ANNUAL REPORT 2019

STRÖER SE & CO. KGAA

CONTENT

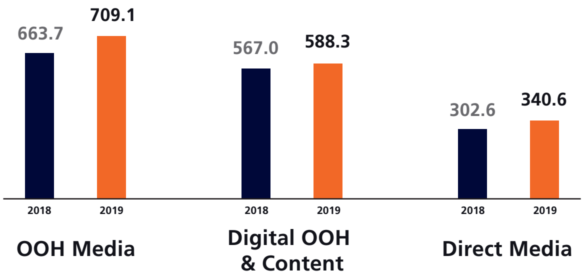
Ströer SE & Co. KGaA
(hereinafter „Ströer KGaA“)


Welcher
bist Du?
Der Audi Q3
Sportback.
Berlitz
3
Berliner Allee
da noi
Cucina

THE GROUP'S FINANCIAL FIGURES AT A GLANCE[1]
CONTINUING OPERATIONS

REVENUE
EUR 1,591.1m
(prior year: EUR 1,507.8m)

SEGMENT REVENUE
In EUR m



EBITDA (ADJUSTED)[2]
EUR 570.5m
(prior year: EUR 538.2m)

EBITDA MARGIN (ADJUSTED)
35.9%
(prior year: 35.7%)

ORGANIC REVENUE GROWTH
7.1%
(prior year: 7.9%)

ADJUSTED EARNINGS PER SHARE
EUR 3.47
(prior year: EUR 3.40)

FREE CASH FLOW BEFORE M&A TRANSACTIONS
EUR 370.2m
(prior year: EUR 297.9m)

ROCE
20.0%
(prior year: 19.3%)

In EUR m	12M 2019	12M 2018
Revenue	**1,591.1**	**1,507.8**
EBITDA (adjusted)[2]	**570.5**	**538.2**
Adjustment effects	34.4	27.0
EBITDA	**536.1**	**511.1**
Amortization, depreciation and impairment losses	358.7	341.2
thereof attributable to purchase price allocations and impairment losses	68.7	69.3
EBIT	**177.4**	**169.9**
Financial result	32.6	33.5
EBT	**144.8**	**136.4**
Taxes	25.1	21.9
Consolidated profit for the period	**119.7**	**114.5**
Adjusted consolidated profit for the period	**210.5**	**198.6**
Free cash flow (before M&A transactions)	**370.2**	**297.9**
Net debt (31 Dec)	**547.6**	**517.7**

[1] For further details on the Group's financial figures we refer to the section "Value-based management."
[2] "EBITDA (adjusted)" is in substance identical to the previous term "operational EBITDA."

THE BOARD OF MANAGEMENT

Dr. Christian Baier
CFO

Dr. Christian Baier was born in Berlin in 1979. He studied business administration at the European Business School in Oestrich-Winkel, where he also obtained his doctorate.

He spent eight years with McKinsey working in corporate finance. For seven years after that he was a managing director, CFO and COO of zLabels, a subsidiary of Zalando SE.

Dr. Christian Baier assumed his position as Chief Financial Officer (CFO) of Ströer as of 1 August 2019 and represents the board of management of Ströer Management SE alongside Co-CEO Udo Müller and Co-CEO Christian Schmalzl.

Udo Müller
Co-CEO

Udo Müller, born in Rüdesheim in 1962, entered the field of out-of-home advertising in 1987 marketing his handball team, the Reinickendorfer Füchse, in Berlin.

In 1990, he teamed up with Heiner W. Ströer to establish Ströer City Marketing GmbH, which was reorganized as an Aktiengesellschaft (German stock corporation) in 2002. With the takeover of Deutsche Städte Medien (2004) and Deutsche Eisenbahn Reklame (2005), he advanced the growth of the Company, which he took public in 2010.

In 2011, he was awarded the title of Senator h.c. by the German Association for Small and Medium-sized Businesses in recognition of his exceptional entrepreneurial achievements.

In 2012, Udo Müller added online marketing to the Company's portfolio. In 2017, he successfully expanded Ströer's product portfolio to include the Direct Media segment.

Christian Schmalzl
Co-CEO

Christian Schmalzl, born in Passau in 1973, studied politics, philosophy, literature and sociology at the Universities of Passau, Munich and Cardiff. After his studies, he joined MediaCom in Munich in 1999 and became the youngest managing director of the agency group in 2002.

In 2007, he assumed responsibility for the entire Germany business, before being appointed Worldwide Chief Operations & Investment Director (COO) of the international media group in 2009. Christian Schmalzl joined Ströer's board of management as COO at the end of 2012. He was appointed Co-CEO of Ströer SE & Co. KGaA in March 2017, forming the Ströer Group's leadership duo alongside Udo Müller.

FOREWORD BY THE BOARD OF MANAGEMENT

**Dear ladies and gentlemen,
dear shareholders,**

2019 was another successful year for our Company. It was a year in which we continued the Ströer success story, once again topping our record revenue and profit figures. We grew revenue by 5.5% from EUR 1,508m to EUR 1,591m. With organic growth of around 7.1% we exceeded our own targets and outperformed the German advertising market. We lifted our EBITDA (adjusted) by 6.0% from EUR 538m to EUR 570m. At 35.9%, the EBITDA (adjusted) margin remained at the high level of prior years. Adjusted profit for the period improved accordingly, growing some 6.0% from EUR 199m to EUR 210m. Our free cash flow before M&A transactions (incl. IFRS 16 payments for the principal portion of lease liabilities) reached a new record high at EUR 195m.

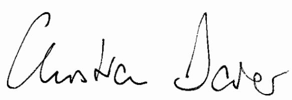
These positive developments reflect the consistent execution of our OOH+ strategy and our focus on Germany. Our strategic positioning will enable us to expand our strong position in the German advertising market and leverage the structural transformation. Our continued success will be built on our diversified portfolio of rights, our comprehensive, local market know-how and our highly individualized, not globally scalable business model, in addition to our high pace of innovation. Our attractive digital and dialog-based operations support and strengthen our successful core OOH business. Our OOH+ strategy centers on swiftly building our digital footprint and programmatic marketing of digital inventory to bolster the long-term and profitable growth strategy.

The resolute implementation of our strategy, a focus on profitable business segments and the on-going optimization of our portfolio of companies are pivotal to our lasting success. By discontinuing non-core activities, we further improved the Group's profitability and honed our financial profile. We also shifted the focus of the Direct Media segment to performance-based outbound business and contributed the service-based operations to a powerful joint venture. Our new Group Chief Financial Officer (CFO), Dr. Christian Baier, who joined the board of management on 1 August, has been instrumental in these activities.

We expect to record organic revenue growth in the mid-single digit percentage range in fiscal year 2020.[1] EBITDA (adjusted) is also expected to increase by a mid-single digit percentage figure.[1]

We would like to thank our business partners and investors for the trust they have placed in us and wish you all a successful year in business and on the markets in 2020.





Udo Müller
Co-CEO

Christian Schmalzl
Co-CEO

Dr. Christian Baier
CFO

[1] Mid-single digit percentage equates to 3% to 7%.

SUPERVISORY BOARD REPORT

Christoph Vilanek
Chairman of the supervisory board

Dear ladies and gentlemen,

Fiscal year 2019 was again an exceptionally successful year for the Ströer Group. It was shaped by the consistent implementation of our OOH+ strategy, with a regional focus on Germany.

The supervisory board of Ströer SE & Co. KGaA carefully monitored and advised the general partner, Ströer Management SE, on a regular basis in the reporting period. The supervisory board of Ströer SE & Co. KGaA reviewed in particular the legality, expediency and propriety of management by Ströer Management SE's board of management.

In line with the requirements of the German Corporate Governance Code as amended on 7 February 2017, the supervisory board regularly reviewed whether it has an appropriate number of independent members. This is particularly important given the shareholder structure and was found to be the case in the supervisory board's opinion. With the exception of the supervisory board members Julia Flemmerer, whose term ended on 19 June 2019, Angela Barzen, whose term commenced on 19 June 2019, and Dirk Ströer, none of the members of the supervisory board have a business or personal relationship with Ströer SE & Co. KGaA, the general partner Ströer Management SE, its board of management or supervisory board or a controlling shareholder, that would establish a material conflict of interest of a non-temporary nature. Hence, pursuant to the definition in the German Corporate Governance Code as amended on 7 February 2017, six shareholder representatives were independent and two were not during their respective terms. The supervisory board thus considers 14 of the 16 supervisory board members as independent. This number is appropriate in the opinion of the supervisory board.

The board of management of Ströer Management SE informs the supervisory board of Ströer SE & Co. KGaA at supervisory board meetings as well as through written and oral reports on the business and all relevant aspects of business planning. It therefore fulfills its duty to provide information. In addition to the financial, investment and personnel planning, the development of business, the economic situation of the Company and the Group (including the risk situation and risk management), the financial position and the Group's profitability were discussed.

During fiscal year 2019, the supervisory board of Ströer SE & Co. KGaA convened four in-person meetings. In additional meetings, the chairman of the supervisory board, the deputy chairman of the supervisory board and the chairman of the supervisory board's audit committee discussed key business events with the board of management of Ströer Management SE. The supervisory board plenum received regular oral reports on these deliberations.

The supervisory board of Ströer SE & Co. KGaA has formed an audit committee which deals in particular with monitoring the financial reporting process, the effectiveness of the internal risk management systems, the internal audit function and the audit of the financial statements. The audit committee of Ströer SE & Co. KGaA convened five times in the fiscal year.

The supervisory board of Ströer SE & Co. KGaA also established a nomination committee on 19 September 2019 which proposes suitable candidates to the supervisory board for election as shareholder representatives by the shareholder meeting. The nomination committee of Ströer SE & Co. KGaA did not meet in the fiscal year.

Focus of deliberations and review by the supervisory board plenum

At the meeting of the supervisory board on 22 March 2019, the supervisory board, in the presence of the auditors from Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Cologne, discussed in detail and approved the unqualified audited annual financial statements of Ströer SE & Co. KGaA and the unqualified audited consolidated financial statements of Ströer SE & Co. KGaA for fiscal year 2018. Furthermore, the supervisory board adopted its recommendations for resolutions to be passed by the shareholder meeting in 2019, including the increase in the dividend rate from 50% to 75% and the distribution of a dividend of EUR 2.00 per qualifying share, the exoneration of Ströer Management SE and its supervisory board, the appointment of Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Cologne, as the Company's auditor for fiscal year 2019, the introduction of a stock option plan and the nomination of candidates to the supervisory board. The supervisory board also reviewed and unanimously approved the non-financial report of Ströer SE & Co. KGaA. The supervisory board also addressed the compliance report for fiscal year 2018.

In a written procedure, the supervisory board adopted a resolution on 3 May 2019 recommending the appointment of Angela Barzen to the supervisory board.

In the supervisory board meeting held on 19 June 2019 in the run-up to the Company's shareholder meeting, the supervisory board examined the risk management report in detail.

At its meeting on 13 September 2019, the supervisory board unanimously elected Mr. Christoph Vilanek as chairman of the supervisory board and Mr. Dirk Ströer as deputy chairman of the supervisory board. The supervisory board also confirmed the appointment of Ulrich Voigt, Christoph Vilanek and Dirk Ströer to the audit committee. Mr. Voigt, Mr. Vilanek and Mr. Ströer abstained from voting in each case. The supervisory board also deliberated over the draft amendments to the German Corporate Governance Code in the version dated 9 May 2019. It unanimously agreed to establish a nomination committee which proposes suitable candidates to the supervisory board for election as shareholder representatives by the shareholder meeting and unanimously appointed Ms. Petra Sontheimer, Mr. Martin Diederichs and Mr. Ulrich Voigt as the first members of the nomination committee, who abstained from voting in each case. After extensive deliberation, the supervisory board agreed that at least six of the eight shareholder representatives should be deemed independent within the meaning of the German Corporate Governance Code. In addition, the supervisory board dealt with questions concerning the efficiency of its work.

At its meeting on 11 December 2019, the supervisory board closely reviewed the recommendation for tendering prepared by the audit committee for the appointment of the auditor of the financial statements for fiscal year 2020. After extensive discussion, the supervisory board unanimously approved the recommendation of the audit committee and agreed to propose the appointment of Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft to the Company's shareholder meeting in fiscal year 2020. The supervisory board also approved the declaration of compliance with the German Corporate Governance Code as amended on 7 February 2017. Furthermore, the supervisory board approved the amendment to the Company's articles of incorporation and bylaws to increase capital stock and accordingly adjust conditional capital following the exercise of the stock options under the stock option plan 2013 and the stock option plan 2015 in fiscal year 2019.

With the following exceptions, all supervisory board members participated in all meetings of the supervisory board of Ströer SE & Co. KGaA during their respective terms. Dr. Müller did not participate in the meetings held on 22 March 2019, 19 June 2019 or 11 December 2019. Ms. Flemmerer did not participate in the meetings held on 22 March 2019 or 19 June 2019. Mr. Voigt did not participate in the meeting held on 19 June 2019.

Deliberations of the supervisory board's audit committee

On 20 February 2019, the audit committee discussed the work on the annual financial statements, the current business figures of the Ströer Group and various tax topics. On 13 March 2019, the audit committee examined the draft versions of the annual and consolidated financial statements of Ströer SE & Co. KGaA for fiscal year 2018 and the non-financial report for fiscal year 2018. The auditor, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Cologne, attended this meeting. At its further meetings on 6 May 2019, 2 August 2019 and 7 November 2019, the audit committee deliberated on the Company's respective quarterly statements and half-yearly financial report, the preparation and execution of the tender for the recommendation on the appointment of the auditor of the financial statements for fiscal year 2020, the internal audit function, the risk management report and compliance issues.

The members of the audit committee participated in all meetings of the audit committee. The CFO of the general partner, Dr. Bernd Metzner and subsequently Dr. Christian Baier, participated in all meetings of the audit committee during their respective terms.

The members of the supervisory board's audit committee are still Mr. Ulrich Voigt as chairman, Mr. Christoph Vilanek as his deputy and Mr. Dirk Ströer.

Audit of the annual and consolidated financial statements

The annual and consolidated financial statements of Ströer SE & Co. KGaA prepared by the board of management of Ströer Management SE for fiscal year 2019 were audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Cologne, together with the underlying books and records and the combined management report of the Company and the Group. An unqualified auditor's report was issued in each case.

The documentation on the financial statements and the long-form audit reports were made available to all members of Ströer SE & Co. KGaA's supervisory board in good time. The documents were the subject of intensive discussions in the audit committee of Ströer SE & Co. KGaA and in the meeting of the supervisory board of Ströer SE & Co. KGaA to discuss the financial statements on 26 March 2019. The responsible auditor, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Cologne, participated in the plenum discussions. The auditor reported on the key findings of the audit and was available to answer questions.

The supervisory board reviewed all documents presented by the board of management of Ströer Management SE and the auditor in detail. Based on the result of its review, the supervisory board had no reservations and agreed with the conclusion reached in the audit of the financial statements by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Cologne. The annual and consolidated financial statements prepared by the board of management of Ströer Management SE were approved by the supervisory board of Ströer SE & Co. KGaA.

Changes to the composition of the boards

The supervisory board of Ströer SE & Co. KGaA comprises 16 members, with eight shareholder representatives and eight employee representatives.

Following Ms. Anette Bronder's resignation as of 31 December 2018, as of the beginning of the reporting period the supervisory board comprised seven shareholder representatives – Mr. Christoph Vilanek (chairman), Mr. Dirk Ströer (deputy chairman), Ms. Julia Flemmerer, Ms. Petra Sontheimer, Mr. Ulrich Voigt, Mr. Martin Diederichs and Mr. Vicente Vento Bosch – and eight employee representatives – Ms. Sabine Hüttinger, Ms. Rachel Marquardt, Ms. Nadine Reichel, Mr. Andreas Huster, Mr. Tobias Meuser, Dr. Thomas Müller, Mr. Michael Noth and Mr. Christian Sardiña Gellesch.

By resolution dated 21 March 2019, Cologne Local Court appointed Ms. Sabine Thiäner to replace Ms. Anette Bronder in her capacity as a shareholder representative to the supervisory board by request of the board of management of Ströer Management SE. Mr. Michael Noth resigned effective 31 May 2019.

With effect from the end of the shareholder meeting on 19 June 2019, the terms of office as supervisory board members ended for Julia Flemmerer, Christoph Vilanek, Dirk Ströer and Ulrich Voigt. Julia Flemmerer did not stand for a further term and thus left the supervisory board. The shareholder meeting confirmed the offices of Christoph Vilanek, Dirk Ströer and Ulrich Voigt as supervisory board members and appointed Angela Barzen to the supervisory board to replace Julia Flemmerer.

By resolution dated 29 August 2019, Cologne Local Court appointed Ms. Petra Loubek to replace Mr. Michael Noth as an employee representative to the supervisory board by request of the board of management of Ströer Management SE.

Since this date, the supervisory board has comprised eight shareholder representatives – Mr. Christoph Vilanek (chairman), Mr. Dirk Ströer (deputy chairman), Ms. Angela Barzen, Ms. Petra Sontheimer, Ms. Sabine Thiäner, Mr. Ulrich Voigt, Mr. Martin Diederichs and Mr. Vicente Vento Bosch – and eight employee representatives – Ms. Sabine Hüttinger, Ms. Petra Loubek, Ms. Rachel Marquardt, Ms. Nadine Reichel, Mr. Andreas Huster, Mr. Tobias Meuser, Dr. Thomas Müller and Mr. Christian Sardiña Gellesch.

There was one change to the composition of the board of management of the general partner, Ströer Management SE. Dr. Bernd Metzner resigned from the board of management as of 30 April 2019. He was replaced by Dr. Christian Baier as of 1 August 2019.

Thanks

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

On behalf of the supervisory board

Christoph Vilanek
Chairman of the supervisory board
of Ströer SE & Co. KGaA
Cologne, March 2020

COMBINED MANAGEMENT REPORT OF THE COMPANY AND THE GROUP

The references made in this combined management report of Ströer SE & Co. KGaA, Cologne (Ströer KGaA), and of the Group refer to the numbering in the annual report.

BACKGROUND AND STRATEGY OF THE STRÖER GROUP

Strategy

In fiscal year 2019, Ströer continued to successfully build on the foundations created by the acquisitions in previous years.

The OOH+ strategy primarily rests on

- Strong core business in the Out-of-Home (OOH) Media segment
- Focus on the core market of Germany
- Leveraging unique proprietary opportunities arising in the Content Media and Direct Media units for the long-term capitalization of its core business segment of OOH Media.

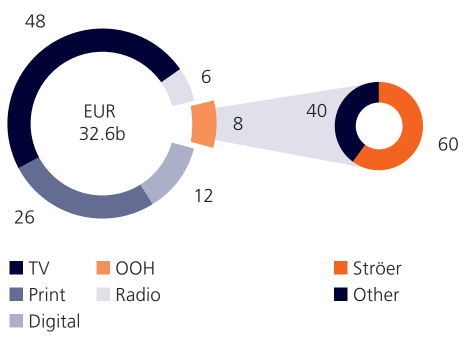
In fiscal year 2019, Ströer captured a market share of 60% in Germany in terms of advertising revenue from out-of-home advertising.

The foundations for its business model are secured for many years to come. The investments made in fiscal year 2019 and those planned for 2020 and thereafter in the further expansion of digital infrastructure in Germany are vital to ensuring the bright outlook for this strategy and its long-term viability. The development of the German advertising market indicates that this strategy is on the right track.

While, in the past five years, the pace of growth in the advertising market in Germany has slowed, the out-of-home segment has been expanding steadily since 2014, far outperforming the rest of the market.

Above the line – Market share OOH 2019

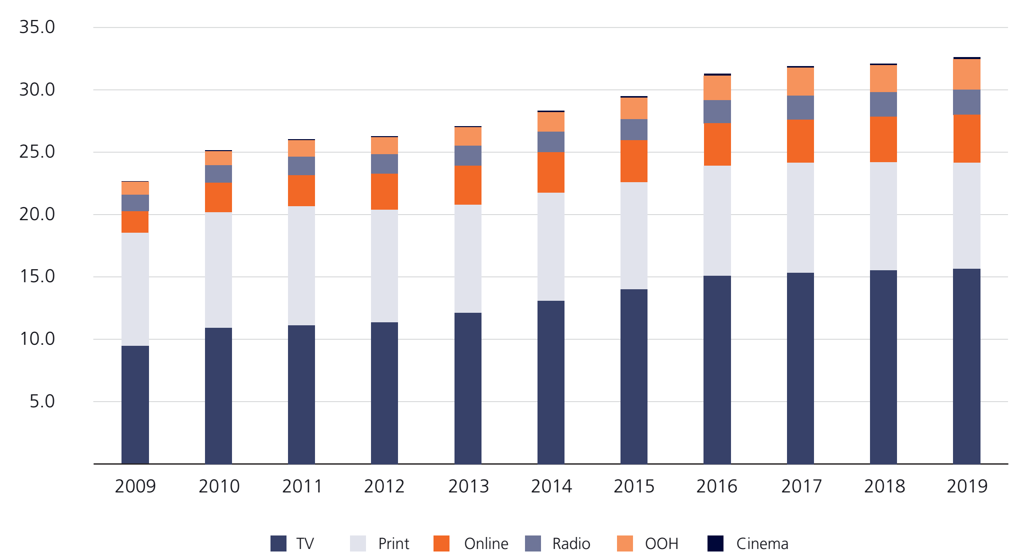
Gross share in %



Source: The Nielsen Company (Germany) GmbH, Central Association of the German Advertising Industry [Zentralverband der deutschen Werbewirtschaft ZAW e.V.], Ströer data

Development of the German advertising market 2009 to 2019

In EUR b



Source: Nielsen Media Research, gross advertising spend excl. direct advertising*, 1st closing 2019 Nielsen

Currently accounting for 7.5% of the total market, OOH in Germany still has potential for further growth to catch up with the market shares of out-of-home advertising in other markets.

OOH advertising spend by country in 2019 (worldwide)

	OOH-expenditure (in USD b)	OOH-share (in %)
China	10.4	11.3
USA	9.8	4.0
Japan	4.9	35.6
France	1.5	10.8
Germany	1.4	5.7
UK	1.4	4.8
Worldwide	29.3	6.4

Source: ZAW, Zenith Forecasts from 2019

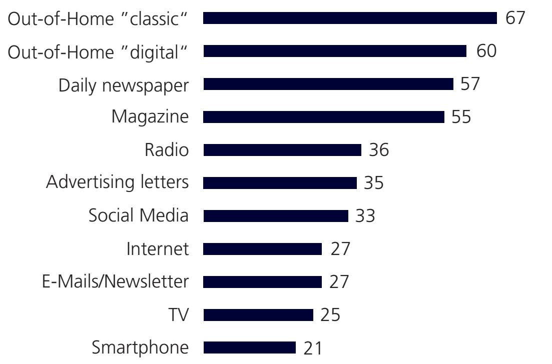
Other metafactors are furthering this potential:

- Mobility is on the rise in Germany (source: "Mobilität in Deutschland (MiD) 2017"). The more mobile a population, the larger the audience for out-of-home advertising.
- Out-of-home advertising is the channel with the greatest appeal to consumers.

In 2019, Ströer capitalized more than most on this momentum, thanks to its large market share and its OOH+ strategy.

Popularity of media

In %; n=1000



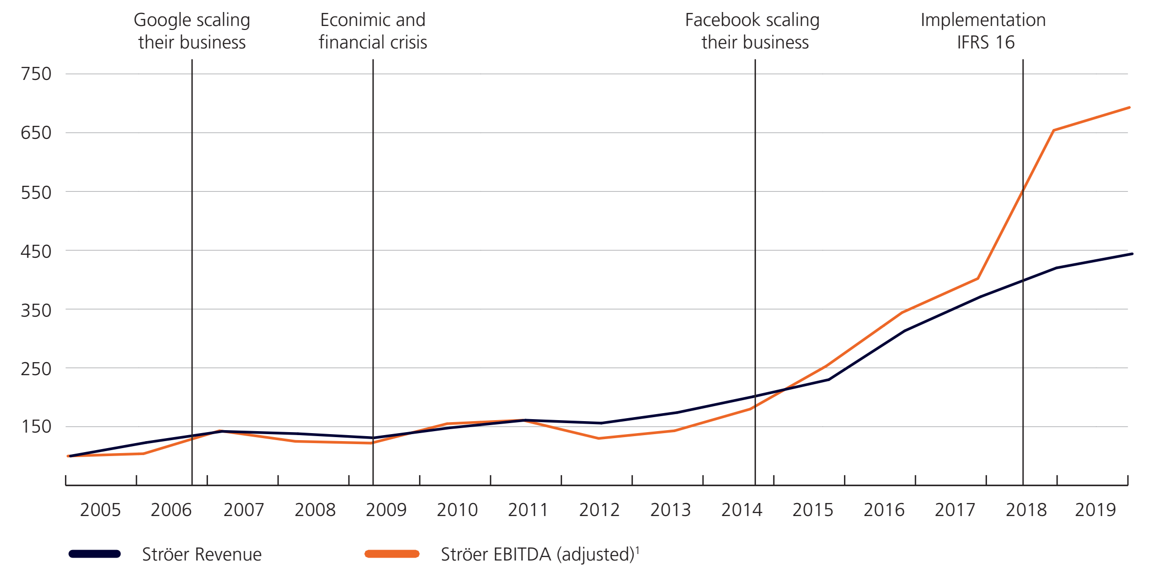
Source: Statista, Image and Acceptance of Advertising Channels

Another key aspect of the OOH+ strategy is the increasing automation of out-of-home advertising. It opens up new (programmatic) sales channels, allows a better use of inventories (available at short notice, can be packaged granularly), while offering more technical possibilities for dynamic advertising formats.

Programmatic advertising has gained a firm grip on the automated marketing of advertising all around the globe in recent years. Programmatic inventories are traded automatically on a granular and flexible basis. The additional use of target group (movement) data also unlocks new customer potential. Online marketing uses a mechanism whereby automated marketplaces employ algorithms to match supply-side platforms (SSP) with demand-side platforms (DSP).

Ströer growth 2005 – 2019

In %



[1] Adj. EBITDAe incl. IFRS 16
Source: Ströer Data

Ströer Digital Group markets some 2,000 websites in the German advertising market and is one of Germany's leading online marketers.

Ströer has leveraged this knowledge of automated programmatic marketing to develop more flexible programmatic offerings in OOH advertising using advances in digital infrastructure. In the last five years Ströer has gleaned a wealth of experience in this field. Its digital indoor infrastructure with just under 5,000 public video screens in railway stations, shopping centers, premium indoor locations and public transport systems, built in the space of more than ten years, is used and marketed not only as conventional digital out-of-home advertising but also as a programmatic inventory.

Without expertise in programmatic advertising, it would not have been possible to develop a viable OOH programmatic infrastructure and market it successfully as quickly.

The resulting highly granular product combines the best of both worlds, the imagery and reach of OOH advertising with the flexibility and granularity of programmatic online advertising.

→ For further information on strategy and management see page 16

Digital OOH advertising technology capitalizes on the strategic opportunities developed by Ströer in the past:

- The right locations and rights
- The resources to rapidly build complex infrastructure
- The know-how to quickly adapt and monetize new technologies
- The ability to ideally package inventory to meet diverse customer needs
- Access to all relevant customer segments through sales activities on a national or regional level

The expansion of portfolio and technology was accompanied in 2019 by Ströer's huge investment in the expansion of its sales capacities on all levels.

Ströer's supply portfolio created by its OOH+ strategy is also broadening and deepening relations with customers.

Advertising is sold through both a national sales organization which serves customers and their agencies centrally and through regional sales organizations which are able to provide a personal, local service to even the smallest of customers.

Business model

Ströer is a leading provider of out-of-home and online advertising, covering all forms of dialog marketing, with a focus on Germany.

Segments and organizational structure

General

The Ströer Group's reporting segments comprise the Out-of-Home Media, Digital OOH & Content and Direct Media segments.

The segments operate independently on the market in close cooperation with the group holding company Ströer SE & Co. KGaA.

This cooperation relates in particular to the Ströer Group's ← central strategic focus and sales activities in the national, regional and local advertising markets, and enables a targeted transfer of expertise between the different segments. This frequently spawns new and unique offerings.

The Ströer Group's financing and liquidity are also managed centrally.

The resulting refinancing of the segments and their provision with sufficient liquidity gives the operating units the flexibility they need to exploit market opportunities quickly.

Furthermore, Ströer also provides the local infrastructure partners, municipalities, companies and private lessors of areas for advertising installations with direct contact partners and can respond swiftly to specific requirements.

Out-of-Home Media

The out-of-home advertising business has an attractive portfolio of contracts with private and public-sector owners of land and buildings, which furnish Ströer with advertising concessions for high-reach sites. Of particular importance are the contracts with municipalities, for which Ströer, as a system provider, develops smart and tailored infrastructure solutions that enhance cityscapes or pave the way for additional services.

The contracts with Deutsche Bahn, the ECE group and local public transport providers are also highly significant. The product portfolio covers all forms of outdoor advertising media, from traditional posters (large formats) and advertisements at bus and tram stop shelters (street furniture) and on public transport through to digital and interactive offerings – more than 200 different advertising formats in total.

The digital out-of-home business, which essentially focuses on public video, is subsumed under the Digital OOH & Content segment due to the similarity of its business and the technology used.

Agreements with private owners of land and buildings generally provide for the payment of a fixed lease, whereas the majority of the concession contracts with municipalities entail revenue-based lease payments.

As in previous years, municipal and private advertising concessions were expanded in 2019. With regard to the old and new advertising concession contracts, focus was placed in particular on the digitalization of existing and new advertising locations.

Key partners in the OOH business are cities and municipalities in Germany. Ströer receives advertising concessions from these partners and maintains the infrastructure in close consultation with them. With the aim of driving the digitalization of cities forward, Ströer is involved in the BCSD [German Federal Association for City and Town Marketing] and is the only advertising company to be a member of the Morgenstadt initiative of the Fraunhofer Institute for Industrial Engineering. The objective is to use Ströer's infrastructure and possibilities to simplify the management of cities and provide smart municipal services to help citizens going about their increasingly digitalized daily lives.

Ströer engages in intensive dialog with many German municipalities on the future and development of German cities.

Ströer has its own research and development department with offices in Cologne and Shanghai. It maintains and enhances product lines and develops innovations.

In addition, a number of investees are allocated to the OOH business which round off Ströer's customer-centric offering, for example Edgar Media, formerly United Ambient Media Group GmbH (UAM) or blowUP media.

Digital OOH & Content

The digital and therefore flexible use of digital out-of-home advertising faces makes it possible to market them across all sales channels and also, given the fully digitalized logistics, offer very flexible and granular solutions, from bundles and networks to individual spaces, from campaigns spanning a longer period to specific timed campaigns. At the same time, available inventories (yields) can be marketed at very short notice. The technology for this was successfully deployed on all sales levels in 2018 and developed further in 2019 to accommodate flexible creations or the presentation of advertising for a product depending on certain factors of relevance for it (such as rainfall or temperature).

As a multichannel media company, Ströer also offers scalable products from branding and storytelling through to performance, native advertising and social media in the internet.

With a reach of more than 50.64 million unique users per month (AGOF daily digital facts, Dec 2019, 16+), Ströer Digital Media GmbH is ranked the number one digital marketer in Germany by the industry group for online media research Arbeitsgemeinschaft Online Forschung (AGOF), making it one of the most important display and mobile marketers in the German advertising market.

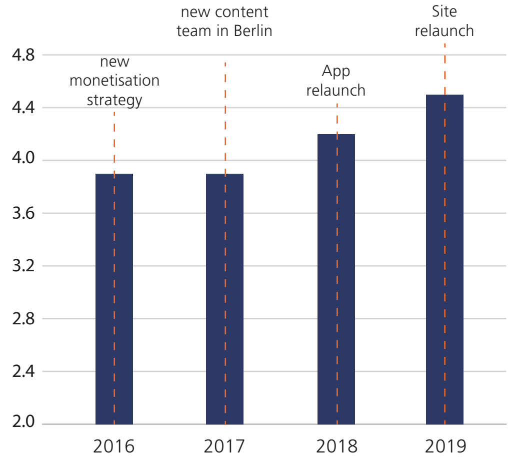
In the area of display and mobile advertising, Ströer Digital Media has a large number of direct customers and own websites as well as an automated technology platform (for both the demand and supply side). Own websites include, for example, t-online.de and leading special interest portals such as Giga.de or Kino.de. In terms of direct customers, Ströer has bundled its advertising capacity over the past few years and now has exclusive marketing rights for more than 1,000 websites. Ströer is able to intelligently link rich media[1] and native advertising with traditional display advertising formats and new moving-picture products while developing innovative advertising formats for automatic trading.

Moreover, the new IAB flexible ads standard was implemented and targeting options significantly expanded. This allows Ströer to make much more inventory available programmatically and therefore market it at extremely short notice at an optimal price. In this connection, major new clients were won (such as Klambt Verlag, Delius Klasing Verlag and Fatchd.com) or engagements extended, such as for Bauer Media Group and Motor Presse.

Within one year, t-online.de has managed to become an important medium and is being consistently grown, both in terms of breadth and depth of coverage.

T-Online back on road to success following takeover

Visits in billions



Source: IVW - Informationsgemeinschaft zur Feststellung der Verbreitung von Werbeträgern e.V.

Dozens of national politicians, top athletes and celebrities gave exclusive interviews to t-online.de in 2019. This had a positive impact on its reach which grew by approx. 12.4% based on visits.

t-online.de was quoted more than 600 times by news agencies and many times more than this in German and international media in 2019. The "Tagesanbruch" news summary, which is published every weekday morning, is Germany's leading morning briefing and the first real multi-channel-platform product (internet, app, newsletter, voice assistant, public video) with up to 330,000 users daily, including many political and business leaders.

The t-online.de editors put together a diverse program all around the clock from the newsroom in Berlin-Mitte and the correspondents' offices in Washington and Melbourne. Besides news from politics, sport and the digital world and self-help articles, celebrities such as Howard Carpendale, Lena Meyer-Landrut and Otto Waalkes are interviewed in the newsroom.

The t-online.de columnist program garners national recognition. The t-online.de tablet app was relaunched in August and the new Business & Finance section will launch soon.

Directly following watson's launch, the third portal, desired.de, was relaunched. desired.de is aimed primarily at younger women interested in lifestyle and fashion and is operated by Ströer Media Brands (SMB). At SMB, facebook portals are run on a wide range of topics and provide news and entertainment to more than seven million own facebook fans in Germany.

Statista GmbH continued on its perennial growth course.

The growth stems in particular from the dynamic development of international activities with the opening of new sales offices in Paris and Singapore. In addition, further progress was made with the development of proprietary content and the core Statista brand. In 2019, in addition to extending the platform to incorporate new products such as the Business Plan Export, which provides the data for modeling markets, a special focus was trained on developing exclusive content on on-trend topics such as

[1] Rich media refers to online content, which is enhanced both visually and acoustically, for example by video, audio and animation.

mobility or strategic segments such as country KPIs. The added value of existing statistics and reports is enhanced by editorial insights. The proprietary print publications Digital Economy Compass and Trend Compass 2020 underpinned Statista's positioning as a competence center for market knowledge and forecasts. Global brand awareness was improved further by the massive growth in the data base and by strategic partnerships with Alexa, Financial Times, Forbes, Newsweek, Economic Times India and Nikkei Japan.

Direct Media

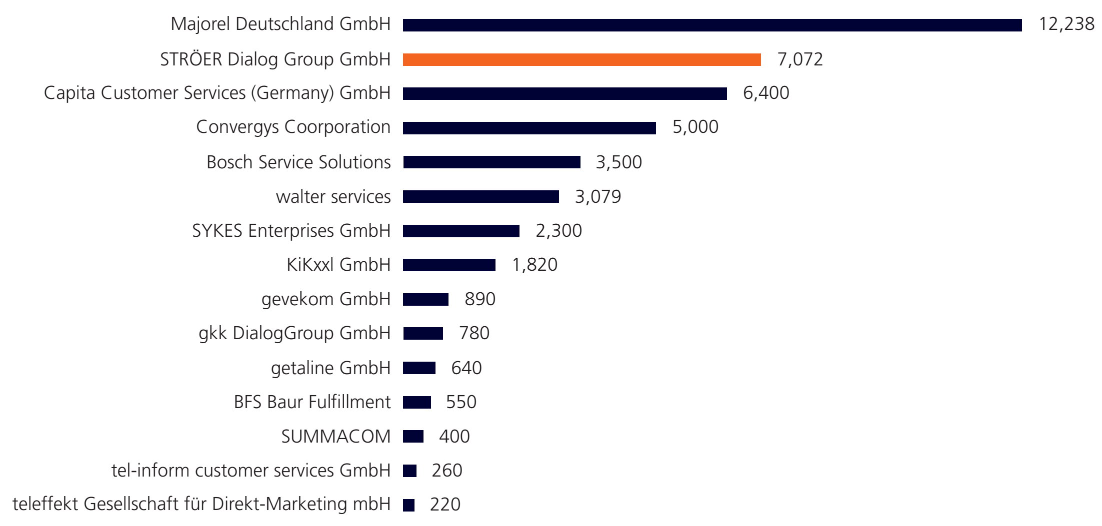
2019 was once again a highly successful year for the BHI Group (asambeauty GmbH/Beauty and Health Investment Group GmbH), recording another record level of revenue of more than EUR 83m. This growth was driven by the four main sales channels:

- E-com: Revenue growth just shy of 20% was recorded yet again in this segment, focusing on influencer marketing and optimization of the online shop in terms of storytelling and upselling preferences. A physical advent calendar was launched in 2019.
- TV sales: The BHI Group generated a stable result in Germany, with the hair care brand "ahuhu" reporting a record result at QVC Deutschland. Among the international activities, the performance in North America with its high growth rates deserves special mention.
- Retail: The youngest sales channel is continuing its success story. Asambeauty counters were installed in more than 500 Müller stores in the fiscal year, honing the brand's profile and improving its visibility. In addition, business with the new customers dm Austria, Globus and TK Maxx was grown further.
- Business development: Serves new sales channels or sales countries in the BHI Group.

The Avedo group and Ranger GmbH were acquired by Ströer back in 2017.

The Avedo group currently focuses on telesales and dialog marketing and provides services mainly on a CpO basis (cost per order). The Avedo group has over 30 million customer contacts annually and expertise in twelve sectors, in particular in the telecommunications, energy, IT, tourism, multimedia and e-commerce sectors. The acquisition of the Ranger group that operates in performance-based direct sales creates an additional channel alongside the Avedo group's performance marketing business.

Biggest contact centers in Germany in 2019 by number of desks



Source: Call Center Verband Deutschland

The Ranger group is a direct sales specialist providing highly efficient, performance-guided sales services on behalf of its clients. The company sells products to private and corporate customers on behalf of its clients in the telecommunications, energy, retail, financial services and media sectors.

The further acquisitions in the call center segment in 2018 gave rise to the Ströer Dialog Group (the Direct Media segment in the annual report), which has become one of the top three providers of call center capacities in Germany and Europe's leading provider of performance-based direct sales.

Structures in this segment were improved further in 2019 as part of the OOH+ strategy. In the future Ströer will focus on sales and service-to-sales topics which are more relevant for our customer relationships and hold greater margin and growth potential. Pure-play service locations which sell their capacities to customers have been shifted to a joint venture in which Ströer holds a 50% interest. This will enable us to offer a one-stop service to our key accounts together with our sales services. Operational management and the ultimate responsibility for these locations lie with our joint venture partner and its management.

