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PRESS RELEASE

Detailed statement by Ströer SE & Co KGaA on the short attack by Muddy Waters Capital and outlook on current business development

Cologne, 22 April 2016

A. Executive summary

1. The report published yesterday by Muddy Waters Capital primarily consists of the manipulation of facts known and already published by Ströer, which have been presented intentionally in a misleading fashion and with false claims, presumptions and assertions to deliberately distort the situation in order to cause damage for the shareholders of Ströer in its own economic interest (short position).

2. The conclusions drawn by Muddy Waters Capital are substantially incorrect. At no time has Muddy Waters Capital attempted to make contact with Ströer, let alone held a telephone conversation or personal conversation with Ströer.
3. Muddy Waters Capital claims to hold a significant short position in Ströer and manages at least one private fund that also holds a short position in Ströer. Muddy Waters Capital therefore has a fundamental interest in damaging the reputation of Ströer by making false assertions and drawing incorrect conclusions in order to manipulate Ströer's share price and make significant speculative gains to the detriment of our shareholders when prices fall substantially.
4. In doing so, Muddy Waters Capital has overstepped ethical and legal lines. We hope that this case will form the basis for such business practices constituting unfair trading being made more difficult in the future. We will therefore take various legal measures and are already in dialog with the competent authorities, in particular with the Federal Financial Supervisory Authority ["Bundesanstalt für Finanzdienstleistungsaufsicht:" BaFin].

5. Business development in the current year to date and the outlook stand in stark contrast to the assertions made by Muddy Waters Capital. In the first quarter of 2016, Ströer will exceed its own guidance of 10% organic growth clearly, posting 11.5%. Before the capital markets day on Friday next week, Ströer will publish preliminary figures for its successful first quarter of 2016. The start into the second quarter of 2016 will build on the pleasing performance in the first quarter.

B. Corrective statement

Below, we correct the main incorrect claims made by Muddy Waters Capital:

I. Muddy Waters Capital claims the following:
"Organic Growth in Digital and Overall Appear to be Greatly Overstated"

This claim by Muddy Waters Capital is incorrect!

The correct organic growth rate we reported for 2014 is 11.4%. The calculation presented by Muddy Waters Capital on page 7 of the "Report" contains two serious material errors:

(1) The exchange rate effects that had an impact of EUR 12m in 2014 were not taken into consideration.
(2) The proportionate consolidation of our joint ventures was not – as stated in our annual report – taken into account.

Muddy Waters Capital further claims:
"Organic growth should be adjusted even lower."
Three reasons are given for this: 1. Deduction of disposals; 2. New segmentation of Public Video; 3. Changes in the calculation method.

This claim by Muddy Waters Capital is incorrect!

1. Muddy Waters Capital cites Investopedia: "organic growth represents the true growth for the core of the company." For this very reason, it is a common and

reasonable practice to eliminate revenue from sold entities and discontinued operations in calculating organic growth.

2. Allocating public video products to the Digital segment has nothing to do with the question of whether these products are accessed via computers or mobile devices. On the contrary, these products follow the same marketing logic as online marketing and we steer them both in the same way. The development of public video products, which can also be linked to ad servers, is directly related to the development of our online marketing activities. The allocation of this business segment is therefore correct.
3. The calculation method we have chosen reflects our rigorous application of the accountability principle. From the time of acquisition, the acquired entity is ("core of the company"). This principle that we apply can have both positive and negative effects on organic growth. For example, organic growth in the Digital segment in the fourth quarter of 2015 would have been even better had we not applied this principle.

II. Muddy Waters Capital claims the following:
"Ströer Appears to Artificially Inflate EBITDA"

This claim by Muddy Waters Capital is incorrect!

First, it must be stated that Muddy Waters Capital wrongly referred to the reported EBITDA for the valuation of our business. The correct way and market standard is to assess our business on the basis of operational EBITDA as this method eliminates extraordinary one-time effects which have no meaning to the operating performance of the business. In this context, the decisive operational EBITDA is EUR 15m higher in 2015.

