
STRÖER

# Quarterly Financial Report Q1 2014

STRÖER MEDIA AG

# CONTENTS

# THE GROUP'S FINANCIAL FIGURES AT A GLANCE

| | | Q1 2014 | Q1 2013 | Change |
|---|---|---|---|---|
| **Revenue[1]** | EUR m | **145.7** | **122.4** | **19.1%** |
| **by segment** | | | | |
| Ströer Germany[2] | EUR m | 97.4 | 95.4 | 2.1% |
| Ströer Turkey | EUR m | 17.4 | 20.3 | -14.4% |
| Ströer Digital (Online) | EUR m | 22.6 | 0.0 | n.d. |
| Other (Ströer Poland and blowUP) | EUR m | 11.6 | 9.8 | 17.7% |
| **by product group** | | | | |
| Billboard[2] | EUR m | 63.5 | 61.6 | 3.1% |
| Street furniture[2] | EUR m | 33.4 | 34.9 | -4.2% |
| Transport[2] | EUR m | 21.2 | 21.0 | 1.0% |
| Digital (Online) | EUR m | 22.4 | 0.0 | n.d. |
| Other[2] | EUR m | 8.1 | 8.0 | 1.3% |
| Organic growth[3] | % | 4.5 | 5.9 | |
| Gross profit[4] | EUR m | 38.4 | 29.6 | 29.8% |
| **Operational EBITDA[5]** | EUR m | **16.5** | **13.5** | **22.0%** |
| **Operational EBITDA[5] margin** | % | 11.1 | 10.8 | |
| Adjusted EBIT[6] | EUR m | 5.0 | 2.5 | 99.1% |
| Adjusted EBIT[6] margin | % | 3.4 | 2.0 | |
| Adjusted profit or loss for the period[7] | EUR m | 0.1 | -2.0 | n.d. |
| Adjusted earning per share[8] | € | 0.00 | -0.04 | n.d. |
| Profit or loss for the period[9] | EUR m | -6.4 | -6.3 | -2.7% |
| Earning per share[10] | € | -0.13 | -0.14 | 2.5% |
| Investments[11] | EUR m | 7.1 | 6.1 | 17.6% |
| Free cash flow[12] | EUR m | -4.1 | 8.7 | n.d. |
| | | **31 Mar 2014** | **31 Dec 2013** | **Change** |
| Total equity and liabilities[1] | EUR m | 943.0 | 951.6 | -0.9% |
| Equity[1] | EUR m | 292.2 | 296.0 | -1.3% |
| Equity ratio | % | 31.0 | 31.1 | |
| Net debt[13] | EUR m | 328.5 | 326.1 | 0.7% |
| Employees[14] | number | 2,273 | 2,223 | 2.2% |

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

2) Joint ventures are consolidated proportional (management approach)

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

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

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

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

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

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

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

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

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

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

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

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

# FOREWORD BY THE BOARD OF MANAGEMENT

Dear shareholders,

Thanks to revenue growth in our poster business and increases due to the new Ströer Digital (Online) segment, we notched up overall revenue growth of 19.1% and organic growth of 4.5% in the first three months of 2014. Operational EBITDA was also higher than in the comparable prior-year period.

The media landscape is undergoing transformation as advancing digitalization blurs the boundaries between the different media genres. With our innovative business model, we are playing an active part in this change and can offer our customers products along the entire value chain, from branding to performance.

In our poster business, we recently renewed our advertising concession with the city of Cologne, one of our most important contracts. Regional business in our core markets is also making a positive contribution to our performance. Despite the tense political and economic situation, we generated 10% organic growth in Turkey in the first quarter. In the "Other" segment, uninterrupted demand for our giant poster business and a more stable Polish market were the drivers behind an increase in organic revenue of some 16%.

In the Ströer Digital (Online) segment, we continued the targeted expansion of our business model by securing marketing mandates and establishing partnerships. By acquiring a stake in the marketer GAN, we have also turned our sights on specific target groups which offer attractive growth prospects. We entered digital sports marketing in big style by forming the cooperation "mediasports Ströer." Moreover, by taking over the leading video marketing network Tube One Networks GmbH, we multiplied the reach of our online video offerings to some 250 million views per month. We also secured the marketing contract for "Promiflash.de," Germany's most popular celebrity portal, allowing us to offer our advertisers campaigns in an exclusive and attractive environment.

For the second quarter of 2014 we expect total revenue growth of 10% to 15% for the entire Group and organic revenue growth in the medium to high single-digit range.

Best wishes,

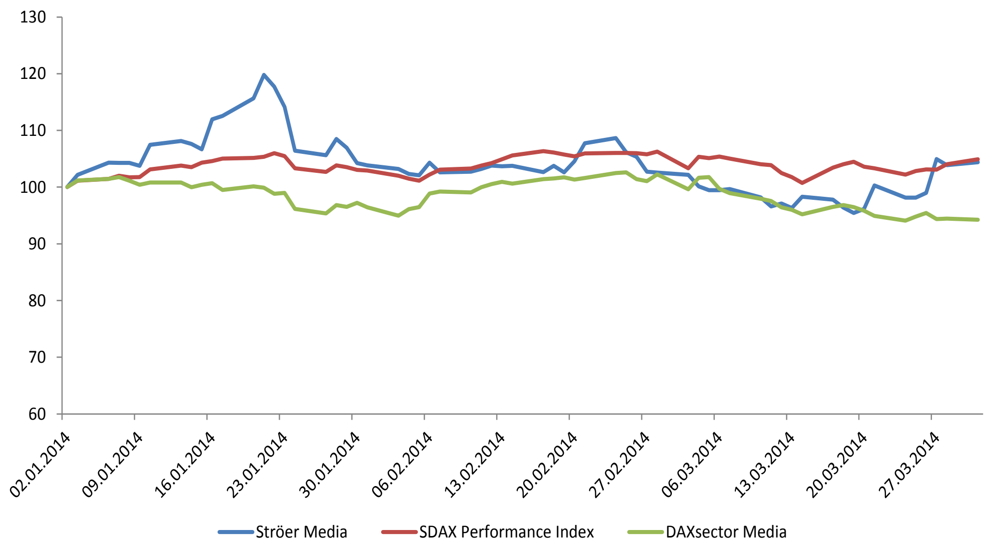
The Board of Management

Udo Müller Christian Schmalzl

# SHARE

In the first quarter of 2014, the uncertain political situation in Ukraine and European interest policies made for soft stock market action and a wait-and-see attitude of German investors. While at the end of 2013, analysts were still confident of the DAX soon exceeding the 10,000 mark, the stock market index has fallen short of all forecasts to date. The media sector of the DAX index was fairly stable at the beginning of the year, but then edged down 6% to close the quarter.

At EUR 12.53, Ströer's share price made a muted start to the year and reached an intra-quarter high of EUR 15.01 on 21 January 2014. From February, the stock followed the overall market and traded sideways, closing the first quarter up 4.5% at EUR 13.08.




***2 Jan 2014 = 100, indexed prices, closing prices in Xetra**
**Source: Bloomberg**

## Stock exchange listing, market capitalization and trading volume

Ströer 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 closing share price on 31 March 2014, market capitalization came to approximately EUR 639m.