It is Ranger's ambition to offer nationwide direct sales to its partners in the countries it services. To support this aim, we are consistently building B2C and B2B sales structures through organic and inorganic growth. Our handpicked premium partners such as Deutsche Telekom, Vodafone, E.ON, Eni, Engie and Total have longstanding business relationships with Ranger and value its depth of process integration. Ranger has fully embedded digital technologies in its processes, from sales management, regional planning, customer data capture and processing, order processing and billing. All of its processes are firmly integrated in its clients' structures, for better quality, faster results and improved manageability, and for lower costs. Ranger is driving its innovation and internationalization strategy. Our vision is to be the dominant market player in the major European markets for performance-based direct marketing in the B2C and B2B segments.

Strategy and management

Ströer focuses on business segments which can be developed actively and organically primarily in Germany and offer opportunities for sustainable growth. They are characterized by an inventory that has a highly diversified portfolio of rights and demands on local operational excellence that are particularly high. They are also characterized as segments that require management and product design a high level of local market know-how, and are not globally scalable, as there are major differences in terms of market structure, language or culture as well as regulatory conditions across different countries.

Such business segments thus need to be optimally structured by a strong and integrated local provider such as Ströer.

Under its OOH+ strategy, Ströer's traditional core segment, Out-of-Home Media, in particular is seeing sustainable growth on the back of the development of digital business in connection with German content (DOOH & Content) and additional services in the Direct Media segment.

The high level of quality required in local execution is firmly embedded in Ströer's DNA. Historically the out-of-home business was always shaped by limited standardization, also due to the federally diversified structure of the German urban landscape. This means that each rights contract has to be individually developed and maintained and at the same time international economies of scale such as in product design and procurement do not play a major role.

The success of Ströer's core segments mainly lies in:

- "Propriety detailed knowledge in breadth and depth" meaning the deep knowledge of the very different local conditions, e.g., each advertising location or every individual website or call center.
- "Individual quality in management and execution" meaning the will to ensure maximum precision, also in the regional and local environment, and not work with too unspecific standard solutions. Consequently Ströer sells over 200 different product variations in the area of OOH media alone.
- "Proprietary solutions tailored to the customer" with the objective of ensuring maximum customer satisfaction also in the smallest segments, as opposed to forcing customers to use globally scaled platforms.

- "Direct access to all customers on all levels" meaning the continual expansion of all sales resources to ensure customer contact at the highest possible breadth and depth in the market, in particular also in the segment of small to medium-sized businesses which other providers cannot comprehensively serve.

Within the scope of optimizing the investments made by Ströer in its own portfolio, the utilization and value added by the portfolio can be continuously optimized. By digitizing infrastructure, the historical dividend is optimally monetized in the form of proprietary rights and products. Advertising spaces not yet monetized or existing marketing infrastructures increase the value of strategically targeted and profitable investments and additional business acquired in prior years.

In organizational terms, this means considerable elasticity and an extensive spectrum, which is centrally supported by the new CRM and ERP systems introduced,

- from the needs of large national advertisers and their agency partners that are increasingly looking for automated, programmatic and data-driven solutions with high flexibility,
- through to the needs in the segment of the small to medium-sized regional customers which Ströer, thanks to the fast growing local sales organization, can directly advise on-site on all aspects of its single-source offering, and whose solutions can be scaled from an organizational rather than technical perspective.

On this basis, Ströer is very well positioned for long-term success on the German advertising market.

Advertising market

Overall, the advertising market is seeing marginal growth on a gross basis, with most analyses showing no growth on a net basis. A distinction also needs to be made between the national and regional markets.

National (Nielsen): TV with marginal growth on a gross basis, and considerable losses on a net basis, ongoing negative trend in print media on both a gross and net basis. By contrast, online display/content media are stable on a gross basis, somewhat positive on a net basis despite the General Data Protection Regulation (GDPR), radio is slightly up from a low level, cinema highly volatile, dependent on the number of cinema goers and blockbusters.

Going forward, it can be assumed that the volume of video-on-demand services (Amazon Prime, Netflix, Magenta TV, Sky, DAZN, etc.) as well as the expected new market entries in 2020 (Disney+) will exert increasing pressure on the consumption of traditional linear TV and cinema and that traditional printed advertising media will become less and less relevant due to the ever evolving online content platforms.

Regionally, the market has a considerable volume, with SMEs still channeling a large portion of their advertising investments in traditional media such as print, directory services, webdesign and trade fair appearances. It can be assumed that digital and simpler scalable solutions will also develop better regionally than analog solutions.

Product development

The digital strategy is based on the Group's continuously evolving technology position, which enables local and regional performance as well as direct marketing. Technologies for precisely targeting campaigns and professionally managing anonymized data are becoming increasingly crucial for success. This enables the smooth integration of branding and performance marketing as part of multi-screen strategies. In addition to the development of special applications and software solutions in digital advertising, the Ströer Group is also focusing on the development of the next generation of advertising media in OOH (for example, "green-planted" advertising media) for our customers. In fiscal year 2019, development costs of EUR 23.2m were capitalized (prior year: EUR 23.3m).

Value-based management

The Ströer Group is managed using internally defined financial and non-financial key performance ratios in the interests of sustainable development. Key financial indicators continue to follow the internal reporting structure. These are figures which reflect the business model as well as management systems but are not covered by IFRSs. The main key indicators are organic revenue growth and EBITDA (adjusted). The other indicators are adjusted consolidated profit, → Free Cash-Flow (before M&A transactions), ROCE (return on capital employed) and the leverage ratio.

← For further information on the calculation of free cash flow (before M&A transactions), see page 30

Revenue development is one of the key indicators for measuring the growth of the Group as a whole. It is also an important metric for managing the Ströer Group's segments. As part of the budgeting and medium-term planning process, the individual segments are set revenue targets that are broken down to the relevant level; adherence to these targets is continuously monitored during the year. Both organic revenue growth ← and nominal revenue growth are analyzed in this context. The business performance of acquirees – both positive and negative – is included in the calculation of organic revenue growth from the time of initial consolidation.

→ For further information on the determination of organic revenue growth, see page 18

→ For further information on net debt, see page 31

→ For further information on the calculation of EBITDA (adjusted) and adjusted consolidated profit, see page 19

EBITDA (adjusted) (consolidated earnings before interest, taxes, depreciation, amortization and impairment losses, and adjusted for exceptional items) gives an insight into the sustainable development of our Group's earnings. Furthermore, EBITDA (adjusted) ← is a key input for determining the leverage ratio to be reported to our lending banks on a quarterly basis. In addition, sustainable EBITDA (adjusted) is used on the capital market as part of the multiplier process for simplifying the determination of business value.

→ For the section on employees, see page 43

Adjusted consolidated profit is used as an indicator for determining our dividend payment. We plan to pay out a percentage – within a specified range – of our adjusted consolidated profit in dividends, to the extent permitted under German commercial law.

Free cash flow (before M&A transactions) is another key performance indicator for the board of management and is calculated from the cash flows from operating activities less net cash paid for investments, being the sum of cash received from and paid for intangible assets and property, plant and equipment. Free cash flow (before M&A transactions) therefore represents the cash earnings power of our Company and is an important determining factor for our investment, financing and dividend policy.

One of the key aims of the Ströer Group is to sustainably increase our return on capital employed (ROCE). To achieve this, we enhance our management and financial control systems on an ongoing basis. ROCE is calculated as adjusted EBIT divided by capital employed. Adjusted EBIT is defined as follows: consolidated earnings before interest and taxes, write-downs arising from purchase price allocations, impairment losses and adjusted for exceptional items. Capital employed comprises total intangible assets, property, plant and equipment and current assets less non-interest-bearing liabilities (trade payables and other non-interest-bearing liabilities). It is the arithmetic mean of these values at the start of the year and the respective year-end. ROCE provides us with a tool that enables value-based management of the Group and its segments. Positive value added and thus an increase in the Company's value are achieved when ROCE exceeds the cost of capital of the respective cash-generating units (CGUs).

← Net debt and the leverage ratio are also performance indicators for the Group. Our debt financing costs within the scope of the facility agreement and the note loans are linked, among other things, to net debt. The leverage ratio is also an important factor for the capital market for assessing the quality of our financial position. The leverage ratio is measured as the ratio of net debt to EBITDA (adjusted). Net debt is calculated as the sum of liabilities from the facility agreement, from note loans and other financial liabilities less cash.

In terms of non-financial indicators, we take into account key figures on the employment situation, such as ← headcount at group level on a certain day.

Reconciliation: organic revenue growth

The following table presents the reconciliation to organic revenue growth. For 2019, it shows that with an increase in revenue (without foreign exchange rate effects) of EUR 104.9m and adjusted revenue of EUR 1,486.8m for the prior year, the organic growth rate comes to 7.1%.

In EUR k	2019	2018
Revenue prior year (reported)	**1,507,783**	**1,283,047**
Disposals and discontinued units	–49,123	–61,115
Acquisitions	28,143	181,268
Revenue prior year (adjusted)	**1,486,803**	**1,403,200**
Foreign exchange rate effects	–588	–6,441
Organic revenue growth	104,930	111,023
Revenue current year (reported)	**1,591,145**	**1,507,783**

Reconciliation: EBITDA (adjusted)

The segment performance indicator EBITDA (adjusted) is adjusted for certain adjustment effects. The Group has defined gains and losses from changes in the investment portfolio (e. g., due diligence transaction costs, legal advice, notarial certifications, purchase price allocations), reorganization and restructuring measures (e. g., costs for integrating entities and operations, adjustments for exceptional items from material restructuring and from performance improvement programs), capital measures (e. g., material fees for amending and adjusting loan agreements including external consulting fees) and other effects (e. g., costs for potential legal disputes, currency effects) as adjustment effects.

Adjustment effects are broken down into individual classes in the table below:

In EUR k	2019	2018
Gains and losses from changes in the investment portfolio	5,729	857
Gains and losses from capital measures	0	–5
Reorganization and restructuring expenses	17,857	13,733
Other adjustment effects	10,785	12,458
Total	**34,372**	**27,043**

Gains and losses from changes in the investment portfolio comprise income from the remeasurement of the original shares held in Media-Direktservice GmbH of EUR 2,233k and expenses from M&A activities of EUR 4,069k. The rise in reorganization and restructuring expenses largely reflects the salary and severance payments under the voluntary scheme of Ströer Digital Publishing GmbH of EUR 5,480k. Other adjustment effects are slightly down against the prior year overall.

The reconciliation from segment to group values contains information on group units that do not meet the definition of a segment ("reconciliation items"). They mainly relate to all costs for central functions such as the board of management, corporate communications, accounting, controlling, less their income from services rendered.

The following table shows the reconciliation of the segment performance indicator to the figures included in the consolidated financial statements:

In EUR k	2019	2018
Total segment results (EBITDA (adjusted))	**589,291**	**553,872**
Reconciliation items	–18,808	–15,697
EBITDA (adjusted) Group	**570,483**	**538,175**
Adjustment effects	–34,372	–27,043
EBITDA	**536,112**	**511,134**
Depreciation (right-of-use assets under leases (IFRS 16))	–177,893	–168,390
Amortization and depreciation (other non-current assets)	–167,795	–165,172
Impairment losses (including goodwill impairment)	–13,023	–7,680
Financial result	–32,639	–33,477
Profit or loss before taxes	**144,763**	**136,415**

Reconciliation of the consolidated income statement to the management figures

In EUR m	Income statement in accordance with IFRSs 2019	Reclassification of amortization, depreciation and impairment losses	Reclassification of adjustment items	Income statement for management accounting purposes
Revenue	**1,591.1**			**1,591.1**
Cost of sales	–1,012.2	312.4	4.0	–695.7
Selling expenses	–245.0			
Administrative expenses	–185.3			
Total selling and administrative expenses	–430.3	46.3	29.4	–354.7
Other operating income	39.6			
Other operating expenses	–17.7			
Total other operating income and other operating expenses	21.9	0.0	1.0	22.9
Share in profit or loss of equity method investees	6.9			6.9
EBITDA (adjusted)				**570.5**
Amortization, depreciation and impairment losses		–358.7		–358.7
EBIT (adjusted)				**211.8**
Adjustment effects[1]			–34.4	–34.4
Financial result	–32.6			–32.6
Income taxes	–25.1			–25.1
Consolidated profit or loss from continuing operations	**119.7**	**0.0**	**0.0**	**119.7**

[1] For further information on adjustment effects we refer to the section "Reconciliation: EBITDA (adjusted)" on page 19.

Amortization from purchase allocations	Exchange rate effects from intragroup loans	Tax normalization	Elimination of exceptional items and impairment losses	Adjusted income statement 2019	Adjusted income statement 2018
				1,591.1	**1,507.8**
				–695.7	–675.8
				–354.7	–324.9
				22.9	26.0
				6.9	5.1
				570.5	**538.2**
55.6			13.0	–290.0	–272.0
55.6			**13.0**	**280.4**	**266.2**
			34.4	0.0	0.0
	0.2		2.1	–30.4	–30.3
		–14.5		–39.6	–37.3
55.6	**0.2**	**–14.5**	**49.5**	**210.5**	**198.6**

Management and control

The board of management of the general partner, Ströer Management SE, Düsseldorf, as of 31 December 2019 comprises three members: Udo Müller (Co-CEO), Christian Schmalzl (Co-CEO) and Dr. Christian Baier (CFO). The following overview shows the responsibilities of each member of the board of management in the Group:

Name	Member since	Appointed until	Responsibility
Udo Müller	July 2002	December 2020	Co-CEO Strategy
Christian Schmalzl	November 2012	December 2020	Co-CEO Management and supervision of national, international and digital companies Group business development Group corporate communications
Dr. Bernd Metzner	June 2014	April 2019	CFO Group finance and tax Group HR Group IT Group legal Group M&A/corporate finance Group internal audit Group investor relations Group procurement Group risk management Group accounting Group controlling
Dr. Christian Baier	August 2019	July 2022	CFO Group finance and tax Group HR Group IT Group legal Group M&A/corporate finance Group internal audit Group investor relations Group procurement Group risk management Group accounting Group controlling

The members of the board of management collectively bear responsibility for management. Dr. Christian Baier began his term of office as the new CFO of Ströer SE & Co. KGaA as of 1 August 2019, assuming the responsibilities of Dr. Bernd Metzner.

In addition to the board of management, there is an executive committee, as an extended governing body, to professionalize governance and to embed key topics within the Ströer Group. Regular in-person meetings are held to decide on fundamental issues and to ensure that the entire Group has a uniform strategic focus.

As of the end of fiscal year 2019, the supervisory board of Ströer SE & Co. KGaA comprised 16 members in accordance with Sec. 278 (3) and Sec. 97 et seq. AktG in conjunction with Art. 10 (1) of the articles of incorporation of Ströer SE & Co. KGaA. The board comprises eight shareholder representatives – Mr. Christoph Vilanek (Chairman), Mr. Dirk Ströer (Deputy Chairman), Ms. Angela Barzen, Mr. Martin Diederichs, Ms. Petra Sontheimer, Mr. Vicente Vento Bosch, Mr. Ulrich Voigt and Ms. Simone Thiäner, – and eight employee representatives – Mr. Andreas Huster, Ms. Sabine Hüttinger, Ms. Petra Loubek, Ms. Rachel Marquardt, Mr. Tobias Meuser, Dr. Thomas Müller, Ms. Nadine Reichel and Mr. Christian Sardiña Gellesch.

Ms. Simone Thiäner joined the board on 21 March 2019 as a shareholder representative replacing Ms. Anette Bronder, who stepped down as of 31 December 2018, and Ms. Angela Barzen replaced Ms. Julia Flemmerer as of 19 June 2019. Ms. Petra Loubek joined the board as an employee representative on 29 August 2019 and replaced Mr. Michael Noth.

For more information on the cooperation between the board of management and the supervisory board and on other standards of corporate management and control, see the corporate governance declaration pursuant to Sec. 289f HGB ["Handelsgesetzbuch": German Commercial Code], which also includes the declaration of compliance with the German Corporate Governance Code (GCGC) pursuant to Sec. 161 AktG. In addition, the board of management of Ströer Management SE and the supervisory board of Ströer SE & Co. KGaA issue a joint corporate governance report each year in accordance with 3.10 GCGC. All documents are published on the website of Ströer (www.stroeer.com/investor-relations).

For fiscal year 2019, Ströer SE & Co. KGaA has once again prepared a group non-financial report pursuant to Sec. 315b HGB. It will be available on our website from 28 April 2019 at http://ir.stroeer.com/download/companies/stroeer/Annual%20Reports/stroeer_NFGreport_2019_de.pdf.

Markets and factors

The Ströer Group's business model means that it operates on the markets for out-of-home advertising and online and mobile marketing as well as in the direct marketing segment. The Group's economic situation is naturally affected by the advertising markets that it serves, which in turn are highly sensitive to macroeconomic developments and changes in the behavior of consumers and advertisers. A distinction should be made between the behavior of national (often also international) advertisers and the behavior of regional or local advertisers. International advertisers' investments often reflect global economic fluctuations. Earnings are occasionally optimized by means of short-term cuts in advertising spending. National, regional and local advertisers primarily align their activities to domestic economic developments, making these customers' advertising budgets significantly less volatile. Ströer's product and sales strategy is to increase the proportion of national, regional and local customers which we have continuously successfully achieved over the last few years.

On behalf of Ströer, the agency ATG performed detailed econometric modeling of advertising market factors in 2019. A high correlation between advertising market spending (gross) and changes in GDP and the Ifo Business Climate Index was identified, with a correlation of 0.6 or higher in both cases. An R^2 of 0.997 can be achieved in an econometric multiple regression model. However, the correlation is time delayed. Changes in the Ifo Business Climate Index are felt two months later, changes in the GDP with a variance from 1.9% with a lag of around three months. This, however, is less noticeable in OOH than in other forms of media.

Out-of-home advertising is affected in particular by the conditions relating to the advertising concessions granted by municipalities as well as general advertising bans for certain offerings (tobacco advertising, in discussion: alcohol, etc.). Factors affecting online advertising and direct marketing are regulatory frameworks, especially the General Data Protection Regulation (GDPR).

In the out-of-home advertising industry, customers are still increasingly placing bookings with shorter lead times. Thanks to the increasing digitalization of its out-of-home inventory, Ströer is more and more able to offer yields more precisely and at much shorter notice. Order intake develops in line with the seasonal fluctuations seen on the media market at large. There is generally a concentration of out-of-home activities in the second and fourth quarters, around Easter and Christmas. However, sports events, such as the Football World Cup, rarely tend to stimulate out-of-home advertising. In terms of costs, the development of lease payments, personnel expenses and other overheads (including electricity, building and maintenance costs) are key factors.

In the online segment, advance booking times by customers are even considerably shorter – often as short as a few minutes before broadcast – than out-of-home advertising due to the high degree of automation. In the online industry, the highest revenue activity by far falls in the fourth quarter. A key factor for online advertising is the further penetration of the market using automated programmatic platforms, where Ströer makes its digital inventory, including for out-of-home advertising, available online. Apart from the commissions paid to website operators, the main cost drivers are personnel and IT operating expenses (computer centers, security systems, etc.).

Direct marketing is less seasonal, however the second half of the fiscal year tends to be stronger. Due to the long-term nature of relationships and the high level of customer loyalty as well as the relatively long lead times, the service business in dialog marketing is characterized by relatively low volatility. The factors shaping revenue development lie in employee productivity and an increase in headcount (recruiting, training, development). In the service business, productivity always depends on the working days effectively available each month. Seasonal fluctuations are therefore limited to December due to the generally lower productive working time given the public holiday and vacation days. In the area of field sales, the acquisition of new fields of use gives rise to anticyclical revenue effects.

The regulatory environment also impacts on the economic situation of the Ströer Group. If regulatory amendments are made in the area of tobacco and alcohol advertising, Ströer will be able to soften the impact on its business volume through appropriate marketing and sales activities thanks to the usual lead times applicable to changes in legislation. It can currently be assumed that even tighter restrictions will be placed on tobacco advertising from 2023 or even a complete ban.

The regulatory environment in the online advertising segment is mainly determined by data privacy aspects at European and national level, which give national legislations leeway in drafting guidelines. In view of the EU e-Privacy Regulation (Regulation of the European Parliament and of the Council concerning the respect for private life and the protection of personal data in electronic communications), changes are expected in this regard in the year ahead, some of which were already felt in 2019 due to the uncertainty prevailing around the handling of data, but have not had an impact on business.

Overall, the Ströer Group is very well positioned with its integrated portfolio to profit from the medium to long-term market trends of increasing mobility and urbanization. The expectation is that the market will focus more and more directly on media users and their usage behavior, which involves more media consumption via mobile devices in the private, professional and public environments.

There remains substantial potential for regional online advertising campaigns and increasing digitalization of out-of-home advertising inventory.

ECONOMIC REPORT

Business environment

General economic developments in 2019

Based on a revenue contribution of more than 90%, Germany is our core market with international business playing only a secondary role. Although the German economy grew for the tenth consecutive year,[1] the economy began to sputter noticeably due to the uncertainties from global trade disputes, the ongoing Brexit disagreements and problems in its core industry. Revenue was mainly driven by consumer spending. The German Institute for Economic Research (DIW Berlin) expects to see stronger economic growth in the coming years, in particular due to private spending with consumer service providers.[2]

The German economy grew again in 2019, albeit at a slower rate than in prior years. Although gross domestic product (GDP) reported positive growth of 0.6%,[3] it was the lowest rate in six years. This was mainly due to global trade disputes, a crisis-stricken automobile industry and ongoing uncertainties due to Brexit. Growth in 2019 was mainly fueled by consumption: Adjusted for inflation, private consumer spending was 1.6%[4] higher than in the prior year and public spending was up 2.5%.[5] Private and public spending thus contributed more to growth than in the two years prior. By contrast, gross investments were down –1.7% in comparison with the prior year.[6]

The number of people in employment reached 45.3million[7] in 2019 and was thus just above the 44.9 million recorded in the prior year. Households' real disposable income increased by 2.8%.[8] This was slightly less than household spending calculated on the basis of current prices, which grew by 2.9%.[9] The private household savings ratio stood at 10.9% in 2019, and was thus slightly below the prior-year 11.0%.[10] The rate of inflation (Harmonised Index of Consumer Prices) was down on the prior year and stood at just 1.4% in 2019 (2018: 1.8%).[11]

Development of the out-of-home and online advertising industry in 2019

The western European advertising market has been recovering consistently since 2014. For 2019, Zenith expects a 1.5% increase in the (price-adjusted) net advertising spend.[12] Once again, online advertising in particular reported rigorous growth of 7.6% [13] whereas print media are still struggling with growing losses (down 7.8%).[14] The advertising spend in television decreased by 2.2%.[15] Out-of-home advertising grew by 2.6%[16] in the western European market.

Germany

According to data collected by Nielsen on gross advertising spending, the advertising market grew by 2.3%[17] year on year in 2019. In our view, however, the gross advertising data provided by Nielsen only indicates trends and can only be used to a limited extent to draw conclusions about net figures due to differing definitions and market territories. Zenith's current estimate for 2019 indicates a slight year-on-year drop in the net advertising spend of 0.7%.[18]

According to Zenith, internet media spending is the growth driver, with its net advertising spend growing 6.3%[19] As the biggest loser once again, the print segment recorded a loss of 7.7%[20] in the fiscal year, while the outdoor advertising market grew by 1.6%.[21] Reliable estimates of any shifts in market share cannot be made until the final net market figures are published. However, we expect the online segment in particular as well as out-of-home advertising to have won further market share.

Development of exchange rates in 2019[22]

In 2019, the exchange rates primarily relevant to our business were the euro to US dollar and pound sterling rates. The US dollar to euro exchange rate stood at EUR/USD 1.15 at the beginning of 2019. Over the course of the year, the US dollar traded firmly against the euro and closed the year at EUR/USD 1.12. The US dollar thus gained around 2.2% on the euro over the course of the year, trading high mainly as a result of higher interest rates than in the euro zone.

[1] BMWi – Wirtschaftliche Entwicklung (Economic Situation and Cyclical Development), January 2020
[2] DIW Berlin – Konjunkturbarometer (Economic Barometer), December 2019
[3] German Federal Statistical Office – GDP for 2019, January 2020
[4] German Federal Statistical Office – Statement: GDP 2019 for Germany, January 2020
[5] German Federal Statistical Office – Statement: GDP 2019 for Germany, January 2020
[6] German Federal Statistical Office – GDP for 2019, January 2020
[7] German Federal Statistical Office – GDP for 2019, January 2020
[8] German Federal Statistical Office – GDP for 2019, January 2020
[9] German Federal Statistical Office – GDP for 2019, January 2020
[10] German Federal Statistical Office – GDP for 2019, January 2020
[11] German Federal Statistical Office – GDP for 2019, January 2020
[12] Zenith Advertising Expenditure Forecast, December 2019
[13] Zenith Advertising Expenditure Forecast, December 2019
[14] Zenith Advertising Expenditure Forecast, December 2019
[15] Zenith Advertising Expenditure Forecast, December 2019
[16] Zenith Advertising Expenditure Forecast, December 2019
[17] Nielsen Bereinigter Werbetrend, Dezember 2019
[18] Zenith Advertising Expenditure Forecast, December 2019
[19] Zenith Advertising Expenditure Forecast, December 2019
[20] Zenith Advertising Expenditure Forecast, December 2019
[21] Zenith Advertising Expenditure Forecast, December 2019
[22] European Central Bank (ECB)

The Pound sterling managed to appreciate over the course of the year despite interim lows. Having been quoted at EUR/GBP 0.90 at the start of the year, the pound was at EUR/GBP 0.85 at the end of the year. The Pound sterling thus gained around 6.0% on the euro over the course of the year. Brexit was the dominating topic and gave rise to comparatively high volatility.

Financial performance of the Group

Overall assessment of the board of management on the economic situation

At the end of the reporting period, the board of management of the Ströer Group was able to look back on an extremely successful fiscal year 2019. The Group's performance was lifted in particular by the strong organic revenue growth, which is clearly reflected in the performance indicators key to us, namely revenue and EBITDA (adjusted).[23] The other performance indicators also reflect the consistently strong development of the Group. In addition, we structurally optimized the Direct Media segment in the reporting year in order to fine tune the focus more on high margin sales areas.

In relation to assets, liabilities and the financial position, the Ströer Group's overall financial situation was extremely well balanced and sound overall. While the leverage ratio is encouragingly low despite extensive growth investments, free cash flow (before M&A transactions) was given a sustained boost by the further growth in operating activities, once again bearing testimony to the Group's overall net earnings power. The positive overall picture was complemented by the equity ratio which continues to be comfortable.

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

Comparison of forecast and actual business development

The forecasts we made for fiscal year 2019 were based at the time on a cautiously optimistic assessment of the economic conditions. However, annual forecasts in our industry are naturally subject to major uncertainties due to customer bookings frequently being made at short notice, volatile market sentiment and economic fluctuations. Economic conditions developed largely as expected in our forecast. We view the targets set for 2019 financial year all as achieved.

	Projected earnings for fiscal year 2019	Actual earnings in fiscal year 2019
Organic growth	Growth in the mid-single digit percentage range	7.1%
EBITDA (adjusted)	Growth in the mid-single digit percentage range	6.0% (EUR 570.5m)
EBITDA margin (adjusted)	Almost unchanged (2018: 35.7%)	35.9%
ROCE	Almost unchanged (2018: 19.3%)	20.0%
Adjusted Consolidated profit or loss for the period	Growth in the mid-single digit percentage range	6.0% (EUR 210.5m)
Free cash flow before M&A (incl. IFRS 16 payments)[1]	Growth in line with EBITDA (adjusted)	EUR 195.5m
Leverage ratio	Consistently low (excluding M&A transactions) (2018: 1.4)	1.4

[1] The forecast free cash flow (before M&A transactions) also contains the IFRS 16 payments for the principal portion of lease liabilities as well as the actual value achieved. Part of the increase in free cash flow (before M&A transactions) is attributable to a one-time effect in the tax payments, which had reduced the prior-year figure.

[23] "EBITDA (adjusted)" is in substance identical to the previous term "operational EBITDA."

Financial performance of the Group

Consolidated income statement

In EUR m	2019	2018
Revenue	1,591.1	1,507.8
EBITDA	536.1	511.1
EBITDA (adjusted)	570.5	538.2
EBIT	177.4	169.9
Financial result	–32.6	–33.5
Profit or loss before taxes	144.8	136.4
Income taxes	–25.1	–21.9
Post-tax profit or loss from continuing operations	119.7	114.5
Post-tax profit or loss from discontinued operations[1]	–41.5	–121.3
Consolidated profit or loss for the period	78.1	–6.8

[1] In the fourth quarter of 2019, the Ströer Group decided to sell 50.0% of its shares in the D+S 360° group. As the D+S 360° group, unlike the other discontinued units such as Ströer Mobile Performance, Bodychange and Conexus, constituted a discontinued operation within the meaning of IFRS 5, all items of the consolidated income statement for both fiscal year 2019 and 2018 were adjusted for the D+S 360° group. The adjusted amounts were reclassified to profit or loss from discontinued operations. For more information, see our comments in note 6.2 to the consolidated financial statements.

In line with the Ströer Group's expanding operating activities, **revenue** climbed noticeably from EUR 1,507.8m to EUR 1,591.1m, chiefly owing to the strong organic revenue growth reported across nearly all the Group's operations. This growth was bolstered by additional revenue from smaller operations included for the first time in the consolidated financial statements. The discontinuation of some business units (e.g., Ströer Mobile Performance, Bodychange, Conexus) in the course of portfolio adjustments, on the other hand, dampened revenue growth. Due to the sale of 50.0% of the shares in the D+S 360° group, its revenue was eliminated from consolidated revenue in 2018 and 2019 and reclassified to discontinued operations. Overall, reported revenue growth stood at 5.5% and organic growth at 7.1%.

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

In EUR m	2019	2018
Out-of-Home Media	679.5	647.4
Digital OOH & Content	571.1	558.0
Direct Media	340.6	302.4
Total	**1,591.1**	**1,507.8**

The composition of consolidated revenue in terms of domestic and foreign revenue did not change materially in 2019. While Domestic revenue increased from EUR 1,368.2m to EUR 1,437.7m, foreign revenue, at EUR 153.5m, was also higher than in the prior year (prior year: EUR 139.6m). Expressed as a percentage, foreign revenue therefore accounted for 9.6% (prior year: 9.3%).

The Ströer Group's revenue is subject to considerable seasonal fluctuations, as is revenue from the rest of the overall media industry. This impacts the development of both the Group's revenue and its earnings during the course of the year. While the fourth quarter is generally marked by significantly higher revenue and earnings contributions, the first quarter in particular is usually somewhat weaker.

In step with the substantially higher revenue, the **cost of sales** also rose further from EUR 972.7m in the prior year to EUR 1,012.2m in the fiscal year. This increase was mainly fueled by higher revenue-driven lease and running costs as well as higher publisher fees for digital marketing. The subsidiaries included for the first time in the consolidated financial statements also contributed additional costs, while the discontinuation of smaller units described above in connection with portfolio adjustments had a positive effect on costs. Overall, the Group generated **gross profit** of EUR 579.0m (prior year: EUR 535.1m).

In line with the Group's ongoing growth, **selling and administrative expenses** rose from EUR 396.1m to EUR 430.3m. Along with additional expenses from the newly acquired entities, the increase largely reflects inflation-related cost adjustments as well as targeted growth investments in the sales structures of the Digital OOH & Content and OOH Media segments. The Group recorded a marginal increase in selling and administrative expenses as a percentage of revenue to 27.0% (prior year: 26.3%). At the same time, **other operating income** came to EUR 39.6m at the end of the fiscal year, EUR 3.1m short of the prior-year figure of EUR 42.7m, while **other operating expenses** were minimally higher than in the prior year at EUR 17.7m (prior year: EUR 16.9m). Last but not least, the Group recorded a EUR 1.8m increase in the **profit or loss of equity method investees**, bringing the total to EUR 6.9m (prior year: EUR 5.1m).

At EUR 177.4m, the Group's **EBIT** improved further on the back of the good performance of almost all segments (prior year: EUR 169.9m). **EBITDA (adjusted)**[24] also benefited from this development, yet again considerably higher than in the prior year at EUR 570.5m (prior year: EUR 538.2m). The return on capital employed **(ROCE)** remained at a very good level (20.0%; prior year: 19.3%).

At EUR –32.6m (prior year: EUR –33.5m), the Group's **financial result** was slightly better year on year. In addition to general refinancing costs for existing loan liabilities, since the introduction of IFRS 16, this figure has primarily also included the expenses from the compounding of lease liabilities, which came to EUR –20.7m in the fiscal year (prior year: EUR –21.2m).

The unabated growth in operating business was accompanied by a further increase in the tax base, leading to an increase in the Group's **tax expense** from EUR –21.9m to EUR –25.1m.

Coming to EUR –41.5m, **consolidated profit or loss from discontinued operations**[25] mainly reflects the impairment losses and the operating result from the D+S 360° group, whereas in the prior year this figure primarily comprised the operating result of the Turkish OOH business and the loss on its disposal (prior year: EUR –121.3m).

By contrast, **consolidated profit from continuing operations**, at EUR 119.7m (prior year: EUR 114.5m) benefited from the positive impetus in the Group's operating business. Overall, **consolidated profit or loss** from continuing and discontinued operations came to EUR 78.1m (prior year: EUR –6.8m). **Adjusted consolidated profit** also improved tangibly, at EUR 210.5m (prior year: EUR 198.6m). All in all, on this basis the Group was able to continue on its profitable growth course and looks back on a highly successful fiscal year 2019.

[24] "EBITDA (adjusted)" is in substance identical to the previous term "operational EBITDA."

[25] We refer to our comments on discontinued operations in section 6.2 of the notes to the consolidated financial statements.

Assets, liabilities and financial position

Overall assessment of assets, liabilities and financial position

The Ströer Group's assets, liabilities and financial position are extremely sound and very well balanced. It has external financing in the form of the available, long-term credit facility of EUR 485.4m (prior year: EUR 520.3m). Together with the cash balance as of the reporting date, funds totaling EUR 589.0m were freely available (prior year: EUR 624.0m). This external financing, which is secured for the long term, is matched by strong internal financing power, thanks to a robust and steadily growing free cash flow (before M&A transactions) of a current EUR 370.2m (prior year: EUR 297.9m).[26] At the same time, the leverage ratio (defined as the ratio of net debt to EBITDA (adjusted)) remains at a pleasingly low level of 1.44 (prior year: 1.43). As in previous years, this general picture is completed by a comfortable equity ratio.

Main features of the financing strategy

Ströer is systematically pursuing a conservative and long-term financing strategy. Securing financial flexibility is a top priority of the Ströer Group. We ensure this through a selection of financing instruments that adequately reflect criteria such as market capacity, investor diversification, flexibility in utilization, covenants and the maturity profile.

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

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

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

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

Our external financing leeway and financial flexibility are mainly based on two instruments: the first instrument comprises several note loans which Ströer SE & Co. KGaA placed on the capital market in June 2016 and October 2017 and were valued at EUR 145.0m and EUR 350.0m, respectively, as of 31 December 2019. These loans have several tranches with terms of mainly five and seven years, with a volume of EUR 207.0m subject to a fixed interest rate. Thanks to the large number of the banks involved in these note loans our investor base is substantially diversified.

The second instrument relates to a credit facility of EUR 600.0m which was arranged with a banking syndicate in December 2016 and which may be extended by a further EUR 100.0m. The facility is offered on current market terms. At the same time, the documentation reflects the investment grade status of the Ströer Group. The facility has been committed for a fixed term ending in December 2023. The total volume of EUR 600.0m is structured as a flexible revolving facility with bilateral credit lines, which grants the Ströer Group tremendous financial flexibility.

For both financing components the loans were granted without collateral. The financial covenants reflect customary market conditions in all cases and relate to the key performance indicator of leverage ratio, which was met as of year-end with plenty of leeway. The costs incurred in connection with setting up the two financing instruments are amortized over the respective term of the agreements. This provides the Ströer Group overall with very flexible, stable, long-term financing at low borrowing costs. The Group had financing facilities of EUR 589.0m (prior year: EUR 624.0m) available to it as of 31 December 2019 from unutilized credit lines under the credit facility agreement including a cash balance (EUR 103.6m).

[26] The amounts relate to continuing operations.

As of the reporting date, no single bank accounted for more than 20% of all loan amounts drawn down in the Ströer Group, hence there is a balanced diversification in the provision of credit. As part of the financing strategy, the board of management also regularly examines the possibility of hedging residual interest rate risks by also using fixed-interest derivatives.

In cash management, we focus on managing our liquidity and optimizing the cash flows within the Group. The financing requirements of subsidiaries, if they cannot be covered by the entity's internal financing, are primarily met by intercompany loans as part of automated cash pooling. In exceptional circumstances, credit facilities are also agreed with locally based banks in order to meet legal, tax or operational requirements. In accordance with these guiding principles, the subsidiaries were once again mainly financed via the group holding company in 2019. At group level, any liquidity surpluses in the individual entities are pooled, where legally possible. Through the group holding company, we ensure at all times that the financing requirements of the individual group entities are adequately covered.

The Ströer Group's leverage ratio of 1.44 was virtually unchanged year on year (prior year: 1.43) on the back of the marked positive earnings trend despite extensive investments in various growth projects. In 2019, Ströer SE & Co. KGaA and its group entities complied with all loan covenants and obligations from financing agreements.

Continuously increasing capital requirements on banks are having a significant impact on their lending. As a result, we regularly consider whether and how we can diversify our financing structure, which is currently based heavily on banks, in favor of more capital market-oriented debt. In this context, we periodically examine various alternative financing options (such as issuing corporate bonds) in order to optimize the maturity profile of our financial liabilities further, where possible.

Financial position[27]

Liquidity and investment analysis

The following reconciliation relates exclusively to the continuing operations of the Ströer Group. The prior-year figures were adjusted for the contributions of the D+S 360° group.

In EUR m	2019	2018
Cash flows from operating activities	**483.7**	**409.8**
Cash received from the disposal of intangible assets and property, plant and equipment	2.6	4.7
Cash paid for investments in intangible assets and property, plant and equipment	–116.1	–116.7
Cash paid for investments in equity method investees and financial assets	–1.0	–2.3
Cash received from and cash paid for the sale and acquisition of consolidated entities	–13.8	–71.6
Cash flows from investing activities	**–128.3**	**–185.8**
Cash flows from financing activities	**–350.3**	**–208.8**
Change in cash	5.1	15.3
Cash at the end of the period	**103.6**	**98.5**
Free cash flow before M&A transactions (incl. IFRS 16 payments for the principal portion of lease liabilities)	195.5	139.5
Free cash flow before M&A transactions	**370.2**	**297.9**

[27] Since the fourth quarter of 2019 the D+S 360° group has qualified as a discontinued operation as defined by IFRS 5. The figures in this section have therefore been adjusted for these discontinued operations in line with the provisions of IFRS 5. The prior-year figures in the statement of cash flows were adjusted accordingly. For more information, see note 6.2 to our consolidated financial statements.

As a result of the Ströer Group continuing on its profitable growth course, it grew its **cash flows from operating activities** once again significantly year on year. Besides positive impetus from operating activities, reflected primarily in a further increase in EBITDA, this improvement was also primarily due to lower tax payments, which had been high in the prior year owing to considerable special effects. In addition, shifts in working capital also contributed to this encouraging development, lifting cash flows from operating activities to a new record high for the Group of EUR 483.7m (prior year: EUR 409.8m).

By contrast, **cash flows from investing activities** were noticeably lower than in the prior year. While 2018 was shaped by extensive complementary acquisitions in dialog marketing, there was a very limited volume of M&A transactions in fiscal year 2019. At the same time, investments in intangible assets and property, plant and equipment were just short of the prior-year level at EUR 116.1m (prior year: EUR 116.7m). Against this backdrop, cash flows from investing activities dropped by EUR 57.5m to EUR 128.3m (prior year: EUR 185.8m). **Free cash flow before M&A transactions** came to EUR 370.2m, an increase of EUR 72.3m on the prior year. Adjusted for the IFRS 16 payments for the principal portion of lease liabilities, it came to EUR 195.5m (prior year: EUR 139.5m).