Ströer's other operating income over the last few years has been stable in relation to the development of business volume, amounting to around 3% of revenue. Any one-time effects in other operating income have consistently been treated as extraordinary items and are therefore not included in operational EBITDA. The compensation payments that were made in 2014 in connection with acquired advertising concessions and that could not be used to the agreed extent were published in section 13 of our 2014 annual report (page 125). As this kind of compensation payment arises regularly and in a planned fashion given the structure of our advertising concessions, we do not classify them as extraordinary items.

The increase in rights and licenses is directly related to our corporate strategy based on growth and the significant associated rise in our overall business volume in particular in 2015, 2016 and subsequent years. The increase is based, among other things, on the acquisition of extensive data volumes for our new data management platform, the acquisition of databases primarily for our publishing area, software rights and licenses for the complete digitization of our business processes, advertising concessions and rights and licenses related to several asset deals in the Digital segment.

III. Muddy Waters Capital considers the following adjustment to be correct:
"We Adjust Operating Cash Flow Downward"

This adjustment by Muddy Waters Capital is incorrect!

The increase in trade payables by EUR 58.7m from EUR 121.7m to EUR 180.4m is mainly due to the inclusion of new entities in the Digital segment (e.g., T-Online) and the general rise in investing activities in the entire Ströer Group (see 2015 annual report, page 41). The increase in investing activities with regard to intangible assets and property, plant and equipment has hardly any effect on cost of sales due to amortization and depreciation.

The inclusion of trade payables related to our investments in intangible assets and property, plant and equipment leads to an incorrect calculation of days payable COGS. In actual fact, there was no significant change in days payable COGS at Ströer. The arbitrary adjustment by Muddy Waters Capital is therefore completely unjustified.

IV. Muddy Waters Capital considers the following adjustment to be correct:
"We Adjust 2015 FCF Downward by €51.7 million (-33.1%), and Discuss Our Concerns About Balance Sheet and Cash Flow Statement Accounts"

This adjustment by Muddy Waters Capital is incorrect!

a) The statement of financial position contains additions of intangible assets and property, plant and equipment of (EUR 59.0 + EUR 49.1 =) EUR 108.1m. The statement of cash flows, on the other hand, only includes cash paid for investments in intangible assets and property, plant and equipment of EUR 76.3m. The EUR 31.8m difference is due to the amount not yet paid for the acquisition of intangible assets and property, plant and equipment. EUR 24.8m thereof relates to the amount not yet paid for those transactions for which a portion has been paid as well as amounts still outstanding as of 31 December 2015 (see no. III above, where we explained the increase in trade payables). The other EUR 6.9 million relates to transactions for which Ströer had not yet made any payments by 31 December 2015. We therefore classified this EUR 6.9 million as non-cash transactions. Against this background, there is no reason for an adjustment as suggested falsely by Muddy Waters Capital.

Ströer reports EUR 26.9m as cash paid to (non-controlling) interests, of which EUR 19.5m relates to dividends paid to the shareholders of Ströer. The remaining amount of EUR 7.4 million is cash paid for the acquisition of further shares in non-controlling interests and as such as reported under cash flow from financing activities. This is consistent with IFRSs. There is no reason to adjust free cash flow downwards by EUR 26.9m.

V. Muddy Waters Capital claims the following:
"Digital Segment Operational EBITDA in 2015 Appears Overstated; operational EBITDA Growth in 2014 and 2015 Seems to us Low Quality"

This claim by Muddy Waters Capital is incorrect!

In the context of the strategic development and operational management of the Company, it was a transparent, objectively logical decision that was welcomed by the capital market to report Public Video in the newly created Digital segment. In contrast to Muddy Waters Capital's claims, the business area was consistently reallocated including all allocable costs and revenue in connection with the change in segment.

The adjustments to non-operating expenses were solely related to the change in allocation of the holding costs – and have the same effect across all operating units.