We are continuing our efforts to boost the attractiveness of the Ströer share for investors, for example by improving its liquidity and the volume of trading in our shares on Xetra. The average daily volume of Ströer stock traded on German stock exchanges was approximately 56,000 shares in the first quarter of 2014.

## Analysts' coverage

The performance of Ströer Media AG is tracked by 10 teams of analysts. Based on the most recent assessments, four of the analysts are giving a "buy" recommendation and six say "hold." The latest broker assessments are available at http://ir.stroeer.de and are presented in the following table:

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

## Shareholder structure

The total number of Ströer shares issued comes to 48,869,784. Dirk Ströer (supervisory board member) holds 29.95%, Udo Müller (CEO) holds 24.22% and Christian Schmalzl holds around 0.06% of the capital stock.

As of 31 March 2014, the free float as defined by Deutsche Börse came to approximately 40%. According to the notifications made to the Company as of the date of publication of this report on 14 May 2014, the following parties reported to us that they hold more than 3% of the voting rights in Ströer Media AG:
Sambara Stiftung (5.73%), Allianz Global Investors Europe (5.13%), Credit Suisse (4.63%) and JO Hambro Capital Management (3.01%).

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

# INTERIM GROUP MANAGEMENT REPORT

# INTERIM GROUP MANAGEMENT REPORT

## BACKGROUND OF THE STRÖER GROUP

### Business model, segments and organizational structure

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

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

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

The Ströer Group continued to expand its online portfolio in the first quarter of 2014. In January 2014, Ströer Digital Media GmbH acquired a 70% stake in the GAN Group, Germany's leading marketer of in-game advertising. The GAN group includes specialist gaming marketer GAN Game Ad Net, the games marketing specialist NEODAU and the technology provider GAN Technologies. Under the roof of the Ströer Digital Group, the newly established GAN Ströer GmbH, which reaches around 15 million internet users in Germany and therefore becomes Europe's leading premium gaming marketer.

In February 2014, Ströer announced the purchase of 51.0% of the shares in Tube One Networks GmbH, Kassel, with effect from 11 April 2014. The shares were purchased via the group company PRIMETIME Networks GmbH. Tube One Networks GmbH is a broadly positioned online video network covering entertainment, gaming, beauty and sport with around 145 million video views a month. This acquisition allows the Ströer Group to further expand its online video inventory.

This interim management report covers the period from 1 January to 31 March 2014.

# ECONOMIC REPORT

## Macroeconomic development

The global economy will continue on its recovery path in 2014 according to the most recent figures published by the International Monetary Fund (IMF). Global growth of 3.6% is expected for the current year, with a further 3.9% to follow in 2015. An encouraging signal in this context is the renewed strength of the industrial nations, led by the US with a growth forecast of 2.8%.

Germany's Council of Economic Experts has revised its GDP growth forecast for the current year, raising the figure projected in its annual report for 2013/2014 by 0.3 percentage points to 1.9%. Consumer spending and in particular investments in capital goods are expected to provide positive growth impulses. The experts are also forecasting GDP growth of 1.3% for the eurozone, which is better than the prior-year projection. However, no forecast updates are available for economic development in Turkey and Poland.

## Results of operations Results of the Group and the segments

**Consolidated income statement**

| In EUR m | Q1 2014 | | Q1 2013 | | Change | |
|---|---|---|---|---|---|---|
| **Continuing operations** | | | | | | |
| Revenue | 145.7 | 100.0% | 122.4 | 100.0% | 23.3 | 19.1% |
| Cost of sales | -107.4 | -73.7% | -92.8 | -75.9% | -14.5 | -15.6% |
| **Gross profit** | **38.4** | **26.3%** | **29.6** | **24.1%** | **8.8** | **29.8%** |
| Selling expenses | -22.6 | -15.5% | -19.8 | -16.2% | -2.8 | -14.2% |
| Administrative expenses | -21.5 | -14.8% | -18.0 | -14.7% | -3.6 | -19.9% |
| Other operating income | 3.4 | 2.4% | 2.9 | 2.4% | 0.5 | 18.8% |
| Other operating expenses | -2.0 | -1.4% | -1.7 | -1.4% | -0.4 | -21.9% |
| Share in profit or loss of associates | 0.8 | 0.6% | 0.9 | 0.7% | -0.1 | -9.4% |
| **EBIT** | **-3.6** | **-2.4%** | **-6.1** | **-5.0%** | **2.5** | **41.4%** |
| **EBITDA** | **13.9** | **9.5%** | **10.9** | **8.9%** | **3.0** | **27.3%** |
| **Operational EBITDA** | **16.5** | **11.1%** | **13.5** | **10.8%** | **3.0** | **22.0%** |
| Financial result | -4.8 | -3.3% | -4.6 | -3.8% | -0.1 | -3.1% |
| **EBT** | **-8.3** | **-5.7%** | **-10.7** | **-8.8%** | **2.4** | **22.2%** |
| Income taxes | 1.9 | 1.3% | 4.5 | 3.6% | -2.5 | -57.0% |
| **Post-tax profit or loss from continuing operations** | **-6.4** | **-4.4%** | **-6.3** | **-5.1%** | **-0.2** | **-2.7%** |
| **Profit or loss for the period** | **-6.4** | **-4.4%** | **-6.3** | **-5.1%** | **-0.2** | **-2.7%** |

With effect from 1 January 2014, the EU Commission adopted the new provisions of IFRS 11 issued by the International Accounting Standards Board (IASB) with binding effect for the whole European Union. As a result of these new requirements, five joint ventures which the Ströer Group previously accounted for on a proportionate basis were accounted for using the equity method with retroactive effect as of 1 January 2013. Consequently, the pro rata contributions of these five entities are no longer included in the individual income and expense items of the consolidated income statement, but are presented as a net item under "Share in profit or loss of associates" (see below). The prior-year figures were restated accordingly (please see our comments in the section "Accounting policies").

The Ströer Group's **revenue** increased by EUR 23.3m in the first quarter of 2014 from EUR 122.4m in the respective prior-year period to EUR 145.7m. Most of this increase (EUR 22.6m) related to the first-time inclusion of the online advertising companies acquired successively from the second quarter of 2013. Slight growth was also recorded by the blowUP business and the Ströer Germany segment; this does not include any seasonal Easter business, however, due to Easter falling late this year. Despite a difficult political and macroeconomic environment, revenue in Turkey continued to climb thanks in particular to the attractive product portfolio. However, this was more than offset by the unfavorable exchange rate trend of the Turkish lira against the euro in comparison to the prior year.

**Cost of sales** came to EUR 107.4m in the first quarter, an increase of EUR 14.5m. This was mainly due to the Group's entry into the online advertising business in the prior year. Higher lease expenses related to the rise in revenue in Germany had a negative effect as well. By contrast, cost of sales in Turkey declined sharply on the back of the weak Turkish lira. In Poland, comprehensive cost-cutting efforts also led to a fall in cost of sales. Overall, the quarter closed with **gross profit** of EUR 38.4m, which was EUR 8.8m higher than in the prior year.

**Selling expenses** grew by EUR 2.8m on the prior-year quarter to EUR 22.6m. By contrast, selling expenses as a percentage of revenue decreased slightly from 16.2% in the prior year to 15.5%. Adjusted for the Ströer Digital (Online) segment, selling expenses were down EUR 0.3m. In the same period, **administrative expenses** rose from EUR 18.0m to EUR 21.5m, which leads to a slight increase in administrative expenses as a percentage of revenue to 14.8% (prior year: 14.7%). Excluding the online companies, the expenses would have increased by only EUR 0.3m.