Cash flows from financing activities with net outflows of EUR –350.3m (prior year: outflows of EUR –208.8m) primarily reflected the increase in the dividend distributed to the shareholders of Ströer SE & Co. KGaA as well as the payments made to acquire the remaining shares in Statista GmbH and Permodo GmbH. The changes in borrowings and cash payments for the principal portion of lease liabilities under IFRS 16 also contributed to this increase.

At the end of the fiscal year, the Ströer Group had **cash and cash equivalents** of EUR 103.6m.

Financial structure analysis

At year-end 2019, 75.1% (prior year: 77.2%) of the Ströer Group's **financing** was covered by equity and non-current debt. Well over 100.0% of the current liabilities of EUR 702.3m (prior year: EUR 672.9m) are financed at matching maturities by current assets of EUR 355.7m (prior year: EUR 340.9m) as well as available, long-term secured credit lines under the credit facility of EUR 485.4m (prior year: EUR 520.3m).

The Group recorded a decrease in **financial liabilities** by EUR 86.2m to EUR 1,665.8m in the reporting period, chiefly due to the decline in lease liabilities (IFRS 16). Liabilities from put options also dropped noticeably in connection with the acquisition of the remaining shares in Statista GmbH and Permodo GmbH. This decrease was only partly offset by higher liabilities to banks.

The Ströer Group bases the calculation of its **net debt** on its existing loan agreements with lending banks. In both the facility agreement and the contractual documentation on the note loans, since the adoption of IFRS 16, lease liabilities have been excluded specifically from the calculation of net debt as in the opinion of the contracting parties the economic situation of the Ströer Group has not changed as a result of the adoption of the new standard. Against this background and for the sake of consistency, the effects of IFRS 16 on EBITDA (adjusted) are also not reflected in the calculation of the leverage ratio.

In EUR m		31 Dec 2019	31 Dec 2018
(1)	Lease liabilities (IFRS 16)	994.2	1,055.3
(2)	Liabilities from the facility agreement	98.7	64.2
(3)	Liabilities from note loans	494.4	494.1
(4)	Liabilities from the obligation to purchase own equity instruments	20.4	75.4
(5)	Liabilities from dividends to non-controlling interests	6.8	9.6
(6)	Other financial liabilities	51.3	53.4
(1)+(2)+(3) +(4)+(5)+(6)	Total financial liabilities	1,665.8	1,752.1
(2)+(3)+(5)+(6)	Total financial liabilities excluding lease liabilities (IFRS 16) and liabilities from the obligation to purchase own equity instruments	651.2	621.4
(7)	Cash	103.6	103.7
(2)+(3)+(5)+(6)–(7)	**Net debt**	**547.6**	**517.7**
Leverage ratio		**1.4**	**1.4**

The acquisitions of shares in group companies in the fiscal year – in particular of further shares in Statista GmbH and Permodo GmbH – ultimately also led to a moderate increase in net debt by EUR 29.9m to EUR 547.6m. However, in keeping with the further improvement in operating activities, the leverage ratio (defined as the ratio of net debt to EBITDA (adjusted)) remains at a pleasingly low level of 1.44 as of year-end (prior year: 1.43).

In line with the further growth of the Group, current and non-current **trade payables** increased once more, amounting to a total of EUR 298.5m as of year-end (prior year: EUR 261.8m).

By contrast, deferred tax liabilities decreased (EUR 52.0m; prior year: EUR 70.4m), with the reduction primarily due to the ongoing reversal of **deferred tax liabilities** recognized in connection with purchase price allocations.

In the fourth quarter of the fiscal year the D+S 360° group's provisions and liabilities were reclassified, removing them from their original line items in the consolidated statement of financial position to the item **liabilities associated with assets held for sale.** The provisions and liabilities of Ströer Mobile Performance GmbH and Foodist GmbH, which were presented in this item in the prior year, are no longer recognized as both companies have since been sold.

The Group reported a decrease in **equity** by EUR 41.6m to the current amount of EUR 626.9m. The consolidated profit from continuing operations of EUR 119.7m was mainly offset by the distribution of a dividend of EUR –113.1m to the shareholders of Ströer SE & Co. KGaA and by the loss from discontinued operations of EUR –41.5m. The equity ratio decreased slightly from 22.3% to 21.4%. Adjusted for the lease liabilities accounted for in accordance with IFRS 16, the equity ratio stood at 32.4% as of the reporting date (prior year: 34.4%).

Capital costs

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

Assets and liabilities

Consolidated statement of financial position

In EUR m	31 Dec 2019	31 Dec 2018
Assets		
Non-current assets	2,548.5	2,642.5
Current assets	355.7	340.9
Held for sale[1]	24.3	15.0
Total assets	**2,928.4**	**2,998.4**
Equity and liabilities		
Equity	626.9	668.5
Non-current liabilities	1,572.5	1,647.6
Current liabilities	702.3	672.9
Held for sale[1]	26.7	9.3
Total equity and liabilities	**2,928.4**	**2,998.4**

[1] The item "Held for sale" includes assets held for sale and the associated liabilities.

Analysis of the asset structure

Non-current assets decreased by EUR 94.1m to EUR 2,548.5m in fiscal year 2019, with the most marked decrease in intangible assets and property, plant and equipment (EUR 87.2m). Much of this decrease was attributable to amortization and depreciation not being fully matched by investment levels. Another contributing factor was the D+S 360° group, whose assets were impaired or reclassified as assets held for sale.

On the other hand, the vast majority of the changes in **current assets,** which grew by a total of EUR 14.8m, were insignificant. The only notable factor in this connection was the increase in trade receivables by EUR 15.0m to EUR 181.8m, chiefly due to the continuing growth of the Ströer Group.

In the fourth quarter of the fiscal year, the D+S 360° group's assets were reclassified, removing them from their original line items in the consolidated statement of financial position to the item **assets held for sale.** The assets of Ströer Mobile Performance GmbH and Foodist GmbH, which were presented in this item in the prior year, are no longer recognized as both companies have since been sold.

Thanks to its strong market position, **assets not reported in the statement of financial position** of the Ströer Group include in particular a broad-based portfolio of sustainable customer relationships. Only the small portion of these customer relationships that arose from business combinations is recognized as an asset.

Financial performance of the segments

The following financial performance analysis relates exclusively to the continuing operations of the Ströer Group. The figures in this section have therefore been adjusted for the discontinued operations of the D+S 360° group in line with the provisions of IFRS 5.

Out-of-Home Media

In EUR m	2019	2018	Change	
Segment revenue, thereof	**709.1**	**663.7**	**45.4**	**6.8%**
Large formats	342.1	316.6	25.5	8.1%
Street furniture	153.3	149.7	3.6	2.4%
Transport	61.6	61.1	0.5	0.8%
Other	152.1	136.3	15.8	11.6%
EBITDA (adjusted)	**324.2**	**309.9**	**14.3**	**4.6%**
EBITDA margin (adjusted)	**45.7 %**	**46.7 %**	**–1.0 percentage points**	

The OOH Media segment saw its **revenue** grow by EUR 45.4m to EUR 709.1m in fiscal year 2019. In terms of the individual product groups, all product groups contributed to revenue growth in fiscal year 2019. The **large formats** product group recorded significant growth, up EUR 25.5m to EUR 342.1m, on the back of robust demand from national and regional customers alike for traditional out-of-home products and as a result of our stepped-up local sales activities and further expansion of our roadside screen portfolio. The **street furniture** product group, which mainly serves national and international customer groups in the German OOH market, also reported a demand-driven increase in revenue by EUR 3.6m to EUR 153.3m in fiscal year 2019. The **transport** product group, which operates almost exclusively on the German out-of-home market, lifted its revenue by EUR 0.5m to EUR 61.6m, with the growth stemming largely from business with local customers. The **other** product group also reported growth, with revenue up EUR 15.8m to EUR 152.1m. This growth was driven partly by smaller complementary acquisitions reported in this group which made a positive contribution. Also, full-service solutions (including the production of advertising materials) are traditionally in higher demand from our growth field of local and regional customers than from large national customers. These additional services are also reported in the other product group.

Overall, the segment generated **EBITDA (adjusted)** of EUR 324.2m, which was an increase of EUR 14.3m (prior year: EUR 309.9m) and an **EBITDA margin (adjusted)** of 45.7% (prior year: 46.7%).

Digital OOH & Content

In EUR m	2019	2018	Change	
Segment revenue, thereof	**588.3**	**567.0**	**21.4**	**3.8%**
Display	282.6	297.2	–14.7	–4.9%
Video	161.4	130.3	31.1	23.9%
Digital marketing services	144.3	139.4	4.9	3.5%
EBITDA (adjusted)	**211.5**	**194.1**	**17.4**	**8.9%**
EBITDA margin (adjusted)	**35.9%**	**34.2%**	**1.7 percentage points**	

In fiscal year 2019, the Digital OOH & Content segment grew its **revenue** in an overall challenging market environment from EUR 567.0m to EUR 588.3m, despite some portfolio adjustments. The segment figures can only be compared with those of the prior year to a limited extent due to the portfolio adjustments.

In terms of the individual product groups performance varied. The **display** product group recorded a nominal decline in revenue (down EUR 14.7m to EUR 282.6m) due to the adjustments made to the portfolio. However, adjusted for the sale of Mobile Performance and twiago in particular, the product group would have again generated robust year-on-year revenue growth. The product group escaped the general market pressure on display marketing in particular through the marketing of advertising formats on mobile devices, automated forms of marketing and a highly diverse publisher portfolio. The **video** product group reported significant growth of EUR 31.1m to EUR 161.4m, buoyed by robust demand for our digital out-of-home products, in particular for moving-picture formats in the public domain (public video) and our programmatic public video offering, which is becoming increasingly popular. The **digital marketing services** product group grew by EUR 4.9m in fiscal year 2019 to EUR 144.3m. A number of portfolio adjustments (especially Bodychange) were offset by the persistently strong growth in business at Statista as well as by the solid growth in local digital product marketing business with small and medium-sized customers (RegioHelden), which is also reported in this product group.

The good business development in particular for digital out-of-home media had a noticeably positive effect on earnings. Overall, the segment's results were up significantly again on the excellent prior-year figure, with an increase of EUR 17.4m in **EBITDA (adjusted)** to EUR 211.5m (prior year: EUR 194.1m) and an improved **EBITDA margin (adjusted)** of 35.9% (prior year: 34.2%) in fiscal year 2019.

Direct Media

In EUR m	2019	2018	Change	
Segment revenue, thereof	**340.6**	**302.6**	**38.0**	**12.6%**
Dialog marketing	230.8	187.7	43.2	23.0%
Transactional	109.7	114.9	–5.2	–4.5%
EBITDA (adjusted)	**53.6**	**49.9**	**3.8**	**7.6%**
EBITDA margin (adjusted)	**15.8%**	**16.5%**		**–0.7 percentage**

The Direct Media segment comprises the dialog marketing and transactional product groups. Against the background of the newly acquired dialog marketing operations and the sale of operations in the transactional product group, the prior-year figures are currently only of limited comparative value for these two product groups.[28]

The integration of the newly acquired operations in **dialog marketing** was advanced further in fiscal year 2019, including the sharpening of our strategic focus. The revenue growth in this business particularly benefited from the strong business development of our direct selling activities (door-to-door). The **transactional** product group was down slightly year on year, posting revenue of EUR 109.7m (prior year: EUR 114.9m). However, if the portfolio adjustments (Conexus and Foodist) had not been made, the product group would have reported a significant revenue increase of more than 10% year on year. Business in particular from own e-commerce products (AsamBeauty) saw substantial growth.

Overall, the segment generated an **EBITDA (adjusted)** of EUR 53.6m (up 7.6%; prior year: EUR 49.9m) and its **EBITDA (adjusted) margin** stood at 15.8% (prior year: 16.5%) in fiscal year 2019.

[28] The operations sold – unlike the D+S 360° group – were not defined as discontinued operations within the meaning of IFRS 5. In light of this, the prior-year figures were not adjusted in these instances.

INFORMATION ON STRÖER SE & CO. KGAA

The management report of Ströer SE & Co. KGaA and the group management report for fiscal year 2019 have been combined pursuant to Sec. 315 (5) HGB ["Handelsgesetzbuch": German Commercial Code] in conjunction with Sec. 298 (2) HGB. The separate annual financial statements and the combined management report of the Company and the Group are published at the same time in the elektronischer Bundesanzeiger [Electronic German Federal Gazette].

Description of the Company

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

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

Financial performance

The positive business development in the Ströer Group was reflected favorably in the earnings of Ströer SE & Co. KGaA. With a profit for the period of EUR 72.2m, adjusted for a special effect in 2018, the Company once again outperformed the prior year. Once again, the Company's profits were driven by intragroup profit and loss transfers from subsidiaries which totaled EUR 163.1m in the reporting year. On the downside, however, these profit transfers were contrasted by impairments in the D+S 360° group in 2019.

In EUR k	2019	2018[1]
Revenue	27,776	25,524
Other operating income	6,859	18,554
Cost of materials	–8,823	–6,954
Personnel expenses	–27,327	–31,263
Amortization, depreciation and impairment of intangible assets and property, plant and equipment	–7,629	–7,982
Other operating expenses	–32,115	–73,698
Income from profit and loss transfer agreements and expenses from loss absorption	163,146	778,852
Income from other securities and loans classified as non-current financial assets	2,385	3,722
Impairment of financial assets	–12,852	–28,375
Other interest and similar income and interest and similar expenses	–8,967	–8,688
Income taxes	–30,259	–25,641
Post-tax profit	**72,193**	**644,050**
Other taxes	–41	–41
Profit for the period	**72,152**	**644,009**
Profit carryforward from the prior year	213,677	9,451
Accumulated profit	**285,828**	**653,460**

[1] In the prior year, the income from profit and loss transfer agreements and expenses from loss absorption and the profit for the period and accumulated profits were shaped by a special effect from the intragroup contribution of equity interests.

Keeping pace with the further growth of the Ströer Group, the **revenue** of Ströer SE & Co. KGaA rose by EUR 2.3m to EUR 27.8m, driven primarily by higher intragroup rental income. By contrast, **other operating income** were down by EUR 11.7m to EUR 6.9m. Besides a minimal decline in income from cost allocations, the decrease was mainly attributable to the write-up of a loan in 2018 which had had a positive effect in the prior year. In the light of higher rental expenses, the Company's **cost of materials** rose by a further EUR 1.9m to EUR 8.8m, whereas **personnel expenses** fell by EUR 3.9m year on year. Ströer SE & Co. KGaA also saw a substantial drop in **other operating expenses**, which at EUR 32.1m were a huge EUR 41.6m lower than in the prior year. This fall was chiefly due to the fact that the loss on the sale of the Turkish OOH business impacted the prior-year figure to the tune of EUR 41.1m. By contrast, at EUR 7.6m, **amortization, depreciation and impairment of intangible assets and property, plant and equipment** were virtually unchanged year on year (prior year: EUR 8.0m).

Intragroup **profit and loss transfers** (income from profit and loss transfer agreements and expenses from loss absorption) totaled EUR 163.1m in the fiscal year (prior year: EUR 778.9m). While the general increase in business activity in the Ströer Group had a very encouraging effect on profit transfers, the impairments charged in the D+S 360° group had an offsetting effect. Furthermore, the prior-year figure was significantly higher due to an intragroup contribution of equity interests. By contrast, **income from other securities and loans classified as non-current financial assets** as well as the **interest result** (other interest and similar income and interest and similar expenses) remained roughly on a par with the prior-year level. At the same time, the Company reported a decrease in the **impairment of financial assets** from EUR 28.4m to EUR 12.9m. In the prior year, this figure included various write-downs of intragroup loans in connection with the liquidation of minor entities, whereas in the fiscal year such corrections were required to only a limited extent.

At EUR 30.3m, **income taxes** were slightly up on the prior-year level of EUR 25.6m. This increase is predominantly due to the higher tax base in the tax group. The intragroup contribution of equity interests in the prior year described above was entirely tax-neutral and was thus only reflected in the accounting profit. For detailed information on deferred taxes, see section C.6 in the Company's notes to the financial statements.

Assets, liabilities and financial position

In terms of its assets, liabilities and financial position, the extremely sound overall financial position of Ströer SE & Co. KGaA had changed in very few respects at the end of fiscal year 2019 compared with the prior year. While total assets, at EUR 2,195.3m, rose relatively marginally by EUR 16.3m in the reporting period, there were some larger shifts between other items in the statement of financial position. The notable changes on the assets side include the EUR 32.1m decrease in financial assets, largely due to the repayment of intragroup loans by some subsidiaries who have since obtained their funding from the group-wide cash pool. Conversely, receivables from affiliates, presented in current assets, rose by EUR 41.6m due to the admission of these subsidiaries to the cash pool. On the equity and liabilities side, the additions mainly related to higher liabilities to banks and liabilities to affiliates, offset by a commensurate decrease in equity.

In EUR k	2019	2018
Assets		
Non-current assets		
Intangible assets and property, plant and equipment	40,064	37,501
Financial assets	779,460	811,598
	819,524	**849,099**
Current assets		
Receivables and other assets	1,361,748	1,324,646
Cash on hand and bank balances	9,551	182
	1,371,298	**1,324,828**
Prepaid expenses	**4,489**	**5,104**
Total assets	**2,195,311**	**2,179,031**
Equity and liabilities		
Equity	**1,369,028**	**1,402,772**
Provisions		
Tax provisions	20,455	20,461
Other provisions	13,966	12,299
	34,421	**32,760**
Liabilities		
Liabilities to banks	594,566	559,974
Trade payables and other liabilities	9,492	19,235
Liabilities to affiliates	187,805	164,290
	791,863	**743,499**
Total equity and liabilities	**2,195,311**	**2,179,031**

Analysis of the asset structure

There were limited changes in **intangible assets and property, plant and equipment** in the fiscal year as the holding company's investments were only slightly greater than amortization, depreciation and impairment. In figures, the carrying amounts totaled EUR 40.1m as of the reporting date, which corresponds to a year-on-year increase of EUR 2.6m.

The decrease in the Company's **financial assets** was far more pronounced. While EUR 811.6m was recorded at the end of the prior year, this figure came to EUR 779.5m as of the 2019 reporting date. This decline is attributable to the admission of further subsidiaries to the group-wide cash pool, enabling them to repay their loan liabilities by drawing on the cash pool. In addition, write-downs of intragroup loan receivables and other loans of an amount of EUR 10.4m also contributed to the decrease in financial assets.

During the same period, the Company recorded a EUR 37.1m increase in **receivables and other assets** to EUR 1,361.7m. Besides the admission of other entities to the group-wide cash pool as described above, the acquisition of the remaining shares in a number of subsidiaries (such as Statista GmbH and Permodo GmbH) required substantial liquidity which the acquiring group companies met by drawing on the cash pool. The liquidity surpluses earned by the Group in its operating business had an offsetting effect, with some of this excess liquidity being transferred to Ströer SE & Co. KGaA via the cash pool.

At the end of the reporting year, **bank balances** were just under EUR 9.4m higher than in the prior year at EUR 9.6m (prior year: EUR 0.2m), while **prepaid expenses** were down slightly, at EUR 4.5m compared with EUR 5.1m in the prior year. This item chiefly includes capitalized borrowing costs incurred in prior years in connection with several adjustments of the credit facility. These costs have been deferred and are being released to expenses pro rata temporis over the term of the financing.

Financial structure analysis

Ströer SE & Co. KGaA closed the fiscal year with **equity** of EUR 1,369.0m (prior year: EUR 1,402.8m). While the Company's profit for the period of EUR 72.2m (prior year: EUR 644.0m) had a positive impact, as did the exercise of existing stock options of EUR 7.2m under a stock option plan (prior year: EUR 5.5m), the dividend distribution of EUR 113.1m to the shareholders of Ströer SE & Co. KGaA had an offsetting effect (prior year: EUR 72.5m). At 62.4%, the equity ratio remains at a very comfortable level (prior year: 64.4%).

At EUR 34.4m, the Company's **provisions** were more or less on a par with the prior-year level of EUR 32.8m. The minor increase is solely due to additions to other provisions. At the end of the fiscal year, the Company recorded **liabilities to banks** of EUR 594.6m (prior year: EUR 560.0m). This increase is a reflection of the liquidity needs of the entire Ströer Group, which obtains almost all of its funding from the holding company. Liquidity was required to pursue the growth strategy and to finance the share acquisitions described above (Statista GmbH, Permodo GmbH, etc.). As of 31 December 2019, a total of EUR 495.0m of the liabilities related to note loans placed on the capital market (prior year: EUR 495.0m). The remaining amount related to borrowings under the existing credit facility. For further information on the changes in liabilities to banks, see the liquidity analysis in the following section.

Trade payables fell by EUR 9.0m year on year to EUR 8.7m, while **liabilities to affiliates** rose from EUR 164.3m to EUR 187.8m. In addition to the investment of surplus funds by some subsidiaries with Ströer SE & Co. KGaA, the liabilities from the absorption of the losses of group companies also played a role. There were no notable changes in **other liabilities**, with the balance of EUR 0.8m only marginally below the prior-year figure of EUR 1.5m.

Liquidity analysis

Ströer SE & Co. KGaA has a credit facility with long-term credit lines of EUR 600.0m with the option to extend the volume by a further EUR 100.0m, if required. The full volume of the credit lines is structured as a flexible revolving facility and has been committed until December 2023. As of 31 December 2019, a total of EUR 114.6m (prior year: EUR 79.7m) of these credit lines had been drawn down, leaving EUR 485.4m (prior year: EUR 520.3m) freely available. Together with the cash balance of EUR 9.6m available as of the reporting date (prior year: EUR 0.2m), unutilized financing facilities of a total of EUR 495.0m were available (prior year: EUR 520.5m).

The Company's net financial assets amounted to EUR 694.7m as of 31 December 2019 (prior year: EUR 730.2m). The following overview shows the composition of the net financial assets of Ströer SE & Co. KGaA as of the reporting date:

In EUR m	31 Dec 2019	31 Dec 2018
(1) Receivables from affiliates	1,353.6	1,312.0
(2) Loans to affiliates	113.9	142.3
(3) Cash on hand and bank balances	9.6	0.2
(1)+(2)+(3) Total financial assets	**1,477.0**	**1,454.5**
(4) Liabilities to banks	594.6	560.0
(5) Liabilities to affiliates	187.8	164.3
(4)+(5) Total financial liabilities	**782.4**	**724.3**
(1)+(2)+(3)–(4)–(5) Net financial assets	**694.7**	**730.2**
Equity ratio (in %)	**62.4%**	**64.4%**

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

Anticipated development of the Company

Due to its role as group parent, the anticipated development of Ströer SE & Co. KGaA depends on the development of the Group as a whole. Based on the Group's expected financial performance for 2020 presented under "Forecast," we expect the subsidiaries to generate greater earnings contributions overall than in 2019 and Ströer SE & Co. KGaA to achieve even higher results in the future than in 2019. 2018, it should be noted, was an exceptional year due to the intragroup contribution of equity interests described above and not a benchmark for the future development of earnings.

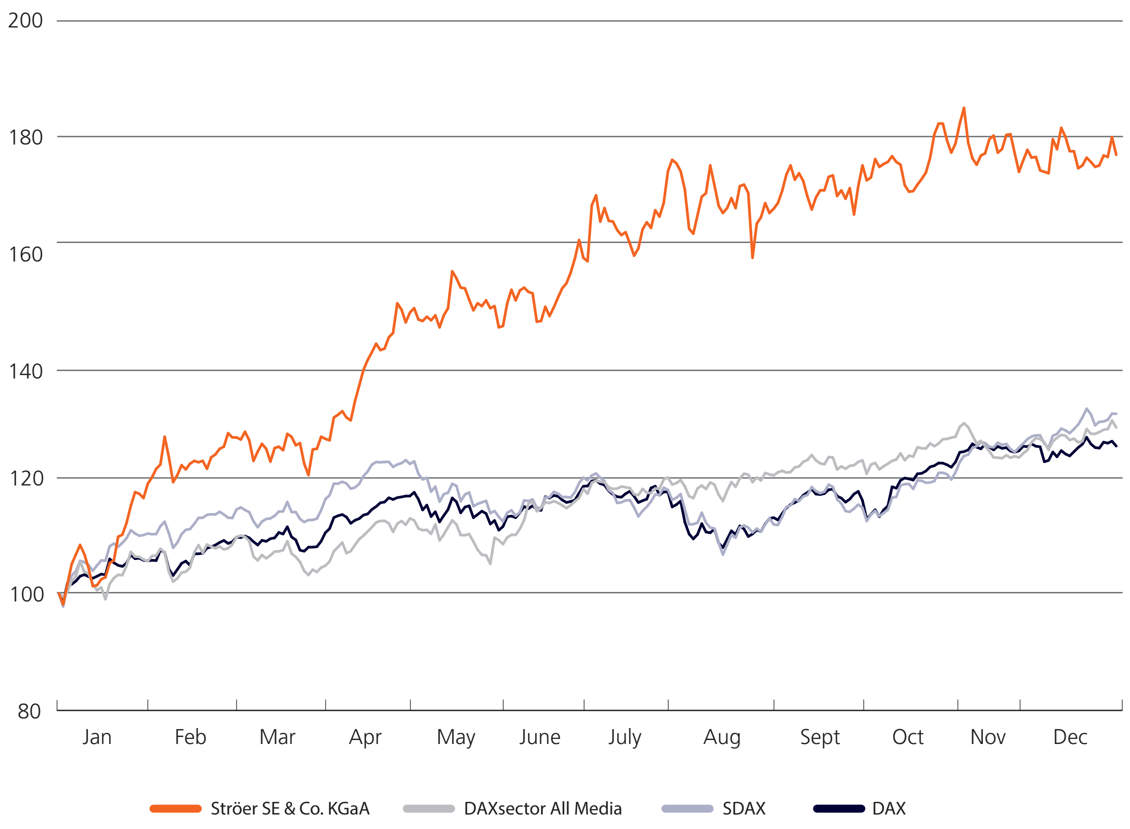
INFORMATION ON THE SHARE

Overall, 2019 was a successful year for trading. Following the weak development in the prior year, the DAX grew by more than 25% in 2019 (prior year: –18.3%), recording the highest annual returns since 2013. The SDAX, in which Ströer SE & Co. KGaA stock has been listed since September 2018, performed even better than the DAX and grew by almost 32% (prior year: –20.0%).

The DAXsector All Media Index performed similarly to the above indices, growing by some 29% over the course of the year (prior year: –23.7%).

Bolstered by the positive stock market climate, but also in particular thanks to the successful positioning of our OOH+ strategy and to our positive earnings development, Ströer SE & Co. KGaA stock performed very well and clearly outperformed the leading indices. After closing at EUR 42.18 in December of 2018, Ströer stock recorded substantial gains over the course of 2019 and reached a new all-time-high of EUR 75.75. Across the year as a whole, the share rose by some 71% to EUR 72.05.

The Ströer share in comparison in 2019 (in percent)



Source: Factset

Ströer's dialog with the capital market

Active and continual communication with the capital market is of great importance and is the focal point of Ströer SE & Co. KGaA's investor relations work. The aim of investor relations is to present the Company and explain its strategy and potential through direct and personal contact, also via our website and mailing list, to private and institutional investors, analysts and other interested capital market players. Ströer provides timely information about current developments in the Company at numerous international roadshows, conferences and meetings.

In addition to investor relations, the board of management personally attended many investor meetings and answered the questions of capital market participants. To best manage our investor relations work, we analyze our shareholder structure on an ongoing basis and plan our roadshow activities accordingly. In the reporting year, these activities again centered around Frankfurt am Main, London, Paris and New York. Besides other financial centers in North America, we visited all the other major European capital market hubs at regular intervals. The board of management of Ströer Management SE also provided detailed information on developments at Ströer at analyst conferences held in Frankfurt and London during the fiscal year.

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

← For further information see our website www.stroeer.com/investor-relations

Shareholder meeting

Ströer SE & Co. KGaA's shareholder meeting was again held at the Koelnmesse Congress Center on 19 June 2019 and was attended by approximately 170 shareholders, guests and representatives of the press. Overall, 48.9 million shares of no par value were represented. All resolutions put forward by the supervisory board and board of management were approved. This also included the distribution of a dividend of EUR 2.00 per qualifying share.

Stock exchange listing, market capitalization and trading volume

Ströer SE & Co. KGaA stock is listed in the Prime Standard of the Frankfurt Stock Exchange and has been listed in the SDAX since 24 September 2018. Based on the closing share price on 30 December 2019, market capitalization came to around EUR 4.08b (prior year: EUR 2.37b). The average daily volume of Ströer stock traded on Xetra was approximately 67,000 shares in 2019 (prior year: 91,000 shares).

Analysts' coverage

The performance of Ströer SE & Co. KGaA is analyzed by 17 national and international banks. Based on the assessments at the end of the twelve-month reporting period, 13 of the analysts are giving a "buy" recommendation, four say "hold."

The latest broker assessments are available at www.stroeer.com/investor-relations and are presented in the following table:

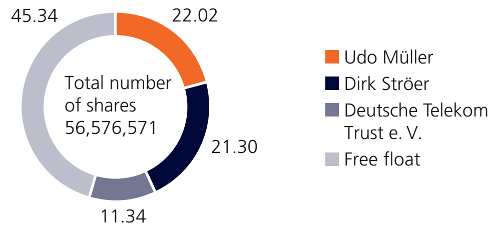
Investment Bank	Recommendation
J.P. Morgan	Buy
Commerzbank	Buy
Exane BNP Paribas	Buy
Goldman Sachs	Buy
Deutsche Bank	Buy
Warburg Research	Buy
Citi	Buy
Bankhaus Lampe	Buy
UBS	Buy
HSBC	Buy
Hauck & Aufhäuser	Buy
LBBW	Buy
Liberum	Buy
Barclays	Hold
KeplerCheuvreux	Hold
Morgan Stanley	Hold
Oddo BHF	Hold

Shareholder structure

Founder and Co-CEO Udo Müller holds 22.02%, supervisory board member Dirk Ströer holds 21.30% and Co-CEO Christian Schmalzl holds around 0.05% of Ströer SE & Co. KGaA shares. The free float comes to around 45%. According to the notifications made to the Company as of 31 December 2019, the following parties reported to us that they hold more than 3% of the voting rights in Ströer SE & Co. KGaA: Deutsche Telekom Trust e.V., 11.34%, Allianz Global Investors Europe 6.01%, Credit Suisse 3.45% and DWS Investment 3.09%.

Shareholder structure of Ströer SE & Co. KGaA

As of 31 Dec 2019, in %



Dividend policy

In the reporting year, Ströer SE & Co. KGaA paid a dividend of EUR 2.00 per qualifying share. Ströer SE & Co. KGaA intends to continue to allow its shareholders to participate in any successful profit development.

Key data of Ströer SE & Co. KGaA stock

Capital stock	EUR 56,576,571
Number of shares	56,576,571
Class	Bearer shares of no par value (share in capital stock of EUR 1.00 per share)
First listing	15 July 2010
ISIN	DE0007493991
SIN	749399
Stock ticker	SAX
Reuters	SAXG.DE
Bloomberg	SAX/DE
Market segment	Prime Standard
Index	SDAX
Designated sponsor	Otto Seydler Bank AG
Opening price 2019[1]	EUR 42.02
Closing price 2019[1]	EUR 72.05
Highest price 2019[1]	EUR 75.75
Lowest price 2019[1]	EUR 40.30

[1]Price in XETRA in EUR

EMPLOYEES

The digital transformation of the media industry continues, placing high demands on our employees in terms of technical know-how, creativity and new ways of working. We want to actively shape these changes and forge ahead as pioneers. Collaborative and agile ways of working give our employees room to explore ideas and exchange solutions, enabling them to achieve their full potential. We are promoting collaboration with the launch of Office365. Our BA students and trainees are training staff in an approach based on reverse mentoring. Such projects can only be conducted by employing most of the trainees and BA students centrally at the holding company. By doing this, digitalization can be shaped and driven by, and in particular with, the generation of digital natives.

Our framework for agile methods is based on scrum and design thinking, with internal employees providing training through workinars and passing on know-how.

We received over 60,000 applications in 2019. Our digital employee recommendations program has paid off.

We support diversity on all levels and promote a culture of respect and fairness. We provide a working environment that enables employees to identify with Ströer as an organization, offering attractive modern office buildings, flexible working models, free coffee and other benefits such as our company kindergarten in Cologne.

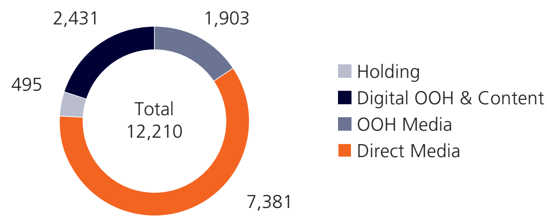
Employment situation

Headcount

As of year-end, the Ströer Group had 12,210 (prior year: 12,514) full and part-time employees. The 304 drop in headcount relates to almost all segments and reflects small-scale disposals (e.g., Foodist, Ströer Mobile Performance) and customary fluctuation.

Employees by segment

As of 31 Dec 2019

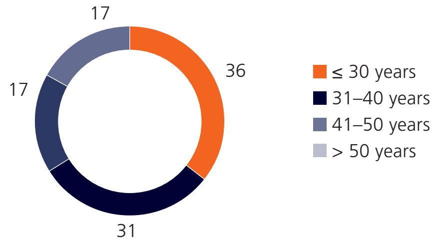


Length of service and age structure

As of the reporting date, employees had been working for an average of 4.8 years (prior year: 4.1 years) for the Ströer Group.

Age structure in the Group

2019 in %



We have a balanced age structure. We aim to retain young employees through targeted training programs and to sustain their enthusiasm for our Company in the long term. Colleagues with extensive professional experience support them in their careers. This also enables us to connect generations to a certain extent.

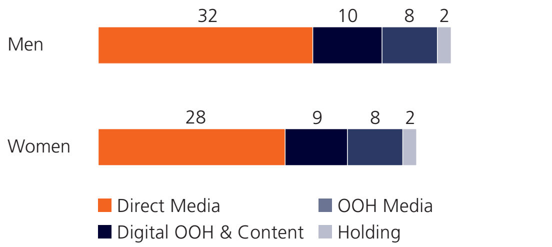
→ For further information on the gender quota and on targets for the board of management and the top two levels of management, see the corporate governance declaration at www.stroeer.com/investor-relations

Gender structure

← The gender ratio at our Company was already very balanced. The proportion of female employees decreased marginally during the course of the year. As of year-end, 51% of the Ströer Group's employees were male and 49% were female (prior year: 49% male and 51% female). The gender balance is due not least to our attractive working time models that help our staff reconcile work and family life, for example, and which make us a modern company.

Gender structure by segment

2019 in %



Training and development

Vocational training and education

Ströer provided a total of 217 young talents throughout Germany with vocational training, thereby again raising this number considerably in 2019. In addition to traditional vocational training, Ströer expanded the scope of its cooperative study program; along with BA degrees, we began an MA program in 2018.

Ströer naturally offers successful BA students and trainees the opportunity of being kept on and we again hired many young talents in a wide range of business areas in the past year. In this context, Ströer was awarded second place in a survey conducted by the business magazine CAPITAL in 2019.

Further development and qualification

Ströer offers its employees opportunities to achieve their professional goals within the Ströer Group. Over the past few years, we have expanded our trainee programs so as to offer career starters diversified training and orientation opportunities. Entry as a trainee is now possible in four areas: general management, HR, finance and also sales.

Participants in our talent program perform very well and many have taken steps to reach their next career level within the Ströer Group. For this reason, we launched the third phase of our internal development program "Jump 'n' Grow" in 2019 to promote the advancement of selected employees. This program includes workshops, training, involvement in joint projects and support by mentors from top-level management for the duration of the program.

REMUNERATION REPORT

The general partner, Ströer Management SE, reports below on the structure and amount of its own remuneration and of the remuneration paid to the members of the supervisory board of the listed corporation Ströer SE & Co. KGaA. In addition, disclosures are made – on a voluntary basis – on the structure and amount of remuneration of the board of management and supervisory board members of the non-listed Ströer Management SE. With the exception of the deviations explained in the declaration of compliance in accordance with Sec. 161 AktG on 11 December 2019, the remuneration report takes statutory regulations into account along with the recommendations of the German Corporate Governance Code and is a component of the group management report.

Remuneration of Ströer Management SE

The sole general partner of Ströer SE & Co. KGaA is (the non-listed) Ströer Management SE. It has not made a special contribution and does not participate in profit or loss or the assets of Ströer SE & Co. KGaA. Ströer Management SE is the legal representative and also conducts the business of Ströer SE & Co. KGaA. Art. 9 (3) Sentence 1 of the articles of incorporation of Ströer SE & Co. KGaA states that the general partner shall receive annual remuneration of EUR 5,000 for managing and assuming liability for the Company. In addition, Art. 9 (3) Sentence 2 of the articles of incorporation states that it shall be refunded all out-of-pocket expenses incurred in connection with the management of the Company's business; this relates to the remuneration paid to the individual members of the board of management and supervisory board of Ströer Management SE presented below.

Remuneration of the board of management

The remuneration of the members of the board of management of the non-listed Ströer Management SE is determined by the supervisory board of Ströer Management SE and reviewed on a regular basis. In accordance with the provisions of the AktG ["Aktiengesetz": German Stock Corporation Act], the supervisory board of Ströer Management SE deliberated in the fiscal year on the decisions to be made regarding the board of management's remuneration, obtained external appraisals on the amount and structure of remuneration at comparable capital market players and made appropriate resolutions.

The employment contracts of the board of management of the non-listed Ströer Management SE with Ströer SE & Co. KGaA ended as of 31 December 2018; since 1 January 2019, the employment contracts have been with Ströer Management SE. Since the fiscal year, Ströer Management SE has directly paid remuneration to its board of management members and charged this on to Ströer SE & Co. KGaA in accordance with Art. 9 (3) Sentence 2 of the articles of incorporation. However, Ströer SE & Co. KGaA still continues to pay variable compensation (LTI) at the respective due dates, provided it relates to remuneration up to and including 2018.

In fiscal year 2019 (and as in prior years), the board of management's remuneration once again comprised two significant components:

Basic salary

The members of the board of management receive a fixed basic salary which is based on a fixed monetary component and is paid out in equal monthly installments.

Variable compensation

The members of the board of management receive variable compensation comprising an annual short-term incentive (STI) and a long-term incentive (LTI). Variable compensation is linked to the performance of the board of management, the development of the Company and its increase in value as well as the achievement of key performance indicators or business targets.

- The total performance-related and therefore variable component of remuneration thus accounts for 53% if the target is reached in full and is the largest component of total remuneration.
- The long-term incentives span a period of three to four years and, in turn, carry a greater weighting than the short-term incentives.

This thus ensures that the actions of the board of management, to the extent that this is possible and expedient through monetary incentives, are directly and substantially aligned with the Company's short and in particular long-term performance.

Ströer Management SE has purposely decided on common goals for the entire board of management instead of individual goals for each member of the board of management as the board members do not assume any segment or division-specific responsibility. The segment and interdisciplinary teamwork of the two Co-CEOs and the CFO specifically leads to optimal group results and common goals promote this collaborative approach. The excellent results of the Ströer Group over the past few years demonstrate that there is no reason to modify this proven model.

The variable compensation for fiscal year 2019 is based on the following key performance indicators and business targets:

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

Focusing on the Ströer Group's cash flows from operating activities for STI ensures that short-term business parameters that can drive profitable growth in line with the annual planning budget are given close attention. In this context, focus is not placed on "softer" parameters such as adjusted EBITDA or non-profit-related, organic growth, but ultimately on the cash generation in the current year.