VI. Muddy Waters Capital claims the following:
"Cash Flow Statement Shenanigans Appear to Disguise Cash Flow Needs, and Indicates Ströer's Auditor is Asleep at the Switch"

This claim by Muddy Waters Capital is incorrect!

The statement of cash flows as of the end of 2015 does not show any cash received from borrowings. It is incorrect to claim that this is not in compliance with IFRSs. The following standards apply:

<u>IAS 7.22:</u>
"Cash flows arising from the following operating, investing or financing activities may be reported on a net basis:

...

b) cash receipts and payments for items in which the turnover is quick, the amounts are large, and the maturities are short."

<u>IAS 7.23 A:</u>
"... Examples of cash receipts and payments referred to in paragraph 22(a) are:

...

c) other short-term borrowings, for example, those which have a maturity period of three months or less."

Ströer refinanced itself based on the 3-month Euribor (or shorter maturities) in 2015, which means that the financing is a short-term borrowing (credit facility, especially revolving credit facility). This accounting matter aside, it is not clear why this topic should have an influence on the valuation.

VII. Muddy Waters Capital claims the following:
"Switching to Gross Revenue Recognition Obscures Real Revenue"

This claim by Muddy Waters Capital is incorrect!

We have not changed our revenue recognition policies over the last few years. We act as principal for most of our online business and therefore account for the revenue as net figures. Agency discounts and other trade discounts are deducted from gross revenue to arrive at net revenue.

VIII. Muddy Waters Capital claims the following:
"Müller and Dirk Ströer Buy a Business and Flip it to Ströer"

The entire claims regarding insider trading made by Muddy Waters Capital in this context are completely unfounded, slanderous and the conclusions Muddy Waters Capital comes to on the basis of these claims are downright wrong!

The Company executed the acquisition of the Ströer Interactive Group (including freeXmedia and BusinessAd) with diligence in every respect. The board of management and supervisory board were fully aware of the special aspects of the transaction in terms of the related party position of the seller and took these into account in a particularly sensitive manner.

All legal and valuation issues were examined step by step by legal firms of international repute and their legality and correctness were documented in expert opinions. The supervisory board was informed of every step taken by the board of management and received detailed written and oral reports from the advisors.

The Company filed special valuation reports with the commercial register in connection with the capital increase performed during the transaction and made this publicly available at an extraordinary shareholder meeting of the Company in March 2013.

The transaction was doubtlessly a great success for all shareholders because it laid the expected successful foundation for the digital transformation and subsequent positive share price performance of the last three years.

MediaVentures did not act as an intermediate. Rather, it had already been in the middle of a process that lasted approximately 12 months to take over freeXmedia long before Ströer had considered entering the online segment. The transaction timeline between MediaVentures and freenet AG with regard to freeXmedia actually began many months prior to 29 November 2012. Irrespective of this, freeXmedia was at no stage anywhere near big enough for launching a digital segment in the Ströer Group.

The revenue decline at freeXmedia after the transaction – due to the loss of two clients – was well known before the transaction and was factored into the valuation. This circumstance was taken into account in the valuation from the outset. The claim by Muddy Waters Capital that there was a sudden and unexpected plunge in revenue from the business after the conclusion of the transaction is incorrect in every respect.

The earnout of MediaVentures did not relate, as assumed by Muddy Waters Capital, to freeXmedia, but naturally to the entire Ströer Interactive Group. Due to the positive overall performance of the Ströer Interactive Group and the successful leveraging of the expected synergies, the earnout that was contractually agreed in December 2012 was disbursed in accordance with the defined performance criteria – there were no subsequent increases, as Muddy Waters Capital incorrectly claims.

The actual payout amount was lower than the contractual maximum earnout payment of EUR 13.5m. The amount disbursed was EUR 10.7m, the exact amount reported as a liability in the statement of financial position. On the reporting date 31 December 2013, however, management was still expecting the figure to be slightly lower (EUR 9.85m). Moreover, all results were subject to a separate review by an audit firm commissioned by the supervisory board and were found to be correct.

