendments are made, we will be able to mitigate the impact on our business volume thanks to the usual lead times applicable to changes in legislation by adapting our marketing and sales activities.

The Turkish out-of-home advertising industry was adversely affected in the reporting period by stricter regulation of the TV advertising market. This limited the minutes of advertising per hour, which in turn restricted the number of commercial breaks and caused TV advertising prices to shoot up. This has led to a temporary shift in media expenditure, with budgets for all other forms of media being reallocated to TV advertising. In the future, we expect this price increase to have a favorable impact on price levels in the overall advertising industry in Turkey.

In Germany's neighboring country France, there was an initiative in the reporting period to change the legislation regulating out-of-home advertising in relation to the cityscape. In early February 2012, new legislation was passed which primarily provides for a reduction in the size of billboards from 16m² to 12m² in cities with more than 100,000 inhabitants. A similar development in Germany with potentially negative effects for out-of-home advertising is unrealistic, since a billboard size of 9m² has been established as the standard in urban areas there.

Development of the exchange rate

The development of the euro exchange rate against the Turkish lira, the Polish zloty and the pound sterling are primarily relevant for our business.

After being largely stable in 2010, the Turkish lira dropped by around 18% in value to EUR/TRY 2.44 as of December 2011. This development is mainly attributable to the interest rate policy of the Turkish central bank and the country's high current account deficit. At the start of the year, the central bank had reduced its base rates several times, thereby contributing to the partial overheating of the Turkish economy and higher credit-financed imports.

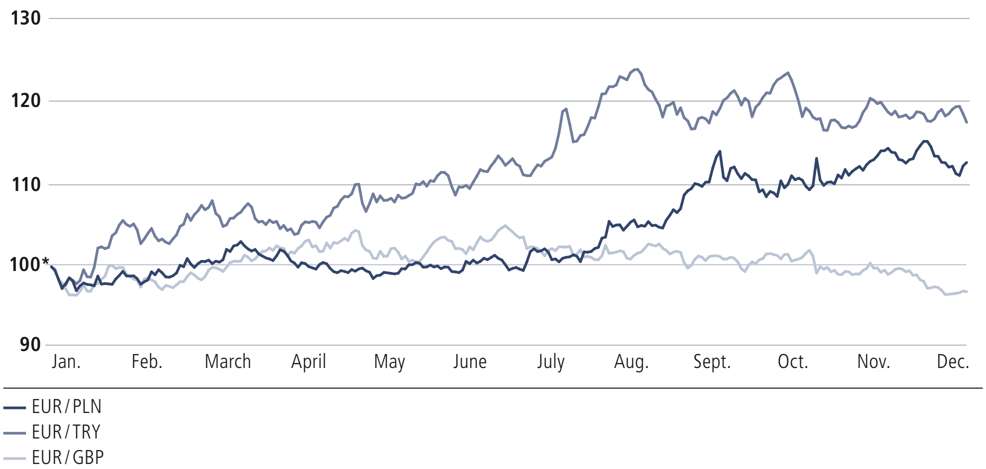
In October 2011, the Turkish central bank committed to a stronger stability policy and gradually removed liquidity from the capital markets. This led to the desired stabilization of the exchange rates. The lira continued to recover in early 2012.

The Polish zloty was also characterized by a downward trajectory in the reporting period, especially in the second half of the year. In the first six months of 2011, the currency was quoted at an average rate of EUR/PLN 3.95, which was still up on the prior-year level (first half of 2010: EUR/PLN 4.00). By the end of the year, however, it had fallen to EUR/PLN 4.46, not least due to strained public finances and high inflation, thus losing a good 12% over the course of the year.

Unaffected by the general economic situation, the pound sterling remained relatively stable over the year. However, market observers tend to attribute this to the weakness of the euro rather than the underlying strength of the pound. The average exchange rate for 2011 of EUR/GBP 0.87 is only slightly higher than its prior-year level of EUR/GBP 0.86 (up 1.2%). The exchange rate increased slightly in the middle of the year by around 5%, but had fallen to GBP 0.84 by the end of the year – below its initial level.

Development of the exchange rate in 2011

indexed



* 3 January 2011 = 100, exchange rates indexed
Source: German Central Bank

STRATEGY AND MANAGEMENT

Value-based strategy

The Ströer Group's strategy is aimed at growth and increasing value. We focus on systematically developing the geographical markets in which we are already active. In our three core markets of Germany, Turkey and Poland, we have reached market positions that allow us to actively shape the local out-of-home markets. It remains our primary objective to grow organically on these strong platforms and to drive forward the professionalization of the markets from this position. This crucially includes further expanding the competitiveness of the out-of-home advertising industry compared with other types of media in the relevant advertising market. Our targeted investments in innovative premium formats, market research, and sales capacities make a key contribution to establishing out-of-home advertising as an attractive format for advertising customers and agency partners and to continuously increasing its share of advertising budgets.

Our entire value chain is focused on profiting from the megatrends of digitalization, mobility and urbanization and further increasing the reach of our media among attractive consumer groups. We are not only building on our close partnerships with cities and operators of train stations and shopping centers, but also on our cooperation with private land owners with whom we conclude long-term advertising concessions. Our portfolio of advertising rights is comprehensive and constitutes a stable platform for further growth. We have not ruled out extending our portfolio to other European out-of-home advertising markets with potential to ensure a balanced mix of countries in various stages of development.

The key elements of our value-based strategy are as follows:

- Active management of our international portfolio of advertising rights with regard to term, quality and profitability.
- Use of economies of scale in the design and creation of attractive advertising media through centrally controlled supply chain management.
- Further development of the product range with a focus on digitalization and other premium advertising media.
- Expansion of our market position among the leading advertisers via active sales and innovative cross-media concepts.
- Support for our value-based growth path through forward-looking financial and risk management.
- Establishment of important process-related organizational elements based on standardized workflows and innovative IT systems.
- Acceptance of responsibility towards the main stakeholder groups in the interests of sustainable business development.

International portfolio management

The out-of-home advertising business is based on an attractive portfolio of agreements with private and public-sector owners of land and buildings, which furnish us with advertising concessions for highly frequented sites. Of particular importance are the agreements with municipalities, for which we, as a system provider, develop smart and tailored infrastructure solutions that also enhance cityscapes. The long-term agreements with Deutsche Bahn and local public transport providers are also highly significant.

The group portfolio, which currently comprises more than 20,000 advertising concessions on public and private land is actively managed. Our objective is to secure our portfolio of first-class advertising faces for the long term, exploit the existing potential to the greatest possible extent, and increase our volume of advertising concessions on an international scale. We aim for long terms for city contracts, which are especially important for us. This provides us with a firm, secure platform to continue developing our business.

From a geographical perspective, we are concentrating at present on three attractive and fast-growing core regions of Europe: Germany, Turkey and Poland. In all three countries, the goal is to expand our portfolio of long-term advertising concessions by extending contracts and building up sufficient new business. In addition, we constantly evaluate strategic opportunities in other European markets. We aim to be one of the three leading providers of out-of-home advertising in our markets.

In the **German market**, the largest advertising market in Europe, we want to consolidate our leading market position in out-of-home advertising and, above all, achieve further growth by expanding our digital moving-picture network. In this context, by the end of 2011 we set up a network comprising more than 800 digital HD screens at the most frequented train stations in Germany – in 2012 it will become around 1,000 screens. On top of this, from the start of 2012, our new subsidiary ECE flatmedia will market screens at around 50 shopping centers.

→ For more information on ECE flatmedia, see page 68

In **Turkey**, we managed to reinforce our leading market position in the Turkish out-of-home advertising market in the fiscal year by building up capacities in key cities. In Istanbul in particular, we now have the option of almost doubling our local billboard offering after winning the marketing rights from the billboard contract. In this regard, we are not only focusing our efforts on our national advertising customers, but rather are also pressing ahead with business with regional customers. Another central component of our strategic focus is the marketing of advertising rights in shopping centers, where we increasingly use digital products in addition to traditional advertising media.

Our national holding company, Ströer Kentvizyon, is the leading provider in the growth market of Turkey, and moreover is the only provider able to carry out nationwide out-of-home advertising campaigns. The introduction of a process comparable with POSTAR, the internationally recognized audience measurement system in the UK, which we launched in the fiscal year together with other companies from the industry, should make a positive contribution in the future to differentiating out-of-home advertising media from other media and further strengthening their competitiveness.

In the not yet fully consolidated **Polish market**, we want to further strengthen the prominent position of our national company Ströer Polska. To do this, we intend to actively drive forward the professionalization of the out-of-home advertising market through new product formats and sales initiatives. This is supported by the trend towards awarding urban advertising concessions, which are beginning to approach the regulations in our other core markets in terms of quality standards and the list of services. We support the initiative of the leading out-of-home advertising providers with regard to the systematic analysis of reach and the future introduction of an audience measurement system comparable to POSTAR, in order to increase the relative competitiveness of out-of-home advertising compared with other media. Due to the still unbalanced market structures, we see ourselves as a potential consolidator in the Polish market and are essentially positive about economically viable takeover opportunities.

Outside of its three core markets, the Ströer Group currently primarily operates through **blowUP**, which has a network of giant posters on building facades in Western Europe. Due to the shorter concession terms, this poses different challenges for portfolio management to those that arise in traditional out-of-home advertising. In the reporting period, blowUP Media Benelux took over the giant poster portfolio of the production and media group of a smaller Dutch provider. The acquired network of sites comprises more than 30 spaces in the largest Dutch cities. Overall, blowUP operates a pool of approximately 300 giant poster sites, which are booked either individually or in blocks, both nationally and internationally, by renowned national advertisers. blowUP is actively involved in the increasing digitalization of the media landscape and is vigorously driving forward the expansion of digital giant posters in Germany and abroad.

Efficient offering of attractive advertising media

Our group-wide supply chain management allows us to shape the set-up and ongoing operation of our efficient advertising media networks, including the service organization, in an efficient way. Thus procurement, production and logistics make a key contribution to the ongoing competitiveness of the Ströer Group.

In fiscal year 2011, we especially drove forward the professionalization of procurement. The central procurement group function now pools procurement responsibility not only for activities in Germany, but also for those in Poland and Turkey. The central management of supplier selection and procurement brings with it tangible cost synergies and economies of scale.

As another central element of increasing efficiency in procurement, the Ströer Group uses an internationally focused sourcing strategy. For this purpose, we maintain a representative office in Shanghai, where employees support the sourcing and logistics process and carry out quality assurance on site. The development office in China enabled us to significantly expand our supplier portfolio in the reporting period. Professional tender processes promoted competition between suppliers, which ultimately led to falling unit costs for high-quality components and improved bid terms and conditions for our municipal contract partners.

Leveraging economies of scale requires the cross-product standardization of components via intelligent platform concepts, which is driven forward by product development. In order to achieve cross-product standardization for the construction parts and construction groups used in street furniture, we rely on a critical assessment of the production and process costs as well as stringent complexity management. In doing so, it is our express aim on the one hand to meet the individual needs of our partners and, on the other, to reduce the associated complexity. The modular design of components means we achieve substantial savings in material consumption and weight. Since fiscal year 2011, all external production processes have been monitored by the newly created quality management department.

Product development

The Ströer Group sees itself as an innovation leader in the industry. We feel an obligation to develop forward-looking product and service solutions for our customers and to continuously optimize our existing range. Since our innovations do not entail any basic research in the narrower sense, but can mainly be described as development services, we limit the information provided in the management report to product development.

Overall, 36 people are employed in the Company's internal product development department. Our developers work continuously on extremely powerful, functional and maintenance-friendly solutions that win over customers with their modern design. In 2011, our activities in product development were dominated by the roll-out of the out-of-home channel, the premium billboard and the optimization of existing products in the street furniture segment.

In 2011, we invested a double-digit million figure in our out-of-home channel. We are the only company in the world to offer our customers in Germany digital moving-picture displays with a relevant reach at the largest German train stations. The nationwide roll-out of the channel required the development of some special solutions to meet certain site conditions (e.g., fire protection regulations). In further developing our out-of-home channel, we continued the modularization of components, which will impact positively on procurement costs in the future.

Since our acquisition of ECE flatmedia GmbH, a leading provider of digital brand communication and sales promotion in shopping centers in November 2011, our digital moving-picture network has additionally been extended to cover some of the largest shopping centers in Germany. The more than 1,000 flat screens operated by ECE flatmedia in some 50 shopping centers reach around 10 million people per week. Ströer will enhance its portfolio of advertising and information solutions and also install a critical network of the out-of-home channel in shopping centers. All German campaigns offered on digital Ströer advertising media will be coordinated and operated centrally in the final stage of expansion by the Ströer Digital segment at our Munich office.

In the area of traditional out-of-home media, which will continue to make up the lion's share of our business for the foreseeable future, we also rely on development and innovation. The quality of the printed medium, especially in backlit advertising media, is clearly superior to the digital technologies available today for use in out-of-home advertising. Thus traditional advertising media will retain their right to exist for the foreseeable future and, moreover, constitute a mainstay of our out-of-home product mix. Enhancing the premium billboard was therefore a major priority. This new, high-quality billboard format with scrolling technology and backlit display case in a glass and aluminum design was developed in accordance with the new European directive on machinery. Hence, it meets European standards in terms of product safety and guarantees a high level of technological quality.

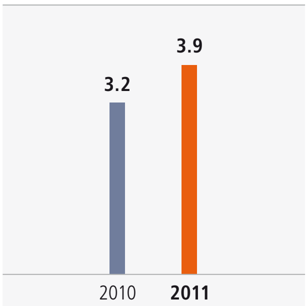
At the same time, we are driving forward the individualization of bus and tram stop shelter configurations to meet the different needs of cities quickly and comprehensively. A key goal of our development activities was also the technical and resource-friendly optimization of our products and services. By using energy-saving technologies, reducing material consumption, and standardizing and modularizing components, we achieved substantial cost benefits and saved resources. In 2011, a whole host of advertising media and street furniture was reviewed with regard to their efficient energy consumption. In bus and tram stops and illuminated advertising columns, more highly-efficient, long-life and high-intensity LEDs will be used, which will save significant amounts of electrical energy.

The introduction of the new "Vooh!" app (virtual out-of-home) for iPhones and Android smartphones was further proof of our innovative power. This app links traditional out-of-home advertising media with attractive online content. A software feature identifies the photographed campaign motif and adds mobile web content, such as competitions or moving-picture advertisements. In this way, advertisers can interact directly with their mobile consumers and generate additional high-quality contact.

Expanding our market position with leading advertisers

Gross advertising spending on posters

Gross advertising spending on out-of-home media of the leading 200 advertising customers in %



Source: Nielsen Media Research

Validated and accepted audience measurements as well as the effectiveness of out-of-home media near to the point of sale, as proven in numerous studies, make Ströer a first-choice partner for the advertising industry. Our German sales organization is in close contact with media specialists, media agencies, and advertisers themselves. The strategic focus here is primarily on the leading 200 advertising customers on the Nielsen list, which represents around 40% of advertising spending. According to Nielsen Research, this customer group allocated just 3.9% of its gross advertising spending to out-of-home media in 2011, although this was a substantial increase against the prior-year figure of 3.2%. The reason for this is the relatively late consolidation of the German out-of-home market in comparison to the rest of Europe, which enabled national reach in out-of-home advertising from a single source for the first time, and allowed systematic sales positioning of out-of-home media vis-à-vis other media for the first time. Through our intensive sales activities and with the help of the out-of-home channel and our premium formats, we generated significant sales successes in this segment in 2011. We also substantially expanded our business relationships with regional advertising customers in the reporting period, thanks to intensified sales efforts and appropriate product offerings. Central arguments for both national key accounts and regional customers are, and will be in the future, our attractive contact figures together with a high reach in the advertising-relevant target groups and high contact quality.

Forward-looking financial and risk management

→ For more information regarding our financing strategy, see page 79

The financing strategy of the Ströer Group is explained in the presentation of the net assets and financial position. Information on the risk strategy and risk management can be found in the risk and opportunities report.

Optimization of process workflows

To further optimize our business workflows, we are working on certain elements of a process-based organization that complements our existing structure. An organization with a greater focus on standardized processes will help to lower our process and IT system costs, reduce our throughput times and increase flexibility. In this way, we will increase our focus on value-adding activities that are recognized by customers. Improving the structure of workflows also entails consolidating processes into transparent organizational units, which simplifies administration and coordination. This includes not only core business processes, but also supporting and administrative process steps. At the same time as designing these organizational principles, the Group's information technologies must be adapted accordingly. To leverage the potential for optimization here, we will increase the standardization and automation of our IT landscape over the next few years.

Responsibility to stakeholders

The Ströer Group takes its responsibility towards its main stakeholder groups – shareholders, customers and business partners, employees and social groups – very seriously. Our corporate social responsibility extends to supporting charitable, sporting and social activities. We believe that a permanent and balanced commitment has a positive impact on our brand image and helps add value to the Company in the long term.

Value-based management

We manage our Group using internally defined financial and non-financial key performance ratios in the interests of sustainable development. Our group-wide reporting structure that is implemented at all subsidiaries ensures that we keep abreast of the value added of all group entities and of the Group. Our objective is sustainable value creation over the entire economic cycle. At the same time, this ensures that we observe the covenants set by our lenders. Our value-based management system is also reflected in the performance-related remuneration of the board of management.

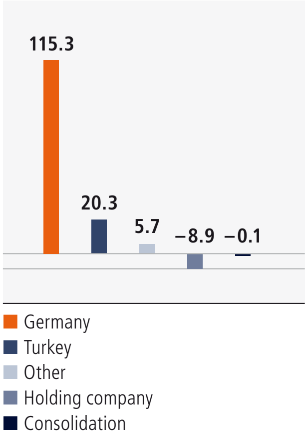
→ For more information, see the remuneration report page 51

We meet strict capital market requirements with our detailed and transparent quarterly reports as well as through extensive reporting in the consolidated financial statements and group management report. In this way, our owners and potential investors can find out about the Group's situation at any time.

As a value driver, we understand the main internal and external factors affecting business development. Key financial indicators for the Group are revenue, operational EBITDA, the development of order intake, net debt and the leverage ratio derived from it. Of the abovementioned ratios, the development of order intake is particularly suited as an early operating indicator of expected revenue over the next two to three months. We believe that operational EBITDA gives the best insight into the sustainable development of earnings of our Group as it excludes one-time effects in expenses and income. The main one-time effects, which we eliminate to determine operational EBITDA, primarily result from reorganization and restructuring measures, changes in the investment portfolio (including M&A measures), and capital measures (including debt and equity capital market transactions).

Operational EBITDA 2011

in EUR m



As non-financial, external indicators, we take into account the change in GDP in our core markets due to correlations with the development of the overall advertising market. In addition, we track out-of-home advertising market shares and monitor gross advertising spending of the largest advertisers. In terms of internal, non-financial indicators, we include digital business as a percentage of total revenue and the capacity utilization of the advertising media park in our analyses. As non-financial key performance indicators, we also monitor certain key figures on the employment situation, such as turnover rates, the percentage of male and female employees, and absences due to illness.

BUSINESS PERFORMANCE AND RESULTS OF OPERATIONS OF THE GROUP AND THE SEGMENTS

Overall assessment of business performance and results of operations

In fiscal year 2011, the Ströer Group recorded a jump in revenue and moderate growth in operational EBITDA, despite an increasingly difficult economic environment. Although this meant that we did not meet our target growth rates in full, we were still able to prove the stability and attractiveness of our business model. In our key markets, we consolidated our market position and added to our portfolio. We made systematic use of our financial headroom, which is also attributable to the positive cash flow trend in the reporting period, and invested in projects with which we are shaping the future of out-of-home advertising. This relates in particular to the reinforcement and expansion of digital reach via our out-of-home channel in Germany – including the acquisition of ECE flatmedia GmbH – as well as installing premium billboards at highly frequented locations.

In addition, thanks to the further reduction in our net debt ratio, we were able to negotiate improved terms with our banks for our syndicated loan agreement, which already had a positive impact on the financial result towards the end of 2011. With our attractive advertising media and innovative services, and as a partner of the advertising industry as well as municipalities and private space providers, we will also make a substantial contribution in the future to above-average growth in out-of-home advertising compared with other advertising media.

Business development and results of operations

Comparison of forecast and actual business development

In the challenging market environment of 2011, the Ströer Group was not quite able to match the revenue and earnings momentum of the prior year, although it did achieve the majority of the targets it set for the fiscal year.

In the course of the year, the slowdown in the pace of economic growth increasingly impacted on the Company’s business expectations and thus also advertising markets. This development was not foreseeable at the time we prepared our forecast for 2011 in last year’s group management report. Ultimately, despite the mixed market environment, the Group achieved mid-single-digit organic growth, which was at the lower end of the forecast growth corridor.

Furthermore, in our prior-year forecast for 2011, we expected a year-on-year increase in the Group’s operational earnings before interest, depreciation and amortization (operational EBITDA) – this target was also achieved, with a 3.9% increase to EUR 132.3m. As a result of a fall in margins in the Turkish business, however, the Group did not reach its originally forecast increase in the operational EBITDA margin; by contrast, the other business segments achieved their target margins for 2011. The Ströer Group also achieved the substantial increase in the net adjusted profit that was targeted with regard to consolidated profit. At EUR 40.3m in 2011, net adjusted profit was 21.4% higher than in the prior year.

Results of operations of the Group

Consolidated income statement				
in EUR m	**2011**	2010	2009	2008
Continuing operations				
Revenue	577.1	531.3	469.8	493.4
Cost of sales	−372.1	−332.7	−300.7	−300.1
Gross profit	**205.0**	**198.6**	**169.1**	**193.2**
Selling expenses	−74.5	−70.7	−67.3	−74.5
Administrative expenses	−75.1	−88.0	−64.6	−70.0
Other operating income	15.9	79.5	13.7	20.1
Other operating expenses	−14.3	−8.3	−11.9	−10.8
Share in profit or loss of associates	0.0	0.0	0.0	−4.1
EBIT	**56.9**	**111.2**	**38.9**	**53.9**
EBITDA	**121.1**	**165.2**	**93.3**	**91.6**
Operational EBITDA	**132.3**	**127.3**	**100.0**	**102.5**
Financial result	−49.8	−52.8	−47.3	−54.8
EBT	**7.1**	**58.3**	**−8.3**	**−0.8**
Income taxes	−10.7	−0.2	9.6	−13.7
Post-tax profit or loss from continuing operations	**−3.6**	**58.1**	**1.2**	**−14.5**
Post-tax profit or loss from discontinued operations	**0.0**	**0.0**	**−0.1**	**0.0**
Profit or loss for the period	**−3.6**	**58.1**	**1.1**	**−14.5**

Development of revenue

The Ströer Group's **revenue** increased by 8.6% in the reporting period to a new high of EUR 577.1m. Revenue growth is mainly attributable to a positive performance in local currency in Germany, Turkey, and in the giant poster business. External revenue breaks down between the individual business segments as follows:

In EUR m	**2011**	2010
Ströer Germany	427.1	409.9
Ströer Turkey	88.8	68.6
Other	61.2	52.8
Total	**577.1**	**531.3**

Domestic revenue rose by 4.0% in the fiscal year to EUR 434.7m (prior year: EUR 417.9m), while foreign revenue increased to EUR 142.3m (prior year: EUR 113.4m). Thus the percentage of revenue attributable to foreign operations increased to 24.7% (prior year: 21.3%).

In Germany in particular, the business segment profited from further structural growth in out-of-home advertising and first-time revenue contributions from the out-of-home channel and premium billboard growth projects that it initiated. Abroad, adverse exchange rate fluctuations in relation to the Turkish lira and the Polish zloty reduced the revenue contributions of our subsidiaries in those countries. By contrast, revenue was boosted by the acquisitions made in Turkey and Poland in the second half of 2010, as they were consolidated over the full fiscal year for the first time in 2011. Adjusted for the above exchange rate effects and changes in the consolidated group, consolidated revenue increased by around 5%.

Seasonal fluctuations in the out-of-home advertising industry are relatively in sync with the trend on the overall media market. There is generally a concentration of media activities in the second and fourth quarters, whereas they are relatively much less frequent during the rest of the year. The contribution of the individual quarters to the Ströer Group's revenue and operational EBITDA can be seen in the following table.

Revenue development 2011 by quarter

In EUR m

Q1	122.9
Q2	159.4
Q3	134.1
Q4	160.7
Q1-Q4	**577.1**

Operational EBITDA development 2011 by quarter

In EUR m

Q1	16.2
Q2	43.6
Q3	24.2
Q4	48.3
Q1-Q4	**132.3**

Earnings development

→ For more information on the development of cost of sales, see page 74

As a result of the revenue increase in the Group, gross profit also improved by 3.2% to EUR 205.0m in 2011 (prior year: EUR 198.6m). However, the gross profit margin decreased by 1.9 percentage points to 35.5%. The increase in cost of sales, which was faster than that of revenue, chiefly related to an expansion of the advertising concessions portfolio and increased amortization and depreciation resulting from purchase price allocations.

The Ströer Group's loss for 2011 of EUR 3.6m was impacted by unfavorable, non-cash exchange rate effects of EUR –14.6m that are included in the financial result. Adjusted for these effects, the key earnings indicators were very positive compared with the prior year. Net adjusted profit, for example, improved by EUR 7.1m year on year, from EUR 33.2m to EUR 40.3m. Operational EBITDA, which is a key internal performance measure, as well as a central indicator of the Group's sustainable earnings development, again exceeded the prior-year high by 3.9%, increasing to EUR 132.3m.

Development of key income statement items

The clear increase in **cost of sales** is attributable on the one hand to the consolidation for the full year of the entities acquired in the prior year in Turkey and Poland. This consolidation effect is also reflected in the combined rental/lease rate, as both entities have a relatively high percentage of fixed lease agreements. In addition, Ströer Turkey has concluded a large volume of new advertising concessions, which only generated revenue as the year progressed, although license payments already had to be made for them at the start of 2011. On the other hand, the **amortization and depreciation** on advertising media and rights of use included in cost of sales increased by EUR 10.2m year on year to EUR 58.6m, primarily due to the EUR 4.0m increase in amortization and depreciation arising in connection with hidden reserves recognized for purchase price allocations for acquired entities. Last but not least, investments in digital advertising media, which were higher in the fiscal year, resulted in an increase in amortization and depreciation.