Long-term incentives (LTI): (i) ROCE, (ii) Organic revenue growth and (iii) Share price

<u>ROCE on the basis of adjusted EBIT/capital employed</u>

With an infrastructure-type business and long-term investment cycles, return on equity is the key long-term indicator and at 50% accounts for the lion's share of LTI remuneration. This remuneration depends on the return on capital over a period of three years. The benchmark for this is the achievement of a return equivalent to the Ströer Group's cost of capital. The agreed amount upon reaching the target in full is EUR 767k. The remuneration is limited to a maximum of three times this amount, which would require a return that is considerably above the cost of capital during the three-year period. Conversely, if the benchmark is not met, the remuneration is adjusted by the percentage shortfall but cannot decrease below EUR 0.00.

Organic revenue growth

With the increasingly tougher crowding out seen in the media and marketing sector, sustainable, long-term organic growth, in addition to return on equity and weighted at 35% of LTI, is the Ströer Group's second key value driver. The Ströer Group's average organic revenue growth over a three-year period is compared with the average growth of the advertising market as a whole, measured by the development of gross domestic product in the markets served by the Ströer Group. The agreed amount upon reaching the target in full is EUR 537k. If the Ströer Group's average revenue growth in the three-year period exceeds this comparative value, the remuneration can increase to a maximum of three times the amount. Conversely, if the benchmark is not met, the remuneration is adjusted by the percentage shortfall but cannot decrease below EUR 0.00.

Share price

Even if return on equity and organic revenue growth in combination with the annual cash flow optimization largely drive the intrinsic growth of the Ströer Group, the performance of management from an external perspective and the long-term share price development should be factored into the LTI. This even more clearly aligns shareholder interests and management focus; the performance of the Ströer Group in relation to relevant peers as well as capital market communication are also included as criteria in the incentives package for board of management members. This LTI component is linked to the development of Ströer SE & Co. KGaA's share price over a four-year period against the reference price set at the beginning of that period. The agreed amount for fiscal year 2019 upon reaching the target in full is EUR 230k, which as of the reporting date corresponds to 5,009 phantom stock options each with a fair value of EUR 66.48. If the share price rises during the four-year period, the remuneration component increases, but is limited to a maximum of three times the amount. Conversely, if the reference price is not met, the remuneration is adjusted by the percentage shortfall but cannot decrease below EUR 0. The members of the board of management can also decide to have the remuneration paid out in shares in Ströer SE & Co. KGaA.

Other

The members of the board of management also receive fringe benefits (remuneration in kind) for which the individual members are liable for tax, as well as compensation of incurred costs.

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

Share-based payment

The supervisory board of Ströer SE & Co. KGaA granted the members of the board of management stock options in fiscal years 2013 to 2015 and in fiscal year 2017 within the scope of the Stock Option Plan 2013 and 2015; the supervisory board of Ströer Management SE, with the approval of the supervisory board of Ströer SE & Co. KGaA, granted stock options in fiscal year 2019 under the Stock Option Plan 2019. The stock options constitute additional long-term remuneration components and are intended to create performance incentives that promote the sustainable and long-term success of the Company. Option rights can be exercised at the earliest after the expiry of the four-year vesting period beginning on the grant date of the subscription right. The options have a contractual term of seven years. Instead of issuing new shares, the Company may choose to grant a cash payment in order to satisfy the stock options.

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

Total remuneration

Total remuneration for fiscal year 2019 (2018) is presented in the table below:

Benefits granted for 2019 (2018)

in EUR					2019				2018
	Total	Udo Müller	Christian Schmalzl	Dr. Christian Baier	Dr. Bernd Metzner	Total	Udo Müller	Christian Schmalzl	Dr. Bernd Metzner
				since 1 Aug 2019	until 30 April 2019				
Fixed remuneration	2,673,333	1,300,000	1,000,000	200,000	173,333	2,520,000	1,300,000	700,000	520,000
Fringe benefits	373,000	346,000	18,000	5,000	4,000	376,000	346,000	18,000	12,000
Total	**3,046,333**	**1,646,000**	**1,018,000**	**205,000**	**177,333**	**2,896,000**	**1,646,000**	**718,000**	**532,000**
Severance payments	0	0	0	0	0	0	0	0	0
One-year variable compensation (target reached in full)	**1,370,833**	**850,000**	**450,000**	**70,833**	**0**	**790,000**	**490,000**	**300,000**	**0**
Multi-year variable compensation (amount based on a probability scenario)									
LTI "ROCE" (3 years)	766,667	450,000	275,000	41,667	0	860,200	520,200	340,000	0
LTI "revenue growth" (3 years)	536,667	315,000	192,500	29,167	0	961,400	581,400	380,000	0
LTI "share price" (4 years)	230,000	135,000	82,500	12,500	0	282,800	142,800	140,000	0
LTI "other"	0	0	0	0	0	189,000	189,000	0	0
Share-based subscription rights (5 years)									
Total	**1,533,334**	**900,000**	**550,000**	**83,334**	**0**	**2,293,400**	**1,433,400**	**860,000**	**0**
Benefit cost	0	0	0	0	0	0	0	0	0
Total	**5,950,500**	**3,396,000**	**2,018,000**	**359,167**	**177,333**	**5,979,400**	**3,569,400**	**1,878,000**	**532,000**

Re: share-based subscription rights:
2018: 199,460 options; EUR 9.43 weighted value per option
2019: 1,639,460 options; EUR 11.92 weighted value per option

Benefits granted for 2019

in EUR	2019 Minimal achievable value					2019 Maximum achievable value				
	Total	Udo Müller	Christian Schmalzl	Dr. Christian Baier	Dr. Bernd Metzner	Total	Udo Müller	Christian Schmalzl	Dr. Christian Baier	Dr. Bernd Metzner
Fixed remuneration	2,673,333	1,300,000	1,000,000	200,000	173,333	2,673,333	1,300,000	1,000,000	200,000	173,333
Fringe benefits	373,000	346,000	18,000	5,000	4,000	373,000	346,000	18,000	5,000	4,000
Total	**3,046,333**	**1,646,000**	**1,018,000**	**205,000**	**177,333**	**3,046,333**	**1,646,000**	**1,018,000**	**205,000**	**177,333**
Severance payments	0	0	0	0	0	0	0	0	0	0
One-year variable compensation (target reached in full)	**0**	**0**	**0**	**0**	**0**	**2,706,250**	**1,700,000**	**900,000**	**106,250**	**0**
Multi-year variable compensation (amount based on a probability scenario)										
LTI "ROCE" (3 years)	0	0	0	0	0	2,237,500	1,350,000	825,000	62,500	0
LTI "revenue growth" (3 years)	0	0	0	0	0	1,566,250	945,000	577,500	43,750	0
LTI "share price" (4 years)	0	0	0	0	0	671,250	405,000	247,500	18,750	0
LTI "other"	0	0	0	0	0	0	0	0	0	0
Share-based subscription rights (5 years)	0	0	0	0	0					
Total	**0**	**0**	**0**	**0**	**0**	**4,475,000**	**2,700,000**	**1,650,000**	**125,000**	**0**
Benefit cost	0	0	0	0	0	0	0	0	0	0
Total	**3,046,333**	**1,646,000**	**1,018,000**	**205,000**	**177,333**	**10,227,583**	**6,046,000**	**3,568,000**	**436,250**	**177,333**

Post-employment benefits for members of the board of management

There are no retirement benefit plans or other pension commitments in the event of regular termination.

An arrangement is in place for two members of the board of management that if their employment contracts are not extended, they are entitled to fixed remuneration pro rata temporis for a further four months as a severance payment.

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

Remuneration of the supervisory board

Pursuant to Art. 15 of the articles of incorporation, the remuneration of Ströer SE & Co. KGaA's supervisory board is approved by the shareholder meeting and the general partner. The members of the supervisory board of Ströer SE & Co. KGaA received an attendance fee of EUR 200.00 per meeting plus out-of-pocket expenses for the period from 1 January to 19 June 2019. Pursuant to the resolution by the shareholder meeting of Ströer SE & Co. KGaA on 19 June 2019, the members of the supervisory board of Ströer SE & Co. KGaA now receive an attendance fee of EUR 1,000 for each supervisory board meeting attended in person and EUR 500.00 for participation in supervisory board conference call meetings.

Pursuant to Art. 14 of its articles of incorporation, the remuneration of the members of the supervisory board of the general partner, Ströer Management SE, is approved by the shareholder meeting of Ströer Management SE. The members of the supervisory board receive fixed basic remuneration, attendance fees and out-of-pocket expenses. Remuneration of the supervisory board of Ströer Management SE was charged on to Ströer SE & Co. KGaA in line with Art. 9 (3) Sentence 2 of the articles of incorporation of Ströer SE & Co. KGaA.

Total remuneration (excluding any VAT) of the supervisory board of Ströer SE & Co. KGaA for fiscal year 2019 including the allocations charged on to Ströer SE & Co. KGaA by Ströer Management SE is presented in the table below (in EUR):

in EUR	Fixed compensation	Attendance fee	Total
Angela Barzen	0.00	2,000.00	2,000.00
Martin Diederichs	30,000.00	4,400.00	34,400.00
Julia Flemmerer	0.00	200.00	200.00
Sabine Hüttinger	0.00	2,400.00	2,400.00
Andreas Huster	0.00	2,400.00	2,400.00
Dr. Raphael Kübler	30,000.00	2,000.00	32,000.00
Petra Loubek	0.00	2,000.00	2,000.00
Rachel Marquardt	0.00	1,900.00	1,900.00
Tobias Meuser	0.00	2,400.00	2,400.00
Dr. Thomas Müller	0.00	1,000.00	1,000.00
Michael Noth	0.00	200.00	200.00
Nadine Reichel	0.00	1,900.00	1,900.00
Christian Sardiña Gellesch	0.00	2,400.00	2,400.00
Petra Sontheimer	0.00	2,400.00	2,400.00
Dirk Ströer	48,000.00	4,400.00	52,400.00
Simone Thiäner	0.00	2,200.00	2,200.00
Vincente Vento Bosch	30,000.00	4,400.00	34,400.00
Christoph Vilanek	72,200.00	4,400.00	76,600.00
Ulrich Voigt	48,000.00	3,700.00	51,700.00
Total	**258,200.00**	**46,700.00**	**304,900.00**

OPPORTUNITIES AND RISKS

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

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

We believe that, as of the publication date of this report, the risks currently identified and described below are manageable. There are no recognizable individual risks that could jeopardize the Company's ability to continue as a going concern. We also firmly believe that Ströer is in a good strategic and financial position to be able to take advantage of opportunities that arise. Despite some uncertainties in the economic environment of our active markets, the board of management of the Ströer Group expects market conditions to remain stable overall in the current fiscal year 2020. If a less favorable scenario were to occur, the Ströer Group would be able to react quickly, as demonstrated in the past, and implement the internal measures needed to adjust its investment and cost budgets.

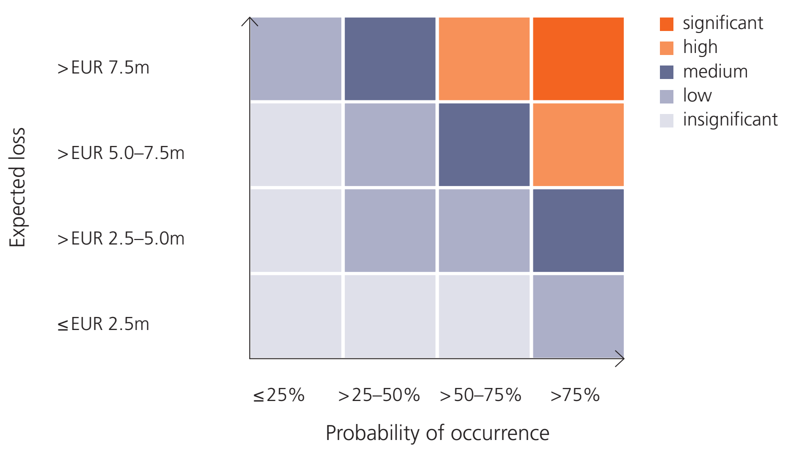
Opportunity and risk management system

Our board of management is responsible for opportunity and risk management, which is an integral part of corporate governance. Depending on the goals and strategies of the individual segments, responsibility for opportunity and risk management lies with the segment's operational management in close collaboration with the headquarter offices and the board of management. The ongoing management of opportunities and risks is an integral component of the planning and control process.

A key component of Ströer's risk management system is its group-wide early warning system for the detection of risks that complies with the legal requirements under Sec. 91 (2) AktG ["Aktiengesetz": German Stock Corporation Act]. The consolidated group for risk management purposes is the group of consolidated entities.

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

Risk matrix



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

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

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

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

Internal control system

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

Furthermore, the internal control system aims to help the reporting convey a true and fair view of the assets, liabilities, financial position and financial performance of the Ströer Group.

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

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

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

- Identification of the significant risk fields and control areas.
- Monitoring of the financial reporting process at the level of the Group and the fully consolidated entities.
- Preventative control measures in the finance and accounting functions of the Group and the entities fully consolidated in the consolidated financial statements.
- Measures to ensure that group financial reporting issues and data are processed using appropriate IT systems.
- Defined channels for communicating changes in processes and controls promptly and in full.

In addition, we also focus on monitoring the effectiveness of the internal control system, which goes beyond the Group's financial reporting.

Internal audit system

The internal audit function is an instrument used by the board of management of Ströer Management SE and the supervisory board of Ströer SE & Co. KGaA and supports these bodies as a component of corporate governance in their management and supervisory function. In this context, the internal audit function conducts reviews of selected equity investees and corporate areas. Areas of audit focus include:

- Audit of the financial position and assets and liabilities, the reliability of the accounting and the information derived therefrom as well as compliance with internal accounting guidelines (financial auditing).
- Audit of the quality, security, propriety, efficiency and functionality of the structures, processes and systems, including the IT systems and the internal control system (operational auditing).
- Compliance with laws, regulations, guidelines, procedures and contracts (compliance).

On the basis of a detailed risk-based audit plan, the effectiveness of the system of internal control was supported in the fiscal year by several internal audit projects. The findings of these audits were presented to the board of management of Ströer Management SE and the audit committee of the supervisory board of Ströer SE & Co. KGaA in the course the year. A comprehensive year-end report on the work of the internal audit function and the contents of the audits and their findings were presented to the supervisory board at regular intervals. Any improvement measures resulting from internal audits were and continue to be monitored systematically.

Risk situation

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

Market risks (ELV: low)

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

In our core regional market of Germany, we anticipate an overall stable economic development. Although overall economic growth in the forecast period could slow down again due to ongoing international trade disputes, Brexit or geopolitical conflicts in the Middle East, private consumption in Germany, which is of relevance to our media, is expected to be robust.

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

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

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

In dialog marketing, revenue is chiefly generated with national key accounts. A change in the demand pattern of individual key accounts could in theory also give rise to short-term income risks.

Alongside our core business of out-of-home and online advertising, other business models also contribute significantly to the Group's revenue and earnings. In addition to the (a) content-based business models centered around Germany's online portal with the largest reach, t-online.de, (b) transactional and subscription-based business models and (c) the dialog marketing business, the Ströer Group has successfully diversified its revenue streams. The Group succeeded on the whole in diversifying its previously advertising-heavy revenue to include other transactional and direct sales-oriented revenue. This will enable the Group to mitigate general market risks in the commercialization of advertising.

The ongoing trend that began a number of years ago in user surfing behavior away from stationary computers toward mobile devices is presenting challenges in particular for online display advertising as well as for content-based revenue models. We address this risk by, among other things, improving the monetization of existing capacities and optimizing our mobile advertising activities.

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

Political and regulatory risks (ELV: low)
The ongoing discussion on data protection in politics and society at large presents a risk for our business activities where data processing is a key element. Uncertainty in relation to the ramifications of the EU General Data Protection Regulation (GDPR) effective May 2018 subsided in the second year following its implementation. However, we continue to closely monitor how the legal provisions contained in the GDPR are being fleshed out in practice. The proposed ePrivacy Regulation of the EU, which like data protection addresses online marketing, also casts additional uncertainty. For example, in connection with the GDPR and the EU's pending ePrivacy Regulation, Google is planning to introduce active consent to the acceptance of cookies (user opt-in). We work tirelessly to ensure we meet the technical requirements for compliance. It is still uncertain at present whether and to what extent such regulations have an impact on usage behavior and marketability.

Even though such legal changes only affect individual business models in our portfolio and we mainly use large volumes of data anonymously, we are closely examining this matter on a continuous basis. Our response includes a uniform group-wide data protection policy. As new laws always require a certain amount of interpretation as to how they should be put into practice after their entry into force, we are aiming to continually enhance our data protection process to make it best practice within the industry.

In addition, there is a risk from an increase in the scope of advertising bans as has been repeatedly called for in political discussions over the past few years, particularly for tobacco advertising. In the reporting year, the German Federal Government adopted a law establishing a phased ban on out-of-home advertising for tobacco products from 2022 onward. We therefore do not expect such a ban to enter into force in the forecast period. By significantly reducing our dependency on individual advertising customers and industries, we have already drastically reduced the significance of this risk.

Process risks (ELV: low)
Our business processes and communication are highly dependent on information technology. IT security is therefore a critical factor and must be ensured with regard to data integrity, confidentiality of information, authenticity and availability. A disruption or failure of one or more systems could result in a loss of data and have an adverse effect on IT-based business processes. Because Ströer's central IT systems are operated separately from one another in terms of content, technology and physical location, these risks pertain only to individual segments of the Group. These processes are nonetheless subject to ongoing improvement measures aimed at reducing these risks.

Generally, disruptions to the proper handling of quote and proposal preparation, order processing and complaints and receivables management can also not be ruled out.

In our operating process, we focus in particular on potential quality risks to ensure the high quality and best management of our out-of-home advertising media as well as interruption-free presentation of digital advertisements. A very small number of business models in the Ströer Group whose revenue streams are also impacted by internet search engines are exposed to general risks arising from changes in algorithms of search engine operators.

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

The large workforce required in the area of dialog marketing gives rise to risks, in particular given the current situation prevailing in the German employment market where there is a lack of – suitably qualified – employees. Recruitment and staff retention play a major role in this business segment.

Financial risks (ELV: low)
Ströer's current debt poses a general financing risk. The significance of this risk is dependent on meeting the covenants set out in the loan agreements with the banking syndicate as well as duties to provide information and obtain authorization. However, this risk is currently very low due to the Company's very solid cash position at the end of the reporting year and a strong operating cash flow.

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

The Ströer Group is mainly exposed to general interest rate risks in connection with non-current floating-rate financial liabilities and existing cash and cash equivalents. However, we do not anticipate any material changes in the forecast period.

If the subsidiaries and other investees generate losses, an investment risk could arise that could have a negative effect on the Ströer Group's financial performance and liquidity. Impairment of goodwill cannot be ruled out at present or in the future if the business performance of individual companies or cash-generating units (CGUs) falls short of expectations.

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

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

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

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

Opportunities

General economic opportunities arise for us if increases in the net advertising volume, particularly in our core market of Germany, prove to be higher than in our baseline forecasts. This could be the case if the general economic trend is better than expected and if the shift in advertising budgets towards out-of-home and/or online advertising or to dialog marketing is more pronounced than anticipated. An improvement in the macroeconomic situation could also have a positive effect on the revenue from our transactional business activities.

The structural change in the advertising industry that is reflected in particular by changing media consumption and by the continuing digitalization of media offerings has the potential to accelerate in fiscal year 2020 beyond expectations. For years we have been observing a migration of advertising business away from print media as well as a more recent decline in advertising income from traditional linear television advertising to the benefit of digital media and traditional and digital out-of-home products. In this context, demand for multiscreen solutions (public video, roadside screens, desktop, tablets, mobile) only offered in this combination by the Ströer Group could exceed forecasts. Opportunities also continue to arise from the programmatic linking of our digital out-of-home media, that is, through the fully automated real-time purchase and sale of advertising space in the public video segment which was successfully expanded in the reporting year. Given the continuing megatrends of digitalization, urbanization and the increasing mobility of the population and against the background of changing consumer behavior, our range of out-of-home, online media products and dialog marketing puts us in a very good position to offer optimal solutions to our customers. This will give rise to opportunities to gain more market share in intermedia competition than previously forecast. Ongoing digitalization of our out-of-home media will also support these opportunities.

The quality of the analog and digital advertising media portfolio is key to the success in capitalizing on opportunities arising in the commercialization of advertising. Our close partnership with cities and train station operators in the area of out-of-home advertising and with publishers in the online segment could enable us to leverage additional potential at both national and international level.

Strategic opportunities could also arise from targeted acquisitions which we use to strategically expand our position in our core markets and core business areas and use to effectively align our product offering to the needs of our customers. Even though no material acquisitions are currently planned for the forecast period, we always review options that arise if these are in line with our strategy.

The continuing optimization of the Group's online inventory and the further improvement of its technology position could result in positive economies of scale and synergy effects that are not included in baseline forecasts. With our fully integrated business model, we are confident that we can position ourselves even better in competition with the large publisher-based marketers and TV offerings and that we can gain market share.

The expansion of the sales and distribution activities by Statista, the leading provider of market and consumer data, combined with consistent product expansions have allowed us to reach potential new customer segments that have thus far been afforded less attention. This could lead to even quicker growth than has been assumed in our plans to date.

The sustained integration efforts and portfolio optimizations at the numerous companies acquired over the past few years may lead to unexpected synergies in both revenue and costs. The increased exchange of technological and sales know-how between the units acquired in recent years and the backbone business provides us with additional opportunities to further improve our position.

Our increased efforts aimed at digitalizing and automating processes could give rise to additional previously unidentified cost-optimization potential.

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

FORECAST[1]

Overall assessment by the board of management of the Group's expected performance in 2020

Structural changes will continue to shape the media market. The key factors in this development are the increasing usage of mobile devices, the expansion and acceleration of networks and thus people's media consumption patterns. Media content is available everywhere, at all times and on all devices, with the use of linear media rapidly becoming less relevant. By contrast, out-of-home media is omnipresent, it cannot be clicked away and does not contain any fake news or bad content. The websites commercialized by Ströer are generally based on editorial content and geared toward the needs of their target groups and are relevant. The Ströer Group's dialog media products directly address audiences. As such, the Ströer Group's solutions are well positioned for the growing changes in media consumption.

Ströer is able to use its own ad servers to centrally manage moving-picture content on online desktops, mobile and public video screens and our solutions are available on all the relevant demand-side platforms (DSP). As the largest non-TV marketer, Ströer thus has a very strong positioning with its advertising customers. In addition to stepping up the regional marketing of our out-of-home and digital inventory, we see opportunities for growth in particular in the integration and targeted performance-based expansion of our dialog marketing activities.

We will continue to expand the local and regional sales organization in Germany in 2020 and remain committed to safeguarding and selectively expanding our marketable inventory in all areas of growth. Another focus is the continued integration and optimization of the performance-based dialog media activities. We are also working intensively on strengthening the global leadership position of our data-as-a-service statistics portal, Statista. The focus here is on deeper penetration into existing markets as well as on internationalization.

The key performance indicators for the management of the Group are organic revenue growth and EBITDA (adjusted). For fiscal year 2020, the board of management expects organic revenue growth in the mid-single digit percentage range for the entire Ströer Group.[2] EBITDA (adjusted) is also expected to increase by a mid-single digit percentage figure.[2]

In addition, the board of management expects adjusted consolidated profit to grow at a comparable pace to EBITDA (adjusted). The leverage ratio (net debt to EBITDA (adjusted)) is expected to be on par with or fall slightly short of the prior-year level. Taking payments of the principal portion of lease liabilities under IFRS 16 into account, the board of management expects the free cash flow to develop in line with EBITDA (adjusted). ROCE is expected to reach the level of the prior year (fiscal year 2019: 20.0%).

Forward-looking statements

Our statements for future business development reflect only the significant factors that were known at the time the financial statements were prepared and that could influence our activities and business development in 2020. The Ströer Group's revenue and earnings development can be influenced by the economic developments in our markets and developments in the relevant advertising markets. Revenue development is also influenced by the market share of digital and out-of-home media as a percentage of the overall advertising market. It is thus not possible to directly forecast revenue on the basis of these macroeconomic or industry-specific parameters, as the correlations between these parameters and revenue can vary considerably from year to year. In addition, conditions can change during the course of the year, which can result in significant deviations between the actual and forecast development of revenue and earnings.

The booking behavior of our advertising customers across our media portfolio has thus been increasingly shaped by short booking lead times for years. This is particularly true of digital marketing where campaigns can be booked at even shorter notice for technical reasons than in traditional out-of-home channels. As transactions are increasingly being processed in real time via RTB platforms, the total booking lead times are shaped by higher volatility than in the past. The short booking lead times for most of our media products restrict our ability to reliably forecast revenue and thus earnings.

Fluctuations in external market parameters, such as the yield curve, make forecasting the exact consolidated result only possible to a limited extent. Uncertainties relating to these parameters can also impact non-cash items in the financial result. In this forecast, we expect the parameters in the financial result to remain largely unchanged compared with the end of the reporting period.

[1] Comparisons with the forecast values for the next year are generally based on the actual 2019 values.
[2] Mid-single digit percentage equates to 3% to 7%.

Future macroeconomic conditions

The German Federal Government predicts growth of 1.0% for 2020.[3]The Institute for the World Economy (IfW)[4] believes that the German economy is set to rebound only very gradually following a weak summer. The uncertain global economic environment, which has placed a particular strain on the German economy (being specialized in producing capital goods), was the primary contributing factor to the economic slowdown. The weak industrial economy has also adversely affected the business services industry to an increasing extent. By contrast, the consumer services industry continued its expansionary trend. The disposable income of private households has increased further in spite of the now considerable slowdown in employment growth. In addition to the sustained robustness in wage growth, numerous income-boosting measures enacted by the fiscal authorities have had a contributing effect. The construction boom has continued in an unabated fashion, which is due in part to the persistence of favorable financing conditions. Overall economic production is expected to gradually recover during the course of 2020. The renewed slight upswing in the world economy lends support to this prediction. However, strong economic growth is not expected. The IfW experts anticipate a growth rate of 1.1% for 2020, which is slightly higher than the rate predicted by the German Federal Government. GDP is expected to record a sharper rise than in 2019, with growth of approximately 0.5% forecast.

Future industry performance

Development of the German advertising market
Based on preliminary figures taken from Nielsen's advertising statistics, the German gross advertising market in 2019 remained at the high level recorded in the prior year.[5]The agency Zenith is forecasting growth of around 0.5% in net advertising revenue for 2020.[6] According to a survey conducted by the German Advertisers Association ["Organisation Werbungtreibende im Markenverband": OWM], a third of member companies (36%) anticipate an increase in revenue in 2020, compared with 56% in the prior year. 62% expect revenue to stagnate in 2020 and 2% expect it to decline.[7]

Generally, established studies forecast stronger growth in advertising revenue for the out-of-home segment compared with the advertising market as a whole. According to PricewaterhouseCoopers GmbH (PwC), advertising revenue in the OOH industry, including digital out-of-home advertising, will grow at a rate of 3.2% in 2020.[8] Compared with other advertising channels such as TV, print, radio and cinema, the expenses for OOH advertising are growing at an above-average rate according to PwC. This is attributable to various developments in the advertising market. Media consumption is growing increasingly fragmented, while the traditional advertising channel of television is losing ground to OOH as well as to our digital advertising formats. OOH also offers the benefit of combining analog and digital content. Against this background, experts at PwC predict an average annual revenue growth rate of 3.0% during the relevant period, with the out-of-home advertising market in Germany set to reach a total volume of EUR 1.4b by 2023.

On the whole, the market for online advertising is expected to develop similarly to 2019 in 2020. Higher advertising efficiency through precise targeting and performancebased solutions continues to provide long-term opportunities for growth. Zenith and PwC predict growth in online advertising revenue of 7.7%[9] and 6.6%[10], respectively, for 2020. PwC expects the stationary online advertising market to record a decline in the annual growth rate from its current figure of 5.5% to a moderate 2.8%.[11]

PwC forecasts the strongest growth in the mobile online advertising segment, with experts predicting average annual growth of 15.4% by 2023.[12] This growth will continue to be driven by the increasing penetration of internet-enabled mobile devices (smartphones and tablets), the associated shift in media usage and a considerable rise in data volumes. We agree with these market assessments.

Estimates by PwC indicate that the German contact center and CRM services market will continue to develop positively. In its assessment, the average annual growth rate (CAGR) in the period between 2015 and 2021 will stand at 6.0% for CRM 1.0 products and 18% for CRM 2.0 products, i.e., technologically sophisticated and innovative services.[13]

[3] Source: Autumn 2019 projection by the German Federal Ministry for Economic Affairs and Energy, October 2019
[4] Source: Kieler Konjunkturberichte Deutschland, no. 62 (2019|Q4)
[5] Source: Nielsen Values to come
[6] Source: Zenith Advertising Expenditure Forecasts, December 2019
[7] Source: German Advertisers Association ["Organisation Werbungtreibende im Markenverband": OWM], November 2019
[8] Quelle: Herbstprojektion 2019, BMWi, Oktober 2019
[9] Quelle: Kieler Konjunkturberichte Deutschland, Nr. 62 (2019|Q4)
[10] Quelle: Nielsen Values to come
[11] Quelle: Zenith Advertising Expenditure Forecasts Dezember 2019
[12] Quelle: Organisation Werbungtreibende im Werbeverband (OWM), November 2019
[13] Quelle: Zenith Advertising Expenditure Forecasts Dezember 2019

Growth drivers include in particular demand for CRM services from providers of service-centered business models in the following sectors: e-commerce, mail order, e-mobility, mobility services, identity services, digital financial services, smart home services, e-government and care services such as ambient assisted living driven by demographic factors.

Anticipated revenue and earnings development

Ströer Group

As outlined above, the Ströer Group's board of management expects organic revenue growth in the mid-single digit percentage range in 2020. EBITDA (adjusted) is also expected to increase by a mid-single digit percentage figure. All three segments Out-of-Home Media, Digital OOH & Content and Direct Media will contribute to this development.

In the fiscal year, Ströer strengthened its portfolio by selling a number of non-core activities as well as Foodist and the Norwegian-based Conexus.

These measures will enable Ströer to focus more keenly on its core business and effectively harness potential from the OOH+ strategy.

With the focus on Germany, especially after the sale of the Turkey business, revenue from foreign transactions in foreign currency is even less significant than in the prior year. Where considered in planning processes, we assume virtually unchanged parameters.

We expect a single-digit percentage volume-related increase in direct costs in 2020. We anticipate a slight increase in overheads, such as IT costs, for the Group as a whole, which is expected to be lower than the increase in organic revenue as was the case in past years. Selling and administrative expenses are expected to increase slightly due to moderate inflation-related salary and other cost adjustments, the continued expansion of local and regional sales organization structures, the further internationalization of Statista as well as the considerable increase in business volume in the Group.

As regards economic development in Germany and the rest of the world, despite some potential uncertainties such as Brexit, the trade dispute between the US and China and the geopolitical uncertainties in the Middle East, the board of management does not see any signs of a material impact on our business development. However, there is no way to reliably predict the availability and distribution of actual advertising budgets or the development of discounts as of the date of publication. Among other things, this is largely because of radical changes in the media landscape and the increasing diversity of advertising offerings, especially in digital media channels. The growing importance of social networks for the advertising industry is also responsible for changes in the allocation of advertising budgets. In this market environment, Ströer expects its portfolio of attractive out-of-home and digital media that is unrivaled in Germany to enable it to continue to successfully and sustainably maintain its market position.

Planned investments

The investments in the forecast period will remain focused on the further digitalization of the out-of-home segment and the installation and replacement of out-of-home advertising media, due mainly to the extension or acquisition of public advertising concessions. In the Digital OOH & Content segment, investments will be channeled into upgrading and expanding public video inventory and the IT infrastructure as well as creating internally developed intangible assets such as, in particular, software and data management platforms. In the Direct Media segment, investments primarily relate to the further integration and focus of the unit on performance-based business aimed at supporting the Group's OOH+ strategy.

For the Ströer Group, the board of management anticipates the volume of total investments – excluding M&A activities – to again amount to around EUR 100m to EUR 120m in fiscal year 2020. As a considerable proportion of these investments are not backed by binding investment commitments, the investments can be scaled back if so required by market developments or the Company's situation.

In light of our OOH+ strategy, the Company does not plan on any major business acquisitions (M&A).

Expected financial position

As the Ströer Group's financial performance is again stronger year on year, we also anticipate a further improvement in the financial position.

Due to the focus on our domestic market and on our profitable core business, return on capital employed (ROCE) in 2020 is expected to at least match the high level of the 2019 figure (20.0%).

The Ströer Group's current credit financing is secured until the end of 2023. In the last refinancing rounds, we managed to secure borrowing terms and conditions that remain attractive for us. The covenants are designed to provide sufficient headroom, even during economic and seasonal fluctuations. The leverage ratio of 1.4 at the end of the reporting period means that the Group remains in a very comfortable zone. We expect the leverage ratio to decrease slightly in 2020, excluding any increases in dividend distributions and M&A activities.

The board of management maintains its view that the current financing provides sufficient leeway to carry out planned investments and also capitalize on any business opportunities that may arise during the forecast period. The terms of our financing arrangements are continually assessed with a view to current developments on the debt capital markets. We will pursue any economically favorable opportunities to adjust those terms as appropriate.

SUBSEQUENT EVENTS

See the disclosures made in the notes to the consolidated financial statements for information on subsequent events.

INFORMATION IN ACCORDANCE WITH SEC. 315A HGB INCLUDING THE REPORT BY THE GENERAL PARTNER OF STRÖER SE & CO. KGAA

The following information required under takeover law is presented in accordance with Sec. 315a Sentence 1 HGB ["Handelsgesetzbuch": German Commercial Code].

Composition of subscribed capital

Subscribed capital of EUR 55,282,499.00 existing at the time of the Company's conversion into a German partnership limited by shares (KGaA) as of 1 March 2016 was contributed by way of a change in legal form of the legal entity, formerly Ströer SE with its registered office in Cologne (HRB no. 82548).

In the fiscal years thereafter, the Company's subscribed capital increased further as a result of stock options being exercised. In 2019, the number of shares increased by 404,700 to 56,576,571. As of 31 December 2019 therefore, subscribed capital is split into 56,576,571 bearer shares of no par value. They have a nominal value of EUR 1 each and are fully paid in.

Restrictions concerning voting rights or the transfer of shares

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

Investments in capital exceeding 10% of voting rights

Ströer Management SE, Düsseldorf, is the general partner of Ströer SE & Co. KGaA. It has not made a special contribution and does not participate in profit or loss or the assets of the Company.

Udo Müller holds 22.02% and Dirk Ströer 21.30% of total stock. Both shareholders are resident in Germany. Furthermore, Deutsche Telekom Trust e.V., Bonn, also holds a total of 11.34% of the shares in Ströer SE & Co. KGaA. The board of management has not received any notification as required by the WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act] of other investments which exceed 10% of the voting rights.

Special rights granting control authority

There are no shares with special rights granting control authority.

Legal provisions and other provisions in the articles of incorporation and bylaws concerning the beginning and end of the authorization of the general partner to manage and represent the Company as well as changes in the articles of incorporation and bylaws

Art. 8 of the articles of incorporation of Ströer SE & Co. KGaA sets forth details concerning a potential exit by the general partner and the continuation of Ströer SE & Co. KGaA. In accordance with Sec. 119 (1) No. 5 AktG ["Aktiengesetz": German Stock Corporation Act], the shareholder meeting decides on amendments to the articles of incorporation and bylaws. More information on the procedure for amendments can be found in Sec. 181 AktG in conjunction with Art. 9 of the articles of incorporation of Ströer SE & Co. KGaA.

Authorization of the general partner to issue or reacquire shares

The approved capital 2014 of EUR 12,525,780.00 expired in fiscal year 2019. Subject to the approval of the supervisory board, the general partner is authorized to increase the Company's capital stock once or several times until 18 June 2024 by a maximum of EUR 5,652,657.00 in total by issuing up to 5,652,657 new bearer shares of no par value for contributions in cash or in kind (approved capital 2019).

The capital stock is subject to a conditional increase by a maximum of EUR 812,548.00 by issuing a maximum of 812,548 bearer shares of no par value (conditional capital 2013). This conditional capital increase, however, may not exceed the amount and the number of shares relating to the conditional capital increase pursuant to Art. 6A (1) of the articles of incorporation of Ströer SE which had not yet been carried out on the date the change in the legal form of Ströer SE to a KGaA pursuant to the conversion resolution dated 25 September 2015 took effect. The sole purpose of the conditional capital increase is for the board of management to grant, as authorized by resolution of the shareholder meeting dated 8 August 2013, rights to bearers of stock options under the Stock Option Plan 2013. The conditional capital increase will only be implemented to the extent that the bearers of stock options granted under the authorization of the shareholder meeting on 8 August 2013 and pursuant to the conversion resolution of the shareholder meeting on 25 September exercise these stock options and that the Company does not settle the stock options in cash.

The capital stock is subject to a conditional increase by a maximum of EUR 2,123,445.00 by issuing a maximum of 2,123,445 bearer shares of no par value (conditional capital 2015). This conditional capital increase, however, may not exceed the amount and the number of shares relating to the conditional capital increase pursuant to Art. 6B (1) of the articles of incorporation of Ströer SE which had not yet been carried out on the date the change in the legal form of Ströer SE to a KGaA pursuant to the conversion resolution dated 25 September 2015 took effect. The sole purpose of the conditional capital increase is for the board of management to grant, as authorized by resolution of the shareholder meeting dated 25 September 2015, rights to bearers of stock options under the Stock Option Plan 2015. The conditional capital increase will only be implemented to the extent that the bearers of stock options granted under the authorization of the shareholder meeting on 25 September 2015 exercise these stock options and that the Company does not settle the stock options in cash.

The Company's capital stock is subject to a conditional increase by a maximum of EUR 11,056,400.00 by issuing a maximum of 11,056,400 new bearer shares of no par value (conditional capital 2017). The purpose of the conditional capital increase is to grant bearer shares of no par value to owners/creditors of convertible bonds and/or bonds with warrants which are being issued by the Company or an investee as a result of the authorization granted by the shareholder meeting of 14 June 2017 based on item 9 of the agenda. New bearer shares of no par value are issued at a particular conversion or option price determined by the abovementioned authorization resolution. Conditional capital is only to be increased to the extent that conversion or option rights are exercised or owners/creditors who are obliged to do so fulfill their obligation to exercise their conversion rights and provided that a cash settlement is not granted or use is not made of own equity instruments or of new shares issued from approved capital.

The capital stock is subject to a conditional increase by a maximum of EUR 2,200,000.00 by issuing a maximum of 2,200,000 bearer shares of no par value (conditional capital 2019). The sole purpose of the conditional capital increase is for rights to be granted, as authorized by resolution of the shareholder meeting dated 19 June 2019, to bearers of stock options under the Stock Option Plan 2019. The conditional capital increase will only be implemented to the extent that the bearers of stock options granted under the authorization of the shareholder meeting on 19 June 2019 exercise these stock options and that the Company does not settle the stock options in cash or by issuing treasury shares.

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

Facility agreement/note loans

A facility agreement is in place between Ströer SE & Co. KGaA and a syndicate of various banks and credit institutions. The syndicate granted the Company a credit line of EUR 600m. This facility agreement concluded in fiscal year 2016 replaced the previous agreement dating from 2014. Furthermore, Ströer SE & Co. KGaA placed note loans on the capital market with a volume of EUR 145m in 2016 and a volume of EUR 350m in 2017.