**Other operating income** topped the comparable prior-year figure by EUR 0.5m, rising to EUR 3.4m. **Other operating expenses** also increased slightly, up 0.4m to EUR 2.0m. These two items include the net figure from the recognition and reversal of provisions, disposals of non-current assets, bad debt allowances and exchange differences from operating activities. Changes in both items compared with the respective prior-year quarter are attributable to a multitude of effects, which are insignificant when considered in isolation.

The **share in profit or loss of associates** of EUR 0.8m which was reported for the first time in accordance with IFRS 11 was only marginally lower than in the prior year (EUR 0.9m).

The **financial result** came to EUR -4.8m, which was virtually unchanged on the prior-year quarter's figure of EUR -4.6, and was due in the main to the interest expenses for the new long-term credit facility entered into in 2012.

The **tax result** contained a number of different effects, as in the prior year, resulting in tax income of EUR 1.9m (prior year: EUR 4.5m).

The Group's **loss for the period** widened slightly to EUR -6.4m compared to EUR -6.3m in the prior year. It reflects the improved operating result overall, which was offset to a great extent by lower tax income.

## Results of operations of the segments

### Ströer Germany

| In EUR m | Q1 2014 | Q1 2013 | Change | |
|---|---|---|---|---|
| Segment revenue, thereof | 97.4 | 95.4 | 2.0 | 2.1% |
| Billboard | 39.3 | 36.9 | 2.4 | 6.6% |
| Street furniture | 29.3 | 30.0 | -0.7 | -2.4 % |
| Transport | 21.1 | 20.8 | 0.3 | 1.2% |
| Other | 7.7 | 7.6 | 0.0 | 0.6% |
| Operational EBITDA | 17.3 | 17.3 | 0.0 | -0.2% |
| Operational EBITDA margin | 17.8% | 18.2% | -0.4 percentage points | |

The adjustment to the provisions of **IFRS 11** explained above (please see our comments in section 3 "Accounting policies") also had an effect on significant Ströer Group ratios. Notwithstanding these new provisions, however, reporting on the individual segments continues to follow the management approach under IFRS 8, according to which external segment reporting should follow the internal reporting structure. The internal reporting structure of the Ströer Group is still based on the concept of proportionate consolidation of joint ventures. As a result, 50% of the joint ventures' contributions are still included in the following figures of Ströer Germany. The other segments are not affected by the new provisions. For information on the reconciliation of segment figures to group figures, please see our explanations in section 6 "Segment reporting."

In the first quarter of 2014, the Ströer Germany segment increased its **revenue** by EUR 2.0m year on year to EUR 97.4m. As in the preceding quarters, regional business stood out with its robust revenue growth. National business was unable to gather the same growth momentum. The late Easter holiday compared with the prior year exerted a slight dampening effect on revenue growth by holding back the usual positive effects until the second quarter this year.

The **billboard** product group increased its revenue by EUR 2.4m to EUR 39.3m in the reporting quarter. By contrast, the **street furniture** product group was unable to build on the positive development of the prior-year quarter, suffering slight revenue losses of EUR 0.7m to EUR 29.3m. The **transport** product group recorded a moderate rise in revenue to EUR 21.1m, up EUR 0.3m. Business with digital advertising media made a positive contribution. Digital formats accounted for 9.2% of segment revenue, which was slightly more than in the prior year. The **other** product group generated revenue of EUR 7.7m, which was nearly on a par with the prior year.

The rise in segment revenue was largely offset by a parallel trend in **cost of sales**. Higher lease expenses stemming from the growth in revenue and the rise in demand for lease-intensive products had a particularly strong effect. Overheads decreased slightly year on year. Overall, the segment generated **operational EBITDA** on a similar level as the prior year. The **operational EBITDA margin** stood at 17.8%, slightly below the figure for the prior-year quarter.

### Ströer Turkey

| In EUR m | Q1 2014 | Q1 2013 | Change | |
|---|---|---|---|---|
| Segment revenue, thereof | 17.4 | 20.3 | -2.9 | -14.4% |
| Billboard | 13.5 | 15.6 | -2.1 | -13.5% |
| Street furniture | 3.9 | 4.7 | -0.8 | -16.5% |
| Transport | 0.0 | 0.0 | 0.0 | -100.0% |
| Other | 0.0 | 0.0 | 0.0 | -100.0% |
| Operational EBITDA | 0.7 | -0.3 | 1.1 | n.d. |
| Operational EBITDA margin | 4.1% | -1.7% | 5.8 percentage points | |

The Ströer Turkey segment ended the first quarter of 2014 with **revenue** of EUR 17.4m, which corresponds to a decline of EUR 2.9m. This unfavorable performance is attributable to the much weaker Turkish lira against the euro compared with the prior-year quarter. Adjusted for these exchange rate effects, the segment generated organic revenue growth of 10.1%. The local elections held in Turkey in March had a positive effect, as did the improved advertising media portfolio, both of which contributed to higher capacity utilization rates. However, the political instability deflated the advertising budgets of national advertising customers.

Both revenue and **cost of sales** in Turkey were shaped by the adverse exchange rate trend, which led to a substantial downward slide in cost of sales. In local currency, in contrast, the segment reported an increase in costs, but this was considerably less than exchange rate-adjusted revenue growth. A large share of the cost increase related to higher electricity costs which was caused by higher prices as well as consumption. The segment's lease expenses rose only moderately. At the same time, savings in the other running costs had a positive effect. On balance, the Ströer Turkey segment improved its **operational EBITDA** by EUR 1.1m to EUR 0.7m. The **operational EBITDA margin** likewise recovered significantly from -1.7% in the prior year to 4.1%.

### Ströer Digital (Online)

| In EUR m | Q1 2014 | Q1 2013 | Change | |
|---|---|---|---|---|
| Segment revenue, thereof | 22.6 | - | - | - |
| Digital (Online) | 22.4 | - | - | - |
| Other | 0.2 | - | - | - |
| Operational EBITDA | 0.6 | - | - | - |
| Operational EBITDA margin | 2.4% | - | | - |

Since the beginning of the second quarter of 2013, the Ströer Group has gradually entered the online advertising business. This step represents an important pillar of our corporate strategy and we are reporting its contributions in a separate segment. The new Ströer Digital segment (beforehand temporarily named the Online segment) includes the revenue and earnings contributions of adscale GmbH, which was acquired in April 2013, the Ströer Digital Group, which was acquired in full in June, the location-based advertising segment of servtag GmbH, which was acquired by Ströer Mobile Media GmbH, the Ballroom Group, the MBR Targeting GmbH and the GAN Group. The revenue and operational EBITDA figures are in line with our expectations to date. The integration of the newly acquired entities into the Ströer Group also remains on schedule.