Selling expenses did not rise as quickly as revenue. Thus the selling expenses as a percentage of revenue, which already fell by 100 bp in 2010, decreased by another 40 bp in fiscal year 2011 to 12.9%. In the prior year, **administrative expenses** still included the costs of the IPO of EUR 17.2m. Adjusted for this effect, administrative expenses as a percentage of revenue began a downward trajectory in 2010. This trend continued in the reporting period, with a further decline of 30 bp to 13.0%. The reduction in selling and administrative expenses as a percentage of revenue is due in part to the systematic leveraging of cost synergies, and in part to the economies of scale and increased revenue that were recorded in particular by the Ströer Germany and Ströer Turkey segments and the Ströer Poland sub-segment.

In the prior year, **other operating income** was dominated by the remeasurement of the previously held equity interest in Ströer Kentvizyon in connection with the increase in the shareholding, as well as by the effects of the deconsolidation of the joint venture required under IFRS 3. This produced a positive earnings effect of EUR 64.1m overall in 2010. Compared with the prior-year value of EUR 15.4m that was adjusted for this effect, other operating income rose by EUR 0.5m in the fiscal year to EUR 15.9m. This increase is attributable to a number of small effects. The growth in **other operating expenses** is also due to various individual effects. In this connection, notable expenses include EUR 3.4m from a major simplification of the Turkish tax system which most Turkish businesses have taken advantage of and which generally resulted in lump-sum payments for past assessment periods.

The **financial result** improved by EUR 3.0m year on year to EUR −49.8m (prior year: EUR −52.8m). This was mainly due to the EUR 11.8m improvement in the interest result to EUR −36.4m (prior year: EUR −48.2m) that was attributable to the sustainable optimization of the capital structure and the agreed adjustment of key borrowing terms in July 2011. The result from the non-cash valuation of derivatives amounted to a gain of EUR 1.6m compared to a loss of EUR 3.4m in the prior year. This was contrasted by high negative net exchange rate differences of EUR 14.6m, which in the prior year only had a marginal impact (at just EUR −0.4m).

→ For more information on the financial result, see page 144

→ For more information and effects on the tax result, see page 144

Income **taxes** increased substantially against the prior year, mainly due to the improved business performance in Germany, which resulted in an increased tax base. In addition, adjustments in the German tax group in 2010 led to the first-time recognition of deferred taxes on unused tax losses of the holding company. There were no effects from deferred tax assets of this kind in 2011. The Group's tax rate is primarily affected by the trade tax additions of lease expenses and by operating expenses that are non-deductible under Turkish tax law.

Business performance and results of operations of the segments

→ For further detailed information, see page 166

In the Ströer Group, we manage our activities on the basis of our three segments: Ströer Germany, Ströer Turkey and Other. The "Other" segment comprises our operations in Poland and the western European giant poster market (blowUP group).

Ströer Germany

The Ströer Germany segment generated a year-on-year revenue gain of 4.2% in fiscal year 2011 (prior year: gain of 4.2%). The individual product groups made widely varying contributions to this increase. The highest growth of 22.1% was achieved in the **transport** product group. The most dynamic growth driver here was the high-margin out-of-home channel, which we pushed forward in 2011 by installing more than 800 screens in the most important German train stations and which already generated net revenue of more than EUR 10m in their first year of operation. Overall, Ströer Germany already achieved over 8% of its revenue from digital advertising media in 2011. To further maximize the potential of digital media, we have pooled our entire digital expertise centrally in Ströer Digital Media GmbH.

In EUR m	**2011**	2010	Change (%)
Segment revenue	**427.3**	409.9	4.2
Billboard	179.6	179.0	0.3
Street Furniture	127.2	113.6	11.9
Transport	87.9	72.0	22.1
Other	32.6	45.2	–28.0
Operational EBITDA	**115.3**	109.5	5.3

Revenue in the **street furniture** product group also increased significantly by 11.9%. This development was mainly driven by high demand in conjunction with greater capacities. In the **billboard** product group, revenue remained stable in fiscal year 2011. The decrease in revenue from traditional billboards was offset by revenue growth from the introduction of the premium billboard format. In the **"other"** advertising media product group, the 28.0% decrease in revenue can be attributed to the discontinuation of service activities which are not part of the core business, in particular the purchase of additional advertising spaces from third parties by an internal agency, which ceased at the end of 2010. Capacity utilization of the relevant advertising media portfolio (excluding digital business) increased to around 60% in the fiscal year.

Ströer Germany's **Operational EBITDA** climbed by a significant 5.3% against the prior year. Thus the increase in operational EBITDA is even higher than revenue growth. This resulted in particular from the abovementioned substantial increase in demand from advertising customers for high-quality and thus also high-margin advertising media from the traditional poster and the innovative digital product groups. The related change in the product mix had a positive impact on the lease ratio, defined as the percentage of fixed and variable leases to revenue. As selling and administrative expenses increased at a slower rate than revenue, the operational EBIT margin improved again due to this effect by 0.3 percentage points to 27.0%.

Following the generally low level of investment activity in the year of the IPO, Ströer Germany picked up the investment pace in fiscal year 2011, placing particular emphasis on the premium billboard and out-of-home channel growth projects. Overall, the cash flows from investing activities in the Ströer Germany segment, including the acquisition of ECE flatmedia GmbH, stood at some EUR 38.0m in 2011.

Ströer Turkey

In EUR m	**2011**	2010	Change (%)
Segment revenue	**89.0**	68.6	29.7
Billboard	65.1	46.8	39.1
Street furniture	23.0	20.5	12.3
Transport	0.9	1.3	−33.2
Operational EBITDA	**20.3**	21.9	−7.2

In the Ströer Turkey segment, any prior-year comparison is limited by the fact that the Turkish subgroup was only proportionally consolidated in the Ströer Group (50%) in the first eight months of 2010. It was only fully consolidated following the acquisition of another 40% of the shares at the start of September 2010. In order to improve comparability, the following overview presents revenue and operational EBITDA as if the subgroup had been fully consolidated from 1 January 2010.

In EUR m	**2011**	2010	Change (%)
Segment revenue	**89.0**	99.1	−10.2
Operational EBITDA	**20.3**	28.7	−29.3

With the decrease in revenue of 10.2% to EUR 89.0m, the Turkey segment fell short of expectations. This was primarily due to the highly unfavorable development in the exchange rate. In 2011, the Turkish lira lost some 18% in value against the euro to TRY 2.44 (prior year: TRY 2.07). In local currency, however, the entity achieved revenue growth of 5.9%. This increase resulted from robust demand for billboards and a significant rise in the volume of business with giant posters, as well as additional revenue contributions by the acquired CBA. Capacity utilization of the relevant advertising media portfolio (excl. digital business) increased to around 65% despite gradual increases in capacities in the fiscal year.

The revenue growth of the segment in local currency would have been much higher if the Turkish advertising market had not been overshadowed by uncertainty due to a new law to reduce advertising minutes on TV. The artificial reduction in the advertising window caused broadcasters to increase their minute-prices accordingly, which briefly tied up a larger proportion of the advertising budgets of key accounts. This temporarily led to a partial shifting of media budgets to television. The parliamentary elections in June also had a dampening effect on business volumes. During this month, which was otherwise characterized by high sales activities, advertising capacities had to be given over to political parties and state parties at significantly reduced prices. In addition, in the fourth quarter, individual, lower-margin sales agreements were terminated for the purpose of optimizing portfolios.

The downward trend in the segment's revenue contributions coupled with the increase in the cost of sales is reflected in earnings. Operational EBITDA declined by 29.3% to EUR 20.3m. While overheads are down by 26.4% year on year on a like-for-like basis, lease expenses in particular rose considerably. This is due, on the one hand, to the fact that lease payments were already due for a number of new concession contracts (including sites in the large cities of Erzurum, Izmir, Istanbul, Bursa and Gaziantep), from which no income was being generated as the media for these sites were in the process of being installed. On the other hand, there are a considerable number of public-sector fixed lease agreements which include provisions on protection against inflation and provide for the automatic adjustment of lease payments to the rate of inflation.

Cash flows from investing activities in the Turkey segment stood at EUR 13.5m in 2011. This not only includes measures to increase capacities in various large Turkish cities, but also payments for the acquisition of all of the shares in CBA Iletisim ve Reklam Pazarlama Ltd. Sti. This entity holds an advertising concession contract for one of the largest shopping centers in Turkey as well as advertising concession contracts from two major cities in the Istanbul region. We acquired this entity to gain a stronger foothold in the Turkish out-of-home market.

Other

The "other" segment includes our Polish out-of-home activities and the western European giant poster business of the blowUP division. In 2011, the segment reported an increase in revenue, largely due to consolidation effects, as only minor contributions from the acquired activities of Ströer City Marketing Sp. z.o.o. (formerly News Outdoor Poland Sp. z.o.o.) had been recognized in the prior year. Activities in Poland accounted for around two thirds of the segment's revenues in the fiscal year. Adjusted for consolidation effects, Ströer reported a single-digit decrease in revenue in the Polish market. This was due in part to the weakening of the Polish out-of-home advertising market in the fourth quarter, mainly as a result of lower bookings from the food and telecommunications industries. By contrast, giant poster business generated mid-single-digit revenue growth, primarily thanks to the dynamic development of national and international campaigns in the Benelux countries and the UK.

In EUR m	2011	2010	Change (%)
Segment revenue	**61.4**	52.9	16.0
Billboard	57.3	48.9	17.2
Street furniture	0.5	0.5	6.5
Transport	0.4	0.5	– 17.6
Other	3.2	3.0	4.7
Operational EBITDA	**5.7**	4.1	37.1

This revenue growth had an above-average impact on operational EBITDA, which improved by 37.1% to EUR 5.7m due to higher earnings contributions from both sub-segments. The giant poster business remained the most important contributor to earnings, with a further increasing operational EBITDA margin which stood at over 10%. In Poland, we managed to increase the operational EBITDA margin by more than 100 bp to a mid-single-digit mark despite the restrained revenue development in the still difficult market environment. This increase was primarily attributable to the realization of cost synergies from the integration of Ströer City Marketing Sp. z.o.o. (formerly News Outdoor Poland Sp. z.o.o.).

Cash flows from investing activities in the “other” segment stood at EUR 1.4m in 2011. This amount mainly relates to expenses to increase digitalization in the giant poster business and the takeover of a giant poster portfolio in the Netherlands.

NET ASSETS AND FINANCIAL POSITION

Main features of the financing strategy

For the Ströer Group, the primary aim of financing management is to ensure the Group has sufficient liquidity at all times. In view of the ongoing turmoil on the international financial markets, we consider it essential that the Company has a strict liquidity focus. Our financing is generally structured in such a way that it provides us with a sufficient degree of business flexibility to react appropriately to changes in the market or competition. We also see the optimization of our financing costs and loan covenants as a further important financing objective.

As part of our financing components, we ensure that our financial liabilities have an appropriate maturity profile and our banking basis is reasonably diversified. We work preferentially with banks that stand for trust, reliability and sustainability in business practices. We ourselves operate on the basis of binding standards that ensure transparency and fairness for lenders. In this way, we have managed to work successfully with our partners for many years.

The Ströer Group primarily gets its external financial facilities from an international syndicate of banks. This syndicate covers long-term, bilaterally secured, syndicated loan amounts which we have agreed with eleven selected banks in Germany and abroad. This credit facility represents a long-term loan of EUR 395m, granted until June 2014 and a revolving working capital facility of EUR 62.5m with the same maturity. The Group has total unutilized credit lines of EUR 76.2m. 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 only utilized a small amount of the working capital facility for the purposes of guarantee business, we have additional unutilized financing facilities available beyond the cash on hand (EUR 134m) existing as of the reporting date (31 December 2011). As part of a substantial margin adjustment in August 2011, we reduced the financing costs for the syndicated loan by 100 bp on a like-for-like basis. The resulting interest savings were not seen until the fourth quarter of 2011.

In addition, there are long-term agreements between two German banks and Ströer Out-of-Home Media AG on subordinated loans totaling some EUR 21m. These tranches fall due on 30 December 2014. Because the reference rate of the subordinated loan depends in part on the interest rate applied to the syndicated loan, interest savings will also be made in 2012 for this instrument.

Liabilities to the abovementioned banks largely carry floating interest rates, although the majority of these credit facilities were converted several years ago by interest rate derivatives in synthetic fixed-rate agreements.

Within the Group, the financing requirement of subsidiaries is primarily covered by intercompany loans. In exceptional circumstances, credit facilities are also agreed with local banks in order to comply with legal, tax or operational requirements. In accordance with these guiding principles, the subsidiaries were once again mainly financed in 2011 via Ströer Out-of-Home Media AG. Within the business units, any liquidity surpluses are pooled in automatic cash pools, where legally possible, and managed by group treasury. Through the group holding company, we ensure at all times that the financing requirements of the individual Ströer group entities are adequately covered.

In the fiscal year, we managed to reduce our net financial liabilities to EUR 304.3m as of 31 December 2011 (prior year: EUR 320.1m), in particular due to the improvement in cash flows from operating activities. In 2011, Ströer Out-of-Home Media AG and its group entities complied with all loan covenants and obligations from financing agreements.

→ For more information on our financial liabilities, see page 163

We intend to restructure our bank financing in the foreseeable future in favor of a more capital market-oriented debt. For this purpose, as part of our financing management, we will periodically check various sources of financing and financing options and, if necessary, further diversify the maturities profile of our financial liabilities.

Overall assessment of net assets and financial position

The net assets and financial position of the Ströer Group show a balanced overall picture in the fiscal year. The Company's debt situation further improved thanks to the positive business performance and a high degree of internal financing. The leverage ratio – the ratio between net debt and operational EBITDA – amounted to just 2.3 as of the end of 2011 (prior year: 2.5). Cash increased to EUR 134.0m (prior year: EUR 106.1m). Furthermore, there are additional financing facilities of EUR 76.2m in the Group comprising credit lines that have not been drawn down. The Group's equity gearing remains comfortable and corresponds to an equity ratio of 27.8% (prior year: 29.8%). With this solid financial footing, the Ströer Group can fully implement its sustainable value and growth-based strategy on the out-of-home advertising market.

Financial position

In EUR m	**2011**	2010	2009	2008
Cash flows from operating activities	95.0	30.3	36.1	21.2
Cash flows from investing activities	–57.0	–98.5	–19.5	–62.7
Free cash flow	38.0	–68.2	16.6	–41.5
Cash flows from financing activities	–10.1	117.1	–1.9	6.0
Change in cash	27.9	48.9	14.8	–35.5
Cash at the end of the period	134.0	106.1	57.3	42.5

Liquidity and investment analysis

Cash flows from operating activities reached a new high of EUR 95.0m in fiscal year 2011, exceeding the prior-year value by EUR 64.7m. However, the prior-year value was adversely affected by additional costs from the IPO. Excluding these effects, the prior-year adjusted operating cash flow amounted to EUR 57.7m, making an increase of EUR 37.3m (up 64.6%) on a like-for-like basis in 2011. This clear increase is due in part to our active working capital management, and in part to lower interest and tax payments. In particular, our optimized capital structure and the use of loss carryforwards had a positive effect at the holding company.

In the prior year, cash flows from investing activities were still characterized by wide-ranging increases in shareholdings and acquisitions abroad. In fiscal year 2011, the Ströer Group switched the focus of its investments to strategic growth projects, in particular the out-of-home channel and premium billboards, and rounded off the national and international investment portfolio. EUR 24m in total was invested in the

→ Additional information on these two growth projects is available on page 68

expansion of the out-of-home channel and premium billboards in fiscal year 2011. In addition, the Group made investments in maintenance and replacements to maintain or continue advertising concessions as well as general business operations. These generally amount to between 4% and 5% of revenue and also cover investments for product development, IT projects, furniture and fixtures or similar purposes. Overall, some EUR 20m related to this category.

→ For more information on CBA Iletisim ve Reklam Pazarlama Ltd. Sti., see page 134

As part of the further implementation of the digital strategy, the Ströer Group acquired all of the shares in ECE flatmedia GmbH, Hamburg, effective 1 November 2011. ECE flatmedia GmbH has the exclusive right to set up and operate digital advertising media in around 70 major German shopping centers. The Group also acquired all of the shares in the Turkish company CBA Iletisim ve Reklam Pazarlama Ltd. Sti., Turkey. This investment, which was made within the scope of the internationalization strategy, serves to strengthen and expand the position in the Istanbul region.

In the last three fiscal years, the Ströer Group has made investments of EUR 175.0m, all of which – with the exception of the costs of the IPO – were financed from the cash flows from operating activities. This demonstrates the sustainable internal financing power of the Ströer Group.

Cash flows from financing activities amounted to EUR –10.1m in the fiscal year and mainly comprised the repayment of current financial liabilities (EUR –4.3m), payments to non-controlling interests (EUR –3.1m) and transaction costs for adjustments to the syndicated loan agreement (EUR –2.7m).

Taking into account all cash received/paid, the Group's liquidity was further improved. Cash increased by EUR 27.9m against the end of 2010 to EUR 134.0m.

Financial structure analysis

As of the 2011 reporting date, more than 100% of the non-current assets of EUR 754.3m (prior year: EUR 764.5m) were covered by equity and non-current debt of EUR 789.3m (prior year: EUR 822.8m) with matching terms. In addition, more than 100% of the current liabilities of EUR 172.3m (prior year: EUR 146.6m) are financed by cash and current trade receivables with matching terms, which together amount to EUR 190.6m (prior year: EUR 179.5m).

As of the end of 2011, financial liabilities in the Ströer Group amounted to EUR 465.7m in total, which was on a par with the prior-year level. Within this figure, however, there were significant shifts compared with the prior year. For instance, liabilities from present values recognized for derivatives declined by EUR 12.2m, due on the one hand to a favorable change in the yield curve and on the other to the expiry of individual derivative hedging instruments. Financial liabilities from business combinations developed in the opposite direction. But although they increased by EUR 8.4m, they are only subject to payout once certain financial criteria are met in the future ("earn-out provisions").

Trade payables rose by EUR 9.6m to EUR 77.5m in the fiscal year. This increase mainly reflects the growth in German business volumes and the moderate extension of payment terms.

The EUR 4.7m increase in current income tax liabilities from EUR 8.4m to EUR 13.1m is due to higher taxable earnings of the group companies in conjunction with lower advance tax payments in 2011.

In EUR m	**31 Dec 2011**	31 Dec 2010	31 Dec 2009	31 Dec 2008
(1) Non-current financial liabilities	413.1	426.6	555.9	500.7
(2) Current financial liabilities	52.6	39.2	26.5	77.3
(1) + (2) Total financial liabilities	465.7	465.7	582.4	578.0
(3) Derivative financial instruments	27.4	39.5	29.8	10.0
(1) + (2) – (3) Financial liabilities excluding derivative financial instruments	438.3	426.2	552.6	568.0
(4) Cash	134.0	106.1	57.3	42.5
(1) + (2) – (3) – (4) Net debt	304.3	320.1	495.4	525.5
Leverage ratio	2.3	2.5	5.0	5.1
Equity ratios (in %)	27.8	29.8	–6.4	–5.7

After falling sharply in 2010 in connection with the IPO, the net financial liabilities of the Ströer Group decreased further in the fiscal year. The EUR 15.8m decrease in net financial liabilities is entirely attributable to increased internal financing power. The much improved free cash flow, i.e., the difference between cash flows from operating activities and cash flows from investing activities, drove the significant growth of EUR 27.9m in cash. Thus the leverage ratio, defined as the ratio of net debt to operational EBITDA, improved to a factor of 2.3 as of year-end, from 2.5 in the prior year. In July 2011, we further improved the conditions for our syndicated loan, which comprises a EUR 395m loan and a EUR 62.5m working capital facility. Major aspects of the new agreement were a relaxing of the financial covenants and a reduction in the margin grid. This credit margin now ranges from 225 bp to 300 bp, and stood at 250 bp as of 31 December 2011. The financial covenants reflect customary market conditions and comprise 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 2011, the Group had unutilized short and long-term credit lines of EUR 76.2m, of which EUR 56.9m (prior year: EUR 56.6m) relates to the abovementioned working capital facility.

→ For more detailed presentation of debt financing instruments, see pages 163 and 165

The EUR 21.0m decrease in equity to EUR 273.5m in the fiscal year was largely attributable to the unfavorable exchange rates used to translate our Turkish and Polish activities. Other changes in equity, however, were of marginal importance. The equity ratio came to 27.8% (prior year: 29.8%). From our perspective, the abovementioned adverse exchange rate movements are only temporary and are due to high volatility on the capital markets in the fiscal year. At the beginning of fiscal year 2012, the exchange rates of both currencies improved again against the euro.

Off-balance sheet financial instruments (e.g., asset-backed securities, sale-and-lease back and various forms of factoring) are not used in the Ströer Group. We primarily use operating leases, e.g., for IT equipment and vehicles. Due to the low volumes involved, operating leases do not have a significant effect on the economic situation of the Group.

Net assets

Consolidated statement of financial position				
in EUR m	**31 Dec 2011**	31 Dec 2010	31 Dec 2009	31 Dec 2008
Assets				
Non-current assets				
Intangible assets (excluding goodwill)	278.4	306.5	213.1	222.8
Goodwill	224.2	225.0	180.2	184.8
Property, plant and equipment	221.8	212.8	180.9	184.0
Tax assets	15.5	9.4	31.4	15.2
Receivables and other assets	14.4	10.7	9.1	5.4
Subtotal	**754.3**	**764.5**	**614.7**	**612.2**
Current assets				
Receivables and other assets	85.8	107.2	68.2	87.4
Cash	134.0	106.1	57.3	42.5
Tax assets	3.1	4.2	4.2	6.5
Inventories	5.4	5.1	4.1	4.5
Subtotal	**228.4**	**222.6**	**133.8**	**140.9**
Total assets	**982.6**	**987.1**	**748.6**	**753.1**
Equity and liabilities				
Non-current equity and liabilities				
Equity	273.5	294.4	−48.1	−42.7
Financial liabilities	413.1	426.6	555.9	500.7
Deferred tax liabilities	71.4	64.9	75.6	78.9
Provisions	31.3	36.8	31.9	26.1
Subtotal	**515.8**	**528.3**	**663.4**	**605.7**
Current liabilities				
Trade payables	77.5	67.9	50.9	58.3
Financial and other liabilities	81.7	70.3	52.2	100.4
Provisions	21.0	17.7	23.6	19.2
Income tax liabilities	13.1	8.4	6.5	12.2
Subtotal	**193.3**	**164.3**	**133.3**	**190.1**
Total equity and liabilities	**982.6**	**987.1**	**748.6**	**753.1**

Analysis of the net asset structure

The Ströer Group's total assets fell slightly in the fiscal year by 0.5% to EUR 982.6m.

The 1.3% decrease in non-current assets chiefly resulted from reduced intangible assets (down EUR 29.0m). This is due to amortization on hidden reserves recognized in prior years in connection with business combinations. Lower exchange rates in the translation of intangible assets in our Turkish and Polish statements of financial position also contributed to the decrease. These effects were only partially offset by the hidden reserves and goodwill recognized in connection with the acquisition of ECE flatmedia GmbH and CBA Iletisim ve Reklam Pararlama Ltd. Property, plant and equipment were particularly affected by the increased net investments in the fiscal year. Contrasting effects from currency fluctuations were more than offset. Overall, property, plant and equipment increased by EUR 9.0m to EUR 221.8m.

Under current assets, receivables and other assets fell by EUR 21.4m, mainly due to a decrease in trade receivables. Our focus on optimization measures in working capital management had a positive effect here.

→ For more information on the change in cash, see our comments on the liquidity analysis in the section on financial position, see page 80

The Ströer Group's off-balance sheet assets include a substantial portfolio of internally generated advertising concessions with municipalities and private landlords. Such advertising concessions are only recognized as intangible assets if they were acquired as part of business combinations. 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 are also not to be classified as recognized assets. As of 31 December 2011, other financial obligations amounted to EUR 1,180.4m and related both to obligations from not yet completed investments as well as to leases based on operating lease agreements. Due to the selected agreement structures, the latter may not be recognized in non-current assets.

→ For more information on the off-balance sheet items, see pages 89 and 175

Capital structure costs

In the Ströer Group, cost of capital relates to risk-adjusted return on investment requirements and, for the purpose of measurement, is determined in the consolidated financial statements 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 before income taxes for our business segments.

→ See the disclosures in the notes to the financial statements on page 150

INFORMATION ON THE SHARE

In 2011, stock markets were dominated by considerable turmoil. The natural disaster in Japan, political unrest in the Middle East, and the sovereign debt and euro crisis resulted in high price fluctuations and rarely seen levels of volatility. While stocks reached a three-year high in April 2011, the second half of July saw one of the heaviest slumps on the international stock markets for more than 20 years. The DAX fell more than 15% in 2011, the MDAX by almost 13%, and the SDAX recorded a drop of almost 15% for the year.

With a 2010 year-end closing price of EUR 26.74, the Ströer Out-of-Home Media AG share exceeded its issue price of EUR 20.00 on 15 July 2010 by almost 34%. The Ströer share was unable to keep up this positive trend in 2011. Although trading kicked off at almost the same level at the start of the year, the share price was highly volatile until mid-February, ranging between EUR 24.00 and EUR 27.00. This was followed by a clear downward movement which continued until the end of the third quarter.