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

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

In EUR k	Note	2019	2018[1, 2]
Revenue	(9)	1,591,145	1,507,783
Cost of sales	(10)	–1,012,162	–972,708
Gross profit		**578,984**	**535,075**
Selling expenses	(11)	–245,015	–223,780
Administrative expenses	(12)	–185,303	–172,347
Other operating income	(13)	39,617	42,726
Other operating expenses	(14)	–17,746	–16,895
Share in profit or loss of equity method investees	(5)	6,865	5,113
Finance income	(15)	2,147	2,335
Finance cost	(15)	–34,785	–35,813
Profit or loss before taxes		**144,763**	**136,415**
Income taxes	(16)	–25,108	–21,920
Post-tax profit or loss from continuing operations	(6)	**119,655**	**114,495**
Discontinued operations			
Post-tax profit or loss from discontinued operations		–41,537	–121,305
Consolidated profit or loss for the period		**78,118**	**–6,811**
Thereof attributable to:			
Owners of the parent		68,855	–15,089
Non-controlling interests		9,263	8,278
		78,118	**–6,811**
Earnings per share			
Basic earnings per share (EUR)		1.22	–0.27
Diluted earnings per share (EUR)		1.22	–0.27
Earnings per share – continuing operations			
Basic earnings per share (EUR)		1.86	1.90
Diluted earnings per share (EUR)		1.85	1.89

[1] Restated retrospectively due to the purchase price allocations that were finalized after 31 December 2018. See our disclosures on the retrospective restatement of purchase price allocations in note 6.1 to the notes to the consolidated financial statements.

[2] Restated retrospectively due to the classification of the D+S 360° group as a discontinued operation within the meaning of IFRS 5. See our disclosures on the sale of the 50.0% shareholding in the D+S 360° group in note 6.2 to the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In EUR k	Note	2019	2018 [1, 2]
Consolidated profit or loss for the period		**78,118**	**–6,811**
Other comprehensive income			
Amounts that will not be reclassified to profit or loss in future periods			
Actuarial gains and losses	(27, 28)	–3,942	–597
Changes in the fair value of financial investments measured at fair value through other comprehensive income		11	58
Income taxes	(16)	1,277	280
		–2,653	**–258**
Amounts that could be reclassified to profit or loss in future periods			
Exchange differences on translating foreign operations	(8)	2,369	88,412
Income taxes	(16)	0	–1,438
		2,369	**86,974**
Other comprehensive income, net of income taxes		**–284**	**86,716**
Total comprehensive income, net of income taxes		**77,834**	**79,905**
Thereof attributable to:			
Owners of the parent		68,444	64,548
Non-controlling interests		9,390	15,357
		77,834	**79,905**

[1] Restated retrospectively due to the purchase price allocations that were finalized after 31 December 2018. See our disclosures on the retrospective restatement of purchase price allocations in note 6.1 to the notes to the consolidated financial statements.

[2] Restated retrospectively due to the classification of the D+S 360° group as a discontinued operation within the meaning of IFRS 5. See our disclosures on the sale of the 50.0% shareholding in the D+S 360° group in note 6.2 to the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets (in EUR k)	Note	2019	2018[1]
Non-current assets			
Intangible assets	(19)	1,227,407	1,261,676
Property, plant and equipment	(20)	1,246,316	1,299,214
Investments in equity method investees	(5)	25,089	24,219
Financial assets		2,971	2,822
Trade receivables	(21)	1,360	504
Other financial assets	(22)	8,534	15,023
Other non-financial assets	(22)	20,486	22,646
Deferred tax assets	(16)	16,291	16,436
Total non-current assets		**2,548,454**	**2,642,539**
Current assets			
Inventories	(23)	17,296	18,259
Trade receivables	(21)	181,828	166,863
Other financial assets	(22)	8,806	8,398
Other non-financial assets	(22)	35,538	30,218
Income tax assets		8,627	13,459
Cash	(24)	103,603	103,696
Total current assets		**355,697**	**340,892**
Assets held for sale	(25)	24,277	14,957
Total assets		**2,928,428**	**2,998,388**

[1] Restated retrospectively due to the purchase price allocations that were finalized after 31 December 2018. See our disclosures on the retrospective restatement of purchase price allocations in note 6.1 to the notes to the consolidated financial statements.

Equity and liabilities (in EUR k)	Note	2019	2018[1]
Equity	(26)		
Subscribed capital		56,577	56,172
Capital reserves		747,491	735,541
Retained earnings		–182,013	–122,511
Accumulated other comprehensive income		–4,800	–6,997
		617,255	**662,205**
Non-controlling interests		9,684	6,311
Total equity		**626,939**	**668,516**
Non-current liabilities			
Pension provisions and similar obligations	(27)	44,145	40,476
Other provisions	(28)	25,434	26,965
Financial liabilities	(29)	1,446,939	1,504,720
Trade payables	(30)	4,035	5,024
Deferred tax liabilities	(16)	51,981	70,432
Total non-current liabilities		**1,572,533**	**1,647,617**
Current liabilities			
Other provisions	(28)	56,884	50,434
Financial liabilities	(29)	218,887	247,347
Trade payables	(30)	294,480	256,762
Other liabilities	(31)	103,719	87,232
Income tax liabilities		28,331	31,147
Total current liabilities		**702,300**	**672,923**
Liabilities associated with assets held for sale	(25)	26,656	9,333
Total equity and liabilities		**2,928,428**	**2,998,388**

CONSOLIDATED STATEMENT OF CASH FLOWS

In EUR k	Note	2019	2018[1, 2]
Cash flows from operating activities			
Profit for the period		119,655	114,495
Expenses (+)/income (–) from the financial and tax result		57,747	55,397
Amortization, depreciation and impairment losses (+) on non-current assets		180,296	172,852
Depreciation (+) of right-of-use assets under leases (IFRS 16)		178,415	168,390
Share in profit or loss of equity method investees		–6,865	–5,113
Cash received from profit distributions of equity method investees		4,271	4,756
Interest paid (–) in connection with leases (IFRS 16)		–21,410	–23,072
Interest paid (–) in connection with other financial liabilities		–7,680	–7,208
Interest received (+)		60	64
Income taxes paid (–)/received (+)		–39,180	–54,133
Increase (+)/decrease (–) in provisions		3,785	–3,197
Other non-cash expenses (+)/income (–)		4,164	–8,653
Gain (–)/loss (+) on the disposal of non-current assets		–762	105
Increase (–)/decrease (+) in inventories, trade receivables and other assets		–25,060	–21,003
Increase (+)/decrease (–) in trade payables and other liabilities		36,255	16,163
Cash flows from operating activities (continuing operations)		**483,690**	**409,843**
Cash flows from operating activities (discontinued operations)		–5,256	16,191
Cash flows from operating activities		**478,434**	**426,033**
Cash flows from investing activities			
Cash received (+) from the disposal of intangible assets and property, plant and equipment		2,551	4,743
Cash paid (–) for investments in intangible assets and property, plant and equipment		–116,062	–116,691
Cash paid (–) for investments in equity method investees and financial assets		–960	–2,297
Cash received(+) from/paid (–) for the sale of consolidated entities		340	–1,139
Cash received (+)/cash paid (–) for the acquisition of consolidated entities	(6)	–14,188	–70,438
Cash flows from investing activities (continuing operations)		**–128,318**	**–185,821**
Cash flows from investing activities (discontinued operations)		–340	–4,763
Cash flows from investing activities		**–128,658**	**–190,584**

In EUR k	Note	2019	2018 [1, 2]
Cash flows from financing activities			
Cash received (+) from equity contributions		7,157	5,488
Dividend distribution (–)		–128,590	–83,760
Cash paid (–) for the acquisition of shares not involving a change in control		–70,730	–13,055
Cash received (+) from borrowings		146,519	133,917
Cash repayments (–) of borrowings		–129,957	–92,999
Cash payments (–) for the principal portion of lease liabilities (IFRS 16)		–174,697	–158,345
Cash flows from financing activities (continuing operations)		**–350,298**	**–208,753**
Cash flows from financing activities (discontinued operations)		3,759	–7,983
Cash flows from financing activities		**–346,539**	**–216,736**
Cash at the end of the period			
Change in cash (continuing operations)		5,074	15,268
Change in cash (discontinued operations)		–1,837	3,445
Cash at the beginning of the period (continuing operations)		98,529	83,261
Cash at the beginning of the period (discontinued operations)		5,167	1,722
Cash at the end of the period (continuing operations)		**103,603**	**98,529**
Cash at the end of the period (discontinued operations)		**3,330**	**5,167**
Composition of cash			
Cash (continuing operations)		103,603	98,529
Cash (discontinued operations)		3,330	5,167
Cash at the end of the period		**106,933**	**103,696**

[1] Restated retrospectively due to the purchase price allocations that were finalized after 31 December 2018. See our disclosures on the retrospective restatement of purchase price allocations in note 6.1 to the notes to the consolidated financial statements.
[2] Restated retrospectively due to the classification of the D+S 360° group as a discontinued operation within the meaning of IFRS 5. See our disclosures on the sale of the 50.0% shareholding in the D+S 360° group in note 6.2 to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In EUR k	Subscribed capital
1 Jan 2018	**55,558**
Consolidated profit or loss for the period	0
Other comprehensive income	0
Total comprehensive income	0
Changes in basis of consolidation	0
Share-based payments	614
Effects from changes in ownership interests in subsidiaries without loss of control	0
Obligation to purchase own equity instruments	0
Dividends	0
31 Dec 2018/1 Jan 2019[1]	**56,172**
Consolidated profit or loss for the period	0
Other comprehensive income	0
Total comprehensive income	0
Changes in basis of consolidation	0
Share-based payments	405
Effects from changes in ownership interests in subsidiaries without loss of control	0
Obligation to purchase own equity instruments	0
Dividends	0
31 Dec 2019	**56,577**

[1] Restated retrospectively due to the purchase price allocations that were finalized after 31 December 2018. See our disclosures on the retrospective restatement of purchase price allocations in note 6.1 to the notes to the consolidated financial statements.

Capital reserves	Retained earnings	Accumulated other comprehensive income Exchange differences on translating foreign operations	Total	Non-controlling interests	Total equity
728,384	**–41,094**	**–86,889**	**655,959**	**15,486**	**671,446**
0	–15,089	0	–15,089	8,278	–6,811
0	–255	79,892	79,637	7,079	86,716
0	–15,344	79,892	64,548	15,357	79,905
0	2,043	0	2,043	–11,296	–9,253
7,157	0	0	7,771	0	7,771
0	–12,455	0	–12,455	–408	–12,864
0	16,885	0	16,885	4,203	21,088
0	–72,546	0	–72,546	–17,031	–89,577
735,541	**–122,511**	**–6,997**	**662,205**	**6,311**	**668,516**
0	68,855	0	68,855	9,263	78,118
0	–2,609	2,198	–411	127	–284
0	66,246	2,198	68,444	9,390	77,834
0	0	0	0	887	887
11,950	0	0	12,355	0	12,355
0	–61,130	0	–61,130	–1,411	–62,541
0	48,434	0	48,434	6,618	55,052
0	–113,053	0	–113,053	–12,111	–125,164
747,491	**–182,013**	**–4,800**	**617,255**	**9,684**	**626,939**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Basis of the consolidated financial statements

1 General

Ströer SE & Co. KGaA, Cologne, is a listed corporation. The Company has its registered office at Ströer Allee 1, 50999 Cologne. It is entered in the Cologne commercial register under HRB no. 86922.

The purpose of Ströer SE & Co. KGaA and the entities included in the consolidated financial statements (the Ströer Group or the Group) 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 large formats and transport media through to digital media.

The consolidated financial statements of Ströer SE & Co. KGaA for fiscal year 2019 have been prepared in accordance with the International Financial Reporting Standards (IFRSs) of the International Accounting Standards Board (IASB) applicable as of the reporting date as adopted by the EU as well as the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB ["Handelsgesetzbuch": German Commercial Code].

These consolidated financial statements cover the period from 1 January 2019 to 31 December 2019. The board of management of Ströer Management SE, Düsseldorf, the general partner of Ströer SE & Co. KGaA, approved the consolidated financial statements on 12 March 2020 for issue to the supervisory board of Ströer SE & Co. KGaA. The supervisory board has the task of reviewing the consolidated financial statements and declaring whether it approves them.

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

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

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

2 Assumptions, accounting estimates and the use of judgment

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

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

Revenue
To estimate the variable consideration in customer contracts, the Group applies the "expected value method" or the "most likely amount method." Given the fact that the customer contracts concluded have similar characteristics, the Group believes the expected value method is the appropriate method to use in estimating the variable consideration. See note 9 for further details.

Leases
In addition to determining an appropriate capitalization rate, the measurement of right-of-use assets and liabilities from leases requires assumptions to be made on additional parameters and the probability and timing of occurrence or inception. See note 35 for further details.

Impairment of goodwill
The annual impairment test for goodwill entails estimating future cash flows and selecting an appropriate capitalization rate. The cash flows are derived from the business planning for the relevant cash-generating units (CGUs). See note 19 for further details.

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

Pension and restoration obligations
In addition to estimating an appropriate capitalization rate, accounting for pension and restoration obligations requires assumptions to be made on additional actuarial parameters and the probability and timing of utilization. See notes 27 and 28 for further details. The expected restoration costs are determined on the basis of service specifications and restoration probabilities over the estimated contractual term of the advertising concessions. The restoration probabilities vary according to the type of the underlying advertising concessions (private vs. municipal concessions). For information on the estimated contractual terms, see note 3, "Significant accounting policies." Due to the fact that provisions are calculated for a large number of different advertising concessions, it would not be meaningful to provide information on sensitivity to significant factors here.

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

3 Significant accounting policies

Revenue and expense recognition
Revenue is mainly generated from the commercialization of advertising faces in the large formats, street furniture and transport product groups as well as the commercialization of online advertising, subscription and e-commerce business and from dialog marketing.

Revenue is recognized when the commercialization is rendered. In relation to out-of-home media, this corresponds to the date on which the advertising is displayed. With regard to the commercialization of online advertising, revenue is recognized when the advertising reaches the advertising customer. It is disclosed net of trade discounts, including agency commissions, outdoor media specialist payments and rebates.

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

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

Subscription revenue is recognized pro rata temporis on the basis of the periods agreed in the subscription agreement.

Revenue from e-commerce business is recognized when control is transferred, i.e., when the goods or services are transferred to the customer.

Revenue is recognized when it is probable that the consideration will be collected. If it is not probable that the consideration will be collected, revenue is only recognized in the amount of payment received, provided the other criteria of IFRS 15 are met. In relation to the right of return in e-commerce business, the relevant revenue and cost of sales have been reduced by the anticipated returns since the introduction of IFRS 15. Revenue from dialog marketing is recognized, depending on the advertising customers' type of contract, when the contract is successfully concluded or already after contact is made with a potential customer.

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

Advertising media owned by third parties are marketed in addition to the Company's own media. Revenue from the commercialization of advertising media for non-group entities is recognized net of the revenue-based lease payments attributable to these transactions provided the Group does not bear an economic risk. Hence, only the agreed sales commissions are disclosed on a net basis under revenue (agent). In its digital advertising business, Ströer usually bears the economic commercialization risk. As a result, such revenue is recognized without deduction of publisher fees (principal).

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

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

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

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

Goodwill and other intangible assets

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

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

Amortization (including write-downs on hidden reserves recognized within the scope of purchase price allocations (PPA)) is based on the following useful lives:

Useful life	In years
Advertising concessions awarded by municipalities	1 to 17
Other advertising concessions	1 to 30
Other intangible assets	1 to 10
Goodwill	indefinite

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

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

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

Capitalized costs mainly include personnel expenses and directly allocable overheads. All capitalized development costs have a finite useful life and are recognized at cost. Amortization is charged using the same useful life for comparable intangible assets acquired. Development costs which do not meet the recognition criteria for capitalization are expensed in the period in which they are incurred.

Property, plant and equipment

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

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

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

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

Depreciation (including write-downs on hidden reserves recognized within the scope of purchase price allocations (PPA)) is based on the following useful lives:

Useful life	In years
Buildings	50
Plant and machinery	5 to 13
Advertising media	4 to 35
Other furniture and fixtures	3 to 15

The costs estimated for the probable dismantling and removal of advertising media at the end of an advertising concession contract are recognized at cost using the components approach. The amount is measured on the basis of the provision recognized for restoration obligations in accordance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets." Under IFRIC 1, changes in the provisions are added to or deducted from the cost of the asset in question in the current period.

The right-of-use assets from leases under IFRS 16 have to be recognized under property, plant and equipment. The amount to be recognized upon initial recognition is based on the present value of the minimum lease payments at that time.

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

Impairment testing
The Ströer Group tests intangible assets and property, plant and equipment for impairment if there is an indication that the asset may be impaired. Goodwill is tested for impairment at least once annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. If the recoverable amount of an asset is less than the carrying amount, the asset is written down to its recoverable amount.

The recoverable amount is the higher of the fair value less costs to sell and value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

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

Leasing
All contracts in the Ströer Group that represent a lease or contain a lease-type arrangement are measured at the present value of minimum lease payments over the underlying period at the date of initial recognition as a financial liability. At the date of initial recognition, a corresponding right of use to the underlying asset is also recognized in the same amount in the relevant category of property, plant and equipment. Variable lease payments which do not depend on an index or a rate in accordance with IFRS 16.27b) are not included in the measurement.

Besides typical rental or lease agreements relating to office buildings or company cars, leases also include the numerous advertising concessions in the Ströer Group's OOH business. They include contracts with cities and municipalities as well as with private property owners. In these contracts, Ströer has the right to install its advertising media on public and private land.

Due to the lease liabilities to be recognized, initial application of the standard led to an increase in financial liabilities by EUR 1,097.9m as of 1 January 2018. At the same time, property, plant and equipment also increased by EUR 1,097.9m as right-of-use assets from leases for movable assets, real estate and advertising locations had to be recognized. In particular, advertising rights contracts at advertising locations in the Ströer Group's OOH business were the reason for the significant increase in total assets in connection with the adoption of the new IFRS 16.

In the income statement, the lease payments are no longer recognized in full as an operating expense but broken down into interest expenses and a principal portion. While the interest expense is presented directly in the finance cost, the depreciation of the right-of-use asset is recognized in the income statement instead of the principal portion; the total principal repayments correspond to the total depreciation over the entire term of the individual lease agreement.

With regard to the statement of cash flows, the interest portion of the lease payments is included in cash flows from operating activities and the principal portion is included in cash flows from financing activities.

Where Ströer has an extension option it is included when determining the lease term provided it is reasonably certain that Ströer will exercise that option. Automatic lease extensions are not taken into account, by contrast, if it is uncertain whether the lessor might give proper notice to terminate the lease before the extension comes into force. The Ströer Group does not exercise the options afforded by IFRS 16 regarding the treatment of leasing arrangements with a term of no more than twelve months and leasing arrangements for low-value assets.

The lease payments are discounted at incremental borrowing rates that are consistent with the term of the lease. These rates are determined on the basis of the incremental borrowing costs which Ströer would have to pay to borrow over a similar term the funds necessary to purchase a similar underlying asset. The practical expedients are exercised by class of underlying asset such that a single incremental borrowing rate is used. Separate incremental borrowing rates were determined for the OOH business in Poland because of the significant IFRS 16 effects there. The yield curve used at the date of initial recognition of a lease is not adjusted in line with changes in the capital market during the term of the lease.

The "identified asset" criterion under IFRS 16.9 is regularly met in the OOH business for both private and public advertising concessions. While the locations of advertising media are usually precisely defined in advertising concession contracts involving private land, the definitive locations are not usually explicitly defined in public advertising concession contracts. However, a building permit and construction work are, as a rule, required for the installation of an OOH advertising medium, which means that the location is clearly defined when the advertising medium is installed at the latest. By contrast, the criteria for a "substantive substitution right" as defined in IFRS 16.B14 are not usually met by advertising concession contracts in the OOH business. This also applies, for example, for the advertising concession contract with Deutsche Bahn, as the displacement of an advertising medium within a railway station must meet extensive building law requirements and the necessary infrastructure (electricity and data lines) must be modified.

Financial assets and liabilities

Financial assets in the Ströer Group are classified as "measured at amortized cost," "measured at fair value through other comprehensive income" or as a financial asset "measured at fair value through profit or loss." With the exception of derivative financial instruments, all financial liabilities are classified as "measured at amortized cost." A financial asset/financial liability is recognized when the reporting entity becomes party to the contractual provisions of the instrument (settlement date). Financial assets not at fair value through profit or loss are measured at costs on the date of acquisition including associated transaction costs that are directly attributable to the acquisition.

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

If future losses are expected for financial assets carried at cost, a write-down to the lower expected realizable value is made. When determining whether future losses are expected, information on the creditworthiness of the counterparty is analyzed. Under the expected credit loss model, both incurred losses as well as losses expected in future periods are recognized. Uncollectible receivables are written off. If the reasons for an impairment loss cease to apply, the impairment loss is reversed as appropriate.

The other investments reported under financial assets are designated as "at fair value through other comprehensive income." Other investments exclusively relate to shares in German limited companies and comparable non-German legal forms. They are recognized at fair value. Any changes to the fair value upon subsequent measurement are recognized in other comprehensive income. The other investments are not reclassified to profit or loss in future periods due to the irrevocable election to recognize the asset through other comprehensive income. Only distributed dividends are recognized in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Other income or losses in connection with the investment are recognized in other comprehensive income and never reclassified to profit or loss. Under the expected credit loss model, both incurred losses as well as losses expected in future periods are recognized.

Financial assets and financial liabilities designated as "at fair value through profit or loss" are derivative financial instruments that are not part of a hedging relationship.

They are measured at fair value and a gain or loss arising from a change in the fair value is recognized in profit or loss. Financial liabilities and trade payables are included under financial liabilities measured "at amortized cost." They are measured at fair value upon initial recognition and at amortized cost subsequently using the effective interest method. The fair value is calculated by discounting the estimated future cash flows at current market interest rates. Current liabilities are stated at the redemption amount or settlement amount. Transaction costs are deducted from cost if they are directly attributable. Non-interest and low-interest-bearing non-current financial liabilities are carried at the present value of estimated future cash flows discounted at the market rate of interest where the effect of the time value of money is material. Liabilities are classified as non-current if they are not due to be settled within twelve months after the reporting date. Trade payables are reported as such in the Ströer Group until they are settled. This also applies to trade payables due in more than one year, irrespective of the parties to the contract.

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

Inventories

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

Deferred taxes

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

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

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

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

Non-current assets and liabilities held for sale

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

Provisions

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

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

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

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

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

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

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

Provisions for onerous losses are recognized if the unavoidable costs of meeting the obligations under the contract which Ströer cannot avoid due to contractual obligations exceed the economic benefits expected to be received under it.

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

Other non-financial assets and liabilities

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

Contingent liabilities

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

Share-based payment

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

For share-based payment transactions in which the terms of the arrangement provide Ströer SE & Co. KGaA with the choice of whether to settle in cash or by issuing shares (see the current stock option plan), the Company assumes that it will settle by issuing shares provided it has not specified anything else and it has not set a precedent. The fair value is therefore measured at the grant date. The fair value is allocated to profit or loss over the vesting period until the claims for share-based payment vest in full and are settled by issuing shares.

Put options

Put options written on shares held by non-controlling interests are presented as a notional acquisition on the reporting date in cases where Ströer is not the beneficial owner (present owner). The adjustment item for these interests recognized in equity is derecognized and a liability in the amount of a notional purchase price liability is recognized instead. The cumulative difference between the derecognized adjustment item and the notional purchase price liability is offset directly against retained earnings. The value of the notional purchase price liability and details on its calculation are presented in note 34.

Overview of selected measurement methods

Line item in the statement of financial position	Measurement method
Assets	
Goodwill	Lower of cost and recoverable amount
Other intangible assets	At (amortized) cost
Property, plant and equipment	At (amortized) cost
thereof right-of-use assets under leases (IFRS 16)	At (amortized) cost
Financial assets	At fair value through other comprehensive income
Trade receivables	At (amortized) cost
Other financial assets	At (amortized) cost
Inventories	Lower of cost and net realizable value
Cash	Nominal value
Equity and liabilities	
Provisions	
Provisions for pensions and similar obligations	Projected unit credit method
Other provisions	Settlement amount
Financial liabilities	At (amortized) cost
thereof lease liabilities (IFRS 16)	At (amortized) cost
thereof conditional liabilities from business acquisitions	Fair value
Trade payables	At (amortized) cost
Other liabilities	Settlement amount

4 Changes in accounting policies

All new and amended standards and interpretations published by the IASB and the IFRIC that are effective for fiscal years beginning on 1 January 2019 and are required to be applied in the EU were applied in preparing the consolidated financial statements.

Changes in accounting policies and accounting estimates

There were no changes in accounting policies or accounting estimates in fiscal year 2019.

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

The following standards and pronouncements by the IASB became effective or were applied for the first time in fiscal year 2019. The specific nature of the amendments meant that they had no or no significant effect on the Group's financial reporting:

- Improvements to IFRSs (collection of amendments for 2015 to 2017) (effective for fiscal years beginning on or after 1 January 2019)
- Amendments to IAS 19 – Plan Amendment, Curtailment or Settlement (effective for fiscal years beginning on or after 1 January 2019)
- Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures (effective for fiscal years beginning on or after 1 January 2019)
- IFRIC 23 – Accounting for Uncertainties in Income Taxes (effective for fiscal years beginning on or after 1 January 2019)

Standards and pronouncements that are not yet effective

The following standards issued or amended by the IASB/IFRIC were not yet effective in the reporting period and have not been applied by the Group to date. First-time application of these standards is not expected to have any significant effects on the assets, liabilities, financial position and financial performance of the Group:

- Amendments due to the IFRS Conceptual Framework (effective for fiscal years beginning on or after 1 January 2020 (endorsed by the EU Commission on 29 November 2019))
- Amendments to IFRS 3 – Definition of a Business (effective for fiscal years beginning on or after 1 January 2020 (not yet endorsed by the EU Commission))
- Amendments to IAS 1 and IAS 8 – Definition of Material (effective for fiscal years beginning on or after 1 January 2020 (endorsed by the EU Commission on 29 November 2019))
- Amendments to IFRS 9, IAS 39 and IAS 7 – Interest Rate Benchmark Reform (effective for fiscal years beginning on or after 1 January 2020 (endorsed by the EU Commission on 15 January 2020))

5 Basis of consolidation

The consolidated financial statements include the financial statements of all significant entities which Ströer SE & Co. KGaA directly or indirectly controls. In addition to Ströer SE & Co. KGaA, a further 108 German and 32 foreign subsidiaries were consolidated as of 31 December 2019 on the basis of full consolidation and five German joint ventures and three associates were included in these consolidated financial statements using the equity method.

The Ströer Group owns more than 50% of the shares in every fully consolidated entity, thus controlling each entity in accordance with IFRS 10 by holding the majority of voting rights in the relevant corporate bodies.

The equity interests are disclosed in accordance with Sec. 16 (4) AktG ["Aktiengesetz": German Stock Corporation Act]. The direct parent company's share is stated in each case and not the effective share.

Fully consolidated entities

			Equity interest in %	
Name	**Registered office**	**Country**	**31 Dec 2019**	**31 Dec 2018**
4EVER YOUNG GmbH	Munich	Germany	75.0	75.0
Adscale Laboratories Ltd.	Christchurch	New Zealand	100.0	100.0
ahuhu GmbH	Unterföhring	Germany	70.0	70.0
Ambient-TV Sales & Services GmbH	Hamburg	Germany	70.0	70.0
andré media Nord GmbH	Munich	Germany	–	100.0
Asam Betriebs-GmbH	Beilngries	Germany	100.0	100.0
Asam GmbH (i.L.)	Beilngries	Germany	51.0	51.0
ASAMBEAUTY GmbH	Unterföhring	Germany	100.0	100.0
Assur Eco Conceil S.A.S.U.	Metz	France	100.0	100.0
Avedo Augsburg GmbH[2]	Augsburg	Germany	100.0	100.0
Avedo Bremerhaven GmbH[2]	Bremerhaven	Germany	100.0	100.0
AVEDO Essen GmbH	Essen	Germany	100.0	100.0
Avedo Frankfurt Oder GmbH[2]	Frankfurt/Oder	Germany	100.0	100.0
AVEDO Gelsenkirchen GmbH	Gelsenkirchen	Germany	100.0	100.0
Avedo Gera GmbH[2]	Gera	Germany	100.0	100.0
Avedo Hamburg GmbH[2]	Hamburg	Germany	100.0	100.0
Avedo Hof GmbH[2]	Hof	Germany	100.0	100.0
Avedo II GmbH	Pforzheim	Germany	100.0	100.0
Avedo Itzehoe GmbH[2]	Itzehoe	Germany	100.0	100.0
Avedo Jena GmbH[2]	Jena	Germany	100.0	100.0
Avedo Köln GmbH	Cologne	Germany	100.0	100.0
Avedo Leipzig GmbH	Leipzig	Germany	100.0	100.0
AVEDO Leipzig West GmbH	Leipzig	Germany	100.0	100.0
Avedo München GmbH	Munich	Germany	100.0	100.0
Avedo Münster GmbH[2]	Münster	Germany	100.0	100.0
Avedo Neubrandenburg GmbH[2]	Neubrandenburg	Germany	100.0	100.0
AVEDO PALMA S.A	Palma de Mallorca	Spain	100.0	100.0
Avedo Rostock GmbH	Rostock	Germany	100.0	100.0
Avedo Rügen GmbH[2]	Lietzow	Germany	100.0	100.0
B.A.B. MaxiPoster Werbetürme GmbH	Hamburg	Germany	100.0	100.0
BHI Beauty & Health Investment Group Management GmbH	Unterföhring	Germany	51.0	51.0

[1] Ströer SE & Co. KGaA holds a direct interest in these entities.
[2] These entities are discontinued operations in accordance with IFRS 5.

Name	Registered office	Country	Equity interest in % 31 Dec 2019	Equity interest in % 31 Dec 2018
BIG Poster GmbH	Stuttgart	Germany	–	100.0
BlowUP Media Belgium BVBA	Antwerp	Belgium	80.0	80.0
BlowUP Media Benelux B.V.	Amsterdam	Netherlands	100.0	100.0
BlowUP Media España S.A.	Madrid	Spain	–	100.0
BlowUP Media GmbH[1]	Cologne	Germany	100.0	100.0
BlowUP Media U.K. Ltd.	London	UK	100.0	100.0
Boojum Kft.	Budapest	Hungary	60.0	60.0
Business Advertising GmbH	Düsseldorf	Germany	65.7	65.7
Business Power GmbH	Düsseldorf	Germany	100.0	100.0
C2E Est S.A.S.U.	Metz	France	–	100.0
C2E Ile de France S.A.S.U.	Metz	France	–	100.0
C2E Nord S.A.S.U.	Metz	France	–	100.0
C2E Ouest S.A.S.U.	Metz	France	–	100.0
C2E Pas-de-Calais S.A.S.U.	Metz	France	–	100.0
C2E Sud-Ouest S.A.S.U.	Metz	France	–	100.0
Conexus AS	Drammen	Norway	–	54.8
Conexus Norge AS	Drammen	Norway	–	100.0
Conexus Vietnam Company Limited	Ho Chi Minh	Vietnam	–	100.0
Content Fleet GmbH	Hamburg	Germany	90.0	100.0
Courtier en Economie d´Energie S.A.S.U.	Metz	France	100.0	100.0
D+S 360° Webservice GmbH[2]	Hamburg	Germany	100.0	100.0
Delta Concept S.a.r.l.	Sassenage	France	55.0	55.0
DERG Vertriebs GmbH	Cologne	Germany	100.0	100.0
DSA Schuldisplay GmbH	Hamburg	Germany	51.0	51.0
DSM Deutsche Städte Medien GmbH	Frankfurt	Germany	100.0	100.0
DSM Krefeld Außenwerbung GmbH	Krefeld	Germany	51.0	51.0
DSM Rechtegesellschaft mbH	Cologne	Germany	100.0	100.0
DSM Werbeträger GmbH & Co. KG	Cologne	Germany	100.0	100.0
DSM Zeit und Werbung GmbH	Cologne	Germany	100.0	100.0
ECE flatmedia GmbH	Hamburg	Germany	75.1	75.1
Edgar Ambient Media Group GmbH (formerly: UAM Media Group GmbH)	Hamburg	Germany	82.4	87.4
Erdbeerlounge GmbH	Cologne	Germany	100.0	100.0
FA Business Solutions GmbH	Würzburg	Germany	50.0	50.0
Fahrgastfernsehen Hamburg GmbH	Hamburg	Germany	100.0	100.0
Foodist GmbH	Hamburg	Germany	–	100.0
grapevine marketing GmbH	Munich	Germany	62.2	50.2
Hamburger Verkehrsmittel-Werbung GmbH	Hamburg	Germany	75.1	75.1
HanXX Media GmbH	Cologne	Germany	51.0	–
iBillBoard Internet Reklam Hizmetleri ve Bilisim Teknolojileri A.S.	Istanbul	Turkey	96.0	96.0
iBillBoard Poland Sp. z.o.o.	Warsaw	Poland	100.0	100.0
Immoclassic S.A.	Luxembourg	Luxembourg	100.0	100.0
Indoor Media Deutschland GmbH	Hamburg	Germany	–	100.0
INFOSCREEN GmbH	Cologne	Germany	100.0	100.0
InnoBeauty GmbH	Unterföhring	Germany	100.0	100.0
Interactive Media CCSP GmbH	Cologne	Germany	94.2	94.2

[1] Ströer SE & Co. KGaA holds a direct interest in these entities.
[2] These entities are discontinued operations in accordance with IFRS 5.

			Equity interest in %	
Name	Registered office	Country	31 Dec 2019	31 Dec 2018
Internet BillBoard a.s.	Ostrava	Czech Republic	100.0	100.0
INTREN Informatikai Tanácsadó és Szolgáltató Kft.	Budapest	Hungary	50.9	50.9
kajomi GmbH	Planegg	Germany	90.0	51.0
Klassenfreunde.ch GmbH	Alpnach	Switzerland	100.0	100.0
Klassträffen Sweden AB	Stockholm	Sweden	100.0	100.0
Kultur-Medien Hamburg GmbH Gesellschaft für Kulturinformationsanlagen	Hamburg	Germany	–	100.0
Linkz Internet Reklam Hizmetleri ve Bilisim Teknolojileri A.S.	Istanbul	Turkey	–	100.0
LSP Digital GmbH & Co. KG	Hamburg	Germany	100.0	–
LSP Digital Management GmbH	Hamburg	Germany	100.0	–
Lunenburg und Partner Media-Service GmbH	Berlin	Germany	–	100.0
M. Asam GmbH	Unterföhring	Germany	100.0	100.0
MBR Targeting GmbH	Berlin	Germany	100.0	100.0
MediaSelect Media-Agentur GmbH	Baden-Baden	Germany	75.1	75.1
Media-Direktservice GmbH	Cologne	Germany	100.0	–
Mercury Beteiligungs GmbH	Leipzig	Germany	85.3	75.0
mYouTime AS	Drammen	Norway	–	64.3
Nachsendeauftrag DE Online GmbH	Cologne	Germany	100.0	60.0
Neo Advertising GmbH	Hamburg	Germany	79.9	79.9
Omnea GmbH	Berlin	Germany	89.4	80.0
OPS Online Post Service GmbH (vormals: T&E Net Services GmbH)	Berlin	Germany	100.0	60.0
optimise-it GmbH	Hamburg	Germany	100.0	100.0
Outsite Media GmbH	Mönchen-gladbach	Germany	51.0	51.0
P.O.S. MEDIA GmbH Gesellschaft für Außenwerbung und Plakatservice	Baden-Baden	Germany	–	100.0
Permodo GmbH	Munich	Germany	100.0	76.0
Plakativ Media GmbH	Munich	Germany	–	100.0
PosterSelect Media-Agentur für Außenwerbung GmbH	Baden-Baden	Germany	75.1	75.1
Ranger Marketing & Vertriebs GmbH	Düsseldorf	Germany	100.0	100.0
Ranger Marketing France S.A.S.U.	Bagneux	France	100.0	100.0
RegioHelden GmbH	Stuttgart	Germany	100.0	100.0
Retail Media GmbH	Cologne	Germany	100.0	100.0
RZV Digital Medya ve Reklam Hizmetleri A.S.	Istanbul	Turkey	–	100.0
Sales Holding GmbH	Düsseldorf	Germany	100.0	100.0
Seeding Alliance GmbH	Cologne	Germany	70.0	70.0
SEM Internet Reklam Hizmetleri ve Danismanlik A.S.	Istanbul	Turkey	100.0	100.0
Service Planet GmbH	Düsseldorf	Germany	100.0	100.0
SF Beteiligungs GmbH	Cologne	Germany	–	87.7
SIGN YOU mediascreen GmbH	Oberhausen	Germany	100.0	100.0
Smartplace GmbH	Düsseldorf	Germany	100.0	100.0
SMD Rechtegesellschaft mbH	Cologne	Germany	100.0	100.0
SMD Werbeträger GmbH & Co. KG	Cologne	Germany	100.0	100.0
SRG Rechtegesellschaft mbH	Cologne	Germany	100.0	100.0
SRG Werbeträger GmbH & Co. KG	Cologne	Germany	100.0	100.0
Statista GmbH	Cologne	Germany	100.0	81.3
Statista Inc.	New York	USA	100.0	100.0
Statista Ltd.	London	UK	100.0	100.0
Statista Pte. Ltd.	Singapore	Singapore	100.0	–

Name	Registered office	Country	Equity interest in % 31 Dec 2019	31 Dec 2018
Statista S.a.r.l.	Paris	France	100.0	100.0
StayFriends GmbH	Berlin	Germany	100.0	100.0
Ströer Content Group GmbH[1]	Cologne	Germany	100.0	100.0
Ströer DERG Media GmbH	Kassel	Germany	100.0	100.0
Ströer Deutsche Städte Medien GmbH	Cologne	Germany	100.0	100.0
Ströer Dialog Group GmbH	Leipzig	Germany	100.0	100.0
STRÖER Dialog Solutions GmbH[2]	Hamburg	Germany	100.0	100.0
STRÖER Dialog Verwaltung Hamburg GmbH[2]	Hamburg	Germany	100.0	100.0
Ströer Digital Commerce GmbH[1]	Cologne	Germany	100.0	100.0
Ströer Digital Group GmbH	Cologne	Germany	100.0	100.0
Ströer Digital International GmbH[1]	Cologne	Germany	100.0	100.0
Ströer Digital Media GmbH	Hamburg	Germany	100.0	100.0
Ströer Digital Operations Sp. z.o.o. (i.L.)	Warsaw	Poland	100.0	100.0
Ströer Digital Publishing GmbH[1]	Cologne	Germany	100.0	100.0
Ströer Digital Services Sp. z.o.o. (i.L.)	Warsaw	Poland	100.0	100.0
Ströer Kulturmedien GmbH	Cologne	Germany	–	100.0
Ströer media brands apps d.o.o. (formerly: MT Mobile Ticketing j.d.o.o.)	Zagreb	Croatia	100.0	100.0
Ströer media brands GmbH	Berlin	Germany	100.0	100.0
Ströer Media Deutschland GmbH[1]	Cologne	Germany	100.0	100.0
Ströer Media Sp. z.o.K.	Warsaw	Poland	100.0	100.0
Ströer Mobile Performance GmbH	Cologne	Germany	–	100.0
Ströer Netherlands B.V.	Amsterdam	Netherlands	100.0	100.0
Ströer Netherlands C.V.	Amsterdam	Netherlands	100.0	100.0
Ströer News Publishing GmbH	Cologne	Germany	100.0	100.0
Ströer Next Publishing GmbH	Cologne	Germany	100.0	100.0
Ströer Performance Group GmbH	Cologne	Germany	100.0	100.0
Ströer Polska Sp. z.o.o.[1]	Warsaw	Poland	100.0	100.0
Ströer Products GmbH	Berlin	Germany	75.0	75.0
Ströer Sales & Services GmbH	Cologne	Germany	100.0	100.0
STRÖER SALES France S.A.S.U.	Bagneux	France	100.0	100.0
Ströer Sales Group GmbH[1]	Cologne	Germany	100.0	100.0
Ströer Social Publishing GmbH	Berlin	Germany	100.0	72.0
Ströer SSP GmbH	Munich	Germany	100.0	100.0
Ströer Venture GmbH[1]	Cologne	Germany	100.0	100.0
Ströer Werbeträgerverwaltungs GmbH	Cologne	Germany	100.0	100.0
stylefruits GmbH	Munich	Germany	100.0	100.0
SuperM&N UG (haftungsbeschränkt)	Cologne	Germany	51.0	51.0
Trombi Acquisition SARL	Paris	France	100.0	100.0
TUBE ONE Networks GmbH	Cologne	Germany	75.0	75.0
Tubevertise GmbH	Cologne	Germany	100.0	100.0
UAM Digital GmbH	Hamburg	Germany	–	100.0
UAM Experience GmbH	Hamburg	Germany	–	100.0
Vendi S.A.S.U.	Paris	France	100.0	100.0
Yieldlove GmbH	Hamburg	Germany	51.0	51.0

[1] Ströer SE & Co. KGaA holds a direct interest in these entities.