### Other

| In EUR m | Q1 2014 | Q1 2013 | Change | |
|---|---|---|---|---|
| Segment revenue, thereof | 11.6 | 9.8 | 1.7 | 17.7% |
| Billboard | 10.8 | 9.2 | 1.6 | 17.2% |
| Street furniture | 0.1 | 0.1 | 0.0 | 23.0% |
| Transport | 0.1 | 0.1 | 0.0 | 0.8% |
| Other | 0.5 | 0.4 | 0.1 | 33.2% |
| Operational EBITDA | 0.1 | -1.5 | 1.6 | n.d. |
| Operational EBITDA margin | 0.8% | -15.2% | 16.1 percentage points | |

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

In the **Poland** sub-segment, revenue fell only marginally on the first quarter of the prior year, thus stabilizing at a comparatively low level following more significant decreases in the prior-year quarters. The market continues to pose challenges and this environment is reflected in persistently poor capacity utilization rates and low net prices. However, a comprehensive cost-cutting program more than offset the low revenue, resulting in a noticeable improvement in operational EBITDA year on year.

In the **blowUP** sub-segment, the positive trend of the prior quarters continued. Robust business in the UK and Germany continues to be responsible for this dynamic upturn, with the attractive location portfolio and the addition of digital boards to the product portfolio playing a particularly positive role. At the same time, there were only moderate increases in cost of sales and overheads. As a result, the blowUP sub-segment also improved its operational EBITDA.

Overall, the "Other" segment recorded a significant improvement in **operational EBITDA** with the **operational EBITDA margin** also well up on the prior-year figure.

## FINANCIAL POSITION

### Liquidity and investment analysis

| In EUR m | Q1 2014 | Q1 2013 |
|---|---|---|
| Cash flows from operating activities | 4.5 | 14.7 |
| Cash flows from investing activities | -8.6 | -5.9 |
| Free cash flow | -4.1 | 8.7 |
| Cash flows from financing activities | 0.9 | 19.1 |
| Change in cash | -3.2 | 27.8 |
| Cash | 37.3 | 49.5 |

**Cash flows from operating activities** came to EUR 4.5m in the first quarter of 2014, down EUR 10.1m on the strong comparative prior-year quarter. While in the past, the beginning of the year was frequently shaped by negative cash flows from operating activities, by distributing payment obligations more evenly over the year as a whole we succeeded in reducing this effect back in 2013 for the first time. As in the prior year, the positive cash flows from operating activities in 2014 were due primarily to operational EBITDA. In 2013, however, this effect was reinforced by additional changes in working capital. Interest and tax payments in particular had a curbing impact as in the prior-year.

**Cash flows from investing activities** amounted to EUR -8.6m in the first quarter, EUR -2.7m more than the respective prior-year quarter in which only EUR -5.9m was spent on investments. The increase was largely due to cash paid for online advertising companies acquired in the prior year. Overall, free cash flow was slightly negative at EUR -4.1m.

**Cash flows from financing activities** closed the quarter with inflows of EUR 0.9m, which was significantly lower than the comparative prior-year figure of EUR 19.1m. The high prior-year figure was influenced by payments to be made for acquisitions in April 2013.

As of the end of the first quarter of 2014, **cash** came to EUR 37.3m.

## Financial structure analysis

As of 31 March 2014, **non-current liabilities** were down EUR 4.1m on the figure at year-end 2013 to EUR 438.3m. This reflected a slight decrease in deferred tax liabilities in particular.

**Current liabilities** were virtually unchanged on the prior year at EUR 212.6m, down from EUR 213.2m as of 31 December 2013. There were no significant movements between the individual statement of financial position items.

**Equity** lost ground on the year-end figure only slightly, down EUR 3.8m to EUR 292.2m as of 31 March 2014. This decrease was largely due to the loss for the first quarter of 2014 of EUR -6.4m. Exchange rate effects from the translation of our Turkish and Polish group companies had a positive effect on equity.

### Net debt

| In EUR m | | 31 Mar 2014 | 31 Dec 2013 | Change |
|---|---|---|---|---|
| (1) | Non-current financial liabilities | 350.5 | 351.2 | -0.2% |
| (2) | Current financial liabilities | 40.7 | 42.3 | -3.6% |
| (1)+(2) | Total financial liabilities | 391.2 | 393.5 | -0.6% |
| (3) | Derivative financial instruments | 23.4 | 24.3 | -3.5% |
| (1)+(2)-(3) | Financial liabilities excl. derivative financial instruments | 367.8 | 369.2 | -0.4% |
| (4) | Cash | 39.3 | 43.1 | -8.8% |
| **(1)+(2)-(3)-(4)** | **Net debt** | **328.5** | **326.1** | **0.7%** |

Net debt increased only marginally by EUR 2.4m to EUR 328.5m compared with 31 December 2013. This increase stems mainly from the slightly negative free cash flow in the first quarter of 2014. In relation to operational EBITDA, this computes to a marginally improved leverage ratio of 2.72. Net debt, operational EBITDA and the leverage ratio are calculated in accordance with the Ströer Group’s internal reporting structure. As such, these three ratios are unaffected by the transition to IFRS 11.

# NET ASSETS

## Consolidated statement of financial position

| In EUR m | 31 Mar 2014 | 31 Dec 2013 | Change | |
|---|---|---|---|---|
| **Assets** | | | | |
| **Non-current assets** | | | | |
| Intangible assets | 543.0 | 545.2 | -2.2 | -0.4% |
| Property, plant and equipment | 199.8 | 201.1 | -1.3 | -0.6% |
| Tax assets | 10.3 | 7.7 | 2.6 | 33.3% |
| Receivables and other assets | 35.2 | 35.1 | 0.1 | 0.3% |
| **Subtotal** | **788.3** | **789.1** | **-0.8** | **-0.1%** |
| | | | | |
| **Current assets** | | | | |
| Receivables and other assets | 114.0 | 115.0 | -1.0 | -0.8% |
| Cash | 37.3 | 40.5 | -3.2 | -7.8% |
| Tax assets | 2.7 | 4.2 | -1.6 | -36.7% |
| Inventories | 0.7 | 2.8 | -2.1 | -75.2% |
| **Subtotal** | **154.7** | **162.5** | **-7.8** | **-4.8%** |
| | | | | |
| **Total assets** | **943.0** | **951.6** | **-8.6** | **-0.9%** |
| | | | | |
| **Equity and liabilities** | | | | |
| **Equity and non-current liabilities** | | | | |
| **Equity** | **292.2** | **296.0** | **-3.8** | **-1.3%** |
| Liabilities | | | | |
| Financial liabilities | 350.5 | 351.2 | -0.7 | -0.2% |
| Deferred tax liabilities | 50.8 | 52.8 | -2.0 | -3.8% |
| Provisions | 37.0 | 38.3 | -1.4 | -3.6% |
| **Subtotal** | **438.3** | **442.3** | **-4.1** | **-0.9%** |
| | | | | |
| **Current liabilities** | | | | |
| Trade payables | 106.7 | 103.9 | 2.7 | 2.6% |
| Financial and other liabilities | 82.2 | 82.1 | 0.1 | 0.1% |
| Provisions | 18.3 | 20.6 | -2.2 | -10.9% |
| Income tax liabilities | 5.4 | 6.6 | -1.2 | -18.6% |
| **Subtotal** | **212.6** | **213.2** | **-0.7** | **-0.3%** |
| | | | | |
| **Total equity and liabilities** | **943.0** | **951.6** | **-8.6** | **-0.9%** |

The Group's total assets decreased by EUR 8.6m against 31 December 2013.