The initial fall in share prices was partly attributable to profit-taking by investors, who benefited from the substantial price gains in 2010. However, the positive development of the stock markets from mid-March did not have the desired effect, since our business performance did not live up to individual expectations on the capital market as the first half of the year progressed. This was compounded by the fact that the liquidity of the Ströer share has not yet reached the desired level that would allow it to avoid the above-average strong fluctuations we have seen following large orders. From August 2011, Ströer's share price recorded further losses in the wake of the European debt crisis and muted investor sentiment toward largely cyclical stocks, until it reached its low for the year of EUR 9.60 on 22 September 2011. By the end of November, the share was moving sideways at a level of between EUR 10.00 and EUR 11.00. After a significant recovery in early December, trading for the year closed at EUR 12.69 on 30 December 2011, down almost 54% since the start of the year. The DAX sector index Media, to which the Ströer share belongs, lost a good 25% over the year.

The Ströer share compared with the SDAX and the DAXsector Media in 2011

* 3 January 2011 = 100, share price indexed
Source: Bloomberg

Intensive investor relations activities

The aim of our investor relations work is to create trust and sustained shareholder value through transparent and continuous communication with the capital market. Since going public in 2010, we have continuously expanded and strengthened our relationships with investors and analysts.

In the past year, the board of management and investor relations team of Ströer Out-of-Home Media AG presented the Company's business performance and corporate strategy on 36 dates at 28 roadshows and capital market conferences in 16 different cities. The countries we visited included Germany, the UK, France, the Benelux and Scandinavian countries, Switzerland, Austria, Italy, Spain and the US. We also informed capital market players of the publication of our financial reports in telephone conferences, at individual meetings at our Cologne head office and via special press releases and media work.

In May 2011, we organized a "Lenders Day" to update our lending banks on the status of and outlook for our business activities. On 15 June 2011 we invited our shareholders, including a large number of private investors, to Cologne for our first shareholder meeting since our IPO (see "Shareholder meeting"). In the summer, we also presented the Company to prospective investors at a shareholder forum in Cologne. On 11 October 2011, we held our first "Capital Markets Day" in Hamburg and at our headquarters in Cologne. The event, which was attended by analysts, institutional investors and bank representatives, focused on a dialog between Ströer's management and its investors as well as other invited guests from the media industry.

The internet is another mainstay of our corporate communication. At www.stroeer.de/investor-relations we report promptly and extensively on developments in the Group and make all the relevant documents available there. These include financial reports, a financial calendar, press releases and ad hoc reports as well as other mandatory reports. Presentations from investor conferences or roadshows are always made available for download on the same day they take place. Conference calls in connection with the publication of our financial reports are streamed live to our website and can also be downloaded as an audio webcast.

Shareholder meeting

The first shareholder meeting of Ströer Out-of-Home Media AG since the IPO took place on 15 June 2011. Some 70 shareholders, guests and members of the press accepted the invitation by the board of management to gather at the Koelnmesse Congress Center. Overall, approximately 83.5% of share capital was represented. All resolutions proposed by the supervisory board and board of management were accepted by majorities of at least 95.1%.

Stock exchange listing, market capitalization and trading volume

Ströer Out-of-Home Media AG stock is listed in the Prime Standard of the Frankfurt Stock Exchange and has been listed in the SDAX, a selection index of Deutsche Börse, since September 2010. Based on the share price on 30 December 2011, market capitalization came to EUR 534m.

A key goal of our investor relations work is to further improve the liquidity of the Ströer share traded continuously on Xetra and thereby boost its attractiveness for investors. In this connection, Ströer Out-of-Home Media AG secured another designated sponsor – Close Brothers Seydler Bank AG – as an exchange broker in July 2011 in addition to J.P. Morgan and Morgan Stanley.

The average daily volume of Ströer stock traded on German stock exchanges was just under 44,000 shares in 2011. Including over-the-counter trading (OTC) between investors and brokers, around 132,000 shares were traded daily. Trading activity increased in the course of the year; in the first half of 2011, the average daily volume was 128,000 shares. This growth is mainly due to the significantly higher liquidity on German stock exchanges. This meant that the proportion of OTC transactions fell to 66% in the course of the year, as against 73% in the first half of the year. As a result, the level of trading on German stock exchanges increased from 26% to 33%, while other European exchanges continued to account for only 1% of trading.

Increasing analyst coverage

In fiscal year 2011, Ströer Out-of-Home Media AG substantially increased the number of analysts that track the Company's performance and regularly publish studies, and two more banks initiated coverage in 2012. Based on the 14 current assessments, 10 of the analysts are giving a "buy" or "overweight" recommendation, three say "hold" and one says "sell." The latest analyst assessments are available at www.stroeer.de/investor-relations and are presented in the following table as of 19 March 2012:

Investment bank	Recommendation
Bank of America Merrill Lynch	Buy
Berenberg Bank	Hold
Citigroup Global Markets	Buy
Close Brothers Seydler Research	Buy
Commerzbank	Hold
Crédit Agricole Chevreux	Buy
Deutsche Bank	Buy
DZ BANK	Buy
Goldman Sachs	Buy
Hauck & Aufhäuser Institutional Research	Buy
J.P. Morgan	Buy
Morgan Stanley	Hold
Viscardi	Sell
WestLB	Buy

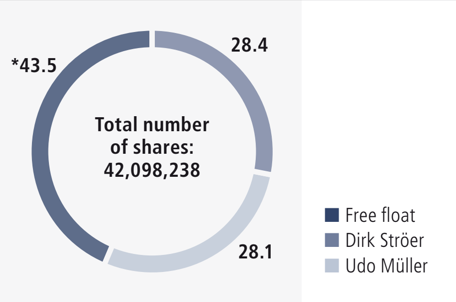
Shareholder structure

The total number of Ströer shares issued remained unchanged at 42,098,238. Supervisory board member Dirk Ströer holds 28.43%, CEO Udo Müller holds 28.12% and CFO Alfried Bührdel and board of management member Dirk Wiedenmann together hold around 0.13% of Ströer Out-of-Home Media AG shares. Dirk Ströer, Udo Müller and Alfried Bührdel agreed to a lock-up period of 12 months as part of the IPO which expired on 15 July 2011.

As of 31 December 2011, the free float as defined by Deutsche Börse came to 43.45%. Institutional investors holding our shares in their funds are registered, among other places, in the US, the UK and Germany. According to the notifications made to the Company as of 19 March 2012, the following parties reported to us that they hold more than 3% of the voting rights in Ströer Out-of-Home Media AG: TIAA-CREF (4.87%), DWS Investment (3.15%) and Tiger Global (3.05%).

Shareholder structure of Ströer Out-of-Home Media AG

in %



* Free float as defined by Deutsche Börse
thereof

Alfred Bührdel and Dirk Wiedenmann	0.13%
TIAA-CREF Investment Management**	4.87%
DWS Investment**	3.15%
Tiger Global Performance**	3.05%

** According to voting rights notifications in accordance with Sec. 21 (1) WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act]

Information on the current shareholder structure is permanently available at www.stroeer.com/investor-relations.

Key data for Ströer Out-of-Home Media AG stock

Capital stock	EUR 42,098,238
Number of shares	42,098,238
Class	Bearer shares of no par value (share in capital stock of EUR 1.00 per share)
ISIN	DE0007493991
SIN	749399
Stock ticker	SAX
Reuters	SAXG.DE
Bloomberg	SAX:GR
Market segment	Regulated market
Transparency level	Prime Standard
Sector	DAXsector All Media (Performance)
Index	SDAX
First listing	15 July 2010
Designated sponsors	Close Brother Seydler, J.P. Morgan, Morgan Stanley
Opening price 2011 (3 January 2011)	27.35
Closing price 2011 (30 December 2011)*	12.69
Highest price 2011 (3 January 2011)*	27.35
Lowest price 2011 (22 September 2011)*	9.60

* Closing price in XETRA in EUR

EMPLOYEES

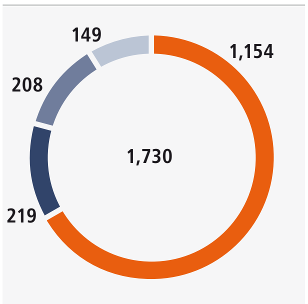
Qualified and motivated staff are vital for a company's success. Ströer therefore places great importance on being an attractive employer by pursuing a sustainable HR policy that reflects the entire Group's growth strategy and uses HR tools from talent, performance, training and retention management. Taking a systematic approach to staff development enables Ströer to meet the requirements of its organization and the various markets. We aim to increasingly fill management positions from our own ranks. Our action and performance-driven corporate culture – which is based on equal opportunities and goal achievement – forms the basis of Ströer's personnel development system.

Headcount

As of 31 December 2011, the Ströer Group had 1,730 (prior year: 1,731) full and part-time employees. The headcount remained on a par with the prior year, although certain segments recorded significant changes. The expansion of our digital business in Germany led to an increase in our workforce, in particular at Ströer Digital Media GmbH. This was due to both new hires and the acquisition and integration of ECE flatmedia GmbH. The number of employees in Turkey and Poland decreased after we chose not to fill vacant positions, while ensuring that our operational efficiency was not affected. This measure was taken in response to the challenges posed by the respective markets.

Employees [1] by segment

as of 31 December 2011



Ströer Germany
Ströer Turkey
Other [2]
Holding company

[1] Headcount (full and part-time employees)
[2] Other: blowUP & Poland

Length of service

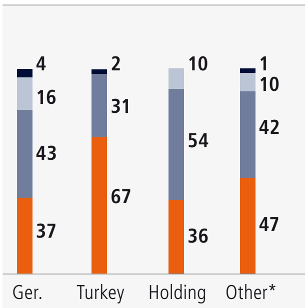
As of the end of 2011, employees had been working for an average of 5.8 years for the Ströer Group. While the length of service was slightly above average in Germany, it was below average in Poland and Turkey. The figure for the Group is down by 0.4 years compared with 2010 as a number of employees in Germany retired and several long-standing employment relationships were terminated in a socially responsible manner.

Age structure

The Ströer Media Deutschland division and the holding company in Germany have a balanced age structure. We place high importance on attracting young employees and integrating them into the Company in the long term. As part of our talent management, we offer university graduates a first step on the career ladder as well as promising development opportunities within the Company. The proportion of young employees is significantly higher in the growth markets of Turkey and Poland than in Germany and shows certain parallels with the demographic structures of these countries.

Age structure of employees

2011 in %



< 36 years
36 to 50 years
51 to 60 years
Over 60 years

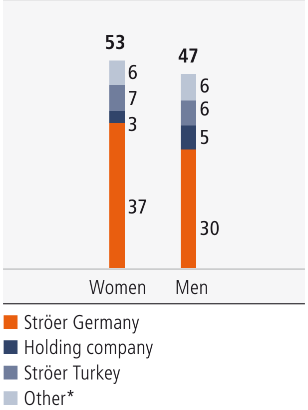
*Other: blowUP & Poland

Proportion of men/women

The proportion of female employees increased to just under 53% in 2011. Women account for 30% of the Company's managers. We are continuing our efforts to achieve a gender balance in management positions. The proportion of female participants in our current management programs and events is approximately 40%.

Proportion of men/women

2011 in %



*Other: blowUP & Poland

Vocational training

Ongoing training for young people is a firm element of our forward-looking HR policies. As of the reporting date, Ströer provided a total of 33 young talents throughout Germany with vocational training as media designers, office assistants, office communications assistants and marketing communications assistants. We recruited 15 trainees in Germany in the course of 2011.

Our trainees receive practical instruction at our group headquarters and at large regional offices. In addition to traditional vocational training, Ströer offers places at vocational colleges (dual system offering) as we see this practical training model as a key element in securing the supply of qualified young staff.

Ströer offers its trainees and B.A. students good continuing professional development opportunities. In 2011, we took on seven trainees in central procurement, marketing, station media, sales and technology at our locations in Cologne, Halle, Munich and Kassel. At the end of 2011, we began recruiting our 2012 trainee intake.

OPPORTUNITIES AND RISK REPORT

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

Media spending by companies depends on business expectations and actual macroeconomic developments. Advertising expenditure is therefore tied to sentiment and is an early indicator of economic trends. This means that the Ströer Group – as a partner for the advertising industry – is always exposed to a discernible economic risk. For example, any further spreading of the debt crisis or the occurrence of other events of global economic relevance, such as a military conflict in the Persian Gulf, could have tangible effects on advertising markets or the economic situation of key business partners – with potentially negative consequences for the Group's revenue and earnings as well as its financial position and net assets.

However, our basic assumption is that governments will succeed in calming the situation on the financial markets in the first half of 2012, which should allow sentiment to improve and markets to gradually regain momentum in the course of the year. Our strategic investments in forward-looking products such as our out-of-home channel and premium billboards, together with the attractive advertising concessions we have signed or extended, are a sound basis from which to increasingly profit from such an upturn in the markets. If a less favorable scenario were to occur, the Ströer Group should be able to respond rapidly and implement internal measures to stabilize its investment and cost budget – like it did in the crisis year 2009. All in all, we are therefore cautiously optimistic about the near future. At present, we are not aware of any risks to the Company's ability to continue as a going concern.

Risk management

The Ströer Group's success is heavily influenced by the conscious management of opportunities and risks arising from business activities. Risks represent all events, actions or inaction that result in the failure to achieve the planned results of business activities, while opportunities are defined as the possibility of positive deviations from targets.

In order to recognize risks early on, analyze them systematically and control them appropriately, the Ströer Group has a group-wide risk management system in place for which the Group's board of management is responsible. It is being continually developed and is in compliance with the legal requirements for an early warning system for the detection of risk pursuant to Sec. 91 (2) AktG. The key components of our comprehensive risk management system include the risk management process, reporting and the Group's internal guidelines.

Based on the Group's risk strategy, the risk management process comprises the phases of identifying, evaluating, controlling and monitoring risk. Risk management is based on the strategic success factor concept, which is derived from the Ströer Group's corporate strategy. We define strategic success factors as latent or visible potential in the market or within the Company that will crucially determine Ströer's future success. Each success factor comprises both opportunity and risk potential. The group risk management department systematizes risk potential in the Ströer risk scorecard, which enables each risk to be assigned to one of the following areas: "market," "process," "employee" and "finance."

All risks are assigned to one of three risk categories (low, medium, high) according to their expected damage value, with each category having various strategic rules for how to manage the risk. A risk officer is appointed for each group unit and is responsible for managing the risk situation in his/her unit (decentralized risk management). In line with management responsibility for handling risk, all risk officers at the group headquarters and the German and foreign entities are classified as executive employees. The group risk management department has the methodological and system expertise to operate our comprehensive risk management system. 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 every quarter about current risks to which the Group is exposed. All risk officers are obligated to report to the board of management and the group risk management department immediately in the event of any expected risks that exceed the specific materiality thresholds.

We have an extensive risk reporting system that spans all group areas and levels. In a quarterly reporting process, each risk officer reports on the current risk situation in his/her area to the group risk management department. This reporting mainly comprises a detailed description of the specific risks, a presentation of the risk assessment on a gross and net basis and selected control measures. The group risk management department examines all incoming risks for interdependencies and summarizes them into core risks. The quarterly risk report presents the core risks at the time of their identification. It addresses their various causes, probability of occurrence and potential effects, as well as explaining how they have changed over time. Extensive action plans reflecting the significance of the specific risks are drawn up and primarily document implementation progress.

Our comprehensive risk management policies are summarized in a group manual. It defines the group-wide methods for risk management, responsibilities for performing risk management activities as well as reporting and monitoring structures. This enables the group risk management department to ensure that the risk management process is transparent and verifiable at all times thanks to internal and external reporting. At the same time, all employees are made aware of the importance of taking a responsible approach to risks. In addition, regular risk-related expert interviews and workshops promote risk awareness and the ongoing development of a risk and monitoring culture.

The Ströer Group's risk management system is being continually developed and is compliant with the legal requirements for an early warning system for the detection of risk pursuant to Sec. 91 (2) AktG.

The accounting-related internal control and risk management system is an important part of the Group's comprehensive risk management. It is not legally defined. We understand it to be a comprehensive system, referring to the definition by the Institute of Public Auditors in Germany, Düsseldorf ["Institut der Wirtschafts-prüfer in Deutschland e.V.": IDW].

According to the definition, an internal control system comprises the policies, procedures and measures installed within an organization 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 organization. The internal control system also aims to help internal and external reporting convey a true and fair view of the Ströer Group's net assets, financial position and results of operations.

In addition, we 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 ["Bilanzrechts-modernisierungsgesetz": German Accounting Law Modernization Act].

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

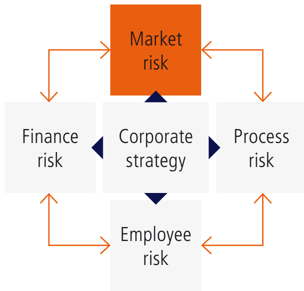
- The Group's board of management has overall responsibility for the internal control and risk management system in relation to the group financial reporting process
- All entities included in the consolidated financial statements are integrated in this system by way of a defined management and reporting organization
- The policies, structures and procedures and the processes of the Group's accounting-related internal control and risk management system are defined for the entire Group

We consider those elements of the internal control and risk management system which could have a considerable impact on the Group's financial reporting process and the overall picture conveyed by the consolidated financial statements and group 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 board of management and the consolidated entities
- Preventative and investigative 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 group 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

Below we present the risk fields, taking all the risks recorded in the Ströer risk scorecard into account, that could, from today's perspective, have a significant negative effect on the net assets, financial position and results of operations. However, opportunities for the Ströer Group may also arise from symmetrical risks – potential events allowing the possibility of positive deviations from the plan.

Market risk



In view of the sovereign debt and banking crisis in the eurozone as well as political uncertainty, current macroeconomic developments represent a much higher core risk for all national Ströer group entities than in the year under review. We cannot rule out that a collapse in confidence could adversely affect the investment appetite of advertising customers. Any deterioration in the advertising climate is likely to impact our future business. Such a situation could also occur if the countries in which we operate are affected by heightened geopolitical tensions or the destabilization of political systems.

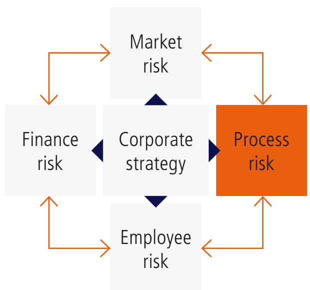
Business risks of an industry-specific nature could primarily arise in connection with procurement, commercialization and existing legislation.

As regards procurement, there could primarily be negative deviations from plan in the future caused by the loss of advertising concessions from cities, public transport operators and municipal facilities, the inadequate profitability of advertising concessions contracts with minimum, fixed or guaranteed lease arrangements, or the loss of advertising spaces in cities, trams or train stations. In individual cases, adverse effects could also arise from delays in the approval process, an increase in the cost of obtaining the required building approval and the rejection of attractive locations by the approval authorities. We mitigate these risks through professional acquisition management.

The Ströer Group has long-standing business relationships with some suppliers. However, it cannot be ruled out that the loss of a key supplier could have a negative effect on our business in the short term. To adequately manage this risk, our central procurement department has developed and implemented a group-wide sourcing strategy.

With regard to commercialization, negative deviations from plan could arise through losses in income from orders placed by major customer groups, the loss of customers in intra and intermedia competition or reduced margins as a result of higher discounting in the media industry. The Ströer Group counters these risks by continually adjusting and developing its sales organization. Our “Out-of-Home Channel” and “Premium Billboard” projects remain instrumental for our planned growth path. If these strategic projects were not to develop as planned, this could represent a significant risk in the future. However, the required positive momentum should be provided by our increased communication with agencies and the successful establishment of performance records demonstrating the reach of our out-of-home channel.

Process risk



In general, the Ströer Group’s value chain can be broken down into the stages of innovation and operational performance, which range from identifying customer wishes to satisfying them.

With regard to the innovation process that is anchored in the Group’s strategy, there is the risk of current or future customer wishes not being sufficiently identified and the risk of misconception concerning the development of new products or services. Also a critical success factor in the production process is close observation of patents or other industrial rights of third parties.

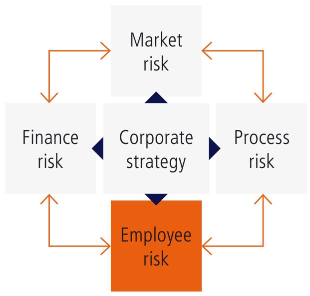
The subsequent operating process includes all activities from receipt of the order to the delivery of the product or rendering of the service. The Ströer Group places particular focus on quality risks in connection with ensuring the high quality and best management of advertising media and street furniture. The same applies to potential disruptions to the proper and efficient handling of quote and proposal preparation, order processing and complaints and receivables management.

We counter the risks arising from the innovation process by thoroughly assessing the market situation, among other things. The ongoing projects to optimize core business processes and the internal control system are also having a positive effect at group level. We responded to the high demands placed on an internal control system by establishing a group-wide "operating organization" department.

Business processes and internal and external 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 major disruption or system failure could in particular result in the loss of data and negatively affect IT-based business processes. The Ströer Group counters IT risks using a range of mitigating measures that will also be specially incorporated in the new group-wide IT environment that we have begun to implement.

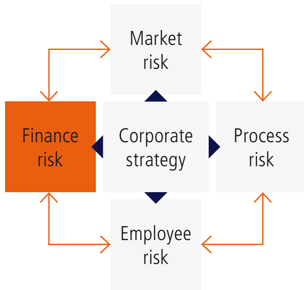
It is also extremely important to us that our business activities comply with existing laws. Depending on the issue at hand, we minimize these risks using a variety of measures. Compliance with the law and internal guidelines is ensured by a compliance organization under the umbrella of our group legal department. Its main focuses are to ensure that antitrust and capital market regulations as well as upstanding business practices are regularly adhered to in our processes. Preventive measures include making employees aware of these issues and providing them with information and advice. Other measures include regular support from business experts, law firms and tax advisors.

Employee risk



Highly qualified employees and executives form the basis for our sustainable economic success. A significant risk could arise from the unwanted turnover of key management personnel if they are not replaced or not replaced in good time by in-house or new staff. We take a range of measures to mitigate this risk. These include strengthening our reputation as an employer, offering a performance-based remuneration system, training courses, developing talent pools, mentoring and coaching programs as well as deputization arrangements. We also underline our profile as an innovative company by cooperating closely with a number of universities.

Finance risk



Debt poses a financing risk to the Ströer Group. The occurance essentially depends on the Group meeting the financial covenants set out in the loan agreement. At the same time, there are a number of covenants and information duties vis-à-vis the lenders. The breaching of covenants or other duties may lead to sanctions being imposed.

The Ströer Group's international activities entail currency risks, in particular a risk arising from translation of the financial statements of foreign operations prepared in foreign currency. Any depreciation in the Turkish lira and the Polish zloty against the euro would also have an adverse effect in respect of the existing euro-denominated loans granted to our foreign group entities (transaction risks). However, other currency risks affecting the Group are not as relevant.

If the subsidiaries and other investees generate losses, the investment risk 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, for example, a segment's business performance falls short of expectations.

Due to the complexity of tax law, it is also possible that the tax authorities will take a different view of relevant issues in future field tax audits, or that they will challenge previous procedures. We minimize this risk by maintaining a continuous dialog with internal and external tax specialists.

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. This risk can be eliminated or mitigated using hedging transactions. By using interest rate swaps, the interest rates were fixed for the majority of floating-rate financial liabilities.

→ For more details on financial risks, see page 169.

Opportunity management

Like risk management, opportunity management focuses on the market, process, employee and financial targets derived from our corporate strategy. The operational management of each business division is responsible for opportunity management, in close cooperation with the Group's board of management. As with the risk management function, opportunity management is embedded in the Ströer Group's planning and control process. We use the knowledge gained here to identify opportunities and to prepare and implement appropriate action plans.

General economic opportunities for the Ströer Group are based primarily on an increase in the net advertising volume in our core markets of Germany, Turkey and Poland. Such a development could occur in 2012 if the uncertainty in the eurozone subsides more quickly than expected because, for example, the debt and confidence crisis gradually recedes or the global economy rapidly overcomes its weakness due to suitable monetary and fiscal policy measures. On the other hand, it is possible that, contrary to the cyclical conditions, advertising customers may have larger budgets at their disposal for communication purposes or, as in recent years, they may focus more on out-of-home media.

We believe that industry-specific opportunities will arise primarily from the roll-out of digital formats and a larger number of advertising media featuring scrolling technology. Both products are likely to have a positive effect on out-of-home media in general and on leading advertising companies in particular. The intensity of the structural change in media use – which has proved beneficial for out-of-home media – could be greater than expected in a prospering overall environment. In Poland, we also see opportunities arising if there is further consolidation in the country's out-of-home advertising market. In our view, industry-validated methods for measuring the audience reach of out-of-home media that are already being put into operation in the Polish and Turkish markets will help increase the attractiveness of our customer offering in the future.

From a geographical perspective, our strategic opportunities result from our systematic focus on countries that appear to significantly lag behind in terms of spending on advertising in the out-of-home media segment. We see opportunities to gain new customers not least through the roll-out of our out-of-home channel in Germany. This digital moving-picture platform with a nationwide reach is mainly geared to major advertising customers. Our acquisition of ECE flatmedia has enabled us to further expand our digital out-of-home media portfolio to include shopping centers. We could record positive deviations from plan in our advertising concessions portfolio in Germany and abroad if we are able to attain new advertising concessions from cities, public transport operators and municipal facilities, as well as from private landlords, in addition to our current portfolio.

Operational opportunities are essentially based on increasing the satisfaction of our national and regional customers and agency groups through our communications solutions. Our projects to optimize core processes and the internal control system could also have a positive effect as they will simplify and enhance the quality of our business workflows. Our IT infrastructure plays a key role here since its performance significantly determines how efficient and compliant our procedures are. The completion of the integration of the former Deutsche Bahn outdoor business into the German division could also have a positive effect on a functionally optimized organizational structure. At the same time, the merger of the business activities of Ströer City Marketing (formerly News Outdoor Poland) and our core business in Poland should again lead to economies of scale in 2012. We also see considerable potential in the systematic continuing professional development of our staff and in the further development of our advertising media products.