The estimations made by Muddy Waters Capital of the portion of the purchase price that purportedly relates to freeXmedia are incorrect. The valuation of the Ströer Interactive

Group is based on the results from 2013, not on the 2012 figures. Moreover, there was never any agreement, discussion or calculation of an allocation of the purchase price to part assets. As such, the purchase price share of EUR 22.4m that Muddy Waters Capital purported was allocated to freeXmedia is grossly incorrect.

We have not received any request from Muddy Waters Capital to meet or talk with representatives of Ströer SE & Co KGaA and contrary to claims made by Muddy Waters Capital, there was no call with any investor relations employee in March 2016. Nobody calling investor relations personnel identified themselves as an employee of Muddy Waters Capital.

The claim by Muddy Waters Capital that the transaction of Ströer Interactive marked the beginning of the impairment of Ströer's governance structure is incorrect in every respect. Ströer's governance structures were and are intact and meet the requirements set out under the German Corporate Governance Code for listed companies in every respect.

The claim by Muddy Waters Capital that two officers resigned from office in connection with the transaction in December 2012 is false.

There is also no link between the appointment of Mr. Vilanek to the supervisory board and the acquisition of freeXmedia; freeXmedia was only a smaller part of the entire Ströer Interactive transaction.

The statement by Muddy Waters Capital that Ströer's resources were used to the detriment of the Company in the abovementioned transaction is false.

The economic scope of the cooperation between freenet AG and Ströer SE & Co KGaA was at no point influenced by the transaction, either positively or negatively. The campaign on Hamburg's Jungfernstieg mentioned by way of example (page 23 of the report by Muddy Waters Capital) is a traditionally booked and paid campaign of freenet AG.

The claim by Muddy Waters Capital that Ströer is taking legal action against a former employee in Turkey because he is a shareholder of a company which maintains proper business relationships with Ströer SE & Co KGaA is false. We accept all orders regardless of whether an employee is a shareholder provided that they comply with our general terms and conditions, conflicts of interests have been disclosed and that they are not to the detriment of the Company.

This naturally also applies to MediaVentures.

IX. Muddy Waters Capital claims the following:
"Ströer Insiders' Self-Dealing Goes Beyond freeXmedia"

This assertion by Muddy Waters Capital is tendentious and incorrect! There is no self-dealing as suggested by Muddy Waters Capital and no transaction wrongly declared as being disadvantageous to Ströer.

All related party transactions are presented to the supervisory board for approval in advance in accordance with Ströer's longstanding internal governance rules; the board of management and supervisory board members involved disclose any conflicts of interest and refrain from voting. Furthermore, all such transactions are subject to an annual review to verify that they were carried out at arm's length and properly processed.
This example demonstrates that the board of management, supervisory board and major shareholders examine related party transactions with particular care and place the highest requirements on corporate governance and compliance.

This also applies to MediaVentures as a client of Ströer SE & Co KGaA: We accept all orders that add value regardless of whether an employee is a shareholder provided that they comply with our general terms and conditions and that they are not to the detriment of the Company. The volume of business from MediaVentures accounts for less than 1% of our consolidated revenues. It is reviewed every year by our auditor to verify that it is properly executed and conducted at arm's length terms and was presented to the supervisory board when the orders were placed and whenever there was a change.

The same applies with regard to Ströer SE & Co KGaA's business relationship with SAW under the marketing agreement with SAW, which allows Ströer SE & Co KGaA to market SAW advertising faces. This transparent contractual relationship of Ströer SE & Co

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KGaA was already explained in detail in the IPO and presented transparently in each annual report. Most recently, SAW expanded its portfolio in Berlin by some 1,000 traditional billboards. This transaction is in the interests of Ströer SE & Co KGaA as Ströer SE & Co KGaA had already announced at the time of the IPO that it no longer intended to invest in traditional billboards, but rather only increase its marketing reach in the area of traditional billboards existing at the time of the IPO by way of marketing orders from third parties (such as SAW).