### Analysis of the net asset structure

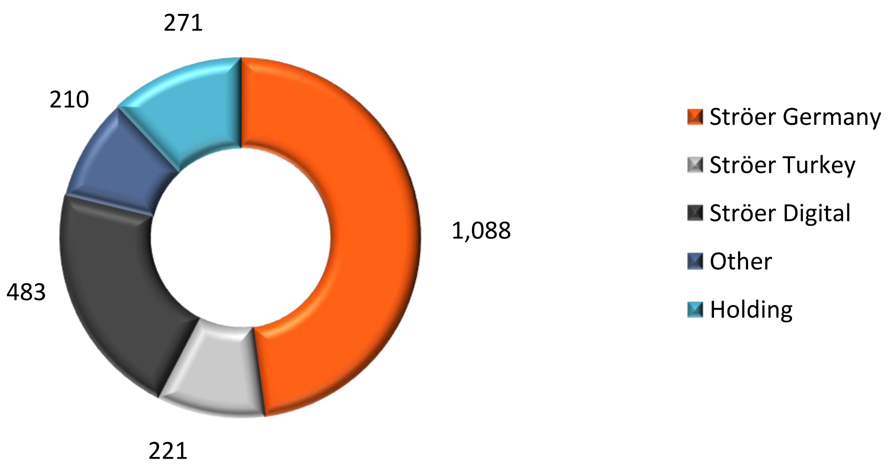
As of 31 March 2014, **non-current assets** decreased by EUR 0.8m against 31 December 2013 to EUR 788.3m. This decrease is attributable in particular to changes in intangible assets and property, plant and equipment. Amortization, depreciation and impairment were slightly higher than investments in these statement of financial position items. By contrast, the EUR 2.6m increase in tax assets to EUR 10.3m had a positive effect on non-current assets.

In addition, non-current assets include investments in associates for the first time this quarter. As mentioned above, due to the first-time application of IFRS 11, five joint ventures previously consolidated on a proportionate basis were recognized using the equity method with retroactive effect from 1 January 2013. Instead of including the Group's share in the assets of the five entities in the individual items of the consolidated statement of financial position, their pro rata net assets are presented under investments in associates. Investments in associates increased by EUR 0.8m compared with 31 December 2013, which represents the Group's share in the post-tax profit or loss of these companies.

**Current assets** fell EUR 7.8m against 31 December 2013 to EUR 154.7m in the first quarter of 2014. This development was largely due to the EUR 8.8m decrease in trade receivables, which were down substantially, particularly in the area of online advertising, owing to seasonal factors. Cash also decreased (down EUR 3.2m), as did inventories (down EUR 2.1m) and other financial assets (down EUR 1.9m). In contrast, other non-financial assets increased by EUR 10.7m, which was partly due to the lease prepayments which are customarily made in the first quarter.

# EMPLOYEES

The Ströer Group employed a total of 2.273 persons as of 31 March 2014 (31 December 2013: 2.223). The allocation of employees to the different business units is shown in the following chart.



# OPPORTUNITIES AND RISKS

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

# FORECAST

We expect stable macroeconomic conditions for our business in Germany. The situation in Turkey, on the other hand, remains fraught with risk given the political uncertainties of recent months, although there are signs that the situation in the media markets is easing. In Poland, we expect the market environment in the second quarter to be challenging but to stabilize to a growing degree.

For the second quarter of 2014 we expect total revenue growth of 10% to 15% for the entire Group and organic revenue growth in the medium to high single-digit range.

# SUBSEQUENT EVENTS

**Credit facilities agreement**

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

**Proposal for the appropriation of profit**

In April this year, the supervisory board and board of management decided to propose to the Company´s annual shareholder meeting on 18 June 2014 that the accumulated profit of EUR 48,631,440.86 for fiscal year 2013 be appropriated as follows:

- Distribution of a dividend of EUR 0.10 per qualifying share (EUR 4,886,978.40 in total)
- Transfer of EUR 23,744,462.46 to retained earnings
- Carryforward of the remainder of EUR 20,000,000.00 to new account.

There were no other significant events or developments of particular importance after the reporting date of 31 March 2014.

# CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**Consolidated interim financial statements**

# CONSOLIDATED INCOME STATEMENT

| In EUR k | Q1 2014 | Q1 2013 [1)] |
|---|---|---|
| **Continuing operations** | | |
| Revenue | 145,724 | 122,393 |
| Cost of sales | -107,359 | -92,839 |
| **Gross profit** | **38,364** | **29,554** |
| | | |
| Selling expenses | -22,610 | -19,800 |
| Administrative expenses | -21,547 | -17,975 |
| Other operating income | 3,437 | 2,892 |
| Other operating expenses | -2,027 | -1,663 |
| Share in profit or loss of associates | 818 | 903 |
| Finance income | 1,161 | 3,346 |
| Finance costs | -5,944 | -7,984 |
| **Profit or loss before taxes** | **-8,349** | **-10,726** |
| | | |
| Income taxes | 1,918 | 4,462 |
| **Post-tax profit or loss from continuing operations** | **-6,431** | **-6,264** |
| | | |
| **Consolidated profit or loss for the period** | **-6,431** | **-6,264** |
| | | |
| **Thereof attributable to:** | | |
| Owners of the parent | -6,541 | -5,778 |
| Non-controlling interests | 110 | -486 |
| | **-6,431** | **-6,264** |
| | | |
| **Earnings per share (EUR, basic)** | | |
| from continuing operations | -0.13 | -0.14 |
| from discontinued operations | 0.00 | 0.00 |
| | | |
| **Earnings per share (EUR, diluted)** | | |
| from continuing operations | -0.13 | -0.14 |
| from discontinued operations | 0.00 | 0.00 |

1) Restated retrospectively due to the first-time application of IFRS 11.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| In EUR k | Q1 2014 | Q1 2013 1) |
|---|---|---|
| **Consolidated profit or loss for the period** | **-6.431** | **-6.264** |
| **Other comprehensive income** | | |
| **Amounts that will not be reclassified to profit or loss in future periods** | | |
| Income taxes | 0 | 0 |
| | **0** | **0** |
| **Amounts that could be reclassified to profit or loss in future periods** | | |
| Exchange differences on translating foreign operations | 5.449 | 1.233 |
| Cash flow hedges | 0 | 0 |
| Income taxes | 0 | 0 |
| | **5.449** | **1.233** |
| **Other comprehensive income, net of income taxes** | **5.449** | **1.233** |
| **Total comprehensive income, net of income taxes** | **-982** | **-5.031** |
| **Thereof attributable to:** | | |
| Owners of the parent | -1.915 | -4.684 |
| Non-controlling interests | 933 | -347 |
| | **-982** | **-5.031** |