[2] These entities are discontinued operations in accordance with IFRS 5.

blowUP media España S.A., Madrid, Conexus AS, Drammen, Conexus Norge AS, Drammen, Conexus Vietnam Company Limited, Ho Chi Minh, Foodist GmbH, Hamburg, Linkz Internet Reklam Hizmetleri ve Bilisim Teknolojileri A.S., Istanbul, mYouTime AS, Drammen, RZV Digital Medya ve Reklam Hizmetleri A.S., Istanbul, SF Beteiligungs GmbH, Cologne, and Ströer Mobile Performance GmbH, Cologne, were sold in the fiscal year. The following entities were acquired by other group entities in intragroup mergers in 2019:

- andré media Nord GmbH, Munich
- BIG Poster GmbH, Stuttgart
- C2E Est S.A.S.U., Metz, France
- C2E Ile de France S.A.S.U., Metz, France
- C2E Nord S.A.S.U., Metz, France
- C2E Ouest S.A.S.U., Metz, France
- C2E Pas-de-Calais S.A.S.U., Metz, France
- C2E Sud-Ouest S.A.S.U., Metz, France
- Indoor Media Deutschland GmbH, Hamburg
- Kultur-Medien Hamburg GmbH Gesellschaft für Kulturinformationsanlagen, Hamburg
- Lunenburg und Partner Media-Service GmbH, Berlin
- Plakativ Media GmbH, Munich
- P.O.S. MEDIA GmbH Gesellschaft für Außenwerbung und Plakatservice, Baden-Baden
- Ströer Kulturmedien GmbH, Cologne
- TESTROOM GmbH, Hamburg
- UAM Digital GmbH, Hamburg
- UAM Experience GmbH, Hamburg

Subsidiaries with a material non-controlling interest

The table below provides financial information on subsidiaries with a material non-controlling interest and, with respect to parents of a subgroup, on the group of entities comprising the subgroup:

			Non-controlling interest in %	
Company/parent of the subgroup	**Registered office**	**Country**	**31 Dec 2019**	**31 Dec 2018**
BHI Beauty & Health Investment group Management GmbH (AsamBeauty	Unterföhring	Germany	49	49
InteractiveMedia CCSP GmbH	Darmstadt	Germany	6	6
Mercury Beteiligungs GmbH (Avedo)	Leipzig	Germany	15	25
Edgar Ambient Media group GmbH	Hamburg	Germany	18	13

The following tables present financial information on subsidiaries and groups of entities with a material non-controlling interest from the Group's perspective (after **consolidation** but excluding put options):

In EUR k	31 Dec 2019	31 Dec 2018
Accumulated balances of material non-controlling interests		
Avedo group	–2,019	–7,353
BHI group (AsamBeauty)	11,794	13,115
InteractiveMedia group	12,909	13,803
EAM group	2,388	1,874

In EUR k	2019	2018
Profits (+)/losses (–) attributable to material non-controlling interests		
Avedo group	2,382	144
BHI group (AsamBeauty)	3,902	4,319
InteractiveMedia group	2,908	2,679
EAM group	1,012	659

The following tables provide summarized financial information on these subsidiaries and groups of entities. All figures are presented **before elimination of intercompany balances, intercompany income and expenses and intercompany profits and losses**, as well as before taking into account any put options for shares held by non-controlling interests.

Summarized income statements for fiscal years:

2019

In EUR k	Avedo group	BHI group (AsamBeauty)	InteractiveMedia group	EAM group
Revenue	239,442	117,687	335,487	53,029
Cost of sales	–195,172	–64,644	–297,046	–31,459
Selling and administrative expenses	–32,482	–45,986	–54,671	–19,546
Other operating result	–691	4,233	16,947	–193
Financial result	586	188	662	255
Profit or loss before taxes	**11,683**	**11,478**	**1,378**	**2,085**
Income taxes	169	–853	278	–703
Post-tax profit or loss	**11,852**	**10,625**	**1,656**	**1,382**
Total comprehensive income	**11,852**	**10,625**	**1,656**	**1,382**
Thereof attributable to non-controlling interests	1,742	5,206	96	243
Dividends paid to non-controlling interests	838	5,310	440	431

2018

In EUR k	Avedo group[1]	BHI group (AsamBeauty)	InteractiveMedia group	EAM group
Revenue	197,753	97,753	302,336	49,099
Cost of sales	–168,293	–55,220	–265,508	–32,301
Selling and administrative expenses	–30,772	–34,671	–58,172	–15,967
Other operating result	7,969	2,800	21,578	1,551
Financial result	–3,119	369	–495	–247
Profit or loss before taxes	**3,538**	**11,030**	**–261**	**2,135**
Income taxes	–540	447	1,101	510
Post-tax profit or loss	**2,998**	**11,477**	**840**	**2,645**
Total comprehensive income	**2,998**	**11,477**	**840**	**2,645**
Thereof attributable to non-controlling interests	750	5,624	49	333
Dividends paid to non-controlling interests	521	5,033	1,312	0

[1] Due to the classification of the D+S 360° group as a discontinued operation within the meaning of IFRS 5, the figures for D+S 360° group were retrospectively eliminated from the figures for the Avedo group.

Summarized statements of financial position as of:

31 Dec 2019

In EUR k	Avedo group	BHI group (AsamBeauty)	InteractiveMedia group	EAM group
Non-current assets	379,276	61,031	286,682	17,413
Current assets	298,575	69,069	225,322	18,587
Non-current liabilities	259,151	4,597	14,677	8,781
Current liabilities	229,666	69,605	217,714	19,064
Equity	**189,035**	**55,897**	**279,613**	**8,156**
Thereof attributable to:				
Owners of the parent	161,247	28,508	263,395	6,720
Non-controlling interests	27,788	27,389	16,218	1,436

31 Dec 2018

In EUR k	Avedo group	BHI group (AsamBeauty)	InteractiveMedia group	EAM group
Non-current assets	417,750	58,350	301,025	19,264
Current assets	179,086	57,796	194,428	14,080
Non-current liabilities	266,942	4,648	24,354	10,312
Current liabilities	211,305	52,841	191,004	15,256
Equity	**118,589**	**58,658**	**280,095**	**7,777**
Thereof attributable to:				
Owners of the parent	88,942	29,916	263,850	6,797
Non-controlling interests	29,647	28,742	16,245	980

Summarized statements of cash flows:

31 Dec 2019

In EUR k	Avedo group	BHI group (AsamBeauty)	InteractiveMedia group	EAM group
Operating activities	19,143	9,060	31,733	7,504
Investing activities	–3,377	–8,840	–24,564	–2,603
Financing activities	246	–317	7	–300
Total net cash flow	**16,012**	**–96**	**7,176**	**4,600**

31 Dec 2018

In EUR k	Avedo group[1]	BHI group (AsamBeauty)	InteractiveMedia group	EAM group
Operating activities	12,023	4,552	28,844	3,186
Investing activities	–3,636	–2,815	–30,952	–1,022
Financing activities	–1,391	–12,106	3	–1,016
Total net cash flow	**6,996**	**–10,368**	**–2,104**	**1,148**

[1] Due to the classification of the D+S 360° as a discontinued operation within the meaning of IFRS 5, the figures for the D+S 360° group were retrospectively eliminated from the figures for the Avedo group.

Joint ventures

The following joint ventures are mainly engaged in the commercialization of out-of-home media. The Group's investments in these joint ventures are accounted for in these consolidated financial statements using the equity method.

Name	Registered office	Country	Equity interest in % 31 Dec 2019	31 Dec 2018
DSMDecaux GmbH	Munich	Germany	50	50
mediateam Werbeagentur GmbH/ Ströer Media Deutschland GbR	Berlin	Germany	50	50
Trierer Gesellschaft für Stadtmöblierung mbH (i.L.)	Trier	Germany	50	50
X-City Marketing Hannover GmbH	Hanover	Germany	50	50
OS Data Solutions GmbH & Co. KG	Hamburg	Germany	50	–

The following tables provide financial information on DSMDecaux GmbH, XCity Marketing Hannover GmbH and the other joint ventures taken from these entities' separate financial statements, which were prepared in accordance with IFRSs, and a reconciliation of this information to the carrying amounts of the investments in these joint ventures:

31 Dec 2019

In EUR k	DSMDecaux GmbH	X-City Marketing Hannover GmbH	Other joint ventures	Total
Non-current assets	28,956	33,664	32	62,652
Current assets	15,039	7,923	3,468	26,430
Non-current liabilities	22,482	24,052	702	47,236
Current liabilities	5,962	6,125	882	12,969
Equity	**15,552**	**11,410**	**1,915**	**28,877**
Group's share in equity	50%	50%	50%	50%
Group's share in equity	**7,776**	**5,705**	**958**	**14,439**
Residual carrying amount of the allocated hidden reserves, net of deferred taxes	3,103	0	0	3,103
Goodwill	4,458	1,479	288	6,225
Carrying amount of the investments in equity method investees	**15,337**	**7,184**	**1,246**	**23,767**

31 Dec 2018

In EUR k	DSMDecaux GmbH	X-City Marketing Hannover GmbH	Other joint ventures	Total
Non-current assets	29,448	35,139	542	65,129
Current assets	14,194	4,636	1,601	20,431
Non-current liabilities	22,825	25,468	116	48,409
Current liabilities	6,667	5,420	250	12,337
Equity	**14,151**	**8,886**	**1,777**	**24,814**
Group's share in equity	50%	50%	50%	50%
Group's share in equity	**7,075**	**4,443**	**889**	**12,407**
Residual carrying amount of the allocated hidden reserves, net of deferred taxes	3,903	0	0	3,903
Goodwill	4,458	1,479	288	6,225
Carrying amount of the investments in equity method investees	**15,436**	**5,922**	**1,177**	**22,535**

2019

In EUR k	DSMDecaux GmbH	X-City Marketing Hannover GmbH	Other joint ventures	Total
Revenue	26,917	14,995	2,806	44,718
Cost of sales	–6,157	–7,243	–1,148	–14,548
Selling and administrative expenses	–1,849	–3,842	–1,500	–7,191
Other operating result	227	754	113	1,094
Financial result	–480	–551	–6	–1,037
Profit or loss before taxes	**18,658**	**4,113**	**265**	**23,036**
Income taxes	–6,368	–1,590	–37	–7,995
Post-tax profit or loss	**12,290**	**2,523**	**228**	**15,041**
Group's share in profit or loss	**6,145**	**1,262**	**114**	**7,521**
Amortization/depreciation of hidden reserves	–1,185	0	0	–1,185
Deferred taxes affecting profit or loss	385	0	0	385
Share in profit or loss of equity method investees	**5,345**	**1,262**	**114**	**6,721**

2018

In EUR k	DSMDecaux GmbH	X-City Marketing Hannover GmbH	Other joint ventures	Total
Revenue	24,354	12,700	1,008	38,062
Cost of sales	–6,099	–6,873	–554	–13,526
Selling and administrative expenses	–1,872	–3,629	–172	–5,672
Other operating result	46	383	21	449
Financial result	–503	–561	–3	–1,067
Profit or loss before taxes	**15,925**	**2,020**	**300**	**18,245**
Income taxes	–5,280	–714	–71	–6,065
Post-tax profit or loss	**10,645**	**1,307**	**229**	**12,180**
Group's share in profit or loss	**5,322**	**653**	**114**	**6,090**
Amortization/depreciation of hidden reserves	–1,185	0	0	–1,185
Deferred taxes affecting profit or loss	385	0	0	385
Share in profit or loss of equity method investees	**4,522**	**653**	**114**	**5,290**

The "shares in equity method investees" disclosed in the consolidated statement of financial position include the shares in associates in addition to these shares in joint ventures. The shares in profit or loss of equity method investees disclosed in the consolidated income statement also include the shares in associates in addition to these shares in joint ventures. For more information see the section "Associates."

The Group received a gross dividend of EUR 5,444k from DSMDecaux GmbH in the fiscal year (prior year: EUR 5,509k). Cost of sales and selling and administrative expenses include amortization and depreciation of EUR 3,329k (prior year: EUR 2,881k). In the fiscal year and in 2018, there were no contingent liabilities or capital commitments.

The Group received a gross dividend of EUR 0k from X-City Marketing Hannover GmbH in the fiscal year (prior year: EUR 500k). Cost of sales and selling and administrative expenses include amortization and depreciation of EUR 4,015k (prior year: EUR 3,903k). In the fiscal year and in 2018, there were no contingent liabilities or capital commitments.

The Group received a gross dividend of EUR 47k from the other joint ventures in the fiscal year (prior year: EUR 59k). In the fiscal year and in 2018, there were no contingent liabilities or capital commitments.

Associates

The following associates are accounted for in the consolidated financial statements using the equity method and are insignificant for the Ströer Group:

			Equity interest in %	
Name	Registered office	Country	31 Dec 2019	31 Dec 2018
Beauty Mates GmbH	Alling	Germany	40	40
eValue 2nd Fund GmbH (i.L.)[1]	Berlin	Germany	33	33
Instytut Badán Outdooru IBO Sp. z.o.o.	Warsaw	Poland	50	50
OSD Holding Pte. Ltd	Singapore	Singapore	–	36

[1] Ströer SE & Co. KGaA holds a direct interest in this entity.

The carrying amount of the associates accounted for using the equity method is EUR 1,322k (prior year: EUR 1,684k).

The share in profit or loss of associates accounted for using the equity method is EUR 144k (prior year: EUR –177k).

6 Significant business combinations and sales

6.1 Business combinations

Transactions involving a change in control

Media-Direktservice GmbH

With effect as of 20 May 2019, the Ströer Group acquired the remaining 74.9% of the shares in Media-Direktservice GmbH, Cologne. The entity's purpose is the sale of out-of-home and online advertising, including the provision of websites and directory entries. This entity rounds out the services in the OOH Media segment. The provisional purchase price for the shares, including the redemption of financial liabilities, comes to EUR 7.9m. The purchase price was paid by bank transfer. It could increase by up to EUR 3.5m in the next two years as a result of contractual adjustment clauses (earn-out arrangements based on revenue and EBIT as well as potential structural adjustments by the purchaser). Remeasurement of the shares held before the business combination led to a EUR 2.2m increase in fair value. This increase is recognized under other operating income.

The following table shows the consolidated provisional fair values of the assets acquired and liabilities assumed from Media-Direktservice GmbH at the acquisition date:

In EUR k	Carrying amount at acquisition date	Adjustment from the purchase price allocation	Carrying amount in Ströer's consolidated statement of financial position
Intangible assets	0	2,866	2,866
Property, plant and equipment	396		396
Deferred tax assets	1,003		1,003
Trade receivables	2,827		2,827
Other non-financial assets	17		17
Cash	893		893
Deferred tax liabilities	0	930	930
Other provisions	29		29
Financial liabilities	4,342		4,342
Trade payables	65		65
Other liabilities	89		89
Net assets acquired	611	1,936	2,547

The carrying amounts of the acquired receivables and the other non-financial assets are equivalent to their respective fair values. The fair value of the receivables acquired is the best estimate for the expected cash flows from these receivables.

Due to the scope and complexity of the business processes, the purchase price allocation is still provisional in relation to the identification and measurement of the fair value of the assets acquired and liabilities assumed. Hence, the fair values of the assets acquired and liabilities assumed as well as goodwill may be adjusted. The intangible assets previously identified comprise the customer base of advertising customers for the regional business of Media-Direktservice GmbH with a useful life of four years.

The measurement of the earnout liability is also provisional due to the scope and complexity of the business processes.

The goodwill is based on the positive prospects of generating additional cash flows by leveraging further synergies.

The goodwill is allocated to the OOH Media segment. It was calculated using the purchased goodwill method as follows:

In EUR k	
Purchase price including the redemption of shareholder loans	7,861
Contractually agreed contingent purchase price payments in subsequent periods	3,500
Acquisition-date fair value of the previously held equity interest	2,233
Net assets acquired	2,547
Goodwill	11,047

Other business combinations
In addition to the acquisition presented above, the Ströer Group acquired shares in TESTROOM GmbH (75.0%), HanXX Media GmbH (51.0%) and LSP Digital GmbH & Co. KG plus its general partner (both 100.0%) in the fiscal year. Furthermore, Amirage was acquired in an asset deal.

After acquiring a 75.0% shareholding, TESTROOM GmbH was merged into Content Fleet GmbH in return for the issue of new shares. In this context, the non-controlling shareholder of TESTROOM GmbH exchanged its outstanding shares for new shares in Content Fleet GmbH. There are call and put options on these new shares that can be exercised in the coming years provided that certain defined conditions are met.

The purchase price allocations are still provisional in relation to the identification and measurement of assets and liabilities at fair value for TESTROOM GmbH, HanXX Media GmbH and LSP Digital GmbH & Co. KG. Hence, the fair values of the assets acquired and liabilities assumed as well as goodwill may be adjusted in terms of the provisional purchase price allocations. The purchase price allocation is final for Amirage.

While the goodwill of TESTROOM GmbH and LSP Digital GmbH & Co. KG is allocated to the Digital OOH & Content segment, the goodwill of HanXX GmbH is allocated to the OOH Media segment. The goodwill of Amirage is allocated to the Direct Media segment. The goodwill acquired in 2019 from four transactions was calculated in each case using the purchased goodwill method as follows:

In EUR k	
Purchase price including the redemption of financial liabilities	7,564
Non-controlling interests	548
Net assets acquired	5,545
Goodwill	2,567

The goodwill is based on the positive prospects of generating additional cash flows by leveraging further synergies in line with the growth strategy of the Ströer Group for the Digital OOH & Content, Out-of-Home Media and Direct Media segments.

Summary information
The contractually agreed purchase prices for acquisitions involving a change in control totaled EUR 18,925k (prior year: EUR 78,791k) including payments in subsequent periods (excluding the adjustment of earnout payments) and redemption of financial liabilities. In the fiscal year, the acquisitions gave rise to transaction costs of EUR 526k which were reported under administrative expenses.

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

In EUR k	2019	2018
Total amount of purchase prices including the redemption of shareholder loans	–15,426	–70,180
Total amount of the redemption of bank and other loans	0	–3,560
Total cash acquired	1,238	4,870
Change in cash for acquisitions in prior years	0	–1,568
Net cash outflow from business combinations	–14,188	–70,438

The aggregate increases in the asset and liability items are shown below. Please note that some of the purchase price allocations for 2019 are still provisional:

In EUR k	2019	2018
Internally generated intangible assets	0	270
Other intangible assets	5,533	23,744
Property, plant and equipment	2,446	18,897
Financial assets	0	8
Deferred tax assets	1,003	3,877
Inventories	387	325
Trade receivables	5,018	41,964
Other financial assets	100	1,891
Other non-financial assets	339	2,670
Income tax assets	32	123
Cash	1,238	4,870
Other provisions	535	5,291
Deferred tax liabilities	1,702	7,319
Financial liabilities	4,592	34,350
Trade payables	368	22,091
Other liabilities	765	7,740
Income tax liabilities	43	718
Net assets acquired	8,092	21,130

The assets acquired and the liabilities assumed of all the newly acquired entities and their goodwill were allocated in accordance with their respective integration in the Ströer Group to the cashgenerating units “Out-of-Home Media” (HanXX GmbH and Media-Direktservice GmbH), “Digital OOH & Content” (TESTROOM GmbH and LSP Digital GmbH & Co. KG) and “Direct Media” (Amirage).

Since control was obtained in each case, the entities acquired in fiscal year 2019 have contributed the following revenue and post-tax profit or loss which are included in the consolidated income statement:

In EUR k	Revenue	Post-tax profit or loss
Media-Direktservice GmbH	0	–1,163
Other business combinations	3,636	583
Total	**3,636**	**–580**

Media Direktservice GmbH generated internal revenue of EUR 1.9m in fiscal year 2019.

The effect on the Group’s revenue and post-tax profit or loss in the consolidated financial statements had all the entities acquired in 2019 been fully consolidated as of 1 January 2019 is presented below. The amounts shown also reflect the effects of the provisional purchase price allocations for the entities acquired in fiscal year 2019.

In EUR k	Revenue	Post-tax profit or loss from continuing operations
1 Jan to 31 Dec 2019	1,593,885	119,703

Transactions not involving a change in control

Statista GmbH

In connection with a put option by non-controlling interests, the Ströer Group acquired the remaining 18.7% of the shares in Statista GmbH as of 1 April 2019. The purchase price was EUR 29.9m and was settled by bank transfer.

Permodo GmbH

In connection with a put option by non-controlling interests, the Ströer Group also acquired the remaining 24.0% of the shares in Permodo GmbH as of 2 April 2019. The purchase price was EUR 22.1m and was settled by bank transfer.

Other transactions not involving a change in control

Other transactions not involving a change in control were of marginal importance individually.

Summary information

These acquisitions were presented as transactions between shareholders in accordance with IFRS 10. The corresponding accounting effects are presented in the following table.

In EUR k	
Total purchase prices	62,874
Non-controlling interests	1,744
Change in consolidated equity held by owners of Ströer SE & Co. KGaA	–61,130

The transactions mainly affected the consolidated retained earnings of the owners of Ströer SE & Co. KGaA.

Retrospective restatement of purchase price allocations

C2E group

The purchase price allocation has now been finalized in relation to the measurement of the assets and liabilities of the C2E group acquired in 2018. The adjustment of the purchase price allocation had the following effects on the statement of financial position as of 13 August 2018 (acquisition date) and the income statement for 2018:

In EUR k	Carrying amount at acquisi-tion date	Adjustment from the purchase price allocation	Carrying amount in Ströer's consolidated statement of financial
Intangible assets	18	3,850	3,868
Property, plant and equipment	470		470
Trade receivables	1,280		1,280
Other financial assets	557		557
Other non-financial assets	53		53
Cash	2,370		2,370
Deferred tax liabilities	0	1,271	1,271
Other provisions	188		188
Financial liabilities	758		758
Trade payables	878		878
Other liabilities	365		365
Income tax liabilities	89		89
Net assets acquired	2,470	2,579	5,049

In EUR k	2018 adjusted	2018 initial
Cost of sales	6,002	5,553
Income taxes	–172	–24

The intangible assets mainly comprise the customer base with a fair value of EUR 3.9m and a useful life of five years.

The goodwill was calculated using the purchased goodwill method as follows:

In EUR k	13 Aug 2018 adjusted	13 Aug 2018 initial
Purchase price including the redemption of shareholder loans	9,400	9,400
Contractually agreed purchase price payments in subsequent periods	5,565	5,565
Net assets acquired (acquisition date)	2,470	2,470
Net assets acquired (purchase price allocation)	2,579	0
Goodwill	9,916	12,495

The goodwill is based on the positive prospects of expanding the current customer base and thereby generating additional cash flows through heightened market penetration. The goodwill is allocated to the "Dialog Marketing" cashgenerating unit.

Additional purchase price allocations

The purchase price allocations have now been finalized in relation to the measurement of the assets and liabilities of the following entities acquired in 2018:

- Lunenburg und Partner Media-Service GmbH
- P.O.S. MEDIA GmbH Gesellschaft für Aussenwerbung und Plakatservice
- optimise-it GmbH
- FA Business Solutions GmbH
- SuperM&N UG
- BIG Poster GmbH

On finalizing the purchase price allocations, mainly internally generated intangible assets of EUR 5,299k and the related deferred taxes were identified. The internally generated intangible assets mainly comprise customer bases and internally developed software. The useful life is four years in each case.

The goodwill of each of the acquired entities was calculated using the purchased goodwill method as follows:

In EUR k	Adjusted	Initial
Purchase price including the redemption of shareholder loans	16,657	16,754
Non-controlling interests	473	–35
Net assets acquired	4,753	1,101
Goodwill	12,377	15,618

The goodwill of optimise-it GmbH is allocated to the Dialog Marketing cash-generating unit whereas the goodwill of all other acquisitions is allocated to the Ströer Germany cash-generating unit. The acquired entities are nearly all in an early development stage which can be profitably expanded by Ströer.

Business combinations after the reporting date

No significant business combinations took place after the reporting date.

6.2 Business sales

Transactions involving a change in control

See our comments in note 5 with regard to the operations sold in fiscal year 2019.

In 2018, Ströer SE & Co. KGaA sold its entire holding in the Turkish subsidiary Ströer Kentvizyon Reklam Parzlama A.S., Istanbul, Turkey. In the reporting year, an outstanding loan receivable from the buyer was written off by EUR 4.0m and this impairment was reported under profit or loss from discontinued operations.

Business sales after the reporting date

D+S 360° group

With effect as of 24 January 2020, the Ströer Group sold a total of 50.0% of the shares in the D+S 360° group. The final purchase price for these shares is EUR 0.0m. This step reflects the Ströer Group's structural optimizations in the Direct Media segment.

Against this backdrop, Ströer Dialog Verwaltung Hamburg GmbH, Hamburg (formerly D+S communication center management GmbH), and its 13 subsidiaries were classified as discontinued operations for the first time as of 31 December 2019. The prioryear figures from the consolidated income statement and the consolidated statement of cash flows were adjusted accordingly to present the discontinued operations separately from continuing operations.

The loss from the discontinued operation is calculated as follows:

In EUR k	2019	2018
Revenue	79,837	74,943
Expenses	–91,695	–76,556
Loss before taxes	**–11,858**	**–1,613**
Income taxes	–934	347
Post-tax profit or loss	**–12,792**	**–1,267**
Loss from the sale of the discontinued operation	–24,745	0
Income taxes on profit from the sale of the discontinued operation	0	0
Loss from the sale of the discontinued operation, net of taxes	**–37,537**	**–1,267**
Basic earnings per share (EUR)	–0.64	–2.17
Diluted earnings per share (EUR)	–0.64	–2.17

EUR 32,007k (prior year: EUR 1,080k) of the loss from the discontinued D+S 360° group of EUR 37,537k (prior year: EUR 1,267k) is attributable to the owners of the parent. EUR 104,862k (prior year: EUR 106,030k) of the profit from continuing operations of EUR 119,655k (prior year: EUR 114,495k) is attributable to the owners of the parent.

The following overview shows the composition of the reclassified statement of financial position items of the D+S 360° group:

In EUR k	2019
Intangible assets	194
Deferred tax assets	1,027
Inventories	79
Trade receivables and other receivables	20,146
Cash	3,330
Trade payables and other liabilities	24,776
Net assets	**0**

7 Consolidation principles

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

Subsidiaries are fully consolidated from the date of acquisition, i.e., the date on which the Group obtains control. Control within the meaning of IFRS 10, "Consolidated Financial Statements" is achieved when Ströer is exposed, or has rights, to variable returns from the subsidiary and has the ability to affect those returns through its power over the subsidiary. Consolidation ends as soon as the parent ceases to have control.

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

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

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

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

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

Non-controlling interests in equity and profit or loss are recognized in a separate item under equity.

If additional interests are acquired or sold in fully consolidated entities, this difference is directly set off against equity.

A joint venture is defined as a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Under IFRS 11, the question of whether legal or beneficial rights to net assets are held is assessed on the basis of the contractual relationships (e.g., articles of incorporation and bylaws, shareholder agreements, exchange of goods and services) between the vehicle and its partners. Joint ventures and associates are consolidated using the equity method. In the income statement, the Group's share in the profit or loss of associates and joint ventures is stated in earnings before financial result and taxes. Changes in the other comprehensive income of these investees are reflected in the Group's other comprehensive income.

Significant investments in which the Ströer Group holds between 20% and 50% of the shares and over which it can therefore exercise significant influence are accounted for in accordance with the equity method. This involves recognizing the interests in an associate in the statement of financial position at the cost of the acquisition plus the changes in the Group's share in the net assets of the associate arising since its acquisition. The Group's share in the profit or loss of an associate is presented in the income statement. This is the profit after taxes attributable to the owners of the associate.

Other investments are classified as fair value through other comprehensive income pursuant to IFRS 9.

8 Currency translation

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

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

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

Exchange rate effects from intragroup loans are recorded in other comprehensive income if the loans meet the criteria of a net investment as defined by IAS 21.

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

		Closing date		Weighted average rate	
	Currency	31 Dec 2019	31 Dec 2018	2019	2018
Switzerland	CHF	1.0854	1.1269	1.1124	1.1546
Czech Republic	CZK	25.4080	25.7240	25.6685	25.6421
UK	GBP	0.8508	0.8945	0.8769	0.8847
Hungary	HUF	330.5300	320.9800	325.0271	318.6405
Poland	PLN	4.2568	4.3014	4.2973	4.2598
Sweden	SEK	10.4468	10.2548	10.5846	10.2533
Singapore	SGD	1.5111	1.5591	1.5271	1.5925
Turkey	TRY	6.6843	6.0588	6.3513	5.5697
USA	USD	1.1234	1.1450	1.1195	1.1804

NOTES TO THE CONSOLIDATED INCOME STATEMENT

9 Revenue

Revenue breaks down as follows:

In EUR k	2019	2018
Revenue from the provision of services in the wider sense	1,474,725	1,394,599
Revenue from the sale of products	116,420	113,184
Total	**1,591,145**	**1,507,783**

See the disclosures under segment information for a breakdown of revenue by segment. Revenue from the sale of products is mainly generated in the Direct Media segment and is recognized for a given date while revenue from services is recognized for a given period.

The Group's customer bases are shaped by short lead times and bookings. As a result, the order backlog is mainly short term as of the reporting date.

Revenue includes income of EUR 16,595k (prior year: EUR 12,861k) from barter transactions. As of the reporting date, outstanding receivables and liabilities from barter transactions amounted to EUR 9,178k (prior year: EUR 2,524k) and EUR 4,945k (prior year: EUR 1,855k), respectively.

10 Cost of sales

Cost of sales includes all costs which were incurred in connection with the sale of products and provision of services and breaks down as follows:

In EUR k	2019	2018
Amortization, depreciation and impairment losses	312,439	295,982
Personnel expenses	156,392	140,714
Rental, lease and royalty payments	81,100	111,299
Other cost of sales	462,231	424,712
Total	**1,012,162**	**972,708**

11 Selling expenses

Selling expenses include all direct selling expenses and sales overheads incurred. They can be broken down into:

In EUR k	2019	2018
Personnel expenses	153,863	135,818
Amortization, depreciation and impairment losses	11,442	10,000
Other selling expenses	79,710	77,962
Total	**245,015**	**223,780**

The non-capitalizable components of product development costs are recognized in the income statement under selling expenses and amounted to EUR 1,173k (prior year: EUR 1,594k) in the reporting period.

12 Administrative expenses

Administrative expenses include the personnel and non-personnel expenses as well as amortization, depreciation and impairment losses relating to all administrative areas which are not connected with technology, sales or product development. Administrative expenses break down as follows:

In EUR k	2019	2018
Personnel expenses	100,213	91,807
Amortization, depreciation and impairment losses	34,830	35,260
Other administrative expenses	50,260	45,280
Total	**185,303**	**172,347**

13 Other operating income

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

In EUR k	2019	2018
Income from the reversal of earn-out liabilities	0	6,715
Income from the reversal of provisions and derecognition of liabilities	7,827	11,057
Income from the reversal of bad debt allowances	2,437	1,796
Income from the disposal of property, plant and equipment and intangible assets	1,511	680
Income from services	1,434	1,676
Income from exchange differences	1,130	1,470
Income from the change in investments	2,233	0
Miscellaneous other operating income	23,045	19,332
Total	**39,617**	**42,726**

Income from the reversal of earnout liabilities in the prior year related in particular to the acquisition of Plakativ Media GmbH (EUR 2,092k) and tubevertise GmbH (EUR 1,910k).

The income from the change in investments stems from the remeasurement of the previously held equity interest in Media-Direktservice GmbH, Cologne.

Income from the reversal of earnout liabilities and from the change in investments was eliminated from the calculation of EBITDA (adjusted).

14 Other operating expenses

Other operating expenses break down as follows:

In EUR k	2019	2018
Expenses related to the recognition of bad debt allowances and derecognition of receivables and other assets	6,429	5,103
Out-of-period expenses	3,653	4,880
Expenses from exchange differences	1,263	2,134
Loss from the disposal of property, plant and equipment and intangible assets	749	786
Miscellaneous other operating expenses	5,653	3,993
Total	**17,746**	**16,895**

Miscellaneous other operating expenses include expenses from the increase in earn-out liabilities of EUR 582k (prior year: EUR 0k). These expenses were adjusted when calculating EBITDA (adjusted).

15 Financial result

The following table shows the composition of the financial result:

In EUR k	2019	2018
Finance income	**2,147**	**2,335**
Interest income from loans and receivables	1,136	1,019
Income from exchange differences on financial instruments	637	556
Other finance income	374	760
Finance cost	**–34,785**	**–35,813**
Unwinding of finance lease liabilities	–20,711	–21,156
Interest expenses from loans and liabilities	–10,360	–9,202
Expenses from exchange differences on financial instruments	–818	–735
Other finance costs	–2,897	–4,720
Financial result	**–32,639**	**–33,478**

Income/expenses from exchange differences on financial instruments contain non-cash exchange gains/losses from the translation of loan arrangements with group entities outside of the eurozone, which do not meet the criteria of a net investment within the meaning of IAS 21.

16 Income taxes

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

In EUR k	2019	2018
Expenses from current income taxes	43,062	35,397
thereof for prior years	1,658	952
Expenses (+)/income (–) from deferred taxes	–17,954	–13,477
thereof for prior years	238	1,199
thereof from temporary differences	–17,917	–19,956
Expense (+)/income (–)	**25,108**	**21,920**

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

2019

In EUR k	Before taxes	Taxes	After taxes
Exchange differences on translating foreign operations	2,369	0	2,369
Actuarial gains and losses	–3,942	1,277	–2,665
Changes in the fair value of financial investments through other comprehensive income	11	0	11
	–1,562	**1,277**	**–284**

2018

<table>
<tr><th>In EUR k</th><th>Before taxes</th><th>Taxes</th><th>After taxes</th></tr>
<tr><td>Exchange differences on translating foreign operations</td><td>88,412</td><td>–1,438</td><td>86,974</td></tr>
<tr><td>Actuarial gains and losses</td><td>–597</td><td rowspan="2">280</td><td rowspan="2">–258</td></tr>
<tr><td>Changes in the fair value of financial investments through other comprehensive income</td><td>58</td></tr>
<tr><td></td><td>87,873</td><td>–1,158</td><td>86,716</td></tr>
</table>

Deferred taxes are calculated on the basis of the applicable tax rates for each country. These range from 9% to 32.625% (prior year: from 9% to 36.125%).

Deferred taxes recognized for consolidation procedures are calculated based on the tax rate of 31.69% (prior year: 31.72%). This comprises corporate income tax of 15%, solidarity surcharge of 5.5% on corporate income tax and average trade tax of 15.865%. If consolidation procedures relate to a foreign subsidiary, the respective country-specific tax rate is applied.

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

	31 Dec 2019		31 Dec 2018	
In EUR k	Assets	Liabilities	Assets	Liabilities
Intangible assets	15,630	81,768	17,706	98,434
Property, plant and equipment	1,380	326,758	1,528	349,199
Financial assets	51	1,590	57	394
Receivables, other financial and non-financial assets	2,000	5,488	5,404	6,015
Pension provisions	6,558	138	5,449	98
Other provisions	4,667	2,671	5,707	1,958
Liabilities	327,303	6,366	344,882	9,995
Deferred taxes on temporary differences	**357,589**	**424,779**	**380,733**	**466,093**
Tax loss and interest carryforwards	31,499	0	31,364	0
Total deferred taxes	**389,088**	**424,779**	**412,097**	**466,093**
Set-offs	–372,798	–372,798	–395,661	–395,661
Carrying amount of deferred taxes	**16,291**	**51,981**	**16,436**	**70,432**

No deferred tax assets were recognized for loss carryforwards of EUR 110,831k (prior year: EUR 130,927k). EUR 109,212k thereof relates to German group entities and EUR 1,619k to foreign group entities. Unused tax losses attributable to consolidated foreign entities for which no deferred tax assets were recognized will largely expire as follows:

Year	Amount in EUR k
2020	0
2021	17
2022	21
2023	9
2024	153
2025	0

Deferred tax assets arising from unused tax losses were recognized in the amount of EUR 35,698k although the entities to which these unused tax losses are attributable generated losses in the fiscal year or prior years and there are insufficient taxable temporary differences. On the basis of the positive tax planning of the entities concerned, partly as a result of restructuring, we assume, however, that we will be able to use these unused tax losses in future periods due to an increase in taxable income.

In accordance with IAS 12, deferred taxes must be recognized on the difference between the share in equity held in subsidiaries recognized in the consolidated statement of financial position and the carrying amount of the equity interest for these subsidiaries recognized in the parent's tax accounts ("outside basis differences") if this difference is expected to be realized. Deferred taxes were recognized in the consolidated financial statements for equity investments if distributions are expected in the near future. Overall, deferred tax liabilities on outside basis differences of EUR 368k (prior year: EUR 346k) were recognized.

For outside basis differences of EUR 60,691k (prior year: EUR 50,733k), no deferred taxes were recognized as Ströer KGaA can control the timing of the reversal of the temporary differences for these equity investments and does not expect them to reverse in the future.

The dividends paid in 2019 for fiscal year 2018 had no income tax consequences. Any dividend payments made in 2020 for fiscal year 2019 will, in all likelihood, not have any income tax consequences either.

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

In EUR k	2019	2018
Earnings before income taxes pursuant to IFRSs	144,763	136,415
Group income tax rate	31.69%	31.72%
Expected income tax expense for the fiscal year	45,875	43,270
Effect of tax rate changes	–260	–186
Trade tax additions/deductions	–25,782	–24,905
Effects of taxes from prior years recognized in the fiscal year	1,896	–2,151
Effects of deviating tax rates	–1,674	148
Effects of tax-exempt income	–3,255	–488
Effects of equity method accounting	–2,160	–1,825
Effects of non-deductible business expenses	10,349	1,960
Effects of non-recognition or subsequent recognition of deferred tax assets	0	0
Recognition and correction of interest and loss carryforwards for tax purposes	223	6,699
Other deviations	–104	–602
Total tax expense (+)/tax income (–)	**25,108**	**21,920**

In 2015, the Ströer Group implemented various process improvements and structural changes in its legal entities. One of the effects of these measures was a considerable reduction in the Group's tax rate.

17 Notes to earnings per share

In EUR k	2019	2018
Basic earnings attributable to the shareholders of Ströer SE & Co. KGaA (continuing operations)	104,862	106,030

In thousands	2019	2018
Weighted average number of ordinary shares issued as of 31 December	56,444	55,878
Effects from subscription rights issued	139	269
Weighted average number of ordinary shares issued as of 31 December (diluted)	56,583	56,146

In 2019, the number of shares increased by 404,700 (prior year: 613,886) to 56,576,571 (prior year: 56,171,871) due to the stock option plan. As a result, earnings per share for 2019 were calculated based on a timeweighted number of shares of 56,443,520 (prior year: 55,877,739).