FORECAST

Overall assessment of the board of management of the Group's future performance

We remain positive about the outlook for the Ströer Group in the coming years despite the current economic uncertainty. We are well positioned in our core markets and are working continuously to leverage revenue potential from out-of-home media using our compelling product range and to further strengthen our portfolio of advertising rights in Germany and abroad. Ströer is in a strong competitive position thanks to our investments in future-proof products and innovative services. We expect these activities to result in revenue and earnings growth in the coming years and to further improve our financial position. Our medium-term growth opportunities will come primarily from the following factors:

- Structural growth in Germany's out-of-home media segment
- The increase in advertising spending per head in Turkey and Poland due to a comparative rise in market growth
- The expansion of space capacity for premium products or in key cities in our core markets
- The extension of existing advertising concessions and sales rights and the acquisition of new ones
- A higher proportion of digital products in our customers' mix of out-of-home media

In addition, we will seize operational opportunities that arise from our operating business through cost management and efficiency gains. For example, these include further optimizing procurement processes and continuously improving workflows in operating areas.

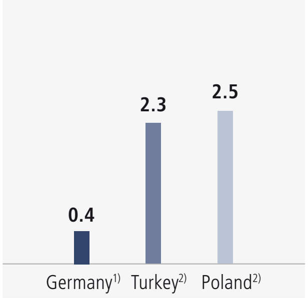
We have significantly improved the Group's financial position in recent years. The ratio of net debt to operational EBITDA (leverage ratio) was 2.3 as of 31 December 2011, which is within our disclosed target corridor of 2.0 to 2.5. Excluding any major M&A measures, we expect the leverage ratio to continue to fall over the next few years. Our forecast reflects the significant factors that were known at the time the financial statements were prepared and that could influence our business development in 2012 and beyond. Significant risks are explained in the risk report. As in the past, we will make every effort to achieve our targets.

Future macroeconomic conditions

Higher commodity prices, the fallout of the earthquake in Japan, the sovereign debt crisis in the eurozone and increasingly restrictive economic policies in emerging economies to curb inflationary trends led to muted global economic growth in 2011.

The beginning of 2012 is likely to be plagued by further market uncertainty. European governments have not yet succeeded in winning back lasting confidence in the stability of the euro among the financial markets, companies and consumers. The austerity packages adopted in the eurozone countries are dampening further economic growth. The International Monetary Fund (IMF) expects the eurozone to slide into a mild recession (–0.5%) and forecasts global economic growth of only 3.3%. The IMF predicts the main causes of this will be a further slowdown in the emerging economies in Asia and Latin America, as well as a pronounced decrease in growth rates in central and eastern Europe and in Asia. In 2013, however, we expect economic growth to pick up in our core markets of Germany, Turkey and Poland as government measures to limit the euro crisis and accompanying programs to strengthen economic growth are expected to have a positive effect.

Expected real GDP growth in 2012
in %



[1] Source: ifo
[2] Source: IWF

In **Germany**, economic growth is forecast to slow sharply in 2012. The weakening of the global economic expansion makes a decline in German exports likely. The ifo Institute expects a "mild recession" in Germany at the beginning of 2012, before momentum increases again in the second quarter. ifo experts and the German Council of Economic Experts are predicting a rise in GDP of only 0.4% for the year as a whole. These forecasts assume that there will be no further turbulence on the financial and capital markets.

In **Turkey**, the developments in the European Union – the country's most important trading partner – and the measures taken by the government and central bank in 2011 to curb domestic demand should lead to a substantial cooling of the economy. The IMF expects Turkey's gross domestic product to increase by 2.3% in 2012 and by 3.2% in the following year, both in real terms. The OECD is more optimistic about the situation in 2013 and is predicting 5% growth in real terms. This would allow Turkey to remain one of the fastest growing economies out of the OECD member states in the medium term, as its fundamentals continue to be seen as positive. The high proportion of young, mobile and aspiring population groups in Turkish society and the concentration of the groups with the highest purchasing power in the country's largest cities promote favorable conditions for the Turkish economy to grow steadily. The country's risk factors remain its foreign trade deficit, which increased in the year under review, and its high inflation rate. The central bank's inflation target for 2012 to 2014 is around 5.0% p.a.

According to the IMF, the **Polish economy** will grow by 2.5% in real terms in 2012 provided that there are no further negative effects from the euro crisis. This figure matches the OECD's growth forecast. However, the Polish central bank is expecting a slightly higher increase of 3.0%. After an expansion of 4.2% in 2011, this would be a relatively moderate decrease. Despite its declining dependence on exports from other central European countries, Poland also recorded a fall in its business climate indices and a slowdown in foreign trade due to the sovereign debt crisis in the eurozone. Nevertheless, these forecasts mean that the country remains one of the fastest growing markets in the EU. Poland will benefit particularly from the EU Structural Funds, which will make substantial funding available to it for construction investments in the run-up to the European soccer championships in 2012. However, the government that was re-elected in the year under review has announced its intention to reduce the budget deficit to below 3.0% in 2012 (2011: approximately 5.5%) in order to comply with the Maastricht criteria. The IMF also expects Poland's inflation rate to fall below 3%.

Future industry performance

The global advertising market has recovered from the effects of the global financial and economic crisis in 2009 and has grown in the past two years, but not yet returned to the pre-crisis level of 2007. The most recent Advertising Expenditure Forecast published by ZenithOptimedia (dated December 2011) predicts a 3.5% global increase in net advertising spending in the reporting period.

In times of increasing media convergence, content-dominated media offer a large number of advertising opportunities, although their reach is extremely limited. This content-driven environment is therefore forcing advertisers to use more and more advertising channels to reach the same number of consumers. This means that expanding a product's advertising reach among its target groups is becoming more complex and is raising the cost of an advertising presence. This fragmentation will accelerate due to growing mobile internet use and the significant change in media consumption that this is causing. In Europe, for example, 50% of all mobile phone users own smartphones – a trend that is on the increase.

Out-of-home advertising is the only medium that does not have to embed advertising messages in a content environment to expand a product's reach. Rather, reach is achieved by the frequency of visitors/ passers-by at the physical location of the advertising medium. This factor is making out-of-home advertising resistant to the negative effects of the growing fragmentation of content-based advertising channels. Society's increasing level of mobility is expanding the reach of out-of-home advertising. We expect the out-of-home sector to benefit more and more from these structural factors over the next few years. The macrotrend in urbanization is also increasing audience frequencies in metropolitan regions. Out-of-home advertising is the only form of advertising in public that delivers large-format images with a substantial reach that cannot be suppressed or avoided by consumers. In fact, mobile consumers accept out-of-home advertising as an integral part of their environment, which underlines the high approval rates recorded in a recent survey by TNS Infratest.

The increasing digitalization of out-of-home advertising offers additional growth potential, allowing advertisers to place advertising messages at certain times and for specific target groups, depending on consumers' daily routines. A growing number of services and applications are being offered that link traditional out-of-home advertising with digital functions. The agency group OMD indicates that digitalized out-of-home media in combination with the mobile web are also becoming a medium for dialog which intensively uses interactivity elements with digital added value. Cross-media marketing is thus likely to gain in influence and out-of-home media should benefit from the steady growth in the mobile internet.

According to various industry assessments, digital out-of-home advertising currently accounts for less than 5% of the total global out-of-home advertising market. However, all market studies unanimously forecast further above-average double-digit growth in the future. In the medium term, these studies predict that digital out-of-home advertising will account for a double-digit percentage share of total spending on out-of-home advertising worldwide.

Development of advertising spending

All forecasts to date also point to mid-single-digit growth in global advertising spending in 2012 despite the worsening of the economic environment. According to the ZenithOptimedia agency, this means that, for the first time, global net advertising spending will return to – and probably even exceed – the pre-crisis level of 2007. Magna's recently published figures for western Europe indicate a 1.1% increase in net advertising spending. The trend in western Europe will again be shaped by a north-south divide. Based on this growth scenario, Germany ranks among the four largest advertising markets worldwide, a position it will continue to hold in the future. ZenithOptimedia expects global net advertising spending to continue to grow in 2013, rising by 5.3% to a higher level compared with 2012.

Development of the German advertising market

Despite gloomy macroeconomic forecasts, Zenith and Magna expect net advertising spending to increase by 1.5% to 2.2% in Germany in 2012. According to Zenith, this consistently positive trend is due to historically low unemployment and a robust consumer climate. Experts continue to see the internet as an important driver of advertising spending that is gaining momentum due to increased advertising in social networks. Both TV and out-of-home advertising are also expected to perform positively, while the negative trend in print advertising will continue in 2012 according to Zenith. The Central Association of the German Advertising Industry ["Zentralverband der deutschen Werbewirtschaft": ZAW] is taking a comparatively cautious view of the development of the German media market in 2012 and is not ruling out a slight downturn of up to 2%.

Zenith predicts that the out-of-home sector will record net growth of 2% in 2012, which is at the upper end of the expected overall market performance. The autumn forecast (Herbstprognose) survey by the media agencies organization OMG also reveals that out-of-home media will become increasingly important over the next few years, with its growth only being beaten by online media. PWC's study also predicts net growth rates of around 2% for 2012 and 2013. This forecast is additionally based on new digital offerings in the sector, such as the out-of-home channel launched by Ströer. Furthermore, PWC believes that out-of-home advertising will benefit from people's increasing mobility. ZAW has not issued a concrete forecast on the development of out-of-home advertising in 2012; however, any temporary contraction in the overall media market would impact the growth prospects of the out-of-home sector.

Development of the Turkish advertising market

We believe that the advertising market in Turkey – one of the most dynamic markets in Central and Eastern Europe – will require much more support in 2012 to match the double-digit growth seen in the past two years. Forecasts published by Zenith Optimedia in December 2011 indicated that the country's advertising market would increase by a similar rate. The online and TV segments as well as out-of-home media were seen as the main growth drivers. However, the irregularities in the measurement of the reach of TV advertising that were identified in December 2011 – and are due to be adjusted in the course of the year – will dampen growth in advertising spending. Despite recently reduced economic growth forecasts in Turkey, we think that the country's overall advertising market and the out-of-home advertising segment can achieve net growth in the mid-single-digit percentage range in 2012. In the coming years, the development of the out-of-home market will go hand in hand with the further expansion of space capacity. We expect volume growth from additional public advertising concessions that were awarded in the past 12 to 18 months and others that will be tendered in the coming 12 months. At the same time, the increase in capacity at existing locations due to the use of scrolling technology should have a positive effect. For 2013, we expect the media and out-of-home advertising market to record a typical growth rate of at least double the percentage increase in GDP on the back of improved economic conditions.

Development of the Polish advertising market

According to PWC, Poland is the second-largest advertising market in Central and Eastern Europe after Russia. Zenith Optimedia forecasts moderate net growth rates of 3.8% in 2012 and 3.4% in 2013. As the Polish market is also being driven by media convergence, growth will come primarily from the online sector, which is expected to see double-digit expansion. However, the increase in the Polish advertising market is also based on higher bookings in the TV sector. According to Zenith, print media will record a decline in the mid to high single-digit range. Market studies differ substantially in their assessments of how the Polish media market will perform in 2012 and 2013. Zenith Optimedia takes a more cautious view of out-of-home media in Poland. After contracting by approximately 2.6% in 2011, the out-of-home market is forecast to grow by 1.7% in 2012 (net figures). In 2013, PWC expects an increase in the out-of-home advertising market that significantly exceeds the abovementioned growth rates.

In the medium term, we expect the market consolidation in the Polish out-of-home advertising sector to continue, further boosting market momentum. A less fragmented market will ultimately lead to greater standardization of the advertising media formats on offer and bring them in line with western European quality standards. This development will increase the competitiveness of out-of-home media in comparison to other advertising forms in Poland. We also believe that public advertising concessions in the area of street furniture will become increasingly important.

Future direction of Ströer Out-of-Home Media AG

Ströer Out-of-Home Media AG remains firmly committed to the strategy it formulated during its IPO in 2010 (see "Strategy and management"). We see ourselves as well equipped to gain additional market share by combining the structural advantages of out-of-home media and an extended range of products and services. Our main focus is on serving national customers who use our advertising networks for regional and nationwide advertising campaigns to expand their reach. At the same time, we will step up cooperation with our regional customers who use our advertising media for their advertising messages or for directional media advertising in a local environment, and who are already a cornerstone of our business as a result.

Business focus in Germany

As the country's largest provider of out-of-home media, we aim to play a key role in driving forward the market in Germany with our products and innovations. In 2012, we intend to expand our out-of-home channel – Germany's most frequented digital out-of-home network at the end of 2011 with over 800 large-format HD screens, to a total of around 1,000 screens. We expect a continued high level of customer interest in the third, independent pillar in the moving-picture market because, for the first time, this combines the benefits of out-of-home advertising with those of the highest-quality moving pictures: a significant reach and moving pictures in HD quality, packaged in a digital medium with suitably short advance booking times and cross-media marketing prospects. We hope that, in the future, our advance into the moving-picture market will give us access to advertising budgets outside of the traditional out-of-home sector.

We will also expand our digital media portfolio via ECE flatmedia, which we acquired in the fourth quarter of 2011. In 2012, we will roll out the company's digital advertising media concept in shopping centers – a project that entails investing a high single-digit million figure. Here, too, our goal is to further expand the reach of our out-of-home channel format in Germany.

In addition, we are continuously working to optimize our range of traditional out-of-home media, which will account for the majority of our business for the foreseeable future and are the cornerstone of our product mix. In the coming year, we will gradually continue the premium billboard program we launched after our IPO. This involves replacing traditional billboards at highly frequented and sought-after locations with backlit glass-encased display cases with scrolling technology. In 2012 we will install up to 500 more of these premium billboards, which will increase our network to well over 1,000 locations. We will continuously adjust the future stages in the expansion of our premium billboard program to reflect ongoing economic developments in 2013 and beyond.

Although we expect to benefit from the abovementioned structural factors in the out-of-home advertising segment in Germany, we are closely monitoring the overall economic indicators. The resulting uncertainty about future developments is reflected in highly volatile expectations and forecasts. The advertising industry is currently seeing its customers take a generally cautious, wait-and-see approach, although there has not yet been an overall reduction in advertising budgets. If the financial and capital markets do not experience any additional turbulence and there is no further slowdown in the global economy, we expect the advertising spending in Germany attributable to the Ströer Group to increase slightly in 2012, while advance booking times will tend to be shorter due to the cautious approach taken by our customers. In line with the forecast improvement in economic conditions in 2013, we expect increasing momentum in our business activities.

Business focus in international markets

At the beginning of the new fiscal year, uncertainty about the ongoing economic outlook was also affecting our core foreign markets, which have a variety of business and trade relationships with eurozone countries. Our forecasts for total advertising spending in both markets assume that the economic environment will stabilize. As a relatively cyclical industry, the advertising sector is naturally exposed to higher volatility in the emerging markets. With the exception of our giant poster activities, which are less significant in terms of volume, our foreign business is limited to Turkey and Poland.

In the Turkish market, we expanded our portfolio in major cities in the reporting period and strengthened our leading position in the out-of-home market. We therefore extended our advertising media network to reflect the expected growth in the country’s overall advertising market, from which the out-of-home market will also benefit. Advertising spending per capita in Turkey is currently only around a ninth of the figure in Germany. This significant gap should be closed by comparatively higher growth rates in the coming years. In 2012 and 2013, we expect a steadier development of the advertising market than in the reporting period. 2011 was dominated by new legal requirements to limit TV advertising times and the related changes in the supply and demand structure.

In the fiscal year, we expanded our portfolio of contracts to install and commercialize advertising faces throughout Turkey. In particular, we further strengthened our position in the emerging cities of Anatolia, such as Izmir and Antalya. We are also pushing ahead with developing advertising opportunities in key shopping centers in Turkey with a team that was specially formed for this task in the reporting period.

In both countries, we are progressing with the introduction of audience measurement systems based on internationally accepted standards. In 2011, we began classifying advertising media and measuring data in Turkey. This will strengthen our position in out-of-home media in the future, particularly against TV, radio and print, and we will gradually incorporate the results gained in the course of the project into our sales activities.

In Poland, we followed up the successful integration of News Outdoor Poland, which we acquired in 2010, by defining new advertising networks and developing new customer offerings based on our combined portfolio. Our goal is now to leverage this potential in our customer marketing activities.

Anticipated revenue and earnings development

The Ströer Group's future revenue and earnings development depends primarily on how advertising spending develops in Germany, Turkey and Poland as well as on the total market share of out-of-home media. Forecasts must therefore focus on the effect of economic fluctuations on advertising investments and the intensity of consumer spending. Furthermore, the short-term booking behavior of advertising customers, which looks only a few months into the future at a time, also limits the reliability of any forecasts. These uncertainties, typical of the industry, prove a hindrance when determining quantified forecasts of revenue and earnings.

The Ströer Group

Overall, we expect the Group to record organic revenue growth in the low to mid-single-digit range in 2012. Subsequent consolidation effects from changes to the investment portfolio made in the prior year (essentially due to the acquisition of ECE flatmedia) will be insignificant in 2012 and will not exceed a mid-single-digit million figure. Only limited forecasts can be made for 2013 due to increased economic uncertainty in our core countries. However, we believe that the structural growth factors in our business model will ensure percentage revenue growth in the mid-single-digit range beyond 2012.

In 2012, we are forecasting a largely revenue-driven rise in leasing and running costs as well as higher energy costs largely due to market prices. Higher fixed rental payments are primarily only relevant abroad and relate to the extended advertising media portfolio and inflation adjustments. We expect overhead costs to increase more than inflation due to catch-up effects coupled with the implementation of growth projects.

The effect of consolidating newly acquired entities on the operating result before interest, taxes, depreciation and amortization (operational EBITDA) in 2012 can be seen as neutral because of the small size or start-up nature of the entities acquired in the reporting period. The forecast increase in operational EBITDA will come mainly from the Group's organic growth provided that it is not hampered by adverse currency and cost effects. Due to the general uncertainty with regard to the development of the economy and the industry, combined with the cost trend observed in 2012, we expect that the operational EBITDA margin will be in the same range as in the previous year. If the sovereign debt crisis is overcome and the global economic environment significantly picks up in 2012, we expect a gradual improvement in the operational EBITDA margin for the Group in 2013.

Germany segment

In out-of-home media, although we cannot see any signs of pessimism among our customers, they appear to be taking a more cautious basic stance due to the existing uncertainty. Assuming the macroeconomic situation in Europe stabilizes, we expect Ströer Germany to increase its revenue by a low single-digit percentage in 2012. We also believe that the structural conditions in the German out-of-home market will continue to be positive in 2013. As a result, we expect further growth in our out-of-home media in Germany of two to three percentage points above the actual performance of the advertising market at net prices. The Group's forecast operational EBITDA margin for 2012 and 2013 will be driven primarily by Ströer Germany and can therefore be largely attributed to this division.

Turkey segment

Assuming the same conditions, we expect Ströer Turkey to record a further increase in revenue that significantly exceeds the average growth rate forecast for the Group. Overall, we are predicting mid-single-digit revenue growth for Ströer Turkey in 2012. In the next one to two years, the segment will gradually benefit from the effects of rolling out additional advertising media in the reporting period and of acquiring marketing rights in Istanbul. This will promote organic revenue growth in 2013. We believe that Ströer Turkey is on a long-term growth path which, although at a relatively low level at the moment, should far exceed the average for the Ströer Group. If the economic environment is intact, Ströer Turkey is likely to profit from higher market volumes and new concessions from 2013 onwards, and its revenue should grow faster than of late. The operational EBITDA margin is expected to decrease in 2012, primarily due to higher fixed rental payments under new city and sales contracts that will only be gradually offset by revenue from the roll-out of advertising media. If the forecast upturn in the global economic environment is confirmed in 2012, we expect the segment’s operational EBITDA margin to improve at the latest in fiscal year 2013.

Other segment

In Poland, we aim to continue exploiting our leading position in the important 18m^2 billboard segment to meet the needs of our nationally operating customers by shortening sales cycles while expanding our network’s reach. However, we are also facing persistently fierce competition from other providers of out-of-home advertising. Assuming the environment in the eurozone stabilizes, we expect our Polish business to increase its organic revenue by a low single-digit percentage in 2012 and 2013.

We also expect the blowUP group to make positive revenue and earnings contributions. The activities of blowUP continue to focus on the existing regions in Germany, the UK, Spain and the Benelux countries. As individual projects in the UK have already shown, large-format digital advertising faces offer increasing business potential. Overall, we are forecasting ambivalent trends in the economies in blowUP’s country portfolio. Assuming a stabilized eurozone, we expect revenue to grow by a low to mid-single-digit percentage in 2012 and 2013.

The economies of scale resulting from the integration of News Outdoor Poland and the business opportunities offered by a moderate increase in our giant poster business should allow us to achieve an operational EBITDA margin in 2012 that is at the previous-year level, and that we aim to gradually expand in 2013.

Consolidated profit

The anticipated increase in the operating result will also have a positive impact on consolidated profit after taxes. Although the acquisitions in the reporting period will lead to higher amortization of acquired concessions, this should prove to be an insignificant amount in the low single-digit million range. The sharp rise in investing activities in the reporting period due to the roll-out of advertising media in Germany (including the out-of-home channel and premium billboard projects) and Turkey will result in increased amortization and depreciation in 2012 and beyond.

However, we expect the interest expense, which fell by up to 100 bp year on year following the renegotiation of our loan agreements, to have a positive effect on consolidated profit. From the end of 2012, consolidated profit will also be boosted by the gradual expiration of derivative contracts to hedge interest rates that had been concluded at a comparatively high interest rate before the financial crisis hit.

The items included in the financial result in addition to cash interest expense mainly comprise non-cash expenses from changes in the value of derivatives or exchange differences from intragroup loans. Changes in these items are primarily dependent on shifts in the yield curve and deviations in the exchange rate of the Polish zloty and the Turkish lira from their respective reference rates as of 31 December 2011. As these effects are extremely difficult to predict, we believe the approximation we have at present is the best. Subject to these conditions, the negative measurement effects in the interest result during the reporting period, which accounted for a double-digit million figure, will not be repeated in 2012 and 2013.

Overall, we therefore expect an improvement in consolidated profit for 2012 and 2013. However, this forecast does not include any effects from potentially converting part of our bank financing to more capital market-oriented facilities.

Expected financial position

Ströer Out-of-Home Media AG’s syndicated credit lines have a final due date in mid-2014. The Group’s leverage ratio, measured as the ratio between net debt and operational EBITDA, again decreased year on year as of 31 December 2011 (factor 2.3). Excluding any major M&A measures, we continue to expect falling leverage ratios in the coming years. Should the Group’s financial needs increase as a result of substantial M&A transactions, the leverage ratio would have to be reassessed in light of the situation on the capital markets. Our operating cash flow and liquidity – i.e., available cash and unutilized credit lines – give us sufficient financial headroom to take advantage of planned investment opportunities and those that present themselves in 2012 and 2013.

Dividend policy

Ströer Out-of-Home Media AG sees itself as a growth company and intends to initially use the funds gained from its internal financing to further develop its business, improve its capital resources and implement attractive growth projects. We are confident that our reinvestments will appropriately contribute to increasing our Company’s value in the interests of our shareholders and enable us to further consolidate our position. Nevertheless, the board of management will examine a potential dividend payment to the Company’s shareholders at regular intervals in close consultation with the supervisory board. In doing so, it will take into account current market conditions and the Group’s expected financial development.

Planned investments

Ströer will continue to make suitable investments in its media portfolio in the future as a way of offering its customers attractive products to reach their communication targets in public spaces. These investments will primarily be used to roll out new advertising media networks and to maintain and modernize existing ones. In addition, we will continue to focus on installing digital advertising media in Germany. We aim to complete the installation of our out-of-home channel in Germany with a target of around 1,000 screens in the largest train stations, while continuing to roll out the HD screen formats in ECE's shopping centers. In Turkey, we will primarily invest in advertising media and street furniture on the basis of the additional concessions we have gained in emerging cities and in newly acquired shopping centers. A large proportion of our Turkish investments in 2012 are likely to focus on expansion and optimization in the greater Istanbul area. In the "other" segment, we mainly expect targeted expenditure on digital, large-format advertising media locations that relate to the business area of the blowUP group, which is part of this segment. Beyond advertising media requirements, investments will be made over the next few years for necessary maintenance and expansion of the IT environment. Overall, we expect renewal and replacement investments in the broader sense to account for 4% to 5% of consolidated revenue each year. For 2012 and 2013, we expect the Group's total investments – excluding acquisitions – to amount to somewhere between EUR 50m and EUR 60m.

SUBSEQUENT EVENTS

There were no significant events or developments after the 2011 reporting date.

INFORMATION REQUIRED UNDER TAKEOVER LAW

Information in accordance with Sec. 315 HGB and explanatory report of the board of management of Ströer Out-of-Home Media AG

Composition of subscribed capital

The capital stock of Ströer Out-of-Home Media AG amounts to EUR 42,098,238 and is divided into 42,098,238 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 28.12% and Dirk Ströer 28.43% of total stock. Both shareholders are resident in Germany. The board of management has not received any notification as required by the WpHG of other investments which exceed 10% of 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 Out-of-Home Media AG. In accordance with Sec. 119 (1) No. 5 AktG, the shareholder meeting decides on amendments to the articles of incorporation and bylaws. More information on the procedure for amendments can be found in Sec. 181 AktG in conjunction with Art. 12 of the articles of incorporation of Ströer Out-of-Home Media AG.

Authorization of the board of management to issue or reacquire shares

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

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

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 Out-of-Home Media AG and a syndicate of various banks and credit institutions. The syndicate granted the Company a loan of EUR 457.5m and a second loan of EUR 20m which has not been issued yet. The Ströer Group provided the syndicate with collateral as security for the loan in line with market conditions.