1) Restated retrospectively due to the first-time application of IFRS 11.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| Assets (in EUR k) | 31 Mar 2014 | 31 Dec 2013 [1] |
|---|---|---|
| **Non-current assets** | | |
| Intangible assets | 543,006 | 545,183 |
| Property, plant and equipment | 199,800 | 201,097 |
| Investments in associates | 25,334 | 24,516 |
| Financial assets | 198 | 173 |
| Trade receivables | 16 | 12 |
| Other financial assets | 1,378 | 1,181 |
| Other non-financial assets | 8,284 | 9,209 |
| Income tax assets | 508 | 508 |
| Deferred tax assets | 9,796 | 7,222 |
| **Total non-current assets** | **788,319** | **789,101** |
| **Current assets** | | |
| Inventories | 695 | 2,801 |
| Trade receivables | 80,127 | 88,882 |
| Other financial assets | 5,684 | 7,590 |
| Other non-financial assets | 28,228 | 17,554 |
| Income tax assets | 2,687 | 4,244 |
| Cash and cash equivalents | 37,285 | 40,461 |
| **Total current assets** | **154,706** | **161,532** |
| Non-current assets held for sale | 0 | 963 |
| **Total assets** | **943,025** | **951,596** |

| Equity and liabilities (in EUR k) | 31 Mar 2014 | 31 Dec 2013 [1] |
|---|---|---|
| **Equity** | | |
| Subscribed capital | 48,870 | 48,870 |
| Capital reserves | 347,522 | 347,391 |
| Retained earnings | -73,431 | -65,681 |
| Accumulated other comprehensive income | -48,746 | -53,372 |
| | **274,216** | **277,209** |
| Non-controlling interests | 17,995 | 18,822 |
| **Total equity** | **292,211** | **296,031** |
| **Non-current liabilities** | | |
| Pension provisions and other obligations | 23,667 | 23,856 |
| Other provisions | 13,319 | 14,494 |
| Financial liabilities | 350,481 | 351,199 |
| Deferred tax liabilities | 50,790 | 52,786 |
| **Total non-current liabilities** | **438,257** | **442,336** |
| **Current liabilities** | | |
| Other provisions | 18,328 | 20,560 |
| Financial liabilities | 46,857 | 47,487 |
| Trade payables | 106,656 | 103,914 |
| Other liabilities | 35,332 | 34,650 |
| Income tax liabilities | 5,383 | 6,617 |
| **Total current liabilities** | **212,557** | **213,228** |
| **Total equity and liabilities** | **943,025** | **951,596** |

[1] Restated retrospectively due to the first-time application of IFRS 11.

# CONSOLIDATED STATEMENT OF CASH FLOWS

| In EUR k | Q1 2014 | Q1 2013 [1] |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit or loss for the period | -6,431 | -6,264 |
| Expenses (+) / income (-) from the financial and tax result | 2,866 | 175 |
| Amortization, depreciation and impairment losses (+) on non-current assets | 17,451 | 16,999 |
| Interest paid (-) | -2,210 | -1,871 |
| Interest received (+) | 14 | 14 |
| Income taxes paid (-) / received (+) | -1,825 | -1,843 |
| Increase (+)/decrease (-) in provisions | -3,216 | 296 |
| Other non-cash expenses (+)/income (-) | -3,852 | -1,889 |
| Gain (-)/ loss (+) on disposals of non-current assets | 1 | 186 |
| Increase (-)/decrease (+) in inventories, trade receivables and other assets | 4,351 | -7,109 |
| Increase (+)/decrease (-) in trade payables and other liabilities | -2,601 | 15,961 |
| **Cash flows from operating activities** | **4,548** | **14,654** |
| **Cash flows from investing activities** | | |
| Cash received (+) from the disposal of property, plant and equipment | 508 | 134 |
| Cash paid (-) for investments in property, plant and equipment | -5,027 | -4,100 |
| Cash paid (-) for investments in intangible assets | -2,123 | -1,981 |
| Cash received (+) / from/cash paid (-) for the acquisition of consolidated entities | -1,972 | 0 |
| **Cash flows from investing activities** | **-8,613** | **-5,947** |
| **Cash flows from financing activities** | | |
| Cash paid (-) to non-controlling interests/shareholders | -363 | -4,900 |
| Cash reveived (+) from borrowings | 2,562 | 24,344 |
| Cash repayments (-) of borrowings | -1,310 | -325 |
| **Cash flows from financing activities** | **889** | **19,118** |
| **Cash at the end of the period** | | |
| Change in Cash | -3,176 | 27,826 |
| Cash at the beginning ot the period | 40,461 | 21,704 |
| **Cash at the end of the period** | **37,285** | **49,530** |
| **Composition of cash** | | |
| Cash | 37,285 | 49,530 |
| **Cash at the end of the period** | **37,285** | **49,530** |

[1] Restated retrosperctively due to the first-time application of IFRS 11.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| In EUR k | Subscribed capital | Capital reserves | Retained earnings | Accumulated other comprehensive income<br>Exchange differences on translating foreign operations | Total | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|
| **1 Jan 2014** [1] | **48,870** | **347,391** | **-65,681** | **-53,372** | **227,209** | **18,822** | **296,031** |
| Consolidated profit or loss for the period | 0 | 0 | -6,541 | 0 | -6,541 | 110 | -6,431 |
| Other comprehensive income | 0 | 0 | 0 | 4,626 | 4,626 | 823 | 5,449 |
| Total comprehensive income | 0 | 0 | -6,541 | 4,626 | -1,915 | 933 | -982 |
| Changes in basis of consolidation | 0 | 0 | 0 | 0 | 0 | 54 | 54 |
| Capital increase by way of non-cash contribution | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Share-based payment | 0 | 131 | 0 | 0 | 131 | 0 | 131 |
| Direct costs relating to going public (after tax) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cash received from capital increases from non-controlling interests | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Effects from changes in ownership interests in subsidiaries without loss of control | 0 | 0 | -235 | 0 | -235 | -2,700 | -2,935 |
| Obligations to purchase own equity instruments | 0 | 0 | -974 | 0 | -974 | 974 | 0 |
| Dividends | 0 | 0 | 0 | 0 | 0 | -88 | -88 |
| **31 Mar 2014** | **48,870** | **347,522** | **-73,431** | **-48,746** | **274,216** | **17,995** | **292,211** |

| In EUR k | Subscribed capital | Capital reserves | Retained earnings | Accumulated other comprehensive income<br>Exchange differences on translating foreign operations | Total | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|
| **1 Jan 2013** [1] | **42,098** | **296,490** | **-47,838** | **-24,594** | **266,156** | **13,419** | **279,575** |
| Consolidated profit or loss for the period | 0 | 0 | -5,778 | 0 | -5,778 | -486 | -6,264 |
| Other comprehensive income | 0 | 0 | 0 | 1,093 | 1,093 | 140 | 1,233 |
| Total comprehensive income | 0 | 0 | -5,778 | 1,093 | -4,684 | -347 | -5,031 |
| Changes in basis of consolidation | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital increase by way of non-cash contribution | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Share-based payment | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Direct costs relating to going public (after tax) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cash received from capital increases from non-controlling interests | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Effects from changes in ownership interests in subsidiaries without loss of control | 0 | 0 | -5,215 | 0 | -5,215 | -783 | -5,998 |
| Obligations to purchase own equity instruments | 0 | 0 | 4,653 | 0 | 4,653 | 1,325 | 5,978 |
| Dividends | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **31 Mar 2013** [1] | **42,098** | **296,490** | **-54,178** | **-23,501** | **260,910** | **13,614** | **274,524** |

[1] Restated retrospectively due to the first-time application of IFRS 11.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## General

### 1 Information on the Company and the Group

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

### 2 Basis of preparation of the financial statements

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

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

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

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

### 3 Accounting policies

The figures disclosed in these consolidated interim financial statements were determined in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

The accounting policies applied in the consolidated financial statements as of 31 December 2013 were also applied in these consolidated interim financial statements except for the following accounting changes.