Earnings per share are subject to a potential dilution due to the stock option plans launched in fiscal years 2015 and 2019 and due to the share price LTI component. We refer to note 26, “Equity.”

18 Other notes

Personnel expenses

Personnel expenses of EUR 410,468k (prior year: EUR 368,339k) are included in the cost of sales, administrative expenses and selling expenses.

The average number of employees in the fiscal year breaks down as follows:

Number	2019	2018
Salaried employees	11,600	11,495
Wage earners	148	191
Total	**11,748**	**11,686**

The number is based on the average number of employees at the end of the four quarters, taking into account their employment relationships. Part-time employees are included in full. Members of management, trainees, interns, pensioners and employees on parental leave are not included.

As of 31 December 2019, the Group had a total headcount (full and part-time employees) of 12,210 (prior year: 12,514). The difference of 462 to the average number above is largely due to the cut-off date of 31 December as the number of employees of the newly acquired companies is not calculated on a time-weighted basis in this assessment. In addition, the difference also results from the inclusion of employees on parental leave, trainees and temporary workers. These employees are not included in the above disclosure in accordance with Sec. 314 (1) No. 4 HGB in conjunction with Sec. 285 No. 7 HGB.

Amortization, depreciation and impairment losses

The amortization, depreciation and impairment losses included in the cost of sales, administrative expenses and selling expenses are shown in notes 10 to 12. The increase in amortization, depreciation and impairment losses by EUR 17,468k to EUR 358,710k is primarily attributable to additional amortization in connection with our business expansion and capitalized development costs.

Currency effects

In the reporting period, net losses of EUR 313k (prior year: EUR 843k) arising from exchange differences were recognized in the income statement; thereof, expenses of EUR 180k (prior year: EUR 179k) was recognized in the financial result.

NOTES TO THE STATEMENT OF FINANCIAL POSITION

19 Intangible assets

The development of intangible assets in the reporting period and in the prior year is presented in the following table.

In EUR k	Rights and licenses	Goodwill	Prepay-ments and projects under development	Own development costs	Acquired technologies	Total
Cost						
Opening balance 1 Jan 2018	**690,364**	**874,572**	**18,712**	**85,453**	**79,556**	**1,748,656**
Change in the consolidated group	–23,354	31,857	39	–3,669	2,092	6,964
Additions	74,191	0	17,868	23,278	0	115,337
Reclassifications	10,807	0	–15,189	5,854	0	1,472
Disposals	–4,908	0	–1,857	–9,188	0	–15,953
Exchange differences	–14,466	–683	-33	–265	–294	–15,741
Closing balance 31 Dec 2018/ opening balance 1 Jan 2019	**732,634**	**905,745**	**19,539**	**101,462**	**81,354**	**1,840,734**
Change in the consolidated group	–5,209	9,125	0	–6,494	–2,888	–5,465
Additions	55,584	0	18,160	23,248	0	96,991
Reclassifications	6,356	0	–13,153	6,827	0	29
Disposals	–12,451	–1,938	–505	–733	0	–15,627
Exchange differences	146	125	0	-43	46	274
Closing balance 31 Dec 2019	**777,060**	**913,058**	**24,041**	**124,267**	**78,511**	**1,916,937**
Amortization and impairment losses/reversals						
Opening balance 1 Jan 2018	**420,221**	**26,431**	**797**	**43,351**	**36,073**	**526,873**
Change in the consolidated group	–36,940	–20,588	0	–3,886	0	–61,414
Amortization and impairment losses	97,796	0	159	23,535	11,956	133,446
Disposals	–560	0	–924	–7,181	0	–8,665
Exchange differences	–10,612	–20	0	–253	–296	–11,181
Closing balance 31 Dec 2018/ opening balance 1 Jan 2019	**469,905**	**5,823**	**32**	**55,567**	**47,733**	**579,060**
Change in the consolidated group	–991	0	0	–7,543	–2,020	–10,554
Amortization and impairment losses	100,680	0	328	24,499	10,712	136,219
Disposals	–12,414	–1,938	–312	–657	0	–15,321
Exchange differences	184	7	0	–91	27	127
Closing balance 31 Dec 2019	**557,364**	**3,893**	**46**	**71,774**	**56,452**	**689,530**
Carrying amount 31 Dec 2018	**262,729**	**899,922**	**19,508**	**45,895**	**33,621**	**1,261,676**
Carrying amount 31 Dec 2019	**219,696**	**909,165**	**23,994**	**52,492**	**22,059**	**1,227,407**

EUR 256k of intangible assets was reclassified under IFRS 5 to non-current assets held for sale (prior year: EUR 453k), with the reclassification mainly relating to own development costs.

In the fiscal year, no material investment grants pursuant to the Investitionszulagengesetz ["InvZulG": German Investment Grant Act] were recognized as a reduction in cost.

Impairment of EUR 10,234k (prior year: EUR 4,659k) was charged on intangible assets (mainly rights and licenses). The impairment loss is mainly included in cost of sales.

All goodwill acquired in business combinations was tested for impairment in the fiscal year.

The table below gives an overview of the allocation of goodwill to cash-generating units as well as the assumptions made in performing the impairment test:

In EUR k	Ströer Germany	Digital OOH & Content	Ströer Poland	Transactions	Dialog-Marketing	BlowUP group
Carrying amount 31 Dec 2018	**108,599**	**554,563**	**5,849**	**101,185**	**117,963**	**11,762**
Change in the consolidated group	11,550	1,864	0	–295	–3,994	0
Exchange rate effects	0	27	61	30	0	0
Carrying amount 31 Dec 2019	**120,149**	**556,454**	**5,910**	**100,920**	**113,970**	**11,762**
Detailed forecast period (in years)	5	5	5	5	5	5
Revenue growth after the forecast period	1% (PY: 1%)	1% (PY: 1%)	1.7% (PY: 1.5%)	1% (PY: 1%)	1% (PY:1%)	1% (PY: 1%)
Interest rate (after taxes)	4.9% (PY: 6.5%)	6.4% (PY: 7.1%)	6.7% (PY: 8.2%)	6.3% (PY: 7.3%)	6.4% (PY: 7.2%)	6.2% (PY: 5.9%)

The recoverable amount of the CGUs has been determined using cash flow forecasts generated as of 30 September of each year based on financial forecasts approved by management.

The development of the EBITDA growth rates at Ströer Germany and Ströer Poland is primarily due to robust demand on the back of a structural shift towards OOH in the advertising markets as well as the increased sales targeting of new regional customer groups. In addition, the shift in the product mix towards higherquality advertising media and the targeted extension of the product offering coupled with ongoing strict cost discipline also contributed to the positive development. The key driver of EBITDA growth in the Digital OOH & Content and Transactions cashgenerating units is the exploitation of solid market growth across broad sections of the business, bolstered by the exploitation of new product formats and technologies. EBITDA growth in Dialog Marketing is driven by moderate market growth, better harnessing of synergies within the segment and improved margin management.

In this regard, the budgeted EBITDA is determined on the basis of detailed forecasts about the expected future market assumptions, income and expenses. The projected growth of EBITDA in the detailed forecast period is closely related to expected advertising investments in the advertising industry, the ongoing development of the competitive situation, the prospects of innovative advertising formats, local inflation rates, the respective prospects for the out-ofhome advertising industry and the expansion investments planned by Ströer in individual segments. These expectations are primarily based on publicly available market data. With regard to the individual cashgenerating units, these expectations lead to average EBITDA growth rates that are – depending on the market environment – in the mid-single digit (Ströer Germany, Ströer Poland, blowUP group, Dialog Marketing) or in the low doubledigit percentage range (Digital OOH & Content, Transactions). In a second step, using the planned investments and working capital changes, EBITDA is transformed into a cash flow forecast. The detailed forecasts are then aggregated into financial plans and approved by management. These financial plans reflect the anticipated development in the forecast period.

For the purpose of performing an impairment test on goodwill, the fair value less costs to sell was classified as the recoverable amount (Level 3 of the fair value hierarchy). The discount rate used for the cash flow forecast was determined on the basis of market data and key performance indicators of the peer group and depends on the economic environment in which the cash flows are generated. As a result, separate interest rates for foreign CGUs were calculated on the basis of local circumstances.

The growth rate used in the terminal value (TV) is determined on the basis of long-term economic expectations and the expectations regarding the inflation trend in each market. To calculate these growth rates, information from central banks, economic research institutes and official statements by the relevant governments is gathered and evaluated.

For each non-impaired cash-generating unit, we conduct a scenario analysis to assess the effect of significant parameters on the need for impairment at the cash-generating units. This is based on the difference between the recoverable amount and the carrying amount.

As the difference between the recoverable amount and the carrying amount is high enough for all of the cash-generating units, no scenario analyses were required in the reporting period.

20 Property, plant and equipment

The development of property, plant and equipment is shown in the following statement of changes in non-current assets.

In EUR k	Land, land rights and buildings	Plant and machinery	Other equipment, furniture and fixtures	Property, plant and equipment (finance lease)	Prepayments made and assets under construction	Total
Cost						
Opening balance 1 Jan 2018	**10,064**	**2,073**	**512,359**	**1,098,118**	**51,498**	**1,674,112**
Change in the consolidated group	355	163	–30,123	3,267	–914	–27,252
Additions	955	425	58,060	120,748	12,468	192,653
Reclassifications	–2	0	13,514	–140	–15,000	–1,628
Disposals	–3,877	–461	–21,312	–3,103	–2,889	–31,641
Exchange differences	–174	23	–12,288	-8,559	–529	–21,526
Closing balance 31 Dec 2018/ opening balance 1 Jan 2019	**7,321**	**2,224**	**520,210**	**1,210,330**	**44,634**	**1,784,718**
Change in the consolidated group	–60	–28	–3,050	–21,637	0	–24,775
Additions	2,246	1,101	40,183	142,335	18,576	204,441
Reclassifications	0	344	17,695	0	–18,068	–29
Disposals	0	–41	–19,154	–15,295	–95	–34,584
Exchange differences	4	0	343	909	63	1,319
Closing balance 31 Dec 2019	**9,511**	**3,600**	**556,227**	**1,316,642**	**45,111**	**1,931,091**
Depreciation and impairment losses/ reversals						
Opening balance 1 Jan 2018	**2,475**	**446**	**310,691**	**65**	**3,579**	**317,257**
Change in the consolidated group	28	70	–18,045	3,195	–263	–15,016
Depreciation and impairment losses	340	500	38,559	168,390	0	207,789
Reclassifications	–2	0	–11	–31	44	0
Write-ups	0	0	0	0	0	0
Disposals	–1,801	-432	–11,997	–1,283	0	–15,513
Exchange differences	–167	24	–7,790	–1,025	–56	–9,013
Closing balance 31 Dec 2018/ opening balance 1 Jan 2019	**873**	**608**	**311,408**	**169,312**	**3,304**	**485,504**
Change in the consolidated group	25	–14	–1,758	–3,949	0	–5,696
Depreciation and impairment losses	405	608	42,961	178,415	104	222,492
Reclassifications	0	–1	24	0	–23	0
Write-ups	0	0	0	–715	0	–715
Disposals	0	–34	–16,167	–1,368	–40	–17,609
Exchange differences	4	0	238	527	30	798
Closing balance 31 Dec 2019	**1,306**	**1,166**	**336,706**	**342,221**	**3,375**	**684,775**
Carrying amount 31 Dec 2018	**6,448**	**1,616**	**208,802**	**1,041,018**	**41,330**	**1,299,214**
Carrying amount 31 Dec 2019	**8,205**	**2,434**	**219,520**	**974,421**	**41,736**	**1,246,316**

EUR 15,806k (prior year: EUR 853k) of property, plant and equipment was reclassified under IFRS 5 to non-current assets held for sale (thereof impairment losses: EUR 15,757k), with the reclassification mainly relating to (finance leases under) property, plant and equipment. For further details on property, plant and equipment (finance lease – IFRS 16), we refer to note 35 in the notes to the consolidated financial statements.

Other plant mainly includes advertising media (carrying amount for the fiscal year: EUR 187,333k (prior year: EUR 172,228k)).

In the fiscal year, investment grants pursuant to the InvZulG totaling EUR 97k (prior year: EUR 287k) were accounted for as a reduction in cost.

EUR 540k (prior year: EUR 334k) was recognized as income from compensation for damage to or destruction of property, plant and equipment.

Impairment of EUR 2,789k (prior year: EUR 3,021k) was charged on property, plant and equipment (mainly for other plant). The impairment loss is mainly included in cost of sales.

21 Trade receivables

Specific bad debt allowances on trade receivables developed as follows:

In EUR k	2019	2018
Impairment at the beginning of the reporting period	**4,341**	**8,901**
Additions (recognized in profit or loss)	3,400	2,480
Reversals (recognized in profit or loss)	–1,545	–1,062
Utilization	–583	–1,323
Exchange differences	127	–475
Change in the consolidated group	0	–4,141
Other changes	54	–39
Impairment at the end of the reporting period	**5,794**	**4,341**

General bad debt allowances on trade receivables developed as follows:

In EUR k	2019	2018
Impairment at the beginning of the reporting period	**1,305**	**1,324**
Additions (recognized in profit or loss)	530	543
Reversals (recognized in profit or loss)	–108	–369
Utilization	–14	–119
Exchange differences	–93	–21
Change in the consolidated group	–2	–89
Other changes	–61	36
Impairment at the end of the reporting period	**1,557**	**1,305**

Within the scope of specific bad debt allowances, write-downs were charged on trade receivables with a gross invoice value of EUR 6,879k as of the reporting date (prior year: EUR 10,383k). Net of specific bad debt allowances of EUR 5,794k (prior year: EUR 4,341k), the carrying amount of these receivables came to EUR 1,085k as of the reporting date (prior year: EUR 6,042k).

Expected losses on the basis of historical loss rates of overdue receivables were taken into account when recognizing general bad debt allowances.

The following table shows the carrying amounts of overdue trade receivables.

	Overdue by				
In EUR k	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	more than 180 days
31 Dec 2019	**22,272**	**9,382**	**3,206**	**3,604**	**1,953**
31 Dec 2018	24,495	6,017	2,340	3,998	4,185

22 Other financial and non-financial assets

A breakdown of non-current other financial and non-financial assets is shown below:

In EUR k	31 Dec 2019	31 Dec 2018
Financial assets		
Other loans	7,680	10,835
Other non-current financial assets	854	4,188
Total	**8,534**	**15,023**
Non-financial assets		
Prepaid expenses	15,141	16,214
Miscellaneous other non-current assets	5,345	6,432
Total	**20,486**	**22,646**

Miscellaneous other non-current (non-financial) assets mainly include capitalized transaction costs which are amortized over the term of the credit facility.

Current other financial and non-financial assets break down as follows:

In EUR k	31 Dec 2019	31 Dec 2018
Financial assets		
Receivables from existing and former shareholders of group entities	30	582
Creditors with debit balances	1,677	1,119
Security deposits	1,545	1,417
Residual purchase price receivables from the disposal of group entities	0	220
Other loans	451	345
Other financial assets	5,102	4,716
Total	**8,806**	**8,398**
Non-financial assets		
Prepaid expenses	15,474	13,838
Tax receivables	16,184	12,366
Other prepayments	1,217	1,160
Receivables from investment grants	153	153
Miscellaneous other assets	2,511	2,701
Total	**35,538**	**30,218**

Impairment of other financial assets measured at amortized cost developed as follows:

In EUR k	2019	2018
Impairment at the beginning of the reporting period	**2,154**	**2,714**
Additions (recognized in profit or loss)	125	286
Reversals (recognized in profit or loss)	–294	–365
Utilization	–33	–482
Other changes	–135	1
Impairment at the end of the reporting period	**1,817**	**2,154**

Specific bad debt allowances with a nominal value of EUR 2,029k were charged on financial assets as of the reporting date (prior year: EUR 2,327k). Net of specific bad debt allowances of EUR 1,817k (prior year: EUR 2,154k), the carrying amount of these receivables came to EUR 212k as of the reporting date (prior year: EUR 173k).

The following table shows the carrying amount of overdue financial assets which have not been written down yet.

	Overdue by				
In EUR k	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	more than 180 days
31 Dec 2019	**684**	**100**	**65**	**121**	**116**
31 Dec 2018	1,094	789	38	275	92

For current financial assets which have not been written down and which are not in default, no losses are expected as of the reporting date.

23 Inventories

In EUR k	31 Dec 2019	31 Dec 2018
Raw materials, consumables and supplies	8,330	7,893
Finished goods and merchandise	8,417	8,868
Prepayments made on inventories	549	1,497
Total	**17,296**	**18,259**

Inventories reported as expenses in the income statement amounted to EUR 8,943k in the fiscal year (prior year: EUR 8,848k). The total of cost of inventories recognized in profit or loss included write-downs to the net realizable value of EUR 179k (prior year: EUR 415k).

24 Cash

In EUR k	31 Dec 2019	31 Dec 2018
Bank balances	103,510	103,552
Cash	93	145
Total	**103,603**	**103,696**

The bank balances include overnight money and time deposits of EUR 439k (prior year: EUR 2,217k). As in the prior year, the interest rates achieved approximated 0.00%.

As of the reporting date, bank balances of EUR 1,398k (prior year: EUR 583k) were subject to short-term restraints on disposal.

25 Non-current assets held for sale and liabilities from assets classified as held for sale

As of the reporting date, the Ströer Group had non-current assets held for sale of EUR 24,277k (prior year: EUR 14,957k) and liabilities directly associated with assets held for sale of EUR 26,656k (prior year: EUR 9,333k).

This separate disclosure is due in part to the sale of the 50.0% interest in the D+S 360° group executed as of 24 January 2020 and the related reclassification to discontinued operations. See note 6.2, "Business sales," for more details.

In addition, in the Digital OOH & Content Media segment, TUBE ONE Networks GmbH was sold for a provisional purchase price of EUR 4.0m as of 31 January 2020. This sale reflects measures to streamline the Group's portfolio.

26 Equity

The development of the individual components of equity in the reporting period and the prior year is presented in the consolidated statement of changes in equity.

Subscribed capital

In fiscal year 2019, the Company's subscribed capital increased by 404,700 to 56,576,571 shares as a result of stock options being exercised. As of 31 December 2019 therefore, subscribed capital is split into 56,576,571 bearer shares of no par value. They have a nominal value of EUR 1 each and are fully paid in.

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

Approved capital 2014

The approved capital 2014 of EUR 12,525,780 expired in fiscal year 2019.

Approved capital 2019

Subject to the approval of the supervisory board, the general partner is authorized to increase the Company's capital stock once or several times until 18 June 2024 by a maximum of EUR 5,652,657.00 in total by issuing up to 5,652,657 new bearer shares of no par value for contributions in cash or in kind (approved capital 2019). The shareholders must be granted a subscription right. The legal subscription right may also be granted such that the new shares are acquired by a bank or an entity active in accordance with Sec. 53 (1) Sentence 1 or Sec. 53b (1) Sentence 1, (7) KWG ["Kreditwesengesetz": German Banking Act] subject to the requirement that they are offered indirectly to shareholders for subscription in accordance with Sec. 186 (5) AktG. However, the general partner is authorized, with the approval of the supervisory board, to exclude the shareholders' legal subscription right for one or several capital increases within the scope of approved capital

(i) in order to exclude fractional amounts from the shareholders' subscription rights
(ii) if the capital increase is made in return for non-cash contributions, especially for – but not limited to – the purpose of acquiring entities, parts of entities or investments in entities;
(iii) if the capital increase is made in return for cash contributions and the issue price of the new shares is not significantly below the market price of shares of the same class and voting rights already listed on the stock market on the date the final issue price is determined in accordance with Sec. 203 (1) and (2) and Sec. 186 (3) Sentence 4 AktG and the portion of capital stock allocable to the new shares issued in accordance with this section (iii) subject to the exclusion of subscription rights pursuant to Sec. 186 (3) Sentence 4 AktG does not exceed 10% of the total capital stock at the time that such authorization becomes effective or is exercised. The portion of capital stock must be credited to this maximum amount, which is attributable to new or treasury shares issued or sold since 19 June 2019 and subject to the simplified exclusion of subscription rights pursuant to or by analogy to Sec. 186 (3) Sentence 4 AktG, as well as the portion of capital stock which is attributable to shares with attaching option and/or convertible bond rights/obligations from debt securities or participation certificates issued since 19 June 2019 applying Sec. 186 (3) Sentence 4 AktG as appropriate; and/or

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

The shares issued under the above authorization subject to the exclusion of shareholder subscription rights in capital increases in return for cash contributions or contributions in kind may not exceed 10% of the capital stock either at the time such authorization becomes effective, or – if this figure is lower – at the time it is exercised. The proportionate amount of the capital stock of those shares which are issued during the term of this authorization under another authorization subject to the exclusion of subscription rights shall be deducted from this maximum amount of 10%. Likewise, rights issued during the term of this authorization until the date of their exercise under other authorizations subject to the exclusion of subscription rights and which carry the ability or obligation to subscribe to the Company's shares shall also be deducted.

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

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

Conditional capital 2013

The capital stock is subject to a conditional increase by a maximum of EUR 812,548.00 by issuing a maximum of 812,548 bearer shares of no par value (conditional capital 2013). This conditional capital increase, however, may not exceed the amount and the number of shares relating to the conditional capital increase pursuant to Art. 6A (1) of the articles of incorporation of Ströer SE which had not yet been carried out on the date the change in the legal form of Ströer SE to a KGaA pursuant to the conversion resolution dated 25 September 2015 took effect. The sole purpose of the conditional capital increase is for the board of management to grant, as authorized by resolution of the shareholder meeting dated 8 August 2013, rights to bearers of stock options under the Stock Option Plan 2013. The conditional capital increase will only be implemented to the extent that the bearers of stock options granted under the authorization of the shareholder meeting on 8 August 2013 and pursuant to the conversion resolution of the shareholder meeting on 25 September exercise these stock options and that the Company does not settle the stock options in cash. The new shares participate in profit from the beginning of the fiscal year for which no resolution on the appropriation of the accumulated profit has been adopted by the shareholder meeting at the time of their issue.

The general partner, having obtained the approval of the supervisory board, is authorized to determine the further details of the conditional capital increase unless stock options and shares are to be granted to members of the general partner's board of management. In that event, the supervisory board will determine the further details of the conditional capital increase. The supervisory board is authorized to amend the articles of incorporation and bylaws to reflect the scope of the capital increase from the conditional capital 2013.

Conditional capital 2015

The capital stock is subject to a conditional increase by a maximum of EUR 2,123,445.00 by issuing a maximum of 2,123,445 bearer shares of no par value (conditional capital 2015). This conditional capital increase, however, may not exceed the amount and the number of shares relating to the conditional capital increase pursuant to Art. 6B (1) of the articles of incorporation of Ströer SE which had not yet been carried out on the date the change in the legal form of Ströer SE to a KGaA pursuant to the conversion resolution dated 25 September 2015 took effect. The sole purpose of the conditional capital increase is for the board of management to grant, as authorized by resolution of the shareholder meeting dated 25 September 2015, rights to bearers of stock options under the Stock Option Plan 2015. The conditional capital increase will only be implemented to the extent that the bearers of stock options granted under the authorization of the shareholder meeting on 25 September 2015 exercise these stock options and that the Company does not settle the stock options in cash. The new shares participate in profit from the beginning of the fiscal year for which no resolution on the appropriation of the accumulated profit has been adopted by the shareholder meeting at the time of their issue.

The general partner, having obtained the approval of the supervisory board, is authorized to determine the further details of the conditional capital increase unless stock options and shares are to be granted to members of the general partner's board of management. In that event, the supervisory board will determine the further details of the conditional capital increase. The supervisory board is authorized to amend the articles of incorporation and bylaws to reflect the scope of the capital increase from the conditional capital 2015.

Conditional capital 2017
The Company's capital stock will be subject to a conditional increase by a maximum of EUR 11,056,400.00 by issuing a maximum of 11,056,400 new bearer shares of no par value (conditional capital 2017). The purpose of the conditional capital increase is to grant bearer shares of no par value to owners/creditors of convertible bonds and/or bonds with warrants which are being issued by the Company or an investee as a result of the authorization granted by the shareholder meeting of 14 June 2017 based on item 9 of the agenda. New bearer shares of no par value are issued at a particular conversion or option price determined by the abovementioned authorization resolution. Conditional capital is only to be increased to the extent that conversion or option rights are exercised or owners/creditors who are obliged to do so fulfill their obligation to exercise their conversion rights and provided that a cash settlement is not granted or use is not made of own equity instruments or of new shares issued from approved capital. The new bearer shares of no par value participate in profit from the beginning of the fiscal year in which they result through the exercise of options or conversion rights or the fulfillment of conversion obligations. The general partner, having obtained the approval of the supervisory board, is authorized to determine the further details of the conditional capital increase.

Conditional capital 2019
The capital stock is subject to a conditional increase by a maximum of EUR 2,200,000.00 by issuing a maximum of 2,200,000 bearer shares of no par value (conditional capital 2019). The sole purpose of the conditional capital increase is to grant, as authorized by resolution of the shareholder meeting dated 19 June 2019, rights to bearers of stock options under the Stock Option Plan 2019. The conditional capital increase will only be implemented to the extent that the bearers of stock options granted under the authorization of the shareholder meeting on 19 June 2019 exercise these stock options and that the Company does not settle the stock options in cash or by issuing treasury shares. The new shares participate in profit from the beginning of the fiscal year for which no resolution on the appropriation of the accumulated profit has been adopted by the shareholder meeting at the time of their issue. The general partner has been authorized to determine the further details of the conditional capital increase unless stock options and shares are to be granted to members of the general partner's board of management. In that event, the supervisory board of the general partner will determine the further details of the conditional capital increase. The Company's supervisory board is authorized to amend the articles of incorporation and bylaws to reflect the scope of the capital increase from the conditional capital 2019.

Capital reserves

In fiscal year 2019, the Group's capital reserves were increased by EUR 11,950k from EUR 735,541k to EUR 747,491k, as a result of the stock option plan of Ströer SE & Co. KGaA.

Retained earnings
Retained earnings contain profits that were generated in the past by entities included in the consolidated financial statements and that have not been distributed. By resolution of the shareholder meeting on 19 June 2019, EUR 113,053k (EUR 2.00 per qualifying share) was distributed as a dividend and EUR 213,677k from the accumulated profit for 2018 was carried forward to new account.

Accumulated other comprehensive income
Accumulated other comprehensive income includes exchange differences from the translation of foreign currency financial statements of foreign operations as well as the effects from the valuation of hedged derivative financial instruments after deduction of the deferred taxes arising thereon. The amount also includes exchange differences of EUR 0k (prior year: EUR 7,972k (expense)) resulting from the translation of the loans granted by Ströer SE & Co. KGaA to its foreign group entities. These loans are designated as net investments and therefore did not affect consolidated profit (including deferred taxes). Furthermore, in connection with the sale of the Turkish OOH business in October 2018, accumulated exchange losses of EUR 94,613k, which had been previously recognized in equity, were reported as an expense under profit or loss from discontinued operations.

Deferred taxes on net valuation effects of hedged derivative financial instruments offset directly against equity amount to EUR 0k (prior year: EUR 0k) in total. This is due to the current absence of hedges.

Non-controlling interests

Non-controlling interests comprise minority interests in the equity of the consolidated entities.

Obligation to purchase own equity instruments

By granting put options to the non-controlling shareholders of subsidiaries, the Company has undertaken to purchase the non-controlling interest if certain contractual conditions are met. We have presented these options as a notional acquisition on the reporting date as specified in explanations on accounting policies. Liabilities of EUR 20,365k (prior year: EUR 75,418k) have been allocated for these obligations.

Appropriation of profit

Profit is appropriated in accordance with German commercial and stock corporation law, which is used to calculate the accumulated profit of Ströer SE & Co. KGaA.

In fiscal year 2019, the annual financial statements of Ströer SE & Co. KGaA reported profit for the period of EUR 72,152k (prior year: EUR 644,009k).

Capital management

The objective of capital management at the Ströer Group is to ensure the continuation and growth of the Company, and maintain and build on its attractiveness to investors and market participants. In order to ensure the above, the board of management continually monitors the level and structure of borrowed capital. The borrowed capital included in the general capital management system comprises financial liabilities and other liabilities such as those disclosed in the consolidated statement of financial position. With regard to group financing through bank loans, the Ströer Group observes the external covenant of the maximum leverage ratio permitted. Key elements of the internal control system are the planning and ongoing monitoring of the adjusted operating result (EBITDA (adjusted)) as the latter is included in the determination of the applied credit margin by way of the leverage ratio. This leverage ratio is defined as the ratio of net debt to the operating result before interest, depreciation and amortization (EBITDA (adjusted)). The relevant performance indicators are submitted to the board of management for consideration as part of regular reporting. The Company comfortably remained within the permitted net debt ratio as of the closing date as well as in the prior year. See also EBITDA (adjusted) in "Reconciliation: EBITDA (adjusted)" in the chapter "Background and strategy of the Ströer Group" in the combined management report.

Furthermore, the board of management monitors the Group's equity ratio. The equity used as a basis for determining the equity ratio corresponds to the equity reported in the statement of financial position including non-controlling interests.

Equity is also monitored by the individual entities within the scope of monitoring compliance with the minimum capital requirements to avert insolvency proceedings due to overindebtedness. The equity monitored in this context corresponds to the equity disclosed according to German law.

There were no other changes to the capital management strategy against the prior year.

27 Pension provisions and similar obligations

The major pension plans in place are defined benefit plans in Germany, where the pension obligation either depends on the remuneration of the employee in question upon reaching retirement age, or is based on a fixed commitment. As the actuarial gains and losses are recognized immediately in equity, the present value of the benefit obligation less plan assets corresponds to the pension provision reported in the statement of financial position.

Provisions for pensions and similar obligations break down as follows:

In EUR k	31 Dec 2019	31 Dec 2018
Present value of the benefit obligation as of 1 Jan	40,476	39,727
Current service cost	746	1,000
Net interest expense	634	625
Actuarial gains (–)/losses (+)	3,627	916
Benefits paid	–1,776	–1,771
Change in the consolidated group	0	–85
Exchange differences	–1	–68
Other changes	438	131
Present value of benefit obligation as of 31 Dec/ carrying amount	**44,145**	**40,476**

In the fiscal year, actuarial losses of EUR 3,627k were recognized directly in equity (prior year: EUR 916k). This development is chiefly attributable to a considerable year-on-year decrease in the discount rate.

There were no curtailments in the fiscal year.

Sensitivities were calculated with half of a percentage point above and below the interest rate used. Raising the interest rate by 0.5 percentage points would decrease the present value of the benefit obligation by EUR 2,697k (prior year: EUR 2,435k) while lowering the interest rate by 0.5 percentage points would increase the benefit obligation by EUR 2,968k (prior year: EUR 2,679k) as of the reporting date.

In addition to a change in the interest rate, the pension trend was identified as a significant factor influencing the present value of the benefit obligation. Raising the pension trend by 0.5 percentage points would increase the present value of the benefit obligation by EUR 1,252k (prior year: EUR 1,163k) while lowering the pension trend by 0.5 percentage points would decrease the benefit obligation by EUR 1,157k (prior year: EUR 1,078k) as of the reporting date.

The present value of the pension benefits was calculated using the following assumptions:

Group (in %)	31 Dec 2019	31 Dec 2018
Interest rate	1.20	1.90
Pension trend	1.00	1.00
Salary trend	2.00	2.00
Employee turnover	1.00	1.00

The components of the cost of retirement benefits recognized in profit or loss are presented below:

In EUR k	2019	2018
Interest expense	634	625
Current service cost and other changes	1,184	1,131
Net defined benefit costs	**1,818**	**1,756**
Expenses for statutory pension contributions (defined contribution)	30,270	34,128
Total benefit expenses	**32,088**	**35,884**

Interest expense from pension obligations is included in the interest result, current service cost is included in personnel expenses. Actuarial gains and losses are recognized immediately in equity.

Cumulative actuarial gains (+) and losses (–) recognized directly in equity amounted to EUR –7,622k after taxes at the reporting date (prior year: EUR –5,002k).

The present values of the benefit obligations and actuarial gains and losses break down as follows:

In EUR k	31 Dec 2019	31 Dec 2018	31 Dec 2017	31 Dec 2016	31 Dec 2015
Present value of the shortfall	**44,145**	**40,476**	**39,727**	**39,249**	**36,740**
Gain/loss for the period from					
Experience adjustments on plan liabilities	–386	91	69	653	–105
Adjustments to actuarial assumptions	4,013	825	316	1,197	–1,153

28 Other provisions

Provisions developed as follows in the fiscal year:

In EUR k	1 Jan 2019	Exchange differences	Change in the consolidated group	Allocation	Effects from unwinding the discount and changes in interest rates	Utilization	Reversal	Reclassification	31 Dec 2019
Restoration obligations	24,702	31	0	4,395	83	–1,923	–714	0	26,575
thereof non-current	18,907								16,739
Personnel	28,925	87	–90	28,717	6	–28,848	–642	8	28,162
thereof non-current	4,207								5,184
Restructuring	308	0	0	0	0	–250	–58	0	0
Miscellaneous	23,464	21	–210	39,174	1	–33,081	–1,789	0	27,580
thereof non-current	3,851								3,513
Total	**77,399**	**139**	**–300**	**72,286**	**90**	**–64,102**	**–3,203**	**8**	**82,317**

The personnel provisions include management and employee bonuses as well as severance payments.

The provision for restoration obligations is based on the anticipated costs of restoration. The provision was discounted using an interest rate of 0.00% (prior year: 0.57%).

29 Financial liabilities

Non-current financial liabilities break down as follows:

In EUR k	Carrying amount 31 Dec 2019	Carrying amount 31 Dec 2018
Finance lease liabilities	853,030	922,062
Loan liabilities	571,823	560,216
Obligation to purchase own equity instruments	16,637	13,594
Liabilities from business acquisitions	5,318	5,734
Other financial liabilities	132	3,114
Total	**1,446,939**	**1,504,720**

Finance lease liabilities decreased due to ongoing cash payments for the principal portion of lease liabilities under IFRS 16. These payments were only partly offset by new leases. See our explanations in note 35 to these notes to the consolidated financial statements.

Ströer SE & Co. KGaA placed a note loan with a volume of EUR 145.0m on the capital market in June 2016. The loan has several tranches with terms of five and seven years. A volume of EUR 131.0m bears variable interest at the EURIBOR plus a margin that ranges between 100 and 110 basis points (bp). Interest on the remaining EUR 14.0m is fixed and ranges between 100 and 130bp.

Ströer SE & Co. KGaA also placed a further note loan with a volume of EUR 350.0m on the capital market in October 2017. The individual tranches largely have terms of five and seven years. A volume of EUR 157.0m bears variable interest at the EURIBOR plus a margin that ranges between 65 and 90bp. Interest on the remaining EUR 193.0m is fixed and ranges between 65 and 140bp.

Furthermore, in December 2016, Ströer SE & Co. KGaA agreed on a new credit facility of EUR 600.0m with a banking syndicate comprising selected German and foreign financial institutions, with the option to extend the volume by a further EUR 100.0m, if required. The facility has been committed for a fixed term ending in December 2023. The total volume of EUR 600.0m is structured as a flexible revolving facility. The credit facility bears variable interest at the EURIBOR plus a margin that ranges between 65 and 160bp depending on the leverage ratio.

The costs incurred as a result of the transaction, like the transaction costs from earlier financing, will be released over the term of the loan. See note 22 for more details.

Current financial liabilities break down as follows:

In EUR k	31 Dec 2019	31 Dec 2018
Finance lease liabilities	141,397	133,773
Obligation to purchase own equity instruments	3,728	61,824
Current account liabilities	4,362	1,626
Debtors with credit balances	10,552	13,728
Liabilities from business acquisitions	4,496	7,851
Loan liabilities	25,216	7,066
Interest liabilities	792	772
Other current financial liabilities	28,344	20,707
Total	**218,887**	**247,347**

The decrease in short-term obligations to purchase own equity instruments mainly relates to the acquisition of the remaining shares in Statista GmbH and Permodo GmbH.

By contrast, the increase in current loan liabilities is due in particular to the reclassification of individual loan tranches from non-current to current. This relates to note loans with a total volume of EUR 18,000k and a term of three years which were placed on the market in 2017 and are repayable in October 2020.

Other current financial liabilities include, among other things, liabilities to non-controlling interests of EUR 6,846k (prior year: EUR 9,616k) which had to be accounted for as settlement claims within the scope of profit and loss transfer agreements.

See note 6 of these notes to the consolidated financial statements for more information on liabilities from business acquisitions.

30 Trade payables

Current and non-current trade payables break down as follows:

In EUR k	31 Dec 2019	31 Dec 2018
Trade payables	220,654	197,425
Deferred liabilities from outstanding invoices	77,860	64,362
Total	**298,514**	**261,786**

31 Other liabilities

Other current liabilities break down as follows:

In EUR k	31 Dec 2019	31 Dec 2018
Liabilities from other taxes	33,326	26,419
Deferred contributions	45,418	39,079
Miscellaneous other liabilities	24,976	21,734
Total	**103,719**	**87,232**

OTHER NOTES

32 Notes to the statement of cash flows

The statement of cash flows has been prepared in accordance with IAS 7, "Statement of Cash Flows," and shows the cash flows of the fiscal year broken down by cash flows from operating, investing and financing activities.

Cash flows from operating activities are presented using the indirect method by deducting non-cash transactions from profit or loss for the period in accordance with IAS 7. Furthermore, items which are attributable to cash flows from investing or financing activities are eliminated. The starting point for cash flows from operating activities is consolidated profit or loss, which is then reduced by the financial result and tax result in a second step. Cash flows from operating activities include, among other things, cash received from distributions by associates and joint ventures. As in the prior year, however, cash flows from operating activities do not include any other dividends received.

Besides the amounts contained in the cash flows from investing activities, in accordance with IAS 7.43, non-cash transactions which result in an increase in non-current assets need to be disclosed. These include in the wider sense within the meaning of IAS 7.44 a) finance lease items and thus all transactions under the scope of IFRS 16. See our explanations in note 20 and note 35.

Cash consists of the cash reported in the statement of financial position. Cash comprises cash on hand and bank balances.

The following table shows the cash and non-cash changes in financial liabilities:

			Non-cash change			
In EUR m	**1 Jan 2019**	**Cash change**	**Change in basis of consolidation**	**Change in fair value**	**Other**	**31 Dec 2019**
Liabilities from finance leases (IFRS 16)	1,055.3	–174.7	–15.8	20.7[1]	108.7	**994.2**
Non-current liabilities to banks	558.4	13.1	0.0	0.2	0.0	**571.8**
Current liabilities to banks	1.6	3.2	–0.5	0.0	0.0	**4.4**
Obligation to purchase own equity instruments	75.4	–63.2	0.3	7.9	0.0	**20.4**
Other financial liabilities	61.3	–9.4	11.7	1.4	10.0	**75.0**
Total financial liabilities	**1,752.1**	**–230.9**	**–4.3**	**30.2**	**118.7**	**1,665.8**

			Non-cash change			
In EUR m	**1 Jan 2018**	**Cash change**	**Change in basis of consolidation**	**Change in fair value**	**Other**	**31 Dec 2018**
Liabilities from finance leases (IFRS 16)	1,098.1	–161.4	2.6	21.4[1]	94.6	**1,055.3**
Non-current liabilities to banks	496.3	61.6	0.3	0.2	0.0	**558.4**
Current liabilities to banks	0.9	-8.8	9.6	0.0	0.0	**1.6**
Obligation to purchase own equity instruments	96.5	–5.5	4.9	–20.6	0.0	**75.4**
Other financial liabilities	51.1	–17.9	11.4	–8.2	25.0	**61.3**
Total financial liabilities	**1,742.9**	**–132.1**	**28.8**	**–7.1**	**119.6**	**1,752.1**

[1] The change in the fair value with regard to liabilities from finance leases (IFRS 16) relates to the compounding of lease liabilities.