Subordinated loans

NRW.BANK AöR and SKB Kapitalbeteiligungsgesellschaft KölnBonn mbH granted the Company subordinated loans of approximately EUR 21m in total.

The provisions in the two agreements in the event of 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.

Employment contract for a member of the board of management

The employment contract between the board of management member Dirk Wiedenmann and Ströer Out-of-Home Media AG contains an extraordinary right to termination for Dirk Wiedenmann, under which he may terminate his employment contract giving notice of 12 months in the event of a change in control.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements

CONSOLIDATED INCOME STATEMENT

In EUR k	Note	2011	2010 [1]
Continuing operations			
Revenue	(9)	577,080	531,313
Cost of sales	(10)	−372,115	−332,690
Gross profit		**204,965**	**198,623**
Selling expenses	(11)	−74,535	−70,705
Administrative expenses	(12)	−75,106	−87,981
Other operating income	(13)	15,944	79,526
Other operating expenses	(14)	−14,359	−8,305
Finance income	(15)	10,510	12,191
Finance costs	(15)	−60,281	−65,029
Profit before taxes		**7,138**	**58,320**
Income taxes	(16)	−10,738	−186
Post-tax profit or loss from continuing operations		**−3,600**	**58,134**
Profit or loss for the period		**−3,600**	**58,134**
Thereof attributable to:			
Owners of the parent		−3,276	56,316
Non-controlling interests		−324	1,818
		−3,600	**58,134**
Earnings per share (EUR, basic)			
from continuing operations		−0.08	1.75
Earnings per share (EUR, diluted)			
from continuing operations		−0.08	1.63

[1] Retrospectively restated due to the completion of the purchase price allocation for Ströer Kentvizyon Reklam Pazarlama A.S. and for Ströer City Marketing Sp. z.o.o. (formerly News Outdoor Poland Sp. z.o.o.)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In EUR k	Note	2011	2010 [1]
Profit or loss for the period		**–3,600**	**58,134**
Other comprehensive income			
Exchange differences on translating			
foreign operations	(8)	–20,843	–6,954
Cash flow hedges	(35)	6,555	6,637
Actuarial gains and losses	(28)	–125	–1,465
Income taxes relating to components of other comprehensive income	(16)	–2,138	–1,506
Other comprehensive income, net of income taxes		**–16,551**	**–3,288**
Total comprehensive income, net of income taxes		**–20,151**	**54,846**
Thereof attributable to:			
Owners of the parent		–17,817	53,708
Non-controlling interests		–2,334	1,138
		–20,151	**54,846**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets (in EUR k)	Note	**2011**	2010 [1]
Non-current assets			
Intangible assets	(19)	502,545	531,519
Property, plant and equipment	(20)	221,813	212,831
Investment property	(21)	1,490	1,510
Financial assets	(22)	96	96
Trade receivables	(23)	2,335	934
Other financial assets	(24)	1,909	2,162
Other non-financial assets	(24)	8,569	6,029
Income tax assets		753	845
Deferred tax assets	(16)	14,754	8,552
Total non-current assets		**754,263**	**764,478**
Current assets			
Inventories	(25)	5,416	5,075
Trade receivables	(23)	56,581	73,414
Other financial assets	(24)	8,556	8,016
Other non-financial assets	(24)	20,654	25,721
Income tax assets		3,108	4,231
Cash	(26)	134,041	106,120
Total current assets		**228,356**	**222,577**
Total assets		**982,620**	**987,055**

[1] Retrospectively restated due to the completion of the purchase price allocation for Ströer Kentvizyon Reklam Pazarlama A.S. and for Ströer City Marketing Sp. z.o.o. (formerly News Outdoor Poland Sp. z.o.o.)

Equity and liabilities (in EUR k)	Note	**2011**	2010 [1]
Equity	(27)		
Subscribed capital		42,098	42,098
Capital reserves		296,490	296,490
Retained earnings		−45,113	−42,457
Accumulated other comprehensive income		−33,127	−18,717
		260,348	**277,414**
Non-controlling interests		13,109	17,028
		273,457	**294,442**
Non-current liabilities			
Pension provisions and similar obligations	(28)	20,928	21,317
Other provisions	(29)	10,406	15,510
Financial liabilities	(30)	413,107	426,562
Deferred tax liabilities	(16)	71,440	64,947
Total non-current liabilities		**515,841**	**528,336**
Current liabilities			
Other provisions	(29)	21,034	17,670
Financial liabilities	(30)	52,564	39,170
Trade payables	(31)	77,498	67,917
Other liabilities	(32)	29,105	31,129
Income tax liabilities		13,121	8,391
Total current liabilities		**193,322**	**164,277**
Total equity and liabilities		**982,620**	**987,055**

CONSOLIDATED STATEMENT OF CASH FLOWS

in EUR k	**2011**	2010 [1]
Cash flows from operating activities		
Profit before interest and taxes from continuing operations [2]	42,339	111,157
Amortization and depreciation (+) on non-current assets	64,146	54,088
Interest paid (–)	–31,875	–44,099
Interest received (+)	1,086	932
Income taxes paid (–) / received (+)	–7,451	–11,604
Increase (+) / decrease (–) in provisions	423	–7,450
Other non-cash expenses (+) / income (–)	374	–64,530
Gain (–) /loss (+) on the disposal of non-current assets	1,121	845
Increase (–) / decrease (+) in inventories, trade receivables and other assets	23,152	–3,202
Increase (+) / decrease (–) in trade payables and other liabilities	1,710	–5,863
Cash flows from operating activities	**95,024**	**30,273**
Cash flows from investing activities		
Cash received (+) from the disposal of property, plant and equipment	2,113	3,140
Cash paid (–) for investments in property, plant and equipment	–48,437	–25,010
Cash paid (–) for investments in intangible assets	–3,593	–3,478
Cash paid (–) for investments in financial assets	–74	–135
Cash paid (+) from/cash paid (–) for the disposal of consolidated entities	0	300
Cash received (+) from / paid (–) for the acquisition of consolidated entities	–6,981	–73,329
Cash flows from investing activities	**–56,972**	**–98,512**

[1] Retrospectively restated due to the completion of the purchase price allocation for Ströer Kentvizyon Reklam Pazarlama A.S. and for Ströer City Marketing Sp. z.o.o. (formerly News Outdoor Poland Sp. z.o.o.)
[2] including the result from exchange differences

in EUR k	2011	2010 [1]
Cash flows from financing activities		
Cash received (+) from the issue of capital	0	285,466
Cash paid (–) to non-controlling interests/shareholders	–3,127	–2,263
Cash paid (–) for the modification of existing borrowings	–2,687	–7,623
Cash repayments (–) of borrowings	–4,318	–158,478
Cash flows from financing activities	**–10,132**	**117,102**
Cash at the end of the period		
Change in cash	27,920	48,864
Cash at the beginning of the period	106,120	57,257
Cash at the end of the period	**134,041**	**106,120**
Composition of cash		
Cash	134,041	106,120
Cash at the end of the period	**134,041**	**106,120**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Subscribed capital	
in EUR k	Common shares	Preferred shares
1 Jan 2010	**474**	**38**
Profit for the period	0	0
Other comprehensive income	0	0
Total comprehensive income	0	0
Change in basis of consolidation	0	0
Capital increase using company funds	21,312	1,728
Issue of shares	20,312	–1,766
Direct costs relating to going public (after tax)	0	0
Effects from the sale of ownership interests in subsidiaries without loss of control	0	0
Obligation to purchase treasury shares	0	0
Dividends	0	0
31 Dec 2010/1 Jan 2011 [1)]	**42,098**	**0**
Profit or loss for the period	0	0
Other comprehensive income	0	0
Total comprehensive income	0	0
Change in basis of consolidation	0	0
Capital increase using company funds	0	0
Issue of shares	0	0
Direct costs relating to going public (after tax)	0	0
Effects from the sale of ownership interests in subsidiaries without loss of control	0	0
Obligation to purchase treasury shares	0	0
Dividends	0	0
31 Dec 2011	**42,098**	**0**

[1)] Retrospectively restated due to the completion of the purchase price allocation for Ströer Kentvizyon Reklam Pazarlama A.S. and for Ströer City Marketing Sp. z.o.o. (formerly News Outdoor Poland Sp. z.o.o.)

Capital reserves	Retained earnings	Accumulated other comprehensive income		Total	Non-controlling interests	Total equity
		Exchange differences on translating foreign operations	Cash flow hedges			
34,509	**−81,543**	**−4,667**	**−12,424**	**−63,613**	**15,528**	**−48,085**
0	56,316	0	0	56,316	1,818	58,134
0	−984	−6,312	4,686	−2,610	−678	−3,288
0	55,332	−6,312	4,686	53,706	1,140	54,846
0	0	0	0	0	16,880	16,880
−8,997	−14,043	0	0	0	0	0
273,415	−4,066	0	0	287,895	0	287,895
−2,437	0	0	0	−2,437	0	−2,437
0	0	0	0	0	0	0
0	1,866	0	0	1,866	−14,260	−12,394
0	−3	0	0	−3	−2,260	−2,263
296,490	**−42,457**	**−10,979**	**−7,738**	**277,414**	**17,028**	**294,442**
0	−3,276	0	0	−3,276	−324	−3,600
0	−131	−18,838	4,428	−14,541	−2,010	−16,551
0	−3,407	−18,838	4,428	−17,816	−2,334	−20,150
0	0	0	0	0	−246	−246
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	1,265	0	0	1,265	−1,265	0
0	−514	0	0	−514	3,053	2,539
0	0	0	0	0	−3,127	−3,127
296,490	**−45,113**	**−29,817**	**−3,310**	**260,348**	**13,109**	**273,457**

REPORTING BY OPERATING SEGMENT

2011

in EUR k	Ströer Germany	Ströer Turkey	Other	Reconciliation	**Group value**
External revenue	427,058	88,778	61,244	0	577,080
Internal revenue	233	221	137	– 591	0
Segment revenue	427,291	88,999	61,381	– 591	577,080
Operational EBITDA	115,332	20,327	5,681	– 9,060	132,279
Amortization and depreciation	39,852	17,308	4,786	2,200	64,146
Interest income	1,421	1,176	49	– 349	2,297
Interest expenses	32,725	7,992	2,989	– 4,993	38,713
Income taxes	– 4,385	1,711	1,447	– 9,511	– 10,738

2010 [1)]

in EUR k	Ströer Germany	Ströer Turkey	Other	Reconciliation	**Group value**
External revenue	409,895	68,595	52,823	0	531,313
Internal revenue	22	0	84	– 106	0
Segment revenue	409,917	68,595	52,907	– 106	531,313
Operational EBITDA	109,482	21,893	4,143	– 8,254	127,264
Amortization and depreciation	34,890	12,224	4,716	2,257	54,088
Interest income	1,372	404	36	– 534	1,278
Interest expenses	38,756	8,794	1,251	636	49,437
Income taxes	30,345	– 1,588	1,062	– 30,005	– 186

[1)] Retrospectively restated due to the completion of the purchase price allocation for Ströer Kentvizyon Reklam Pazarlama A.S. and for Ströer City Marketing Sp. z.o.o. (formerly: News Outdoor Poland Sp. z.o.o.)

REPORTING BY PRODUCT GROUP

2011

in EUR k	Billboard	Street furniture	Transport	Other	**Group value**
External revenue	301,985	150,750	89,215	35,130	577,080

2010 [1)]

in EUR k	Billboard	Street furniture	Transport	Other	**Group value**
External revenue	274,737	134,643	73,815	48,118	531,313

REPORTING BY GEOGRAPHICAL LOCATION

2011

in EUR k	Germany	Turkey	Rest of world	**Group value**
External revenue	434,746	88,778	53,556	577,080
Non-current assets (IFRS 8)	522,378	156,186	56,605	735,169

2010 [1)]

in EUR k	Germany	Turkey	Rest of world	**Group value**
External revenue	417,860	68,595	44,858	531,313
Non-current assets (IFRS 8)	506,445	178,957	67,332	752,734

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Basis of the consolidated financial statements

1 General

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

The purpose of Ströer AG and the entities included in the consolidated financial statements (the Ströer Group or the Group) is the commercialization of out-of-home media. With some 290,000 advertising faces and over 150 different forms of advertising media, the Group specializes in advertising directed at mobile target groups. The Group uses all forms of out-of-home media, from traditional billboards and transport media through to digital media, to reach its target audience.

The consolidated financial statements of Ströer AG for fiscal year 2011 have been prepared in accordance with the International Financial Reporting Standards (IFRSs) of the International Accounting Standards Board (IASB) applicable as of the reporting date as adopted by the EU as well as the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ["Handelsgesetzbuch": German Commercial Code].

These consolidated financial statements cover the period from 1 January 2011 to 31 December 2011. The board of management of Ströer AG approved the consolidated financial statements on 19 March 2012 for issue to the supervisory board. The supervisory board has the task of reviewing the consolidated financial statements and declaring whether it approves them.

The consolidated financial statements have been prepared on the basis of historical cost, except for derivative financial instruments which have been measured at fair value.

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

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

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

2 Assumptions, accounting estimates and the use of judgment

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

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

Impairment of goodwill

The annual impairment test for goodwill requires an estimate to be made of the asset's recoverable amount. The recoverable amount is determined on the basis of an estimate of future cash flows and an appropriate capitalization rate. See note 19 for further details.

Fair value in business combinations

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

Pension and restoration obligations

In addition to estimating an appropriate capitalization rate, accounting for pension and restoration obligations requires assumptions to be made on additional actuarial parameters and the probability and timing of utilization. See notes 28 and 29 for further details.

Deferred tax assets arising from unused tax losses

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

3 Significant accounting policies

Revenue and expense recognition

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

Revenue is recognized when the service is rendered, i.e., on the date when the advertising is displayed, and is disclosed net of trade discounts, including agency commissions, outdoor media specialist payments and rebates.

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

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

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

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

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

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

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

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

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

Goodwill and other intangible assets

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

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

Useful life	in years
Advertising concessions awarded by municipalities	1 – 17
Other advertising concessions	15 – 30
Other intangible assets	3 – 10
Goodwill	indefinite

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

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

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

Capitalized costs mainly include personnel expenses and directly allocable overheads. All capitalized development costs have a finite useful life and are recognized at cost. Amortization is charged on a straight-line basis applying the same useful life for other intangible assets. Development costs which do not meet the recognition criteria for capitalization and research costs are recognized in profit or loss in the period in which they are incurred.

Property, plant and equipment

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

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

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

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

Depreciation is based on the following useful lives:

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

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

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

Investment property

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

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

Impairment testing

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

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

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

Leases

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

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

Lease income from operating leases is recognized in income on a straight-line basis over the lease term.

Financial assets and liabilities

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

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

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

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

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

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

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

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

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

Inventories

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

Deferred taxes

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

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

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

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

Non-current assets and liabilities held for sale

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

Provisions

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

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

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

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

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

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

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

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

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

Other non-financial assets and other liabilities

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

Contingent liabilities

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

Share-based payment

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

Put options

The put options written on shares held by non-controlling interests are presented as a notional acquisition on the reporting date. The adjustment item for these interests recognized in equity was derecognized and a liability in the amount of a notional purchase price liability was recognized instead. The cumulative difference between the derecognized adjustment item and the notional purchase price liability was offset directly against retained earnings. The value of the notional purchase price liability and details on its calculation are presented in note 35.

Overview of selected measurement methods

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

4 Changes in accounting policies

All new and amended standards and interpretations published by the IASB and the IFRIC that are effective for fiscal years beginning on or after 1 January 2011 and are required to be applied in the EU were applied in preparing the consolidated financial statements.

Changes in accounting policies or accounting estimates

There were no changes in accounting policies or accounting estimates in fiscal year 2011.

Standards and pronouncements adopted that have no effect on the Group's financial reporting

The following standards and pronouncements by the IFRIC became effective for the first time in fiscal year 2011. They had no effect on the Group's financial reporting.

- IAS 24, "Related Party Disclosures" (effective for fiscal years beginning on or after 1 January 2011);
- IAS 32, "Financial Instruments: Presentation" (effective for fiscal years beginning on or after 1 February 2010)
- Improvements to IFRS 2010 (collection)
- IFRIC 14, "Prepayments of a Minimum Funding Requirement" (effective for fiscal years beginning on or after 1 January 2011)
- IFRIC 19, "Extinguishing Financial Liabilities with Equity Instruments" (effective for fiscal years beginning on or after 1 July 2010)

Standards and pronouncements that are not yet effective

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

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

In May 2011, the IASB amended or published the following five standards as part of its Consolidation project. The standards are effective for fiscal years beginning on or after 1 January 2013.

- 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, only IFRS 11 is expected to have a significant effect on the Group's methods of accounting and presentation. The new IFRS 11, which will replace the currently valid IAS 31, means that the existing option to recognize the relevant interest in joint ventures will be subject to very restrictive requirements. These requirements are currently not met by the joint ventures in which the Ströer Group has an interest. As a result, these entities will be accounted for using the equity method in the future. Under otherwise identical conditions and applying IFRS 11 to the current figures, consolidated revenue would therefore decrease by approximately EUR 11m and consolidated total assets would decline by approximately EUR 14m. The profit or loss of entities accounted for using the equity method was reported in EBIT in the past and this form of presentation will be retained. Therefore, any change to the accounting provisions would have an effect on the Group's EBIT.

The earnings contribution of entities accounted for using the equity method would be below their EBIT contribution in the case of proportionate consolidation and would thus lead to a decrease in the consolidated EBIT reported.

In June 2011, the IASB amended significant elements of IAS 19, "Employee Benefits." The key amendment is the elimination of the option when accounting for actuarial gains or losses. In future, actuarial gains or losses may only be recognized in other comprehensive income. At the same time, there are new rules on how to determine net interest, especially with regard to the expected interest income on plan assets. As the Group already recognizes actuarial gains or losses in other comprehensive income and there are no plan assets, the application of the amended standard for fiscal years beginning on or after 1 January 2013 will not affect the method of accounting or presentation in the consolidated financial statements.

The IASB also published amendments to IAS 1, "Presentation of Financial Statements," in June 2011. Under these amendments, items that are recognized in other comprehensive income must in future be presented separately according to whether or not they could be reclassified subsequently to profit or loss. The amendments are effective for fiscal years beginning on or after 1 July 2012. Application of the amended IAS 1 will lead to the breakdown of items in the statement of comprehensive income intended by the IASB.

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

- IFRS 7, "Disclosures – Transfers of Financial Assets" (effective for fiscal years beginning on or after 1 July 2011);
- IAS 12, "Deferred Tax: Recovery of Underlying Assets" (effective for fiscal years beginning on or after 1 January 2012);
- IFRS 13, "Fair Value Measurement" (effective for fiscal years beginning on or after 1 January 2013).

5 Basis of consolidation

The consolidated financial statements include the financial statements of all entities which Ströer AG directly or indirectly controls. In addition to Ströer AG, 19 German and 20 foreign subsidiaries were consolidated as of 31 December 2011 on the basis of full consolidation and 6 German joint ventures on the basis of proportionate consolidation. The equity interests are disclosed in accordance with Sec. 16 (4) AktG ["Aktiengesetz": German Stock Corporation Act].

Fully consolidated entities

Name	Registered office	Country	Equity interest in % **31 Dec 2011**	31 Dec 2010
blowUP Media Belgium N.V.	Antwerp	Belgium	100	75
blowUP Media Benelux B.V.*	Amsterdam	Netherlands	100	100
blowUP Media España S.A.*	Madrid	Spain	88	88
blowUP Media France SAS*	Paris	France	100	100
blowUP Media GmbH*	Cologne	Germany	75	75
blowUP media project GmbH	Cologne	Germany	–	100
blowUP Media U.K. Ltd.*	London	UK	100	100
CBA lletisim ve Reklam Pazarlama Ltd. Sti.	Istanbul	Turkey	90	–
City Design Gesellschaft für Aussenwerbung mbH	Cologne	Germany	100	100
City Lights Reklam Pazarlama Ltd. Sti.	Istanbul	Turkey	100	100
Culture Plak Marketing GmbH	Berlin	Germany	51	51
DERG Vertriebs GmbH	Cologne	Germany	100	100
DSM Deutsche Städte Medien GmbH	Frankfurt	Germany	100	100
DSM Krefeld Aussenwerbung GmbH	Krefeld	Germany	51	51
DSM Mediaposter GmbH	Cologne	Germany	100	100
DSM Zeit und Werbung GmbH	Frankfurt	Germany	100	100
Dünya Tanitim Hizmetleri ve Turizm Ticaret Ltd. Sti.	Instanbul	Turkey	100	100
ECE flatmedia GmbH	Hamburg	Germany	100	–
GO Public! Eventmedia GmbH	Cologne	Germany	–	100
Gündem Matbaacilik Organizasyon Gazetecilik Reklam San. Tic. Ltd.	Antalya	Turkey	100	100
Hamburger Verkehrsmittel-Werbung GmbH	Hamburg	Germany	75	75
Ilbak Neon Kent Mobilyalari Ltd. Sti.	Istanbul	Turkey	100	100
INFOSCREEN Hamburg Gesellschaft für Stadtinformationssysteme mbH	Hamburg	Germany	100	100
Inter Tanitim Hizmetleri San. ve Ticaret A.S.	Istanbul	Turkey	67	67
Kölner Aussenwerbung Gesellschaft mit beschränkter Haftung	Cologne	Germany	51	51
Kultur-Medien Hamburg GmbH Gesellschaft für Kulturinformationsanlagen	Hamburg	Germany	51	51
Megaposter UK Ltd.	Brighton	UK	100	100
Meteor Advertising Ltd.	London	UK	100	100
Objektif Kentvizyon Reklam Pazarlama Ticaret Ltd. Sti.	Istanbul	Turkey	80	80
SK Kulturwerbung Bremen-Hannover GmbH	Bremen	Germany	–	100
SK Kulturwerbung Rhein-Main GmbH	Frankfurt	Germany	–	100
Ströer Kulturmedien GmbH (formerly Stadtkultur Rhein-Ruhr GmbH, Büro für Kultur und Produktinformationen)	Cologne	Germany	100	100
Ströer Akademi Reklam Pazarlama Ltd. Sti.	Istanbul	Turkey	100	100
Ströer City Marketing Sp. z.o.o.	Warsaw	Poland	100	100
Ströer DERG Media GmbH	Kassel	Germany	100	100
Ströer Deutsche Städte Medien GmbH	Cologne	Germany	100	100
Ströer Digital Media GmbH (formerly Ströer Infoscreen GmbH)	Cologne	Germany	100	100
Ströer Kentvizyon Reklam Pazarlama A.S.*	Istanbul	Turkey	90	90
Ströer Media Deutschland GmbH*	Cologne	Germany	100	100
Ströer Media Sp. z.o.K.	Warsaw	Poland	99	99
Ströer Media Sp. z.o.o.	Warsaw	Poland	100	100
Ströer Polska Sp. z.o.o.*	Warsaw	Poland	99	99
Ströer Sales & Services GmbH	Cologne	Germany	100	100
Werbering Gesellschaft mit beschränkter Haftung	Cologne	Germany	–	100

* Indicates entities in which Ströer Out-of-Home Media AG holds a direct interest.

The following entities were acquired by other group entities in intragroup mergers in 2011:

- blowUP media project GmbH
- GO Public! Eventmedia GmbH
- SK Kulturwerbung Bremen-Hannover GmbH
- SK Kulturwerbung Rhein-Main GmbH
- Werbering Gesellschaft mit beschränkter Haftung

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

Proportionately consolidated joint ventures

			Equity interest in %	
Name	Registered office	Country	**31 Dec 2011**	31 Dec 2010
ARGE Schönefeld GbR	Berlin	Germany	50	50
DSMDecaux GmbH	Munich	Germany	50	50
mediateam Werbeagentur GmbH/ Ströer Media Deutschland GmbH & Co. KG – GbR	Cologne	Germany	50	50
Mega-Light Staudenraus & Ströer GbR	Cologne	Germany	50	50
Trierer Gesellschaft für Stadtmöblierung mbH	Trier	Germany	50	50
X-City Marketing Hannover GmbH	Hanover	Germany	50	50

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

In EUR k	**31 Dec 2011**	31 Dec 2010
Current assets	12,184	9,175
Non-current assets	6,671	6,417
Current liabilities	3,241	2,549
Non-current liabilities	1,689	2,296
Net assets	**13,925**	**10,747**

In EUR k	**2011**	2010
Income	14,039	14,183
Expenses	8,682	10,565
Profit after taxes	**5,357**	**3,618**

Under an agreement effective 8 September 2011, the Group sold all non-controlling interests in XOREX GmbH, Cologne (24.6%; prior year: 24.6%), and in XOREX Beteiligungs GmbH, Cologne (49.7%; prior year: 49.7%).

Until the sale, the carrying amount of the associates was EUR 0k (prior year: EUR 0k). The cost of investments in associates increased by EUR 74k (prior year: EUR 135k) and was written down by the same amount in the reporting period.

The associates disclosed the following consolidated values as of the reporting date:

In EUR k	**31 Dec 2011**	31 Dec 2010
Current assets	0	89
Non-current assets	0	0
Current liabilities	0	402
Non-current liabilities	0	354
Net assets	**0**	**–667**

No disclosures can be made on the cumulative total of unrecognized shares of losses as XOREX Beteiligungs GmbH has not received any information on individual investments since 2010.

6 Significant business combinations and sales

Business combinations

CBA Iletisim ve Reklam Pazarlama Ltd. Sti., Istanbul, Turkey

With effect as of 2 August 2011, the Group acquired all of the shares in CBA Iletisim ve Reklam Pazarlama Ltd. Sti., Istanbul, Turkey (CBA). The entity is engaged in the commercialization of out-of-home media. The entity was acquired to allow the Group to gain a stronger foothold in the out-of-home market in the Istanbul region.

The acquisition gave rise to transaction costs of EUR 22k which were reported under administrative expenses.