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

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

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

The Group's share in the earnings contributions of the five joint ventures are no longer included in the individual items of the consolidated income statement. Instead, their post-tax profit or loss is presented on a net basis in the item "Share in profit or loss of associates" in the consolidated income statement. Accordingly, the revenue for fiscal year 2013 must be adjusted downwards by EUR 12.8m retrospectively to reflect the conversion. Revenue for the first quarter of 2013 was adjusted downwards by EUR 3.1m.

| Income statement (in EUR k) | After IFRS 11 Q1 2013 | Before IFRS 11 Q1 2013 | Change |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue | 122,393 | 125,462 | -3,069 |
| Cost of sales | -92,839 | -94,151 | 1,312 |
| **Gross profit** | **29,554** | **31,311** | **-1,757** |
| Selling expenses | -19,800 | -19,909 | 109 |
| Administrative expenses | -17,975 | -18,228 | 254 |
| Other operating income | 2,892 | 2,897 | -5 |
| Other operating expenses | -1,663 | -1,686 | 23 |
| Share in profit or loss of associates | 903 | 0 | 903 |
| Finance income | 3,346 | 3,347 | -2 |
| Finance costs | -7,984 | -7,988 | 5 |
| **Profit or loss before taxes** | **-10,726** | **-10,256** | **-471** |
| Income taxes | 4,462 | 3,991 | 471 |
| **Post-tax profit or loss from continuing operations** | **-6,264** | **-6,264** | **0** |
| **Consolidated profit or loss for the period** | **-6,264** | **-6,264** | **0** |
| **Thereof attributable to:** | | | |
| Owners of the parent | -5,778 | -5,778 | 0 |
| Non-controlling interests | -486 | -486 | 0 |
| | **-6,264** | **-6,264** | **0** |

The comparative figures for 2013 in the statement of financial position must also be restated retrospectively. As of the conversion date 1 January 2013, a carrying amount of EUR 28.4m was recognized for entities accounted for using the equity method. The other items of the statement of financial position were adjusted to eliminate the amounts relating to the joint ventures.

| Assets (in EUR k) | After IFRS 11 1 Jan 2013 | Before IFRS 11 1 Jan 2013 | Change |
|---|---|---|---|
| **Non-current assets** | | | |
| Intangible assets | 468.639 | 488,128 | -19,489 |
| Property, plant and equipment | 219,915 | 225,873 | -5,958 |
| Investment property | 1,300 | 1,300 | 0 |
| Investments in associates | 28,388 | 0 | 28,388 |
| Financial assets | 101 | 101 | 0 |
| Trade receivables | 100 | 100 | 0 |
| Other financial assets | 2,008 | 2,008 | 0 |
| Other non-financial assets | 10,282 | 10,743 | -461 |
| Income tax assets | 635 | 635 | 0 |
| Deferred tax assets | 4,259 | 4,370 | -111 |
| | **735,626** | **733,258** | **2,368** |
| | | | |
| **Current assets** | | | |
| Inventories | 5,309 | 5,453 | -144 |
| Trade receivables | 65,558 | 65,607 | -48 |
| Other financial assets | 6,830 | 11,080 | -4,251 |
| Other non-financial assets | 19,922 | 20,059 | -137 |
| Income tax assets | 4,633 | 4,799 | -166 |
| Cash and cash equivalents | 21,704 | 23,466 | -1,762 |
| Non-current assets held for sale | 0 | 0 | 0 |
| | **123,955** | **130,463** | **-6,508** |
| | | | |
| **Total assets** | **859,581** | **863,721** | **-4,140** |

| Equity and liabilities (in EUR k) | After IFRS 11 1 Jan 2013 | Before IFRS 11 1 Jan 2013 | Change |
|---|---|---|---|
| **Equity** | | | |
| Subscribed capital | 42,098 | 42,098 | 0 |
| Capital reserves | 296,490 | 296,490 | 0 |
| Retained earnings (incl. profit or loss for the period) | -47,838 | -47,838 | 0 |
| Accumulated other comprehensive income | -24,594 | -24,594 | 0 |
| | **266,156** | **266,156** | **0** |
| Non-controlling interests | 13,419 | 13,419 | 0 |
| | **279,575** | **279,575** | **0** |
| | | | |
| **Non-current liabilities** | | | |
| Pension provisions and other obligations | 23,924 | 23,924 | 0 |
| Other provisions | 12,173 | 13,244 | -1,071 |
| Financial liabilities | 310,952 | 310,952 | 0 |
| Deferred tax liabilities | 50,087 | 55,117 | -5,030 |
| | **397,136** | **403,237** | **-6,101** |
| | | | |
| **Current liabilities** | | | |
| Other provisions | 18,337 | 18,558 | -221 |
| Financial liabilities | 40,067 | 31,584 | 8,483 |
| Trade payables | 76,669 | 80,466 | -3,797 |
| Other liabilities | 32,910 | 34,329 | -1,419 |
| Income tax liabilities | 14,887 | 15,973 | -1,086 |
| | **182,870** | **180,910** | **1,960** |
| | | | |
| **Total equity and liabilities** | **859,581** | **863,721** | **-4,140** |

Notwithstanding these new provisions, however, reporting on the individual segments continues to follow the management approach under IFRS 8, according to which external segment reporting should follow the internal reporting structure. The internal reporting structure of the Ströer Group is still based on the concept of proportionate consolidation of joint ventures. As a result, 50% of the joint ventures' contributions are still included in all segment figures.

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

## 4 Accounting estimates

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

## 5 Related party disclosures

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

## 6 Segment information

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

Reconciliation of the segment reporting by operating segment:

| In EUR k | Q1 2014 | Q1 2013 |
|---|---|---|
| Total segment results (operational EBITDA) | 18,679 | 15,501 |
| Reconciliation items | -2,179 | -1,972 |
| Group operational EBITDA | 16,500 | 13,529 |
| Adjustment effects | -2,614 | -2,618 |
| EBITDA | 13,885 | 10,911 |
| Amortization, depreciation and impairment | -17,451 | -16,999 |
| Finance income | 1,161 | 3,346 |
| Finance costs | -5,944 | -7,984 |
| Consolidated profit or loss before income taxes | -8,349 | -10,726 |

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

## Reporting by operating segment

| In EUR k | Ströer Germany | Ströer Turkey | Ströer Digital (Online) | Other | Reconciliation | Equity method reconciliation | Group value |
|---|---|---|---|---|---|---|---|
| **Q1 2014** | | | | | | | |
| External revenue | 97,228 | 17,314 | 22,594 | 11,523 | 0 | -2,935 | 145,724 |
| Internal revenue | 185 | 86 | 28 | 29 | -329 | 0 | 0 |
| Segment revenue | 97,413 | 17,401 | 22,622 | 11,552 | -329 | -2,935 | 145,724 |
| Operational EBITDA | 17,308 | 722 | 551 | 98 | -2,179 | | 16,500 |
| **Q1 2013** | | | | | | | |
| External revenue | 95,327 | 20,320 | - | 9,816 | 0 | -3,069 | 122,393 |
| Internal revenue | 70 | 5 | - | 0 | -75 | 0 | 0 |
| Segment revenue | 95,397 | 20,324 | - | 9,816 | -75 | -3,069 | 122,393 |
| Operational EBITDA | 17,335 | -341 | - | -1,494 | -1,972 | | 13,529 |