Regarding the expansion of our portfolio in the out-of-home segment, Ströer SE & Co KGaA exclusively focuses on modern backlit and digital advertising media and has not invested in traditional billboards for more than five years.

X. Muddy Waters Capital claims the following:
"Unreported and Opaque Insider Sales"

This claim by Muddy Waters Capital is incorrect!

Ströer SE & Co KGaA engaged a law firm of international repute to perform a legal review of the voting right notifications provided to it by its major shareholders Dirk Ströer and Udo Müller and subsequently published these. With regard to the sales in 2015, Ströer SE & Co KGaA ensured that the selling major shareholders were advised by an international law firm.

At the same time, Dirk Ströer and Udo Müller, declared that all transactions were executed pursuant to the attorneys' recommendations and in line with applicable disclosure requirements.
In addition, Dirk Ströer declares that he did not control the Sambara Trust (Sambara Stiftung) at any time.

XI. Muddy Waters Capital claims the following:
"Suspected Lack of Impairment for Apparently Failed Investments Suggests Lack of Accountability at Ströer"

This statement by Muddy Waters Capital is incorrect!

At the time of the acquisition, the Ballroom Group consisted of 15 entities, of which some performed above average and others below average. In the course of 2015, we performed an impairment test for the Ballroom Group, in which the recoverable amount of the Group exceeded the carrying amount with clear headroom. It should be noted that the Ballroom Group was treated as a component of the “Digital Group” cash-generating unit as of the end of 2015.

XII. Muddy Waters Capital claims the following:
“Cavalier About Capital Allocation”

This statement by Muddy Waters Capital is incorrect!

Christian Schmalzl held a well researched lecture that was regarded by the audience of startup companies as appropriate and entertaining and was positively received by the entire industry.

XIII. Muddy Waters Capital claims the following:
“Governance Seems to be Extremely Investor Unfriendly”

This claim by Muddy Waters Capital is incorrect!

Similar to the multiple voting rights also commonly used in the US, the German KGaA allows its founders to maintain their entrepreneurial influence over the company even with less than 50% of the voting rights.
The conversion to a KGaA should be regarded in the context of the capital increase in return for a contribution in kind by Deutsche Telekom AG and was approved by an overwhelming majority of 84% of all votes at the 2015 extraordinary general meeting and had the support of our major investors, in addition to being positively received by the capital market.

Muddy Waters Capital further claims:
“Ströer CFO involved with questionable US-listed Company”

This claim by Muddy Waters Capital is incorrect!

Bernd Metzner is a member of the board of directors and chairman of the audit committee of Anavex. In contrast to Muddy Waters Capital's assertion, Anavex is a respectable biotechnology company with a market cap of approximately USD 200 m.

Muddy Waters Capital further claims:

"Constantly Shifting Supervisory Board Membership"

This assertion by Muddy Waters Capital is wrong in its substance and intended implications.

Muddy Waters Capital's allegation that changes in the supervisory board are connected in substance with the freeXmedia transaction is incorrect – they were related to changes in the personal and professional situation of the supervisory board members concerned.

All other changes in 2015 and 2016 exclusively related to the change in the Company's legal form to an SE & Co KGaA and Deutsche Telekom AG's rights to appoint two supervisory board members in connection with the T-Online acquisition, who have also been appointed in the meantime.

Dirk Ströer's temporary retirement from the supervisory board also exclusively relates to obligations Ströer SE & Co KGaA assumed in the context of the T-Online deal in connection with Deutsche Telekom AG's appointment rights. As planned, Dirk Ströer is once again a member of the supervisory boards of Ströer SE & Co KGaA and its general partner Ströer Management SE.

XIV. Muddy Waters Capital claims the following:

"Curious Changes to Subsidiary Shareholdings"

Contrary to Muddy Waters Capital's assertion, the shareholder changes are not curious, but rather contractually agreed and strategic.