The fair values of the assets acquired and liabilities assumed are presented below:

In EUR k	
Advertising concessions	4,013
Property, plant and equipment	642
Deferred tax assets	24
Inventories	20
Trade receivables	596
Financial assets	4
Other assets	182
Cash and cash equivalents	35
Pension provisions	1
Deferred tax liabilities	779
Trade payables	102
Financial liabilities	1,689
Other liabilities	41
Income tax liabilities	67
Net assets acquired	3,061

The advertising concessions have useful lives of 5 and 10 years. The fair value and gross amount of the receivables acquired break down as follows:

In EUR k	Fair value	Gross amount
Trade receivables (non-current)	19	19
Trade receivables (current)	577	694
Other receivables	186	186

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

The purchase price allocation has been finalized in relation to the identification and measurement of the fair value of the assets acquired and liabilities assumed. However, the effect from the price adjustment clauses contained in the purchase agreement will depend on future conditions (achievement of financial ratios). As a result, the purchase price could change.

The adjustments to the statement of financial position and income statement compared with the provisional purchase price allocation as of 30 September 2011 are shown in the following table:

In EUR k	
Advertising concessions	3,898
Goodwill	–2,907
Deferred tax liabilities	780
Amortization of advertising concessions (recognized in cost of sales)	284
Income taxes	57

Goodwill breaks down as follows:

In EUR k	
Purchase price already transferred	2,750
Purchase price payments in subsequent periods	2,750
Non-controlling interests	244
Net assets acquired	3,061
Goodwill	2,195

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

The allocation for indirect non-controlling interests was made on the basis of the share in equity/the carrying amount of the equity interest.

Since control was obtained, CBA has contributed the revenue and profit or loss after taxes in the table below, which are included in the consolidated income statement. CBA's earnings contribution was negative in 2011 due to the start-up costs for a separate sales unit.

In EUR k	Revenue	Profit or loss after taxes
2 Aug – 31 Dec 2011	861	– 272

<u>ECE flatmedia GmbH, Hamburg</u>

With effect as of 1 November 2011, the Ströer Group acquired all the shares in ECE flatmedia GmbH (ECE flatmedia), Hamburg, via its group entity Ströer Digital Media GmbH, Munich. ECE flatmedia has the exclusive right to set up and operate digital advertising media in around 70 major German shopping centers. It had already installed digital advertising media in approximately 50 of these shopping centers at the time of the share transfer. The acquisition was made to further expand the Ströer Group's out-of-home channel.

The acquisition of the shares gave rise to transaction costs of EUR 275k which are reported under administrative expenses.

The fair values of the assets acquired and liabilities assumed are presented below:

In EUR k	
Advertising concessions	12,955
Property, plant and equipment	4,176
Deferred tax assets	1,625
Inventories	77
Trade receivables	29
Financial assets	121
Other assets	53
Cash	5
Other provisions	323
Deferred tax liabilities	5,529
Trade payables	65
Financial liabilities	4,288
Other liabilities	452
Net assets acquired	8,384

The initial useful life of the contracts is 10 years.

The fair value and gross amount of the receivables acquired, classified by category, break down as follows:

In EUR k	Fair value	Gross amount
Trade receivables	29	29
Current assets	251	251

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

The following goodwill was determined from the first-time consolidation of the entity:

In EUR k	Gross amount
Purchase price already transferred	3,900
Maximum purchase price payments under earn-out rules in subsequent periods (discounted)	8,588
Net assets aquired	8,384
Goodwill	4,104

The goodwill is based on the positive prospects of generating additional cash flows above and beyond existing contracts on advertising rights through additional agreements abroad and by extending the current agreements. The fair value of the assets and liabilities in the purchase price allocation has been finalized. However, the agreement to purchase the shares in the entity includes contingent price adjustment clauses that could reduce the maximum purchase price and which are dependent on the achievement of certain financial ratios.

Since the shares were transferred, ECE flatmedia GmbH has contributed the following revenue and profit or loss after taxes which are included in the consolidated income statement for 2011.

In EUR k	Revenue	Profit or loss after taxes
1 Nov – 31 Dec 2011	651	70

Purchase price allocation of Ströer City Marketing Sp. z.o.o. (formerly News Outdoor Poland Sp. z.o.o.)

The accounting for the purchase price allocation as of 31 December 2010 was finalized at the end of the 12-month measurement period. Hence, the amount of goodwill has been finalized.

The adjustment of the purchase price allocation had the following effects on the income statement and statement of financial position as of 31 December 2010:

In EUR k	
Advertising concessions	17,887
Other intangible assets	– 536
Goodwill	– 13,532
Property, plant and equipment	– 159
Deferred tax assets	40
Equity (incl. exchange differences)	– 113
Deferred tax liabilities	3,298
Other provisions	212
Trade payables	303
Amortization of advertising concessions and order intake (recognized in cost of sales)	– 149
Other operating income	42
Income taxes	– 222

Goodwill breaks down as follows:

In EUR k	31 Dec 2010 adjusted	31.12.2010
Purchase price	22,618	22,618
Net assets acquired	16,221	2,552
Non-controlling interests	64	201
Goodwill	6,333	19,865

Purchase price allocation of Ströer Kentvizyon Reklam Pazarlama A.S., Turkey

The determination of the fair value of the non-controlling interests has been completed. This means that the purchase price allocation has been finalized.

The adjustment of the provisional purchase price allocation had the following effects on the statement of financial position as of 31 December 2010:

In EUR k	31 Dec 2010 adjusted	31.12.2010
Purchase price	55,000	55,000
Aquisition-date fair value of the previously held equity interest	78,331	75,626
Fair value of non-controlling interests	17,764	22,630
Net assets acquired	105,544	105,544
Goodwill	45,551	47,712

The fair value of non-controlling interests is stated before reclassification of the obligation to purchase treasury shares to retained earnings due to the granting of the contingent put options (for information on subsequent measurement, see note 27, Equity).

The remeasurement of the interest previously held increased income by EUR 2,705k to a total of EUR 62,305k. This was subsequently recognized in other operating income for 2010.

Summary information on business combinations

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

In EUR k	**2011**	2010
Total payments	–6,875	–74,642
Total payments from purchase price adjustments	0	0
Total cash acquired	45	1,599
Cash outflows for acquisitions in prior years	–150	–286
Net cash flows from business combinations	–6,980	–73,329
Total payments received for disposals in prior years	0	300
Net cash from disposals	0	300

The aggregate increases and decreases in the asset and liability items are presented below:

In EUR k	**2011**	2010 [1]
Goodwill	6,299	52,197
Advertising concessions	16,968	120,162
Order intake	0	3,729
Other intangible assets	0	440
Property, plant and equipment	4,818	45,066
Deferred tax assets	1,649	2,636
Inventories	97	1,976
Trade receivables	625	61,510
Financial assets	125	4,762
Other assets	235	27,399
Income tax assets	0	951
Cash	40	2,950
Pension provisions	1	133
Other provisions	323	967
Deferred tax liabilities	6,308	24,565
Trade payables	167	41,270
Financial liabilities	5,977	64,096
Other liabilities	493	16,314
Income tax liabilities	67	2,037

[1] Retrospectively restated due to the completion of the purchase price allocation for Ströer Kentvizyon Reklam Pazarlama A.S. and for Ströer City Marketing Sp. z.o.o. (formerly: News Outdoor Poland Sp. z.o.o.)

The effect on the Group's revenue and profit or loss after taxes in the consolidated financial statements had all the entities acquired in 2011 been fully consolidated as of 1 January 2011 is presented below. The calculation is based on the assumption that the fair value adjustments from the purchase price agreement (PPA) made as of the respective dates of acquisition would remain unchanged had consolidation taken place as of 1 January 2011.

In EUR k	Revenue	Profit or loss after taxes
1 Jan to 31 Dec 2011	579,846	−6,918

The presentation shows a deterioration in profit or loss after taxes (EUR −6,918k) compared to the actual group result (EUR −3,600k). This can be largely attributed to the acquisition of ECE flatmedia. It should be noted here that although the amortization on hidden reserves is included in full, the positive effects from the integration of the entity in the Ströer Group, the realignment of its advertising media concept and the link with the out-of-home channel have not yet been fully reflected in earnings.

7 Consolidation principles

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

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

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

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

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

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

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

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

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

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

8 Currency translation

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

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

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

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

		Closing rate		Weighted average rate	
	Currency	**31 Dec 2011**	31 Dec 2010	**2011**	2010
Poland	PLN	4.4580	3.9659	4.1101	4.0006
Turkey	TRY	2.4432	2.0700	2.3272	1.9985
UK	GBP	0.8353	0.8618	0.8675	0.8600

NOTES TO THE INCOME STATEMENT

9 Revenue

Revenue breaks down as follows:

In EUR k	**2011**	2010
Revenue from the commercialization of advertising media	548,876	503,831
Revenue from services	24,855	22,654
Royalties	1,939	2,297
Other operating income	1,410	2,531
Total	**577,080**	**531,313**

See the disclosures under segment information for a breakdown of revenue by segment. Revenue includes income of EUR 853k (prior year: EUR 2,570k) from back-to-back transactions. As of the reporting date, outstanding receivables and liabilities from back-to-back transactions amounted to EUR 90k (prior year: EUR 951k) and EUR 39k (prior year: EUR 185k), respectively.

10 Cost of sales

Cost of sales includes all costs which were incurred in connection with the sale of products and provision of services. These mainly relate to rental, lease and royalty payments as well as amortization, depreciation and impairment losses and running costs.

11 Selling expenses

Selling expenses include all expenses incurred in connection with direct selling expenses and sales overheads. These comprise personnel expenses, cost of materials, amortization, depreciation and impairment losses and other costs related to sales activities. Research and development costs are disclosed in the income statement under selling expenses and amounted to EUR 2,136k (prior year: EUR 1,600k) in the reporting period.

12 Administrative expenses

Administrative expenses include the personnel and non-personnel expenses as well as amortization, depreciation and impairment losses relating to the central administrative areas which are not connected with production/technology, sales, or research and development.

In the prior year, administrative expenses contained non-recurring expenses of EUR 17,237k in connection with the IPO.

13 Other operating income

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

In EUR k	2011	2010
Income from the reversal of provisions and derecognition of liabilities	6,237	5,540
Income from the reversal of bad debt allowances	1,229	1,709
Income from services	701	883
Income from the disposal of property, plant and equipment and intangible assets	461	782
Income from the change in investments	163	64,091
Miscellaneous other operating income	7,153	6,521
Total	**15,944**	**79,526**

The income from the change in investments reported in the prior year chiefly resulted from the remeasurement of the previously held equity interest in the Turkish holding company. Miscellaneous other operating income includes income from exchange differences of EUR 2,702k (prior year: EUR 1,256k).

14 Other operating expenses

Other operating expenses break down as follows:

In EUR k	2011	2010
Expenses relating to other periods	5,184	1,599
Expenses related to the recognition of bad debt allowances and derecognition of receivables and other assets	2,618	3,304
Loss from the disposal of property, plant and equipment and intangible assets	1,582	1,626
Miscellaneous other operating expenses	4,975	1,776
Total	**14,359**	**8,305**

The increase in expenses relating to other periods relates mainly to the changes in the basis of assessment for other taxes for prior years in Turkey. Miscellaneous other operating expenses include expenses from exchange losses of EUR 3,792k (prior year: EUR 1,194k).

15 Financial result

The following table shows the composition of the financial result:

In EUR k	**2011**	2010
Finance income	**10,510**	**12,191**
Income from financial instruments measured at fair value through profit or loss	4,680	4,648
Income from exchange differences on financial instruments	3,533	6,063
Interest income from loans and receivables	2,283	1,278
Other finance income	14	202
Finance costs	**−60,281**	**−65,029**
Interest expenses from loans and liabilities	−38,713	−49,437
Interest expenses from exchange differences on financial instruments	−18,104	−6,469
Interest expenses from financial instruments measured at fair value through profit or loss	−3,082	−8,098
Other finance costs	−382	−1,025
Financial result	**−49,771**	**−52,838**

Interest income/expenses from exchange differences on financial instruments contain non-cash exchange gains/losses from the translation of the loans granted in euros to the Turkish and Polish entities.

Interest income/expenses from financial instruments measured at fair value through profit or loss include the change in the market values of the stand-alone interest rate swap and changes in the value of the portion of the (now expired) collar not designated as a hedging instrument.

16 Income taxes

Taxes on income paid or due in the individual countries as well as deferred taxes are stated as income taxes. They break down as follows:

In EUR k	**2011**	2010
Expenses from current income taxes	14,394	9,514
thereof for prior years	1,554	378
Income from deferred taxes	−3,656	−9,328
thereof for prior years	0	0
Expense (+)/ income (–)	**10,738**	**186**

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

2011

In EUR k	Before taxes	Taxes	After taxes
Exchange differences on translating foreign operations	–20,843	0	–20,843
Cash flow hedges	6,555	–2,127	4,428
Actuarial gains and losses	–125	–11	–136
	–14,413	**–2,138**	**–16,551**

2010

In EUR k	Before taxes	Taxes	After taxes
Exchange differences on translating foreign operations	–6,954	0	–6,954
Cash flow hedges	6,637	–1,950	4,687
Actuarial gains and losses	–1,465	444	–1,021
	–1,782	**–1,506**	**–3,288**

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

Deferred taxes recognized for consolidation procedures are calculated based on the tax rate of 32.5% (prior year: 32.5%). This comprises corporate income tax of 15%, solidarity surcharge of 5.5% and average trade tax of 16.6%.

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

	31 Dec 2011		31 Dec 2010	
in EUR k	**Assets**	**Liabilities**	Assets	Liabilities
Intangible assets	3,011	78,284	3,153	83,981
Property, plant and equipment	243	21,725	223	21,946
Financial assets	105	615	121	599
Receivables, other financial and non-financial assets	6,327	7,576	7,793	4,851
Inventories	203	3	97	33
Pension provisions	1,682	600	1,914	652
Other provisions	3,654	2,075	3,580	2,452
Liabilities	18,070	11,268	13,667	9,430
Deferred taxes	**33,295**	**122,146**	**30,548**	**123,944**
Tax loss and interest carryforwards	32,205	0	37,001	0
Total	**65,500**	**122,146**	**67,549**	**123,944**
Set-offs	–50,746	–50,746	–58,997	–58,997
Carrying amount	**14,754**	**71,400**	**8,552**	**64,947**

As of 31 December 2011, there were tax loss carryforwards of EUR 152,766k (prior year: EUR 190,834k) as well as an interest carryforward of EUR 34,134k (prior year: EUR 29,079k). Out of the total amount of tax losses and the interest carryforward, no deferred tax assets were recognized for EUR 28,491k (prior year: EUR 24,634k). Loss carryforwards attributable to consolidated foreign entities will expire as follows:

Year	Amount in EUR k
2012	3,176
2013	5,611
2014	9,508
2015	6,739
2016	4,007
2017	0

After impairment losses, deferred tax assets arising from tax carryforwards were recognized in the amount of EUR 35,778k; the entities to which these loss carryforwards are attributable generated losses in the fiscal year. On the basis of the tax planning of the entities concerned, however, we assume that we will be able to use these loss carryforwards in future periods due to an increase in taxable income.

In accordance with IAS 12, deferred taxes must be recognized on the difference between the share in equity held in subsidiaries recognized in the consolidated statement of financial position and the carrying amount of the equity interest for these subsidiaries recognized in the parent’s tax accounts (“outside basis differences”) if this difference is expected to be realized. Deferred taxes were recognized in the consolidated financial statements for equity investments if distributions are expected in the near future. Overall, deferred tax liabilities on outside basis differences of EUR 316k (prior year: EUR 262k) were recognized.

For outside basis differences of EUR 634,915k (prior year: EUR 536,021k), no deferred taxes were recognized as Ströer AG can control the timing of the reversal of the temporary differences for these equity investments and does not expect them to reverse in the future.

As Ströer AG did not pay any dividends to its shareholders in 2011 or 2010, this did not result in any income tax consequences.

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

In EUR k	**2011**	2010
Earnings before income taxes pursuant to IFRSs	7,138	58,320
Group income tax rate	32.45%	31.70%
Expected income tax expense for the fiscal year	2,316	18,487
Effect of tax rate changes	184	1,046
Trade tax additions/deductions	2,944	2,672
Effects of taxes from prior years recognized in the fiscal year	1,554	378
Effects of deviating tax rates	2,166	–145
Effects of tax-exempt income	–490	–21,638
Impact of permanent effects from consolidation	–134	582
Effects of non-deductible business expenses	2,851	2,574
Effect of non-recognition or subsequent recognition of deferred tax assets	0	0
Recognition of interest carryforward for tax purposes (interest limitation rules)	–1,068	–3,675
Correction of tax loss carryforwards	962	–433
Other deviations	–547	338
Total tax expense (+)/tax income (–)	**10,738**	**186**

In the prior year, the effects of tax-exempt income relate chiefly to the remeasurement of the previously held equity interest in the Turkish business (EUR 20,218k).

The change in the group tax rate is attributable to the increase in trade tax in Cologne in 2011.

17 Notes to earnings per share

In EUR k	**2011**	2010
Basic earnings attributable to the shareholders of Ströer Out-of-Home Media AG	–3,276	56,316

In thousands	**2011**	2010
Weighted average number of ordinary shares issued as of 31 Dec	42,098	32,120
Effects from subscription rights issued	0	2,205
Effects from the obligation to purchase treasury shares	281	252
Weighted average number of ordinary shares issued as of 31 Dec (diluted)	42,379	34,577

The potential dilution of earnings per share in 2011 is attributable to the contingent put options that were granted to a non-controlling interest in fiscal year 2010 in respect of its shares in a Ströer group entity. Settlement may take the form of the issue of shares in Ströer Out-of-Home Media AG. Due to the negative result, earnings per share were not diluted in 2011. The sole basis of earnings per share was thus the 42,098,238 ordinary shares.

The dilution of earnings per share in 2010 was mainly the result of the rights issued as part of the financing for the acquisition of the shares in DSM Deutsche Städte Medien GmbH. The subscription rights were exercised on 12 July 2010. The dilution occurred as these subscription rights were issued at a price below the issue price in the IPO.

18 Other notes

Personnel expenses

Personnel expenses of EUR 92,136k (prior year: EUR 97,785k) are included in the cost of sales, administrative expenses and selling expenses.

The average number of employees (full-time equivalents) in the fiscal year breaks down as follows:

In EUR k	**2011**	2010
Salaried employees	1,500	1,563
Wage earners	28	67
Total	**1,528**	**1,630**

The total number includes 47 FTEs (prior year: 51) from the proportionately consolidated joint ventures.

Amortization and depreciation

Amortization and depreciation included in the cost of sales, administrative expenses and selling expenses are disclosed in the statements of changes in non-current assets in notes 19 and 20.

Leases

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

In EUR k	**2011**	2010
Rent	5,451	5,290
Vehicle leasing	2,336	2,370
Hardware and software leasing	934	934
Leasing of buildings	649	612
Rental/lease of facilities	426	428
Total	**9,796**	**9,634**

Currency effects

In the reporting period, losses of EUR 15,660k (prior year: losses of EUR 345k) arising from exchange differences were recognized in the income statement, EUR 14,570k thereof (prior year: EUR 407k) in the financial result.

NOTES TO THE STATEMENT OF FINANCIAL POSITION

19 Intangible assets

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

In EUR k	Rights and royalties	Goodwill	Prepay-ments	Development costs	**Total**
Costs					
Opening balance 1 Jan 2010	**298,067**	**186,065**	**439**	**4,041**	**488,612**
Changes in the consolidated group	116,504	44,840	33	0	161,377
Additions	938	0	348	2,192	3,478
Reclassifications	262	0	–210	–12	40
Disposals	–14,339	0	–46	–123	–14,508
Exchange differences	245	0	6	0	251
Closing balance 31 Dec 2010/ opening balance 1 Jan 2011 [1]	**401,677**	**230,905**	**570**	**6,098**	**639,250**
Changes in the consolidated group	17,131	6,382	0	0	23,513
Additions	1,165	0	996	1,658	3,819
Reclassifications	507	0	–505	–978	–976
Disposals	–815	0	–62	–27	–904
Exchange differences	–18,858	–7,332	–4	0	–26,194
Closing balance 31 Dec 2011/ opening balance 1 Jan 2012	**400,807**	**229,955**	**995**	**6,751**	**638,508**
Amortization and impairment losses/reversals					
Opening balance 1 Jan 2010	**88,972**	**5,879**	**0**	**490**	**95,341**
Changes in the consolidated group	–682	0	0	0	–682
Additions	26,355	0	0	406	26,761
Reclassifications	0	0	0	0	0
Disposals	–13,504	0	0	–7	–13,511
Exchange differences	–178	0	0	0	–178
Closing balance 31 Dec 2010/ opening balance 1 Jan 2011 [1]	**100,963**	**5,879**	**0**	**889**	**107,731**
Changes in the consolidated group	1	0	0	0	1
Additions	30,404	0	0	493	30,897
Reclassifications	4	0	0	4	8
Disposals	–748	0	0	0	–748
Exchange differences	–1,847	–79	0	0	–1,926
Closing balance 31 Dec 2011/ opening balance 1 Jan 2012	**128,777**	**5,800**	**0**	**1,386**	**135,963**
Carrying amount as of 31 Dec 2010 [1]	**300,714**	**225,026**	**570**	**5,209**	**531,519**
Carrying amount as of 31 Dec 2011	**272,030**	**224,155**	**995**	**5,365**	**502,545**

[1] Retrospectively restated due to the completion of the purchase price allocation for Ströer Kentvizyon Reklam Pazarlama A.S. and for Ströer City Marketing Sp. z.o.o. (formerly News Outdoor Poland Sp. z.o.o.)

In the fiscal year, advertising concessions awarded by municipalities impairment were recognized in the amount of EUR 2,616k (prior year: EUR 1,048k). The expense is included in cost of sales.

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

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

in EUR k	Ströer Germany	Ströer Turkey	Ströer Poland	blowUP Group
Carrying amount as of 31 Dec 2010 [1]	**171,487**	**42,695**	**6,333**	**4,511**
Change in the consolidated group (excluding exchange rate effects)	4,104	2,195	0	84
Exchange rate effects	0	−6,563	−690	0
Carrying amount as of 31 Dec 2011	**175,591**	**38,327**	**5,643**	**4,595**
Detailed forecast period (in years)	5	4	5	5
Revenue growth after the forecast period	1%	4.1%	1%	1%
Interest rate (after taxes)	7.4%	13.0%	10.3%	7.3%

[1] Retrospectively restated due to the completion of the purchase price allocation for Ströer Kentvizyon Reklam Pazarlama A.S. and for Ströer City Marketing Sp. z.o.o. (formerly News Outdoor Poland Sp. z.o.o.)

The recoverable amount of the CGUs has been determined using cash flow forecasts generated as of 30 September of each year based on financial forecasts approved by management. These approved financial plans reflect the expectations for the anticipated development in the forecast period based on the business plan and the expectations relating to the general market trend. In this regard, the budgeted EBITDA was determined on the basis of detailed forecasts about the expected future market assumptions, income and expenses. In a second step, using the planned investments and working capital changes, these budgetary figures were transformed into a cash flow forecast.

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

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

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

In the case of Ströer Poland, the difference between the recoverable amount and the carrying amount of the sub-segment as of the measurement date is EUR 25,022k. The recoverable amount would correspond to the carrying amount of the cash-generating unit if the discount rate increased by more than 3.8% or if forecast EBITDA (i.e., the amount expected in the detailed forecast period and in the terminal value) decreased by more than 26%.

In the case of Ströer Turkey, the difference between the recoverable amount and the carrying amount of the segment as of the measurement date is EUR 18,839k. If the discount rate increased by more than 0.9 percentage points or if the growth rate decreased by more than 1.2 percentage points after the end of the planning period or if forecast EBITDA declined by more than 7%, the recoverable amount would be equal to the carrying amount of the cash-generating unit.

In the case of the other cash-generating units, the difference between the recoverable amount and the carrying amount is sufficiently high, as such, no scenario analysis is prepared.

20 Property, plant and equipment

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

In EUR k	Land, land rights and buildings	Plant and machinery	Other plant and equipment	Property, plant and equipment (finance lease)	Prepayments made and assets under construction	**Total**
Costs						
Opening balance 1 Jan 2010	**13,825**	**525**	**315,097**	**0**	**13,796**	**343,243**
Change in the consolidated group	–248	188	12,679	0	836	13,455
Additions	168	0	27,615	0	6,713	34,496
Reclassifications	0	0	1,068	0	–1,108	–40
Disposals	0	0	–9,608	0	–1,123	–10,731
Exchange differences	66	43	3,777	0	169	4,055
Closing balance 31 Dec 2010/ opening balance 1 Jan 2011 [1]	**13,811**	**756**	**350,628**	**0**	**19,283**	**384,478**
Change in the consolidated group	0	0	928	4,007	93	5,028
Additions	1,058	0	34,988	114	15,553	51,713
Reclassifications	542	0	2,197	115	–1,878	976
Disposals	–841	0	–8,840	0	–3,074	–12,755
Exchange differences	–78	–94	–10,313	–23	–599	–11,107
Closing balance 31 Dec 2011/ opening balance 1 Jan 2012	**14,492**	**662**	**369,588**	**4,213**	**29,378**	**418,333**
Depreciation and impairment losses/ reversals						
Opening balance 1 Jan 2010	**2,983**	**208**	**158,661**	**0**	**536**	**162,388**
Change in the consolidated group	–469	–104	–10,811	0	–225	–11,609
Additions	568	49	26,691	0	0	27,308
Reclassifications	0	0	–479	0	479	0
Disposals	0	0	–7,699		–147	–7,846
Exchange differences	32	8	1,342	0	24	1,406
Closing balance 31 Dec 2010/ opening balance 1 Jan 2011 [1]	**3,114**	**161**	**167,705**	**0**	**667**	**171,647**
Change in the consolidated group	0	0	119	0	0	119
Additions	658	92	32,181	234	63	33,228
Reclassifications	0	0	–1,690	33	1,649	–8
Disposals	–837	0	–5,057	0	–95	–5,989
Exchange differences	–30	–11	–2,326	–4	–106	–2,477
Closing balance 31 Dec 2011/ opening balance 1 Jan 2012	**2,905**	**242**	**190,932**	**263**	**2,178**	**196,520**
Carrying amount as of 31 Dec 2010 [1]	**10,697**	**595**	**182,923**	**0**	**18,616**	**212,831**
Carrying amount as of 31 Dec 2011	**11,587**	**420**	**178,656**	**3,950**	**27,200**	**221,813**

[1] Retrospectively restated due to the completion of the purchase price allocation for Ströer Kentvizyon Reklam Pazarlama A.S. and for Ströer City Marketing Sp. z.o.o. (formerly News Outdoor Poland Sp. z.o.o.)