## Reporting by product group

| In EUR k | Billboard | Street furniture | Transport | Digital (Online) | Other | Equity method reconciliation | Group value |
|---|---|---|---|---|---|---|---|
| **Q1 2014** | | | | | | | |
| External revenue | 63,522 | 33,412 | 21,208 | 22,433 | 8,084 | -2,935 | 145,724 |
| **Q1 2013** | | | | | | | |
| External revenue | 61,619 | 34,872 | 20,994 | - | 7,976 | -3,069 | 122,393 |

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

## 7 Seasonality

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

## 8 Disclosures on business combinations

### Tube One Networks GmbH

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

### GAN Game Ad Net GmbH

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

## 9 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 accordance with IAS 39 | | | |
|---|---|---|---|---|---|---|
| In EUR k | Measurement category pursuant to IAS 39 | **Carrying amount as of 31 Mar 2014** | Amortized cost | Fair value recognized directly in equity | Fair value through profit or loss | **Fair value as of 31 Mar 2014** |
| **Assets** | | | | | | |
| Cash | L&R | 37,285 | 37,285 | | | 37,285 |
| Trade receivables | L&R | 80,142 | 80,142 | | | 80,142 |
| Other non-current financial assets | L&R | 1,378 | 1,378 | | | 1,378 |
| Other current financial assets | L&R | 5,684 | 5,684 | | | 5,684 |
| Available-for-sale financial assets | afs | 198 | 198 | | | n.a. |
| **Equity and liabilities** | | | | | | |
| Trade payables | AC | 106,656 | 106,656 | | | 106,656 |
| Non-current financial liabilities | AC | 336,106 | 332,177 | | 3,929 | 336,106 |
| Current financial liabilities | AC | 37,824 | 26,040 | | 11,784 | 37,824 |
| Derivatives not in a hedging relationship (Level 2) | FVTPL | 1,673 | | | 1,673 | 1,673 |
| Obligation to purchase treasury shares (Level 3) | AC | 21,724 | 2,600 | 19,124 | 0 | 21,724 |
| **Thereof aggregated by measurement category pursuant to IAS 39:** | | | | | | |
| Loans and receivables | L&R | 124,489 | 124,489 | | | 124,489 |
| Available-for-sale financial assets | afs | 198 | 198 | | | n.a. |
| Financial liabilities measured at amortized cost | AC | 502,310 | 467,473 | 19,124 | 15,713 | 502,310 |
| Financial liabilities at fair value through profit or loss | FVTPL | 1,673 | | | 1,673 | 1,673 |

| | | | Carrying amount in accordance with IAS 39 | | | |
|---|---|---|---|---|---|---|
| In EUR k | Measurement category pursuant to IAS 39 | **Carrying amount as of 31 Dec 2013** | Amortized cost | Fair value recognized directly in equity | Fair value through profit or loss | **Fair value as of 31 Dec 2013** |
| **Assets** | | | | | | |
| Cash | L&R | 40,461 | 40,461 | | | 40,461 |
| Trade receivables | L&R | 88,894 | 88,894 | | | 88,894 |
| Other non-current financial assets | L&R | 1,181 | 1,181 | | | 1,181 |
| Other current financial assets | L&R | 7,590 | 7,590 | | | 7,590 |
| Available-for-sale financial assets | afs | 173 | 173 | | | n.a. |
| **Equity and liabilities** | | | | | | |
| Trade payables | AC | 103,914 | 103,914 | | | 103,914 |
| Non-current financial liabilities | AC | 336,000 | 332,071 | | 3,929 | 305,010 |
| Current financial liabilities | AC | 38,420 | 26,273 | | 12,147 | 38,420 |
| Derivatives not in a hedging relationship (Level 2) | FVTPL | 2,533 | | | 2,533 | 2,533 |
| Obligation to purchase treasury shares (Level 3) | AC | 21,724 | 2,600 | 19,124 | 0 | 21,724 |
| **Thereof aggregated by measurement category pursuant to IAS 39:** | | | | | | |
| Loans and receivables | L&R | 138,126 | 138,126 | | | 138,126 |
| Available-for-sale financial assets | afs | 173 | 173 | | | n.a. |
| Financial liabilities measured at amortized cost | AC | 500,058 | 464,858 | 19,124 | 16,076 | 469,068 |
| Financial liabilities at fair value through profit or loss | FVTPL | 2,533 | | | 2,533 | 2,533 |

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

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

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

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

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

Level 3: Valuation techniques not based on observable inputs.

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

## 10 Subsequent events

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

Cologne, 14 May 2014

| | |
|---|---|
| Udo Müller | Christian Schmalzl |
| Chief Executive Officer | Chief Operating Officer |

# Adjusted income statement

| Q1 2014<br><br>In kEUR | Income statement in accordance with IFRSs | Reclassification of amortization, depreciation and impairment losses | Reclassification at equity in prportionate consolidation | Reclassification of adjustment items | Income statement for management accounting purposes | Impairment and amortization of advertising concessions | Valuation effects from derivatives | Exchange rate effects from intragroup loans | Tax normalization | Elimination of exceptional items | Adjusted income statement for Q1 2014 | Adjusted income statement for Q1 2013 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Revenue** | **145.7** | | **2.9** | | **148.7** | | | | | | **148.7** | **125.5** |
| Cost of sales | -107.4 | 15.4 | -1.3 | | -93.2 | | | | | | -93.2 | -78.2 |
| Selling expenses | -22.6 | | | | | | | | | | | |
| Administrative expenses | -21.5 | | | | | | | | | | | |
| Overheads | -44.2 | 2.5 | -0.4 | 1.8 | -40.3 | | | | | | -40.3 | -34.9 |
| Other operating income | 3.4 | | | | | | | | | | | |
| Other operating expenses | -2.0 | | | | | | | | | | | |
| Other operating result | 1.4 | | 0.0 | -0.1 | 1.3 | | | | | | 1.3 | 1.2 |
| at equity income | 0.8 | | -0.8 | | | | | | | | | |
| **Operational EBITDA** | | | | | **16.5** | | | | | | **16.5** | **13.6** |
| Amortization and depreciation | | -17.9 | | | -17.9 | 6.4 | | | | | -11.5 | -11.0 |
| **Operational EBIT** | | | | | **-1.4** | | | | | | **5.0** | **2.5** |
| Exceptional items | | | | -1.7 | -1.7 | | | | | 1.7 | 0.0 | 0.0 |
| Finance income | 1.2 | | | | | | | | | | | |
| Finance costs | -5.9 | | | | | | | | | | | |
| Net financial result | -4.8 | | 0.0 | | -4.8 | | 0.0 | 0.0 | | | -4.8 | -5.5 |
| Income taxes | 1.9 | | -0.4 | | 1.5 | | | | -1.6 | | -0.1 | 1.0 |
| **Profit or loss for the period** | **-6.4** | **0.0** | **0.0** | **0.0** | **-6.4** | **6.4** | **0.0** | **0.0** | **-1.6** | **1.7** | **0.1** | **-2.0** |

## Financial calendar

| | |
|---|---|
| **18 June 2014** | Annual shareholder meeting, Cologne |
| **20 August 2014** | Publication of the H1/Q2 report for 2014 |
| **18 November 2014** | Publication of the 9M/Q3 report for 2014 |

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## Disclaimer