<u>1. ADselect</u>

We initially acquired a majority holding in ADselect, in which the founder Ralf Hammerath continued to hold an interest, through our firm BusinessAd. In a second step, ADselect was contributed to BusinessAd in a contribution in kind, and Ralf

Hammerath's interest in ADselect was accordingly converted into shares in BusinessAd. A capital increase financed solely by Ströer ensured the necessary consolidation majority of 51% for Ströer in BusinessAd within the scope of the transaction.

2. Pacemaker

The changes in the investment structure at Pacemaker are set out contractually and reflect the special transaction structure. From the start, Pacemaker was intended to be held 80% by Ströer, with a minority interest of 20%. For the purposes of setting up the joint venture, Ströer initially structured this company as a 100% investment, and then granted the joint venturers a 20% shareholding and granted put and call options via this investment. Some of these options have since been exercised.

3. OMS

In order for Ströer to win the long-term commitment of the core asset OMS – the marketing rights for 32 publishers and partners of OMS – the acquisition of OMS was not performed as a cash deal but by means of an investment in the online marketer of Ströer. Taking the earnings power of Ströer Digital Group and OMS into account, the deal is, in every respect, economically accretive for the shareholders of Ströer SE & Co KGaA and particularly positive and important from a strategic perspective.

4. ECE

As Muddy Waters Capital stated correctly, for once, in this case, we wanted to strengthen the relationship with the shopping mall operator ECE. As such, the currently achieved status of the investment of our rights issuer in ECE flatmedia is of strategic interest in every respect and strengthens our contractual relationship with a significant rights issuer long term. The allegation made by Muddy Waters Capital that the transaction contradicts our strategic interests is entirely false.

XV. Muddy Waters Capital states the following:

"Infoscreen Profitability Seems to be an Extreme Outlier"

The implied assertion by Muddy Waters Capital that our guidance relating to the profitability of this product group is questionable is grossly incorrect!

On principle, we do not make any detailed statements on margins or on the profitability of individual products, product groups or entities. We steer and report on our Company on the basis of the known segment structure. However, it is generally correct that some areas of our digital business models are sustainably very profitable.

C. Current business development and outlook of Ströer SE & Co KGaA

Our business prospects remain positive:

- In operational terms, Ströer recorded the best start to a fiscal year in its history.
- **In the first quarter of 2016, Ströer will exceed its own guidance of 10% organic growth clearly, posting 11.5%. Before the capital markets day on Friday next week, Ströer will publish preliminary figures for its successful first quarter of 2016.**
- **The start into the second quarter of 2016 will build on the pleasant performance in the first quarter of 2016**
- For 2016 as a whole, Ströer expects to generate revenue of between EUR 1.1 b and EUR 1.2 b and an operational EBITDA of between EUR 270 m and EUR 280 m.
- The free cash flow before M&A transactions in 2016 will amount to a minimum of EUR 125 m.
- Ströer has announced a dividend distribution of EUR 0.70 per share for fiscal year 2015.

With Muddy Waters Capital's incorrect conclusions, driven by its own interests, in the report published yesterday Muddy Waters Capital stands in contradiction to the assessments published by all 14 analysts on the Bloomberg finance portal. All analysts are giving a "buy" recommendation for Ströer stock across the board, with an average target price of just under EUR 72.

Please note that there will be a conference call today at 02 pm CET.

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About Ströer
Ströer SE & Co. KGaA is a leading digital multi-channel media company and offers advertising customers individualized and fully integrated premium communications solutions. In the field of digital media, Ströer is setting forward-looking standards for innovation and quality in Europe and is opening up new opportunities for targeted customer contact for its advertisers.

The Ströer Group commercializes and operates several thousand websites in German-speaking countries in particular and operates approximately 300,000 advertising media in the out-of-home segment. It has approximately 3,300 employees at over 70 locations. In fiscal year 2015, Ströer SE generated revenue of EUR 824 m. Ströer SE & Co. KGaA is listed in Deutsche Börse's MDAX.

For more information on the Company, please visit www.stroeer.com.

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