Other assets mainly include advertising media (carrying amount for 2011: EUR 170,703k; prior year: EUR 174,950k).

In the fiscal year, investment grants pursuant to the InvZulG ["Investitionszulagegesetz": German Investment Grant Act] totaling EUR 112k (prior year: EUR 215k) were accounted for as a reduction in cost.

EUR 804k (prior year: EUR 745k) was recognized as income from compensation for damage to or destruction of property, plant and equipment.

21 Investment property

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

in EUR k	Investment property
Cost	
Opening balance 1 Jan 2010	**2,129**
Closing balance 31 Dec 2010/opening balance 1 Jan 2011	**2,129**
Closing balance 31 Dec 2011/opening balance 1 Jan 2012	**2,129**
Depreciation and impairment losses/reversals	
Opening balance 1 Jan 2010	**599**
Depreciation and impairment losses	20
Closing balance 31 Dec 2010/opening balance 1 Jan 2011	**619**
Depreciation and impairment losses	20
Closing balance 31 Dec 2011/opening balance 1 Jan 2012	**639**
Carrying amount as of 31 Dec 2010	**1,510**
Carrying amount as of 31 Dec 2011	**1,490**

The fair value is the amount for which the investment property could be exchanged between knowledgeable, willing parties in an arm's length transaction. An independent and accredited appraiser calculated the fair value of the property at EUR 1,540k (prior year: EUR 1,600k) as of the reporting date.

The value was determined based on a capitalized earnings value in accordance with Sec. 17 (1) ImmoWertV ["Immobilienwertverordnung": German Ordinance on the Valuation of Property], with the land value and building's capitalized earnings value producing the fair value. The capitalized earnings value depends primarily on the market conditions.

The key valuation parameters are presented in the table below:

Average price of land	EUR 200/m^2
Rent	EUR 2.50 to EUR 7.75/m^2
Interest rate for the property	5.75%

The investment property earned rental income of EUR 190k (prior year: EUR 185k) in the reporting period. Directly attributable operating expenses of EUR 51k (prior year: EUR 46k) arose in the fiscal year.

22 Financial assets

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

in EUR k	
Cost	
Opening balance 1 Jan 2010	**121**
Additions	0
Disposals	–25
Closing balance 31 Dec 2010/opening balance 1 Jan 2011	**96**
Closing balance 31 Dec 2011/opening balance 1 Jan 2012	**96**
Impairment losses/reversals	
Opening balance 1 Jan 2010	**0**
Closing balance 31 Dec 2010/opening balance 1 Jan 2011	**0**
Closing balance 31 Dec 2011/opening balance 1 Jan 2012	**0**
Carrying amount as of 31 Dec 2010	**96**
Carrying amount as of 31 Dec 2011	**96**

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

23 Trade receivables

Specific bad debt allowances on trade receivables developed as follows:

In EUR k	**2011**	2010
Bad debt allowances at the beginning of the fiscal year	**2,996**	**4,155**
Additions (recognized in profit or loss)	2,515	3,125
Reversals (recognized in profit or loss)	–1,133	–1,570
Utilization	–1,252	–1,426
Exchange differences	52	31
Change in the consolidated group	–117	–1,319
Other changes	–57	0
Bad debt allowances at the end of the fiscal year	**3,004**	**2,996**

General bad debt allowances on trade receivables developed as follows:

In EUR k	2011	2010
Bad debt allowances at the beginning of the fiscal year	**236**	**563**
Additions (recognized in profit or loss)	6	3
Reversals (recognized in profit or loss)	−96	−124
Exchange differences	1	0
Change in the consolidated group	0	−206
Bad debt allowances at the end of the fiscal year	**148**	**236**

Specific bad debt allowances with a gross invoice value of EUR 5,446k were charged on trade receivables as of the reporting date (prior year: EUR 3,426k). Net of specific bad debt allowances of EUR 3,004k (prior year: EUR 2,996k), the carrying amount of these receivables came to EUR 2,442k as of the reporting date (prior year: EUR 430k).

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

	Overdue by				
in EUR k	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	more than 180 days
31 Dec 2011	**6,140**	**1,647**	**617**	**319**	**1,068**
31 Dec 2010	8,699	3,467	2,584	4,199	4,117

EUR 1,403k of overdue trade receivables is guaranteed by third parties.

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

The amount of receivables serving as collateral for existing financial liabilities is shown in note 30, Financial liabilities.

24 Other financial and non-financial assets

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

In EUR k	**31 Dec 2011**	31 Dec 2010
Financial assets		
Other loans	1,213	1,569
Residual purchase price receivables from the disposal of group entities	0	400
Other non-current financial assets	696	193
Total	**1,909**	**2,162**
Non-financial assets		
Prepaid expenses	8,446	5,741
Miscellaneous other non-current assets	123	288
Total	**8,569**	**6,029**

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

In EUR k	**2011**	2010
Financial assets		
Receivables from existing and former shareholders of group entities	4,249	2,967
Creditors with debit balances	917	1,691
Other loans	372	469
Residual purchase price receivables from the disposal of group entities	400	400
Security deposits	351	356
Other financial assets	2,267	2,133
Total	**8,556**	**8,016**
Non-financial assets		
Prepaid expenses	10,539	10,950
Tax assets	6,847	6,790
Other prepayments	1,692	6,330
Receivables from investment grants	521	570
Miscellaneous other assets	1,055	1,081
Total	**20,654**	**25,721**

Bad debt allowances on financial assets relate to the category "Loans and receivables" and developed as follows:

In EUR k	2011	2010
Bad debt allowances at the beginning of the fiscal year	**1,356**	**1,364**
Additions (recognized in profit or loss)	55	43
Reversals (recognized in profit or loss)	–1	–15
Utilization	–730	–81
Exchange differences	0	0
Other changes	–68	45
Bad debt allowances at the end of the fiscal year	**612**	**1,356**

Specific bad debt allowances with a nominal value of EUR 640k were charged on financial assets as of the reporting date (prior year: EUR 2,310k). Net of specific bad debt allowances of EUR 612k (prior year: EUR 1,356k), the carrying amount of these receivables came to EUR 28k as of the reporting date (prior year: EUR 954k).

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

	Overdue by				
in EUR k	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	More than 180 days
31 Dec 2011	**52**	**406**	**3**	**2**	**48**
31 Dec 2010	1.582	26	2	11	38

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

25 Inventories

In EUR k	31 Dec 2011	31 Dec 2010
Raw materials, consumables and supplies	5,205	4,931
Finished goods and merchandise	211	144
Total	**5,416**	**5,075**

Inventories disclosed as expenses in the income statement amounted to EUR 2,102k in the fiscal year (prior year: EUR 2,346k).

26 Cash

In EUR k	31 Dec 2011	31 Dec 010
Bank balances	133,973	106,027
Cash	68	93
Total	**134,041**	**106,120**

The bank balances which serve as collateral for existing financial liabilities are disclosed in note 30, Financial liabilities.

The bank balances include overnight money and time deposits of EUR 111,706k (prior year: EUR 83,299k). The interest rates achieved range between 0.05% and 0.8% (prior year: 0.05% and 0.8%).

Bank balances of EUR 3,400k (prior year: EUR 3,400k) are subject to short-term restraints on disposal and relate to a portion of the purchase price for the acquisition of Ströer City Marketing Sp. z.o.o., which is subject to a trust agreement until the purchase price has been finalized.

27 Equity

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

Subscribed capital

Subscribed capital remained unchanged at EUR 42,098k.

Subscribed capital is split into 42,098,238 bearer shares of no par value. They have a nominal value of EUR 1 and are fully paid in.

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

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

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

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

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

Conditional capital 2010

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

Capital reserves

As in the prior year, the Company had capital reserves of EUR 298,922k as of the reporting date (of which EUR 264,471k 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.

Retained earnings

Retained earnings contain the profits generated in the past by entities included in the consolidated financial statements that have not been distributed. By resolution of the shareholder meeting on 15 June 2011, EUR 20,000k from the accumulated profit for 2010 was carried forward to new account and EUR 20,325k was allocated to other retained earnings.

Accumulated other comprehensive income

Accumulated other comprehensive income includes exchange differences from the translation of foreign currency financial statements of foreign operations as well as the effects from the valuation of hedged derivative financial instruments after deduction of the deferred taxes arising thereon.

Deferred taxes on net valuation effects of hedged derivative financial instruments offset directly against equity amount to EUR 1,590k (prior year: EUR 3,717k) in total.

Non-controlling interests

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

Obligation to purchase treasury shares

By granting put options to the non-controlling shareholders of subsidiaries, the Company has undertaken to purchase the non-controlling interest if certain contractual conditions are met. We have presented these options as a notional acquisition on the reporting date as specified in explanations on accounting policies. Liabilities of EUR 14,569k (prior year: EUR 17,109k) have been allocated for these obligations.

Appropriation of profit

In fiscal year 2010, a dividend of EUR 3k was distributed to the preferred shareholder.

Capital management

The objective of capital management at the Ströer Group is to ensure the continuation and growth of the Company, and maintain and build on its attractiveness to investors and market participants. In order to ensure the above, the board of management continually monitors the level and structure of borrowed capital. The borrowed capital included in the general capital management system comprises financial liabilities (incl. positive and negative market values from interest rate hedges) and other liabilities such as those disclosed in the consolidated statement of financial position. With regard to group financing through bank loans, the Ströer Group observes the external covenant of the maximum leverage ratio permitted. Key elements of the internal control system are the planning and ongoing monitoring of the operating result (operational EBITDA) as the latter is included in the determination of the applied credit margin by way of the leverage ratio. This leverage ratio is defined as the ratio of net debt to the operating result before interest, depreciation and amortization (operational EBITDA). The relevant performance indicators are submitted to the board of management for consideration as part of regular reporting. The Company remained within the permitted net debt ratio in the year under review and the prior year. See also operational EBITDA in note 34, Segment information.

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

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

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

28 Pension provisions and other obligations

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

Provisions for pensions and similar obligations break down as follows:

In EUR k	**31 Dec 2011**	31 Dec 2010
Present value of the defined benefit obligation as of 1 Jan	21,317	20,069
Current service cost	184	388
Interest expense	1,014	1,042
Actuarial gains (–)/losses (+)	125	1,465
Benefits paid	– 1,693	– 1,713
Change in the consolidated group	1	66
Other changes	– 20	0
Present value of the benefit obligation as of 31 Dec/carrying amount	**20,928**	**21,317**

There were no curtailments in the fiscal year.

Vested benefits are broken down according to their funding status in the table below:

In EUR k	**31 Dec 2011**	31 Dec 2010
Non-funded vested benefits	20,928	21,317
Fully funded vested benefits	424	441
Total	**21,352**	**21,758**

Sensitivities were calculated with half of a percentage point above and below the interest rate used. Raising the interest rate by 0.5 percentage points would decrease the present value of the benefit obligation by EUR 986k (prior year: EUR 965k) while lowering the interest rate by 0.5 percentage points would increase the benefit obligation by EUR 1,088k (prior year: EUR 1,056k) as of the reporting date.

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

Group (in %)	**31 Dec 2011**	31 Dec 2010
Interest rate	5.05	4.95
Increase in pensions	1.00	1.00
Increase in salaries	2.00	2.00
Employee turnover	1.00	4.50

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

In EUR k	**2011**	2010
Current service cost	184	388
Interest expense	1,014	1,042
Net defined benefit costs	1,198	1,430
Expenses for statory pension contributions	5,706	5,345
Total benefit expenses	**6,904**	**6,775**

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

Cumulative actuarial gains (+) and losses (–) recognized directly in equity amounted to EUR 952k after taxes at the reporting date (prior year: EUR 1,084k).

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

In EUR k	**31 Dec 2011**	31 Dec 2010	31 Dec 2009	31 Dec 2008	31 Dec 2007
Present value of the defined benefit obligation	21,352	21,758	20,069	19,722	20,817
Fair value of plan assets	–424	–441	0	0	0
Present value of the shortfall	**20,928**	**21,317**	**20,069**	**19,722**	**20,817**
Gain/loss for the period from					
Experience adjustments on plan liabilities	316	–20	–111	–91	97
Adjustments to actuarial assumptions	–441	1,485	346	–823	–2,510

29 Other provisions

Provisions developed as follows in the fiscal year:

In EUR k	1 Jan 2011	Exchange rate differences	Change to the consolidated group	Allocation	Effects from unwinding the discount and changes in interest rates	Utilization	Reversal	**31 Dec 2011**
Restoration obligations	16,392	–103	218	2,255	668	–576	–3,941	14,913
thereof non-current	14,235							9,584
Personnel	9,037	–201	46	7,094	7	–7,911	–717	7,355
thereof non-current	212							159
Miscellaneous	7,752	–68	58	3,508	12	–722	–1,368	9,172
thereof non-current	1,063							662
Total	**33,181**	**–372**	**322**	**12,857**	**687**	**–9,209**	**–6,026**	**31,440**

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

The provision for restoration obligations is based on the anticipated costs of restoration. The provision was discounted using an interest rate of 3.1% (prior year: 3.3%). The adjustment of the underlying contracts in the fiscal year led to a shift in the maturities.

Miscellaneous other provisions primarily relate to legal risks and archiving costs.

Another component of miscellaneous other provisions are provisions for restructuring measures of EUR 1,990k (prior year: EUR 450k). EUR 1,800k was added for new measures in the fiscal year; utilization amounted to EUR 260k.

30 Financial liabilities

Non-current financial liabilities break down as follows:

	Carrying amount	
In EUR k	**31 Dec 2011**	31 Dec 2010
Loan liabilities	396,005	408,038
Liabilities from acquisitions	8,240	88
Finance lease liabilities	2,830	0
Other financial liabilities	0	29
Derivative financial instruments	6,032	18,406
Total	**413,107**	**426,562**

As in the prior year, the syndicated loan has a volume of EUR 395,000k and expires on 30 June 2014. Measures taken to adjust the credit agreement in the reporting period included optimizing the variable interest rate. The loan will continue to bear interest at the EURIBOR plus a variable margin that now ranges between 225 and 300 basis points (bp) (prior year: 325 and 400 bp). As of 31 December 2011, the margin was 250 bp (prior year: 375 bp). The variable interest rate means that the carrying amounts match the fair values.

Transaction costs totaling EUR 2,513k (prior year: EUR 7,623k) were incurred for the adjustment/restructuring of the financing, of which EUR 2,169k (prior year: EUR 6,602k) was deducted from the carrying amounts of the loans.

Assets have been assigned and pledged as security for non-current financial liabilities. The carrying amounts of these assets are as follows:

In EUR k	**31 Dec 2011**	31 Dec 2010
Trade receivables	9,135	16,648
Bank balances	115,374	91,416
Total	**124,509**	**108,064**

Trade receivables assigned as collateral can be realized by the collateral holder under the facility agreement if payment of receivables due is delayed. There are no restrictions for realization in terms of amount, timing or extent.

Bank balances assigned as collateral can be realized by the collateral holder under the facility agreement if payment of receivables due is delayed to the extent that the conditions of Secs. 1273 and 1204 et seq. BGB ["Bürgerliches Gesetzbuch": German Civil Code] are fulfilled. An enforceable right within the meaning of Sec. 1277 BGB does not have to be issued. Bank balances assigned as collateral may not be realized if doing so would breach the relevant principles of capital maintenance or other mandatory legal provisions.

Current financial liabilities break down as follows:

In EUR k	**31 Dec 2011**	31 Dec 2010
Obligation to purchase treasury shares	14,569	17,109
Loan liabilities	12,234	148
Derivative financial instruments	6,767	4,019
Debtors with credit balances	5,766	4,509
Liabilities from acquisitions	4,693	4,397
Interest liabilities	3,782	4,265
Other current financial liabilities	2,985	338
Finance lease liabilities	1,375	0
Current account liabilities	393	4,385
Total	**52,564**	**39,170**

As of the reporting date, the future minimum lease payments for finance leases that result primarily from the acquisition of ECE flatmedia and that relate to furniture and fixtures were:

	31 Dec 2011		
In EUR k	Future minimum lease payments	Interest	Present value
Up to one year	1,426	51	1,375
One to five years	2,937	107	2,830
Total	**4,363**	**158**	**4,205**

31 Trade payables

Current trade payables break down as follows:

In EUR k	**31 Dec 2011**	31 Dec 2010
Trade payables	53,842	43,982
Deferred liabilities from outstanding invoices	23,656	23,935
Total	**77,498**	**67,917**

32 Other liabilities

Other current liabilities break down as follows:

In EUR k	**31 Dec 2011**	31 Dec 2010
Tax liabilities	13,296	15,895
Deferred contributions	7,633	8,266
Miscellaneous other liabilities	8,176	6,968
Total	**29,105**	**31,129**

OTHER NOTES

33 Notes to the statement of cash flows

The statement of cash flows has been prepared in accordance with IAS 7, "Statement of Cash Flows," and shows the cash flows of the fiscal year broken down by cash flows from operating, investing and financing activities.

Cash flows from operating activities are presented using the indirect method by deducting non-cash transactions from profit for the period. Furthermore, items which are attributable to cash flows from investing or financing activities are eliminated.

Cash flows from operating activities contained EUR 0k (prior year: EUR 203k) in dividends received.

In addition to other amounts contained in the cash flows from investing activities, transactions totaling EUR 116k (prior year: EUR 3,280k) were carried out in the fiscal year that led to an increase in non-current assets without generating cash in the reporting period.

Cash consists of the cash and cash equivalents disclosed in the statement of financial position. Cash and cash equivalents comprises cash on hand and bank balances.

Cash totaling EUR 3,400k is subject to short-term restraints on disposal.

For the bank balances pledged as collateral for non-current financial liabilities, see note 30, Financial liabilities.

34 Segment information

Reporting by operating segment

Ströer has identified two reportable segments that are organized and operated independently in terms of the geographical location of the operating segments.

Ströer Germany
The segment "Ströer Germany" comprises the Group's entire German operations in the street furniture, billboard, transport and other business.

Ströer Turkey
This segment comprises the Group's entire operations in Turkey in the street furniture, billboard and transport business.

Other
This segment comprises the Group's operations in the street furniture, billboard, transport and other business in Poland and the Group's operations in the giant poster business in western Europe.

The information from the non-reportable segments is summarized in the column "Other."

Internal control and reporting is based on the IFRS accounting principles described in note 1, General.

The Group measures the performance of its segments by their internally defined "operational EBITDA." From the board of management's perspective, this indicator provides the most appropriate information to assess each individual segment's economic performance.

The segment performance indicator operational EBITDA comprises the sum total of gross profit, selling and administrative expenses and the other operating result less certain adjustment effects.

The Group has defined gains and losses from changes in the investment portfolio, reorganization and restructuring measures, capital measures and other extraordinary expenses and income as adjustment effects.

Adjustment effects are broken down into individual classes in the table below:

In EUR k	**2011**	2010 [1]
Gains and losses from changes in the investment portfolio	449	−64,735
Gains and losses from capital measures	194	11,849
Reorganization and restructuring measures	4,868	8,393
Other extraordinary expenses and income	5,714	6,511

[1] Retrospectively restated due to the completion of the purchase price allocation for Ströer Kentvizyon Reklam Pazarlama A.S.and for Ströer City Marketing Sp. z.o.o. (formerly News Outdoor Poland Sp. z.o.o.)

Inter-segment income is calculated using prices on an arm's length basis.

Revenue is allocated to geographical regions according to the destination country principle (i.e., the geographical location of the end customer). Non-current assets are allocated according to the location principle.

The reconciliation from segment to group values contains information on group units that do not meet the definition of a segment ("material items"). In the prior year, material items included effects from consolidation which were eliminated in the reconciliation (EUR −28k).

In the revenue item, the reconciliation of revenue from all segments to the Group's revenue only includes effects from consolidation.

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

In EUR k	**2011**	2010 [1]
Total segment results (operational EBITDA)	**141,340**	**135,518**
Reconciliation items	−9,060	−8,254
Group operational EBITDA	**132,279**	**127,264**
Adjustment effects	−11,225	37,982
EBITDA	**121,055**	**165,245**
Amortization and depreciation	−64,146	−54,088
Finance income	10,510	12,191
Finance costs	−60,281	−65,029
Consolidated earnings before income taxes	**7,138**	**58,320**

[1] Retrospectively restated due to the completion of the purchase price allocation for Ströer Kentvizyon Reklam Pazarlama A.S. and for Ströer City Marketing Sp. z.o.o. (formerly News Outdoor Poland Sp. z.o.o.)

The Group has defined four product groups on the basis of the products and services it provides.

Street furniture

The street furniture product group mainly comprises standardized advertising media no larger than $2m^2$ which blend into the urban environment.

Billboard

The billboard product group largely includes the large-format advertising media of up to $9m^2$ and above which are predominantly found at prominent locations (e.g., arterial roads, squares and public buildings). In addition, this product group comprises the products from the giant poster business.

Transport

The advertising media included in this product group consist of advertisements in or on public transport vehicles and specially developed (digital) product solutions for use at airports, train stations and shopping centers.

Other

This product group comprises all income from promotional and event media as well as the production and procurement of advertising media within the scope of our full service solution for customers.

In the fiscal year, we did not generate 10% or more of our total revenue with any one of our end customers.

35 Other notes pursuant to IFRS 7 on financial risk management and financial instruments

Financial risk management and derivative financial instruments

In the course of its operating activities, the Group is exposed in the area of finance to credit, liquidity and market risks. The market risks mainly relate to interest rate and exchange rate changes.

Credit risk

The credit risk is related to the deterioration of the economic situation of Ströer's customers and counterparties. This brings about the risk of a partial or full default on contractually agreed payments as well as the risk of credit-related impairment losses on financial assets. Excluding securities, the maximum risk of default equates to the carrying amount.

Credit risks mainly result from trade receivables. To manage the credit risk, the receivables portfolio is monitored on an ongoing basis. Customers intending to enter into transactions with large business volumes undergo a creditworthiness check beforehand; credit risk is at a level customary for the industry. Bad debt allowances are charged to account for the residual risk. The Ströer Group is exposed to a lesser extent to credit risks arising from other financial assets, and mainly relate to cash and cash equivalents and derivative financial instruments.

As part of the risk management process, the functional departments regularly analyze whether in particular credit risk concentrations have arisen from the build up of receivables with comparable features. The Group has defined similar features as a high amount of receivables accumulated against a single debtor or group of related debtors. As of the reporting date of 31 December 2011, no such risk concentrations involving significant amounts were evident.

Interest rate risk

The Ströer Group is mainly exposed to interest rate risks in connection with non-current floating-rate financial liabilities and existing cash and cash equivalents. It is company policy to mitigate these risks using hedging transactions. By using interest rate swaps, the interest rates were fixed for the majority of floating-rate financial liabilities. Some interest rate swaps were recognized as cash flow hedges. At the same time, the interest rate trend is monitored regularly to enable changes to be reacted to swiftly. The hedging measures are coordinated and executed centrally.

The nominal and market values of interest rate hedges existing as of the reporting date as well as the nominal values of instruments in a hedging relationship are as follows:

Derivative	Nominal volume	End of term	Fair value 31 Dec 2011	Fair value 31 Dec 2010	Cash flow hedge	Stand-alone
Collar	100.000	April 2011	0	–717	95,000	5,000
Interest rate swap	51.000	May 2011	0	–937	0	51,000
Interest rate swap	300.000	October 2012	–5,922	–12,299	300,000	0
Interest rate swap	70.000	April 2013	–2,560	–3,933	0	70,000
Interest rate swap	40.000	January 2015	–4,317	–4,518	0	40,000

The market values of the interest rate swaps due in more than one year are recognized under other non-current financial liabilities in the statement of financial position with the exception of accrued interest.

The interest rate swaps are valued as of the relevant reporting date using current yield curves by means of a discounted cash flow method.

Remeasurement gains of EUR 6,555k (prior year: EUR 1,132k) were posted directly to equity in fiscal year 2011. In the prior year, EUR 5,505k was additionally reclassified from equity to finance costs due to the dedesignation of hedges.

There was no close-out for the dedesignated interest rate swaps that are now no longer in a hedging relationship and also no offsetting transaction concluded, meaning there is an interest rate risk for the remaining term of these interest rate swaps (as well as a liquidity risk and market value risk). The stand-alone swaps are not part of a hedge pursuant to IAS 39 or part of an economic hedging relationship.

This exposure may have an impact on post-tax profit as well as cash flows depending on how the interest rate develops in the future. Both these items could develop positively if the interest rate were to rise faster than the rate expected by the market as of the reporting date, while a slower rise could have a negative impact.

The sensitivity analysis of the interest rate risk shows the effect of an upward and downward shift, ceteris paribus, in the yield curve by 100 bp on the profit for the period as well as the reserve for derivatives in equity. The results of the analysis are summarized in the table below:

	31 Dec 2011		31 Dec 2010	
in EUR k	+ 100bp	– 100bp	+ 100bp	– 100bp
Change in profit for the period	1,962	–2,665	2,832	–2,684
Change in accumulated other comprehensive income	517	–2,510	4,439	–4,580

Currency risk

With the exception of the group refinancing carried out in Turkey and Poland, currency risk is of minor significance for the Group. The functional currency of the foreign operations is the local currency.

Currency risks arising on monetary financial instruments that are not denominated in the functional currencies of the individual Ströer group entities were included in the sensitivity analysis. Effects from the translation of foreign currency financial statements of foreign operations into the group reporting currency (euro) are not included in the sensitivity analysis in accordance with IFRS 7.

A 10% increase/decrease in the value of the euro against the Turkish lira as of 31 December 2011 would decrease/increase the profit for the period by EUR 4,416k (prior year: EUR 4,906k), while a corresponding increase/decrease in the value of the euro against the Polish zloty would decrease/increase the profit for the period by EUR 3,254k (prior year: EUR 3,010k). This analysis was performed on the assumption that all other variables, in particular interest rates, remain unchanged and is based on the foreign currency positions as of the reporting date.

Liquidity risk

The liquidity risk is defined as the risk that Ströer AG will not have sufficient funds to settle its payment obligations. The liquidity risk is countered through systematic liquidity management. A liquidity forecast for a fixed planning horizon and the unutilized credit lines in place ensure that the Group has adequate liquidity at all times. The following table shows the liquidity situation and the contractual maturity dates for the payments due under financial liabilities as of 31 December 2011 (the expected cash flows for derivatives were forecast on the basis of the yield curve as of 31 December 2011):

Contractual maturity of financial liabilities including interest payments as of 31 Dec 2011

in EUR k	Carrying amount	Up to one year	1 to 3 years	3 to 5 years	More than 5 years	**Total**
Financial liabilities	438,303	42,053	438,183	2,334	4,505	487,075
Trade payables	77,498	77,498	0	0	0	77,498
Derivatives in a hedging relationship	5,922	5,934	0	0	0	5,934
Derivatives without a hedging relationship	6,877	2,746	4,223	0	0	6,969
Obligation to purchase treasury shares	14,569	14,569	0	0	0	14,569
Total	**543,169**	**142,800**	**442,406**	**2,334**	**4,505**	**592,045**

Contractual maturity of financial liabilities including interest payments as of 31 Dec 2010

in EUR k	Carrying amount	Up to one year	1 to 3 years	3 to 5 years	More than 5 years	**Total**
Financial liabilities	426,198	35,285	485,167	308	90	520,850
Trade payables	67,917	67,917	0	0	0	67,917
Derivatives in a hedging relationship	13,000	7,231	5,948	0	0	13,179
Derivatives without a hedging relationship	9,424	4,127	5,314	268	0	9,709
Obligation to purchase treasury shares	17,109	17,109	0	0	0	17,109
Total	**533,648**	**131,669**	**496,429**	**576**	**90**	**628,764**

Additional disclosures on financial instruments

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

			Carrying amount in acccordance with IAS 39			
in EUR k	Measurement category pursuant to IAS 39	**Carrying amount as of 31 Dec 2011**	Amortized cost	Fair value recognized directly in equity	Fair value through profit or loss	**Fair value as of 31 Dec 2011**
Assets						
Cash	L&R	134,041	134,041			134,041
Trade receivables	L&R	58,915	58,915			58,915
Other non-current financial assets	L&R	1,909	1,909			1,909
Other current financial assets	L&R	8,556	8,556			8,556
Available-for-sale financial assets	afs	96	96			n.a.
Equity and liabilities						
Trade payables	AC	77,498	77,498			77,498
Non-current financial liabilities	AC	407,075	407,075			407,075
Current financial liabilities	AC	31,228	31,228			31,228
Derivatives without a hedging relationship	FVTPL	6,877			6,877	6,877
Obligation to purchase treasury shares	AC	14,569	14,569	0	0	14,569
Derivatives in a hedging relationship [1)]	n.a.	5,922		4,900	1,022	5,922
Thereof aggregated by measurement category pursuant to IAS 39:						
Loans and receivables (L&R)		203,421	203,421			203,421
Available-for-sale financial assets (afs)		96	96			n.a.
Financial liabilities measured at amortized cost (AC)		530,370	530,370	0	0	530,370
Financial liabilities at fair value through profit or loss (FVTPL)		6,877			6,877	6,877

[1)] Fair value before deferred taxes

in EUR k	Measurement category pursuant to IAS 39	**Carrying amount as of 31 Dec 2010**	Carrying amount in acccordance with IAS 39 Amortized cost	Fair value recognized directly in equity	Fair value through profit or loss	**Fair value as of 31 Dec 2010**
Assets						
Cash	L&R	106,120	106,120			106,120
Trade receivables	L&R	74,348	74,348			74,348
Other non-current financial assets	L&R	2,162	2,162			2,162
Other current financial assets	L&R	8,016	8,016			8,016
Available-for-sale financial assets	afs	96	96			n.a.
Equity and liabilities						
Trade payables	AC	67,917	67,917			67,917
Non-current financial liabilities	AC	408,156	408,156			408,156
Current financial liabilities	AC	18,042	18,042			18,042
Derivatives without a hedging relationship	FVTPL	9,424			9,424	9,424
Obligation to purchase treasury shares	AC	17,109	17,109	0	0	17,109
Derivatives in a hedging relationship [1]	n.a.	13,000		11,455	1,545	13,000
Thereof aggregated by measurement category pursuant to IAS 39:						
Loans and receivables (L&R)		190,646	190,646			190,646
Available-for-sale financial assets (afs)		96	96			n.a.
Financial liabilities measured at amortized cost (AC)		511,224	511,224		0	511,224
Financial liabilities at fair value through profit or loss (FVTPL)		9,424			9,424	9,424

[1] Fair value before deferred taxes

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

The fair values of the liabilities to banks included in non-current financial liabilities are calculated as the present values of the estimated future cash flows. Market interest rates are used for discounting, in relation to the relevant maturity date. The interest rate was also made variable as part of the refinancing in the middle of 2011. 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: Directly (e.g., price) or indirectly (e.g., derived from prices) observable information other than listed market prices is available.
Level 3: The information on assets and liabilities is not based on observable market data.

At present, only derivative financial instruments are measured at fair value in the consolidated financial statements. All of the carrying amounts of these financial instruments are classified as Level 2.

In addition to the interest rate hedges, the valuation method of which is described above, there are put options for shares in Ströer Kentvizyon and blowUP Media GmbH. These put options – which are tied to contractually agreed conditions – are remeasured as financial liabilities at amortized cost as of the reporting date on the basis of the measurement model laid down in the contract. Inputs for this measurement are operational EBITDA for the relevant subgroup, net financial liabilities as well as a multiple. The value of these financial liabilities comes to EUR 14,569k (prior year: EUR 17,109k).

The following table shows the net gains and losses on financial instruments in the income statement, broken down by measurement category according to IAS 39 (excluding derivative financial instruments which are part of a hedge):

In EUR k	**2011**	2010
Financial liabilities recognized at fair value through profit or loss	1,598	–3,450
Loans and receivables	269	–1,327
Available-for-sale financial assets	0	0
Financial liabilities measured at amortized cost	–15,939	–1,857

Net gains and losses resulting from financial assets and liabilities recognized at fair value through profit and loss include the gain or loss on the interest rate swaps classified as stand-alone derivatives as well as the changes in the value of the portion of the collar that was not designated as a hedging instrument and expired in the fiscal year.

Net gains and losses on loans and receivables include the impairment losses (EUR 701k; prior year: EUR 1,482k), write-ups and exchange differences.

Net gains and losses on financial liabilities measured at amortized cost include effects from exchange differences and the unwinding of the discount on loans.

The total interest income for financial assets or financial liabilities that are not at fair value through profit or loss came to EUR 2,297k in the fiscal year (prior year: EUR 1,278k). The total interest expense for financial assets or financial liabilities that are not at fair value through profit or loss came to EUR 36,846k in the fiscal year (prior year: EUR 47,413k).

36 Contingent liabilities and other financial obligations

Contingent liabilities

A group entity is a member of a municipal supplemental pension plan for the purpose of providing post-employment benefits. The secondary liability from post-employment benefits arising from the shortfall between the pension obligations/expectancies and the fund assets amounts to a total of EUR 1,169k (prior year: EUR 1,251k).

The nature of the underlying legal transactions gives rise to uncertainty with regard to the amount and due date of the figures stated. The figures stated thus represent maximum amounts.

Financial obligations

There are other financial obligations from the following contractual obligations, which are shown by maturity as of the reporting date below:

31 Dec 2011		thereof due in		
in EUR k	**Total**	up to 1 year	1 to 5 years	more than 5 years
Minimum leases	755,296	86,643	320,511	348,142
Site leases	356,893	67,809	256,742	32,342
Other rental and lease obligations	29,773	5,738	13,207	10,828
Investment obligations	37,862	13,422	16,508	7,932
Maintenance services	540	180	360	0

In the prior year, obligations broke down as follows:

31 Dec 2010		thereof due in		
in EUR k	**Total**	up to 1 year	1 to 5 years	more than 5 years
Minimum leases	753,613	81,344	298,275	373,994
Site leases	278,634	53,881	186,120	38,633
Other rental and lease obligations	30,498	5,472	13,089	11,937
Investment obligations	41,575	12,279	20,825	8,471
Maintenance services	730	191	539	0

37 Related parties

The board of management and supervisory board are deemed related parties. Besides the entities included in the consolidated financial statements, related parties include a number of entities with which the Ströer Group has relations in its normal course of business. These entities include, in particular, such in which related parties directly or indirectly hold interests or belong to the management of such.

All transactions with related parties are conducted at arm’s length.

The following transactions were conducted between the Ströer Group and related parties in fiscal year 2011:

Mr. Udo Müller is a shareholder as well as the president and CEO of Ströer AG. Furthermore, he holds shares in entities with significant influence from which the Ströer Group procured services of EUR 498k (prior year: EUR 584k) in the fiscal year. These services were mainly expenses relating to rights of use for sites. Income of EUR 545k (prior year: EUR 765k) was also generated from transactions with these entities. The income results mainly from marketing commissions received. As of the reporting date, there was a receivable of EUR 32k (prior year: EUR 107k) and a liability of EUR 29k (prior year: EUR 46k) from these transactions.

Mr. Dirk Ströer is a shareholder and member of the supervisory board of Ströer AG. He also holds shares in entities with which business transactions were conducted in the fiscal year, largely involving the commercialization of advertising media and the leasing of buildings. The services received amounted to EUR 21,570k (prior year: EUR 19,515k) in the fiscal year, the income generated to EUR 5,190k (prior year: EUR 1,558k). The receivables and liabilities resulting from this trade came to EUR 705k (prior year: EUR 1,943k) and EUR 130k (prior year: EUR 206k), respectively, as of 31 December 2011.

Mr. Wolfgang Bornheim was a member of Ströer AG's supervisory board. Furthermore, he held shares in entities from which the Ströer Group procured services of EUR 241k in the prior year.

In the fiscal year, expenses of EUR 241k (prior year: EUR 0k) and income of EUR 21k (prior year: EUR 11k) were attributable to transactions with XOREX Beteiligung. These transactions did not result in any outstanding receivables as of the reporting date (prior year: EUR 10k).

In the fiscal year, income of EUR 1k (prior year: EUR 0k) was generated from transactions with the minority interest in XOREX Beteiligungs GmbH that was sold in 2011. This resulted in outstanding receivables of EUR 1k (prior year: EUR 0k) as of the reporting date.

38 Auditor's fees

The following expenses for services rendered by the group auditor, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, were posted in fiscal year 2011:

In EUR k	**2011**	2010
Auditor's fees		
Fees for audit services	619	997
Fees for audit-related services	8	20
Fees for tax services	64	44
Fees for other services	424	270
Total	**1,115**	**1,331**

39 Disclosures pursuant to Sec. 264 (3) HGB

The following incorporated subsidiaries based in Germany make use of the exemption from certain provisions concerning the presentation, audit and publication of the financial statements/management report in accordance with Sec. 264 (3) HGB:

DSM Deutsche Städte Medien GmbH, Frankfurt
DSM Zeit und Werbung GmbH, Frankfurt
Ströer DERG Media GmbH, Kassel
Ströer Deutsche Städte Medien GmbH, Cologne
Ströer Digital Media GmbH (formerly Ströer Infoscreen GmbH), Cologne
Ströer Media Deutschland GmbH, Cologne
Ströer Sales & Service GmbH, Cologne

40 Declaration of compliance with the German Corporate Governance Code

The board of management and supervisory board of Ströer AG submitted the annual declaration of compliance with the German Corporate Governance Code in accordance with Sec. 161 AktG on 4 January 2012. The declaration of compliance was made permanently available to shareholders on the Company's website (www.stroeer.de).

41 Remuneration of the board of management and the supervisory board

The cost of payment arrangements with the board of management and the supervisory board of the Ströer Group (excluding share-based payments) is presented below:

In EUR k	**2011**	2010
Board of management		
Short-term benefits	2,911	2,862
Other long-term benefits	199	650
Total	**3,110**	**3,512**
Supervisory board		
Short-term benefits	200	190
Total	**200**	**190**

Short-term benefits comprise in particular salaries/reimbursement of expenses as well as performance-linked remuneration components and remuneration in kind. Long-term benefits comprise performance-linked remuneration components granted to the board of management which are only paid in later years.

Share-based payment

A reference price for the shares in Ströer Out-of-Home Media AG is determined at the end of each fiscal year for share-based payments granted to the board of management. 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 (phantom stock options). An upper limit is agreed for share-based payments.

If a member of the board of management leaves the Company, remuneration is only forfeited if the departure was requested by the Company for good cause or if the member of the board of management leaves of his/her own accord.

Calculating the value of the share-based payment requires an estimate to be made of the future share price. For the phantom stock options attributable to 2011, we assume that the share price at the end of the vesting period will be 140% of the reference price. This will lead to an expense of EUR 246k (prior year: 160k).

In 2010, share-based payments included a phantom stock plan that ended and was paid out as part of the IPO. It granted the beneficiaries shares on the basis of an EBITDA multiple. In 2010, the expense portion of this share-based payment was EUR 8,646k, EUR 1,465k of which resulted from the issue of new phantom stock.

As of 31 December 2011, a total of EUR 1,904k (prior year: EUR 1,583k) was recognized as liabilities, EUR 379k of which from share-based payments (vested, prior year: EUR 160k). For further information, see the section on remuneration page 51.

42 Executive bodies

Name	Membership of statutory supervisory boards	Membership of other oversight bodies comparable with supervisory boards
Board of management		
Udo Müller (Chairman)	TARTECH eco industries AG, Berlin	Ströer Kentvizyon Reklam Pazarlama A.S., Istanbul (Turkey) (until 17 February 2011)
Alfried Bührdel (Deputy chairman)	TARTECH eco industries AG, Berlin	Ströer Kentvizyon Reklam Pazarlama A.S., Istanbul (Turkey) (until 17 February 2011) Kölner Aussenwerbung GmbH, Cologne
Dirk Wiedenmann (Member of the board of management)		Kölner Aussenwerbung GmbH, Cologne
Supervisory board		
Prof. Dr. h.c. Dieter Stolte (Chairman (since 12 August 2011)) publicist, retired director of ZDF		ZDF Enterprises GmbH, Mainz
Dieter Keller (Deputy Chairman (since 20 September 2011)) auditor and tax advisor		
Dirk Ströer managing director of Ströer Aussenwerbung GmbH & Co. KG, Cologne		
Dietmar Peter Binkowska Chairman of the board of management of NRW.BANK AöR, Düsseldorf	GALERIA Kaufhof GmbH, Cologne InCity Immobilien AG, Frankfurt am Main WestLB AG, Düsseldorf	Corpus Sireo Holding GmbH & Co. KG, Düsseldorf European Association of Public Banks (EAPB), Brussels (Belgium) Fiege Logistik AG, Münchenstein (Switzerland) Investitionsbank des Landes Brandenburg AöR, Potsdam
Martin Diederichs Lawyer		DSD Steel Group GmbH, Saarlouis
Dr. Stefan Seitz (since 9 September 2011) Lawyer	Kick-Media AG, Cologne	

43 Subsequent events

There were no events after the close of the fiscal year of significant importance which would require reporting.

RESPONSIBILITY STATEMENT

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

Cologne, 19 March 2012

Udo Müller   Alfried Bührdel   Dirk Wiedenmann

AUDIT OPINION

We have audited the consolidated financial statements prepared by Ströer Out-of-Home Media AG, Cologne, comprising the income statement, the statement of comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in equity and the notes to the consolidated financial statements, together with the group management report for the fiscal year from 1 January to 31 December 2011. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs [International Financial Reporting Standards] as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ["Handelsgesetzbuch": German Commercial Code] is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks relating to future development.

Cologne, 19 March 2012

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Muzzu	Zwirner
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

ADJUSTED INCOME STATEMENT

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

In EUR m	Income statement in accordance with IFRSs	Reclassification of amortization, depreciation and impairment losses	Reclassification of adjustment items	Income statement for management accounting purposes
Revenue	**577.1**			**577.1**
Cost of sales	−372.1	58.7		−313.4
Selling expenses	−74.5			
Administrative expenses	−75.1			
Overheads	−149.6	5.4	6.9	−137.4
Other operating income	15.9			
Other operating expenses	−14.4			
Other operating result	1.6		4.3	5.9
Operational EBITDA				**132.3**
Amortization and depreciation		−64.1		−64.1
EBIT				**68.1**
Exceptional items			−11.2	−11.2
Finance income	10.5			
Finance costs	−60.3			
Net financial result	−49.8			−49.8
Income taxes	−10.7			−10.7
Profit or loss for the period	**−3.6**	**0.0**	**0.0**	**−3.6**

[1] Retrospectively restated due to the completion of the purchase price allocation for Ströer Kentvizyon Reklam Pazarlama A.S. and for Ströer City Marketing Sp. z.o.o. (formerly News Outdoor Poland Sp. z.o.o.)

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 2011**	Adjusted income statement for 2010 [1)]
					577.1	**531.3**
					−313.4	−284.2
					−137.4	−125.8
					5.9	5.9
					132.3	**127.3**
28.2					−36.0	−29.9
					96.3	**97.4**
				11.2	0.0	35.2
	−1.5	14.6			−36.7	−48.8
			−8.6		−19.3	−15.4
28.2	**−1.5**	**14.6**	**−8.6**	**11.2**	**40.3**	**33.2**

OUT-OF-HOME ADVERTISING GLOSSARY

A

Advertising column Historically, this is where it all began (introduced by Ernst Litfass in Berlin in 1855) and it remains a timeless, classic solution for out-of-home advertising. It can be found in urban and residential areas and is used in particular for local cultural advertising.

Advertising media Installations for displaying advertising which are mostly given special product names due to their special design or technology (e.g., Mega-Lights, City-Light posters, etc.).

Ad Walk Row of digital screens one after the other, each at a size of 40/52 inches (e.g., at Düsseldorf International Airport). The screen displays can be controlled flexibly allowing the advisement to be duplicated on various screens and also be shown in a coordinated sequence of displays.

B

Big banner Large banner in varying formats and designs for displaying inside train stations (for example in arrival halls and over platforms and train tracks).

Billboards Product group comprising large-format advertising media, mainly in 9m^2 formats and larger (including MegaLights, premium billboards, big banners, directional media and advertising on bridges), which are to be found at traffic junctions and in urban areas. In addition, this product group includes the products from the giant poster business.

blowUP (giant poster) Large-format advertising from traditional posters through to digital advertising faces on scaffolding and building façades; it can cover an area of several thousand square meters (m^2).

C

City-Light column Upright premium advertising medium in static formats or using scrolling technology at top locations in urban areas; the posters are glass-encased and backlit in 2m^2 and 4m^2 formats.

City-Light poster (CLP) Free-standing, backlit and glass-encased 2m^2 poster format in urban areas and at tram and bus stops that can also be fitted with scrolling technology.

Culture media Advertising on selected media for cultural, political or religious events with a strong regional character, for example on advertising columns and cultural posters.

D

Deep Impact New scientific research approach developed by Ströer in cooperation with the University of Luxembourg examining the spontaneous, emotional (implicit) decision-making structures when making purchasing decisions.

Digital out-of-home media Innovative advertising media that deliver advertising messages using moving pictures on screens. Includes the out-of-home channel, Infoscreens, Ad Walk and on-board TV on public transport.

F

Full HD resolution Full HD stands for full high definition and is a technology used to display crystal-clear images.

I

Infoscreen Projection screens at and in central, highly frequented underground and suburban train station interchanges (Station Infoscreen) as well as screens at selected long-distance train stations and airports (Central Infoscreen).

L

LCD/TFT Abbreviations for “liquid crystal display” and “thin film transistor.” This technology ensures high picture quality for flat screens and is primarily used inside buildings, such as the out-of-home channel.

LED The “light emitting diode” (LED) is an electronic semi-conductor component serving as an efficient and energy-saving lighting technology as a replacement for traditional lighting. This technology is already used for digital out-of-home advertising under certain circumstances; wide usage is not yet deemed economically viable due to the technical challenges posed.

M

Media mix A media mix determines how various media such as printed material, TV, radio, out-of-home advertising and the internet are combined in an advertising campaign.

Media plan Sets out the media and how often they will be used in a campaign, includes the reach and target groups.

Mega-Light (ML) Backlit display cases, some with double-sided scrolling technology, in 9m^2 poster format. Standing at a height of 2.50m, they are situated road side at sites with excellent reach. Mega-Lights are generally booked as part of a network of advertising faces on a weekly basis (network booking).

Mobile advertising Advertising measures that can be communicated to particular target groups via their mobile devices (e.g., smartphones).

N

Nielsen Media Research Internationally operating media research company that measures and analyzes gross expenditure on advertising media.

O

On-board TV Screens at highly frequented underground train stations in Hamburg and suburban train stations in Hanover displaying advertisements with editorial content.

Out-of-home advertising Advertising on public streets, squares and places of a public nature (out-of-home) accessible to a wide audience that provides for a large reach.

Out-of-home channel (OC) Unique network of moving pictures that uses networked large-format digital screens in full HD quality at the most highly frequented train stations in Germany and, in future, at selected shopping centers in ECE flatmedia's portfolio.

P

Premium Billboard (PBB) Premium, fully glazed and backlit $9m^2$ display cases that use scrolling technology. Situated at highly frequented sites in cities and at train stations. PBBs can be booked at individual sites on a 10-day basis to achieve individual media targets and reach specific target groups.

POSTAR POSTAR is a UK-based market research company established over 10 years ago that measures the audience reach of out-of-home media in the UK and other countries. The information is used as the currency for planning, buying and evaluating advertising investment in the medium. Comparable measurement systems are gradually being introduced in Turkey and Poland.

Q

QR codes Stands for "quick response code." The code is a matrix comprising black and white squares, symbolizing encoded data in binary format. Printed on posters, consumers can photograph the codes with their camera phone or smartphone and are taken directly to the appropriate internet options.

R

Reach Reach refers to the number of individuals who are exposed to an advertising medium or combination of advertising media. It can be expressed as an absolute figure or as a percentage of a given population and is generally targeted at a particular group.

S

Scrolling technology The fitting of advertising media with mechanical parts to allow different posters to be rotated and thereby ensure higher capacity for that site for a given booking period.

Station media All media formats in and outside train stations and directly on platforms which Ströer uses to reach attractive mobile target groups along the mobility chain.

Street furniture Product group comprising advertising media with smaller advertising faces mainly in $2m^2$ and $4m^2$ formats (such as City-Light posters, City-Light columns and advertising columns) which are in some cases integrated into a city's public street furniture (e.g., bus and tram stop shelters and toilet facilities).

T

Transport This product group comprises the marketing of all advertising space in and on vehicles used for local and long-distance public (rail) transport as well as in shopping centers. It also includes some station media where these are not part of the billboard or street furniture product groups (e.g., out-of-home channel).

V

Visibility Visibility refers to how visible an advertising campaign is that creates impact in public spaces through the size of its advertising media and the quality of its technical capability and thereby efficiently communicates brand advertising messages.

Vooh! app Ströer's new app for linking up traditional poster campaigns with attractive online content. It allows users to get additional information on poster campaigns and to interact with moving-picture content as an entertainment factor. As an add-on, apps represent an important multiplier and can increase the distribution of high-quality content, particularly among the young target group.

IR contact

Ströer Out-of-Home Media AG
Stefan Hütwohl
Director Group Finance and Investor Relations
Ströer Allee 1 . 50999 Cologne
Phone: +49 (0)2236 . 96 45-356/+49 (0)2236 . 96 45-338
Fax: +49 (0)2236 . 96 45-6356
Email: ir@stroeer.de/shuetwohl@stroeer.de

Press contact

Ströer Out-of-Home Media AG
Claudia Fasse
Director Corporate Communication
Ströer Allee 1 . 50999 Cologne
Phone: +49 (0)2236 . 96 45-246
Fax: +49 (0)2236 . 96 45-6246
Email: cfasse@stroeer.de

Imprint

Publisher
Ströer Out-of-Home Media AG
Ströer Allee 1 . 50999 Cologne
Phone: +49 (0)2236 . 96 45-0
Fax: +49 (0)2236 . 96 45-299
Email: info@stroeer.de

Cologne Local Court
HRB no. 41 548
VAT identification no.: DE811763883

This annual report was published on 29 March 2012
and is available in German and English.
In the event of inconsistencies, the German version shall prevail.

Pictures

Pages 3, 20, 22, 33, iStockphoto
Page 15, Getty Images
Page 44, Anne Weise, www.anne-weise.de

All other pictures: Ströer Out-of-Home Media AG

Disclaimer

FINANCIAL CALENDAR

29 March 2012	Publication of the annual report for 2011
16 May 2012	Publication of the quarterly report / Q1 for 2012
21 June 2012	Annual general meeting, Cologne
21 August 2012	Publication of the H1 / Q2 report for 2012
November 2012	Publication of the 9M / Q3 report for 2012

INDEX