33 Segment information

Reporting by operating segment

The Ströer Group bundles its business into three segments which operate independently on the market in close cooperation with the group holding company Ströer SE & Co. KGaA. These are the segments Out-of-Home Media, Digital OOH & Content and Direct Media. While the large formats, street furniture, transport and other OOH product groups are allocated to the Out-of-Home Media segment, the Digital OOH & Content segment houses display and video and digital marketing services. The dialog marketing and transactional product groups belong to the Direct Media segment.

2019

In EUR k	OOH Media	Digital OOH & Content	Direct Media	Reconciliation	Group value
External revenue	679,504	571,072	340,569	0	**1,591,145**
Internal revenue	29,567	17,268	14	–46,849	**0**
Segment revenue	709,071	588,340	340,583	–46,849	**1,591,145**
EBITDA (adjusted)	324,156	211,492	53,643	–18,808	**570,483**
Amortization, depreciation and impairment losses	216,666	88,646	35,132	18,266	**358,710**
Interest income	725	319	704	–608	**1,140**
Interest cost	20,267	1,741	2,394	6,670	**31,071**
Income taxes	1,916	5,736	516	–33,277	**–25,108**

2018

In EUR k	OOH Media	Digital OOH & Content	Direct Media	Reconciliation	Group value
External revenue	647,372	558,005	302,406	0	**1,507,783**
Internal revenue	16,316	8,966	195	–25,477	**0**
Segment revenue	663,688	566,971	302,601	–25,477	**1,507,783**
EBITDA (adjusted)	309,865	194,136	49,872	–15,697	**538,175**
Amortization, depreciation and impairment losses	199,378	94,219	27,793	19,853	**341,242**
Interest income	654	319	626	-594	**1,005**
Interest cost	19,907	1,905	3,456	5,089	**30,358**
Income taxes	4,131	1,558	–486	–27,123	**–21,920**

OOH Media
The OOH Media segment comprises the Group's entire German operations in the large formats, street furniture, transport and other product groups. Furthermore, the segment includes all of the operations of Ströer Poland and the giant poster business blowUP.

Digital OOH & Content
The Digital OOH & Content segment comprises the Group's entire operations in display, video and digital marketing services.

Direct Media
This segment comprises all of the operations of the dialog marketing and transactional product groups.

Internal control and reporting is based on the IFRS accounting principles described in note 1, "General."

Intersegment income is calculated using prices on an arm's length basis.

In the revenue item, the reconciliation of revenue from all segments to the Group's revenue only includes effects from consolidation.

The Group measures the performance of its segments by their internally defined EBITDA (adjusted). From the board of management's perspective, this indicator provides the most appropriate information to assess each individual segment's economic performance.

The segment performance indicator EBITDA (adjusted) comprises the total of gross profit, selling and administrative expenses and the other operating result (other operating income less other operating expenses), in each case before amortization, depreciation and impairment.

Reporting by geographical location

Revenue and non-current assets are allocated according to the location principle (i.e., the geographical location of the revenue-generating Ströer entity).

2019

In EUR k	Germany	Rest of the world	Group value
External revenue	1,437,676	153,469	**1,591,145**
Non-current assets (IFRS 8)	2,431,707	87,591	**2,519,298**

2018

In EUR k	Germany	Rest of the world	Group value
External revenue	1,368,195	139,588	**1,507,783**
Non-current assets (IFRS 8)[1]	2,512,307	95,528	**2,607,835**

1 While external revenue was adjusted for discontinued operations pursuant to IFRS 5, non-current assets were not adjusted for discontinued operations.

Reporting by product group

The Group has defined nine product groups on the basis of the products and services it provides.

2019

In EUR k	Large formats	Street furniture	Transport	Display	Video	Digital marketing services	Dialog marketing	Trans-actional	Other	Recon-ciliation	Group value
Segment revenue	342,081	153,296	61,585	282,555	161,443	144,343	230,835	109,748	152,109	–46,849	**1,591,145**

2018

In EUR k	Large formats	Street furniture	Transport	Display	Video	Digital marketing services	Dialog marketing	Trans-actional	Other	Recon-ciliation	Group value
Segment revenue	316,577	149,685	61,105	297,223	130,310	139,438	187,677	114,924	136,321	–25,477	**1,507,783**

Large formats
The large formats product group mainly includes the large-format advertising media of up to nine square meters and above which are predominantly found at prominent locations (e.g., arterial roads, squares and public buildings). In addition, this product group comprises the products from the giant poster business.

Street furniture
The street furniture product group mainly comprises standardized small-format advertising media no larger than two square meters which blend into the urban environment.

Transport
The advertising media in this product group include advertisements in or on public transport vehicles and product solutions for specific use at airports and train stations.

Display
The display product group includes all income from the commercialization of advertising on desktops and on mobile devices.

Video
This product group comprises all income from the commercialization of video advertising. Its media inventory includes online videos and public videos.

Digital Marketing Services
This product group comprises all income from subscription models and local digital product marketing.

Dialog Marketing
The dialog marketing product group includes all income from telesales, telemarketing and field sales services (customer communication services).

Transactional
All income from e-commerce business is included in this product group.

Other
This product group comprises, in particular, all income from promotional and event media as well as the production and procurement of advertising media within the scope of our full service solution for customers.

While revenue in the transactional product group is recognized for a given date, revenue in the other product groups is mainly recognized for a given period.

In the fiscal year, no single end customer accounted for 10% or more of our total revenue.

34 Other notes pursuant to IFRS 7 and IFRS 13 on financial risk management and financial instruments

Financial risk management and derivative financial instruments

In the course of its operating activities, the Group is exposed in the area of finance to credit, liquidity and market risks. The market risks mainly relate to interest rate and exchange rate changes.

Credit risk
The credit risk is related to the deterioration of the economic situation of Ströer's customers and counterparties. This brings about the risk of a partial or full default on contractually agreed payments as well as the risk of credit-related impairment losses on financial assets. Excluding securities, the maximum risk of default equates to the carrying amount.

Credit risks mainly result from trade receivables. To manage the credit risk, the receivables portfolio is monitored on an ongoing basis. Customers intending to enter into transactions with large business volumes undergo a creditworthiness check beforehand. credit risk is at a level customary for the industry. Bad debt allowances are charged to account for the residual risk. The Ströer Group is exposed to a lesser extent to credit risks arising from other financial assets.

As part of the risk management process, the functional departments regularly analyze whether in particular credit risk concentrations have arisen from the build-up of receivables with comparable features. The Group has defined similar features as a high amount of receivables accumulated against a single debtor or group of related debtors. As of the reporting date of 31 December 2019, no such risk concentrations involving significant amounts were evident.

Interest rate risk

The Ströer Group is mainly exposed to interest rate risks in connection with non-current floating-rate financial liabilities and existing cash and cash equivalents. Financial liabilities amounting to EUR 207.0m bear a fixed rate of interest. The remaining financial liabilities bear a floating rate of interest. The interest rate trend is monitored regularly to enable a swift response to changes. Hedging measures are coordinated and executed centrally. As in the prior year, there are no interest rate hedges in a hedge relationship.

In fiscal year 2019, as in the prior year, no remeasurement gains on interest rate swaps were taken to equity.

The sensitivity analysis of the interest rate risk shows the effect of an upward shift in the yield curve by 100bp and a downward shift by 10bp, ceteris paribus, on the profit or loss for the period. The yield curve was only shifted down 10bp as the Group believes that this decrease corresponds to the maximum interest rate risk arising from the current low interest rate level. The analysis relates to floating-rate financial liabilities and existing cash and cash equivalents. The results are summarized in the table below:

	31 Dec 2019		31 Dec 2018	
In EUR k	**+100bp**	**–10bp**	**+100bp**	**–10bp**
Change in profit or loss for the period	–2,732	273	–2,481	248

Currency risk

Following the sale of the Turkish OOH business, with the exception of the translation of the operating results of foreign segments into euros, currency risk is of minor significance for the Ströer Group. The functional currency of the foreign operations is the local currency.

Currency risks arising on monetary financial instruments that are not denominated in the functional currencies of the individual Ströer group entities were included in the sensitivity analysis. Effects from the translation of foreign currency financial statements of foreign operations into the group reporting currency (euro) are not included in the sensitivity analysis in accordance with IFRS 7.

A 10% increase/decrease in the value of the euro against the Turkish lira as of 31 December 2019 would decrease/increase the profit or loss for the period by EUR 1k (prior year: EUR 72k). A 10% increase/decrease in the value of the euro against the Polish zloty would decrease/increase the profit or loss for the period by EUR 327k (prior year: EUR 406k). A 10% increase/decrease in the value of the euro against the US dollar would decrease/increase the profit or loss for the period by EUR 315k (prior year: EUR 283k). The effect on profit or loss for the period of all other currencies in the Group is not significant as of 31 December 2019. The designation of the euro-denominated loans as a net investment in a foreign operation (IAS 21) was considered in this analysis, which was performed on the assumption that all other variables, in particular interest rates, remain unchanged and is based on the foreign currency positions as of the reporting date.

Liquidity risk

The liquidity risk is defined as the risk that Ströer SE & Co. KGaA will not have sufficient funds to settle its payment obligations. The liquidity risk is countered through systematic liquidity management. A liquidity forecast for a fixed planning horizon and the unutilized credit lines in place ensure that the Group has adequate liquidity at all times. The following table shows the liquidity situation and the contractual maturity dates for the payments due under financial liabilities as of 31 December 2019:

Contractual maturity of financial liabilities including interest payments as of 31 Dec 2019

In EUR k	Carrying amount	Up to 1 year	1 to 3 years	3 to 5 years	More than 5 years	Total
Financial liabilities[1]	651,034	79,138	360,699	229,086	0	**668,923**
Finance lease liabilities	994,427	192,741	304,029	236,686	510,590	**1,244,046**
Trade payables	298,514	294,480	4,035	0	0	**298,514**
Obligation to purchase own equity instruments	20,365	3,728	421	16,216	0	**20,365**
Total	**1,964,340**	**570,086**	**669,183**	**481,988**	**510,590**	**2,231,847**

Contractual maturity of financial liabilities including interest payments as of 31 Dec 2018

In EUR k	Carrying amount	Up to 1 year	1 to 3 years	3 to 5 years	More than 5 years	Total
Financial liabilities[1]	620,815	57,696	226,534	242,088	114,568	**640,887**
Finance lease liabilities	1,055,835	174,615	300,545	249,864	601,548	**1,326,572**
Trade payables	261,786	256,762	5,024	0	0	**261,786**
Obligation to purchase own equity instruments	75,418	61,824	5,617	3,021	4,956	**75,418**
Total	**2,013,853**	**550,898**	**537,720**	**494,973**	**721,072**	**2,304,663**

[1] Excluding the obligation to purchase own equity instruments and finance lease liabilities

Additional disclosures on financial instruments

The following table presents the carrying amount and fair value of the financial instruments included in the individual items of the statement of financial position, broken down by class and measurement category according to IFRS 9.

			Carrying amount pursuant to IFRS 9			
In EUR k	**Measurement category pursuant to IFRS 9**	**Carrying amount as of 31 Dec 2019**	**Amortized cost**	**Fair value recognized directly in equity**	**Fair value through profit or loss**	**Fair value as of 31 Dec 2019**
Assets						
Cash	AC	103,603	103,603			103,603
Trade receivables	AC	183,188	183,188			183,188
Other non-current financial assets	AC	8,534	8,534			8,534
Other current financial assets	AC	8,806	8,806			8,806
Assets recognized at fair value through other comprehensive income	FVTOCI	2,971	0	2,971[1]	0	n. a.
Equity and liabilities						
Trade payables	AC	298,514	298,514			298,514
Non-current financial liabilities[3]	AC	1,430,302	1,424,984		5,318[2]	1,430,302
Current financial liabilities[3]	AC	215,159	210,663		4,496[2]	215,159
Obligation to purchase own equity instruments	AC	20,365		20,365	0	20,365
Thereof aggregated by measurement category pursuant to IFRS 9:						
Assets at amortized cost	AC	304,130	304,130			304,130
Assets recognized at fair value through other comprehensive income	FVTOCI	2,971		2,971		n. a.v
Financial liabilities measured at amortized cost	AC	1,964,340	1,934,161	20,365	9,814	1,964,340

[1] Other equity investments (Level 3)
[2] Earn-out liabilities (Level 3)
[3] Excluding the obligation to purchase own equity instruments

In EUR k	Measurement category pursuant to IFRS 9	Carrying amount as of 31 Dec 2018	Carrying amount pursuant to IFRS 9: Amortized cost	Carrying amount pursuant to IFRS 9: Fair value recognized directly in equity	Carrying amount pursuant to IFRS 9: Fair value through profit or loss	Fair value as of 31 Dec 2018
Assets						
Cash	AC	103,696	103,696			103,696
Trade receivables	AC	167,367	167,367			167,367
Other non-current financial assets	AC	15,023	15,023			15,023
Other current financial assets	AC	8,398	8,398			8,398
Assets recognized at fair value through other comprehensive income	FVTOCI	2,822	0	2,822[1]		n. a.
Equity and liabilities						
Trade payables	AC	261,786	261,786			261,786
Non-current financial liabilities[3]	AC	1,491,126	1,485,390		5,736[2]	1,491,126
Current financial liabilities[3]	AC	185,523	178,105		7,418[2]	185,523
Obligation to purchase own equity instruments	AC	75,418	0	75,418	0	75,418
Thereof aggregated by measurement category pursuant to IFRS 9:						
Assets at amortized cost	AC	294,484	294,484			294,484
Assets recognized at fair value through other comprehensive income	FVTOCI	2,822	0	2,822		n. a.
Financial liabilities measured at amortized cost	AC	2,013,853	1,925,281	75,418	13,154	2,013,853

[1] Other equity investments (Level 3)
[2] Earn-out liabilities (Level 3)
[3] Excluding the obligation to purchase own equity instruments

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

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

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

Level 1: Listed market prices are available in active markets for identical assets or liabilities. The listed market price for the financial assets held by the Group is equivalent to the current bid price. These instruments are assigned to Level 1.

Level 2: Quoted or market prices for similar financial instruments on an active market or for identical or similar financial instruments on a market that is not active or inputs other than quoted prices that are based on observable market data. The instrument is assigned to Level 2 if all significant inputs required to determine the fair value of an instrument are observable in the market.

Level 3: Valuation techniques that use inputs which are not based on observable market data. Instruments assigned to Level 3 include in particular unquoted equity instruments.

Changes in the assessment of the level to be used for measuring the assets and liabilities are made at the time any new facts are established. At present, derivative financial instruments are measured at fair value in the consolidated financial statements and are all classified as Level 2.

Purchase price liabilities from business acquisitions and put options

Additionally, there are contingent purchase price liabilities from acquisitions as well as put options for shares in various group entities that are each classified as Level 3. These liabilities – which are tied to contractually agreed conditions – are remeasured as financial liabilities at fair value as of the reporting date on the basis of the measurement model laid down in the contract. The fair values of liabilities from contingent purchase price payments or relating to the acquisition of non-controlling interests are determined on the basis of discounted cash flows using unobservable inputs. The valuation model includes the EBITDA figures forecast for the interests concerned (which are probability-weighted in individual cases) as well as risk-adjusted interest rates in line with the underlying terms. The EBITDA figures result from the respective short and medium-term business planning and are estimated and, if appropriate, adjusted on a quarterly basis. The following table shows the changes in the liabilities classified as Level 3:

In EUR k	1 Jan 2019	Additions	Write-downs	Write-ups	Disposals	31 Dec 2019
Contingent purchase price liabilities	13,154	4,300	0	582	–8,222	**9,814**
Obligation to purchase own equity instruments	75,418	260	–4,892	12,742	–63,163	**20,365**

In EUR k	1 Jan 2018	Additions	Write-downs	Write-ups	Disposals	31 Dec 2018
Contingent purchase price liabilities	15,348	5,567	–6,715	0	–1,046	**13,154**
Obligation to purchase own equity instruments	96,505	4,932	–27,018	6,466	–5,467	**75,418**

The remeasurement of the contingent purchase price liabilities led to expenses of EUR 0.6m (prior year: EUR 0.0m) that are reported in other operating expenses as well as income of EUR 0.0m (prior year: EUR 6.7m) that is reported in other operating income. In addition, contingent purchase price liabilities of EUR 0.0m (prior year: EUR 1.3m) were reversed directly in equity due to adjusting events. Interest expenses from unwinding of the discount amounted to EUR 0.4m (prior year: EUR 0.2m).

The valuation models are sensitive to the amount of the forecast and actual EBITDA figures. For example, if the respective EBITDA increased by 20% (or decreased by 20%), the fair values of the contingent purchase price liabilities would increase by EUR 0.8m (prior year: EUR 1.2m) (or decrease by EUR 0.8m (prior year: EUR 1.2m)). Liabilities from put options would rise by EUR 3.8m (prior year: EUR 9.6m) or fall by EUR 7.5m (prior year: EUR 3.3m).

The valuation models are also sensitive to the discount rates used. However, due to the predominantly short terms, if the discount rate increased or decreased by 100 basis points, there would only be a marginal change in the liabilities. This also applies to the prior-year amounts.

The following table shows the net gains and losses on financial instruments in the income statement, broken down by measurement category according to IFRS 9 (excluding derivative financial instruments which are part of a hedge):

In EUR k	2019	2018
Financial assets measured at amortized cost	–4,032	–3,240
Financial liabilities measured at amortized cost	–143	–6,427

Net gains and losses on financial assets measured at amortized cost include the impairment losses (EUR 3,808k; prior year: EUR 3,041k), write-ups and exchange differences.

Net gains and losses on financial liabilities measured at amortized cost include effects from exchange differences and the unwinding of the discount on loans.

The total interest income for financial assets or financial liabilities that are not at fair value through profit or loss came to EUR 1,141k in the fiscal year (prior year: EUR 1,005k). The total interest expense for financial assets or financial liabilities that are not at fair value through profit or loss came to EUR 29,995k in the fiscal year (prior year: EUR 30,759k).

35 Notes pursuant to IFRS 16 on finance leases

The development of the rights of use on finance leases is broken down by asset class in the table below:

In EUR k	Advertising media locations	Property	Fixtures/other	Total
Cost				
Opening balance 1 Jan 2018	**963,185**	**123,205**	**11,728**	**1,098,118**
Change in the consolidated group	–21,174	21,247	3,194	3,267
Additions	69,267	41,295	10,185	120,748
Reclassifications	0	0	–140	–140
Disposals	0	–323	–2,780	–3,103
Exchange differences	–8,163	–346	–50	–8,559
Closing balance 31 Dec 2018/ opening balance 1 Jan 2019	**1,003,114**	**185,079**	**22,137**	**1,210,330**
Change in the consolidated group	–749	–19,136	–1,752	–21,637
Additions	98,309	33,879	10,147	142,335
Reclassifications	0	0	0	0
Disposals	–13,233	–1,951	–111	–15,295
Exchange differences	769	135	6	909
Closing balance 31 Dec 2019	**1,088,210**	**198,005**	**30,428**	**1,316,642**
Amortization, depreciation and impairment losses/ reversals				
Opening balance 1 Jan 2018	**0**	**0**	**65**	**65**
Change in the consolidated group	809	2,072	314	3,195
Amortization, depreciation and impairment losses	131,821	25,609	10,960	168,390
Write-ups	0	0	0	0
Reclassifications	0	0	–31	–31
Disposals	0	–92	–1,191	–1,283
Exchange differences	–950	–36	–38	–1,025
Closing balance 31 Dec 2018/ opening balance 1 Jan 2019	**131,680**	**27,553**	**10,079**	**169,312**
Change in the consolidated group	–505	–3,072	–369	–3,946
Amortization, depreciation and impairment losses	141,876	28,068	8,468	178,412
Write-ups	–703	0	–12	–715
Reclassifications	0	0	0	0
Disposals	–1,341	1	–28	–1,368
Exchange differences	476	49	2	527
Closing balance 31 Dec 2019	**271,484**	**52,598**	**18,140**	**342,221**
Carrying amount 31 Dec 2018	**871,435**	**157,526**	**12,058**	**1,041,018**
Carrying amount 31 Dec 2019	**816,727**	**145,407**	**12,288**	**974,421**

Further information on finance leases:

In EUR k	2019	2018
Expense for variable lease payments not included in the measurement of lease liabilities	107,410	92,969
Income from sub-leasing rights of use to third parties	3,016	2,094
Total cash outflows for leases	225,240	215,619

The lease amounts expected to be payable under the lease arrangements already concluded but which will not be recognized in the statement of financial position until after 31 December 2019 amount to EUR 77k (prior year: EUR 2,874k).

See note 29, "Financial liabilities," for more information on liabilities from finance leases. Interest expenses from finance leases are presented in note 15, "Financial result." Further disclosures on finance leases are provided in note 34, "Other notes pursuant to IFRS 7 and IFRS 13 on financial risk management and financial instruments."

36 Contingent liabilities and other financial obligations

Contingent liabilities

There were no guarantees and liabilities similar to guarantees as of 31 December 2019.

Financial obligations

There are other financial obligations from the following contractual obligations, which are shown by maturity as of the reporting date below:

31 Dec 2019			thereof due in	
In EUR k	Total amount	up to 1 year	1 to 5 years	more than 5 years
Investment obligations	**11,953**	8,381	3,064	508
Maintenance services	**4,613**	1,590	2,835	188
Miscellaneous other financial obligations	**27,777**	16,122	6,950	4,705

In the prior year, obligations broke down as follows:

31 Dec 2018			thereof due in	
In EUR k	Total amount	up to 1 year	1 to 5 years	more than 5 years
Investment obligations	**16,812**	11,772	4,532	508
Maintenance services	**6,166**	1,897	3,944	325
Miscellaneous other financial obligations	**20,366**	15,131	4,121	1,114

37 Related parties

The board of management and supervisory board as well as their close family members are deemed related parties. Besides the entities included in the consolidated financial statements, related parties include in particular those entities in which related parties hold a controlling position alone or jointly with others.

All transactions with related parties were conducted at arm's length in the fiscal year.

The following transactions were conducted between the Ströer Group and related parties in fiscal year 2019:

Udo Müller is a shareholder of Ströer SE & Co. KGaA as well as chairman of the board of management of Ströer Management SE, Düsseldorf. The Ströer Group also procured services of EUR 75k (prior year: EUR 56k) from Mr. Müller or an entity in which he holds an interest. These services mainly relate to rental property.

Dirk Ströer is a shareholder and member of the supervisory board of Ströer SE & Co. KGaA. He also holds shares in entities with which business transactions were conducted in the fiscal year, largely involving the commercialization of advertising media, the award of advertising concessions and the leasing of buildings. The expenses incurred for the services received in the fiscal year amounted to EUR 32,317k (prior year: EUR 30,688k) and the income generated to EUR 9,783k (prior year: EUR 6,985 k). The receivables and liabilities resulting from this trade came to EUR 534k (prior year: EUR 2,186k) and EUR 27,140k (prior year: EUR 9,724k), respectively, as of 31 December 2019.

Ströer SE & Co. KGaA has a business relationship with Deutsche Telekom AG. In addition, Ströer SE & Co. KGaA has been an associated company of Deutsche Telekom AG since 2 November 2015. The services received from this business relationship in fiscal year 2019 amounted to EUR 8,402k (prior year: EUR 7,691k) and the income generated to EUR 72,979k (prior year: EUR 76,921k). As of 31 December 2019, these services led to receivables of EUR 4,045k (prior year: EUR 5,786k) and liabilities of EUR 406k (prior year: EUR 382k).

Ströer SE & Co. KGaA distributed a dividend totaling EUR 113,053k in the fiscal year. Udo Müller and Dirk Ströer participated in this distribution to the extent of the interests held by them.

Ströer Management SE, which is the general partner of Ströer SE & Co. KGaA, provides management services to Ströer SE & Co. KGaA. The services received from this business relationship in 2019 amounted to EUR 8,629k (prior year: EUR 488k) and the income generated to EUR 343k (prior year: EUR 32k). As of 31 December 2019, these services led to receivables of EUR 178k (prior year: EUR 0k) and liabilities of EUR 6,882k (prior year: EUR 297k).

The services received in the fiscal year from business relationships with equity method investees amounted to EUR 10,269k (prior year: EUR 8,680k) and the income generated to EUR 3,940k (prior year: EUR 3,988k). As of 31 December 2019, these services led to receivables of EUR 6,084k (prior year: EUR 262k) and liabilities of EUR 7,485k (prior year: EUR 7,905k).

38 Auditor's fees

The following expenses for services rendered by the group auditor, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, were posted in fiscal year 2019:

In EUR k	2019	2018
Auditor's fees		
Fees for audit services	879	826
Fees for audit-related services	49	28
Fees for tax services	121	220
Fees for other services	176	140
Total	**1,225**	**1,214**

The fees for other services mainly comprise expenses for advisory services in connection with purchase price allocations, due diligence services and the implementation of new accounting standards.

39 Disclosures pursuant to Sec. 264 (3) HGB

The following German subsidiaries incorporated as corporations or partnerships make use of the exemption from certain provisions concerning the presentation, audit and publication of the financial statements/management report in accordance with Sec. 264 (3) HGB and/or Sec. 264b HGB:

Asam Betriebs-GmbH, Beilngries
ASAMBEAUTY GmbH, Unterföhring
Avedo Essen GmbH, Essen
Avedo Gelsenkirchen GmbH, Gelsenkirchen
Avedo Köln GmbH, Cologne
Avedo Leipzig GmbH, Leipzig
Avedo Leipzig West GmbH, Leipzig
Avedo München GmbH, Munich
Avedo Rostock GmbH, Rostock
B.A.B. MaxiPoster Werbetürme GmbH, Hamburg
BHI Beauty & Health Investment Group Management GmbH, Unterföhring
blowUP media GmbH, Cologne
Content Fleet GmbH, Hamburg
DERG Vertriebs GmbH, Cologne
DSM Deutsche Städte Medien GmbH, Frankfurt am Main
DSM Rechtegesellschaft mbH, Cologne
DSM Werbeträger GmbH & Co. KG, Cologne
DSM Zeit und Werbung GmbH, Cologne
ECE flatmedia GmbH, Hamburg
Edgar Ambient Media Group GmbH (formerly UAM Media Group GmbH), Hamburg
Hamburger Verkehrsmittel-Werbung GmbH, Hamburg
INFOSCREEN GmbH, Cologne
InnoBeauty GmbH, Unterföhring
Interactive Media CCSP GmbH, Cologne
kajomi GmbH, Planegg
M. Asam GmbH, Unterföhring
Mercury Beteiligungs GmbH, Leipzig
OPS Online Post Service GmbH (formerly T&E Net Services GmbH), Berlin
Permodo GmbH, Munich
Ranger Marketing & Vertriebs GmbH, Düsseldorf
RegioHelden GmbH, Stuttgart
Retail Media GmbH, Cologne
Sales Holding GmbH, Düsseldorf
Seeding Alliance GmbH, Cologne
Service Planet GmbH, Düsseldorf
Smartplace GmbH, Düsseldorf
SMD Rechtegesellschaft mbH, Cologne
SMD Werbeträger GmbH & Co. KG, Cologne
SRG Rechtegesellschaft mbH, Cologne
SRG Werbeträger GmbH & Co. KG, Cologne
Statista GmbH, Cologne
StayFriends GmbH, Berlin
Ströer Content Group GmbH, Cologne
Ströer DERG Media GmbH, Kassel
Ströer Deutsche Städte Medien GmbH, Cologne
Ströer Dialog Group GmbH, Leipzig
Ströer Digital Commerce GmbH, Cologne
Ströer Digital Group GmbH, Cologne
Ströer Digital International GmbH, Cologne
Ströer Digital Media GmbH, Hamburg
Ströer Digital Publishing GmbH, Cologne
Ströer media brands GmbH, Berlin
Ströer Media Deutschland GmbH, Cologne
Ströer News Publishing GmbH, Cologne
Ströer Next Publishing GmbH, Cologne
Ströer Performance Group GmbH, Cologne
Ströer Sales & Services GmbH, Cologne
Ströer Sales Group GmbH, Cologne
Ströer Social Publishing GmbH, Berlin
Ströer SSP GmbH, Munich
Ströer Venture GmbH, Cologne
Ströer Werbeträgerverwaltungs GmbH, Cologne
Yieldlove GmbH, Hamburg

40 Declaration of compliance with the German Corporate Governance Code

The board of management of Ströer Management SE, which is the general partner of Ströer SE & Co. KGaA, and the supervisory board of Ströer SE & Co. KGaA submitted the annual declaration of compliance with the German Corporate Governance Code in accordance with Sec. 161 AktG on 11 December 2019. The declaration of compliance was made permanently available to shareholders on the Company's website at www.stroeer.com/investor-relations in the Corporate Governance section.

41 Remuneration of the board of management and the supervisory board

The cost of payment arrangements with the board of management and the supervisory board of the Ströer Group is presented below:

In EUR k	2019	2018
Board of management		
Short-term benefits	4,417	3,686
Other long-term benefits	1,304	2,010
Share-based payments	4,492	2,066
Total	**10,213**	**7,762**
Supervisory board		
Short-term benefits	305	281
Total	**305**	**281**

Short-term benefits comprise in particular salaries, remuneration in kind and performance-linked remuneration components which are paid during the following year. Long-term benefits comprise performance-based remuneration components granted to the board of management (excluding share-based payments) that are only paid in later years. The share-based payment relates to long-term incentives (LTI) and remuneration under the stock option plan resolved in 2015, under which stock options were issued in 2015 and 2017 to 2019, as well as the stock option plan resolved in 2019, under which stock options were issued in 2019.

A reference price for the shares in Ströer SE & Co. KGaA is determined at the end of each fiscal year for share-based LTI payments granted to the board of management (excluding the stock option plan).

After four fiscal years, the reference price is compared with the share price at the end of the year and the payment of remuneration is based on the share price reached (cash-settled transaction). An upper limit has been agreed for share-based payments.

Calculating the value of the share-based payment requires an estimate to be made of the future share price as of each reporting date. This is done using a Black-Scholes valuation model that was based on volatility of 22% and a dividend yield of 2.8% as of 31 December 2019. The interest rates used for the model are –0.7%. For the share-based payment attributable to 2019, we currently assume that the share price at the end of the vesting period will be 300% of the reference price.

The 5,009 phantom stock options granted in 2019 each have a fair value of EUR 66.48. This led to an expense from allocations to provisions of EUR 671k in 2019 (prior year: EUR 283k).

The total provision for the share-based LTI payments granted to the board of management (excluding the stock option plan) as of 31 December 2019 amounts to EUR 2,032k (prior year: EUR 1,432k).

Stock Option Plan 2013

Under the stock option plan resolved by the shareholder meeting in 2013, the board of management received a total of 1,954,700 options in 2013 and 2014. This led to an expense of EUR 0k in 2019 (prior year: EUR 302k).

No options were granted in fiscal years 2018 and 2019 and therefore no weighted average fair value of the options granted in the fiscal year (prior year) needs to be stated.

The weighted average fair value of all options granted under the Stock Option Plan 2013 was EUR 2.14 (prior year: EUR 2.14).

For further details, see note 42 “Share-based payment.”

Stock Option Plan 2015

Under the stock option plan resolved by the shareholder meeting in 2015, the board of management received a total of 350,000 options in 2015 and 199,460 options each year between 2017 and 2019. This led to an expense of EUR 2,027k in 2019 (prior year: EUR 1,481k).

The weighted average fair value of options granted during the fiscal year was EUR 5.80 (prior year: EUR 9.43).

The weighted average fair value of all options granted under the Stock Option Plan 2015 was EUR 10.62 (prior year: EUR 11.23).

For further details, see note 42 “Share-based payment.”

Stock Option Plan 2019

Under the stock option plan resolved by the shareholder meeting in 2019, the board of management received a total of 1,440,000 options in 2019, which resulted in an expense of EUR 2,235k in 2019.

The weighted average fair value of options granted during the fiscal year was EUR 12.77.

The weighted average fair value of all options granted under the Stock Option Plan 2019 was EUR 12.77.

For further details, see note 42 “Share-based payment.”

As of 31 December 2019, a total of EUR 9,996k (prior year: EUR 6,872k) was recognized as provisions for all potential future short and long-term bonus entitlements of the board of management, EUR 2,032k (prior year: EUR 1,432k) of which is attributable to current entitlements from share-based payments. For further information, see the remuneration report, which is part of the combined management report of the Company and the Group.

EUR 1,751k of long-term benefits (LTI) are due for payment in 2020.

42 Share-based payment

Stock Option Plan 2013 for executives and employees

In 2013, the Group launched a stock option plan that entitles the relevant members of the board of management and executives to acquire shares in the Company.

The option rights were able to be exercised at the earliest after the expiry of the four-year vesting period beginning on the grant date of the subscription right. The options had a contractual term of seven years. Instead of issuing new shares, the Company was able to choose to grant a cash payment in order to service the stock options. The options were equity-settled.

The right to exercise the stock options was dependent on the fulfillment of a certain length of service (vesting period), the value of the Company's share price and EBITDA (adjusted) of the Group of EUR 150m. The gain that was able to be achieved by option holders from exercising their stock options was not permitted to be more than three times the corresponding exercise price.

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

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, stock options during the fiscal year.

In EUR	2019 Number	2019 WAEP	2018 Number	2018 WAEP
Outstanding on 1 Jan	354,700	13.00	1,541,367	8.49
Granted	0		0	
Forfeited	0		0	
Exercised	–354,700	13.00	–613,886	7.14
Expired	0		–572,781	7.14
Outstanding on 31 Dec	0		354,700	13.00
Exercisable on 31 Dec	0		354,700	13.00

The expense recognized for services received during the fiscal year is shown in the following table:

In EUR k	2019	2018
Expenses arising from equity-settled share-based payment transactions	0	319

There were no stock options outstanding as of 31 December 2019. The weighted average remaining contractual life for the share options outstanding as at 31 December 2018 was 2.8 years.

No options were granted in fiscal year 2019 (or 2018) and therefore no weighted average fair value of the options granted in the fiscal year needs to be stated.

The weighted average fair value of all options granted under the Stock Option Plan 2013 was EUR 2.07 (prior year: EUR 2.07).

The weighted average share price of all options exercised in the reporting period was EUR 51.30 as of the exercise date (prior year: EUR 53.07).

The following table lists the inputs used to value the Stock Option Plan 2013, under which options were only granted in fiscal years 2013 and 2014, at the grant date:

	Options granted in 2014		Options granted in 2013	
	Board of management members	Executives	Board of management members	Executives
Dividend yield (%)	1.5	1.5	1.5	1.5
Expected volatility (%)	35	35	38	38
Risk-free interest rate (%)	0.40	0.60	0.85	0.85
Expected life of stock options (years)	5.5	5.5	5.5	5.5
Share price at grant date (EUR)	14.36	12.31	7.90	7.45
Model used	Black Scholes	Black Scholes	Black Scholes	Black Scholes

The expected volatility was based on an assessment of the historical volatility of the Company's share price, in particular in the period that corresponded to the expected life. The expected life of the stock options was based on estimates by the board of management.

Stock Option Plan 2015 for executives and employees

In 2015, the Group launched another stock option plan that entitles the relevant members of the board of management and executives to acquire shares in the Company.

The option rights can be exercised at the earliest after the expiry of the four-year vesting period beginning on the grant date of the subscription right. The options have a contractual term of seven years. Instead of issuing new shares, the Company may choose to grant a cash payment in order to satisfy the stock options. The options are expected to be equity-settled.

The right to exercise the stock options is dependent on the fulfillment of a certain length of service (vesting period), the value of the Company's share price and EBITDA (adjusted) of the Group of EUR 250m. The gain that can be achieved by option holders from exercising their stock options may not be more than three times the corresponding exercise price.

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

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, stock options during the fiscal year.

In EUR	2019 Number	2019 WAEP	2018 Number	2018 WAEP
Outstanding on 1 Jan	1,112,920	51.81	876,190	50.02
Granted	226,460	53.59	376,460	55.27
Forfeited	0	0	0	0
Exercised	–60,000	50.92	0	0
Expired	–20,000	51.97	–139,730	49.92
Outstanding on 31 Dec	1,259,380	52.17	1,112,920	51.81
Exercisable on 31 Dec	260,000	50.92	0	0

The expense recognized for services received during the fiscal year is shown in the following table:

In EUR k	2019	2018
Expenses arising from equity-settled share-based payment transactions	2,956	1,964

The weighted average remaining contractual life for the stock options outstanding as of 31 December 2019 is 5.0 years (prior year: 5.0 years).

The weighted average fair value of options granted during fiscal year 2019 was EUR 6.01 (prior year: EUR 8.68).

The weighted average fair value of all options granted under the Stock Option Plan 2015 was EUR 10.45 (prior year: EUR 10.78).

The table below lists the inputs used to value the options granted under the Stock Option Plan 2015 in fiscal year 2019:

	Options granted in 2019		Options granted in 2018	
	Board of management members	Executives	Board of management members	Executives
Dividend yield (%)	3.85	2.83	2.51	2.51
Expected volatility (%)	25.32	21.76	29.2	29.2
Risk-free interest rate (%)	–0.42	–0.71	–0.31	–0.31
Expected life of stock options (years)	5.5	4.0	5.5	4.0
Share price at grant date (EUR)	51.75	67.76	56.55	51.65
Model used	Black Scholes	Black Scholes	Black Scholes	Black Scholes

The expected volatility is based on an assessment of the historical volatility of the Company's share price, in particular in the period that corresponds to the expected life. The expected life of the stock options is based on estimates by the board of management.

Stock Option Plan 2019 for executives and employees

In 2019, the Group launched another stock option plan that entitles the relevant members of the board of management and executives to acquire shares in the Company.

The option rights can be exercised at the earliest after the expiry of the four-year vesting period beginning on the grant date of the subscription right. The options have a contractual term of seven years. Instead of issuing new shares, the Company may choose to grant a cash payment in order to satisfy the stock options. The options are expected to be equity-settled.

The right to exercise the stock options is dependent on the fulfillment of a certain length of service (vesting period), the value of the Company's share price and EBITDA (adjusted) of the Group of EUR 600m. The gain that can be achieved by option holders from exercising their stock options may not be more than three times the corresponding exercise price.

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

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, stock options during the fiscal year.

In EUR	2019 Number	2019 WAEP
Outstanding on 1 Jan	0	
Granted	1,670,000	51.85
Forfeited	0	
Exercised	0	
Expired	0	
Outstanding on 31 Dec	1,670,000	51.85
Exercisable on 31 Dec	0	

The expense recognized for services received during the fiscal year is shown in the following table:

In EUR k	2019
Expenses arising from equity-settled share-based payment transactions	2,516

The weighted average remaining contractual life for the share options outstanding as at 31 December 2019 was 6.5 years.

The weighted average fair value of options granted during fiscal year 2019 was EUR 12.72.

The weighted average fair value of all options granted under the Stock Option Plan 2019 was EUR 12.72.

The total expense for all stock options in the reporting year is EUR 5,472k (prior year: EUR 2,283k).

The table below lists the inputs used to value the options granted under the Stock Option Plan 2019 in fiscal year 2019:

	Options granted in 2019	
	Board of management members	Executives
Dividend yield (%)	2.83	2.83
Expected volatility (%)	21.76	21.76
Risk-free interest rate (%)	–0.71	–0.71
Expected life of stock options (years)	5.5	5.5
Share price at grant date (EUR)	69.20	69.35
Model used	Black Scholes	Black Scholes

The expected volatility is based on an assessment of the historical volatility of the Company's share price, in particular in the period that corresponds to the expected life. The expected life of the stock options is based on estimates by the board of management.

Cash-settled employee participation program for executives and employees

In 2016, a cash-settled employee participation program was set up as part of the acquisition of a majority shareholding in a subsidiary. This incentive system allowed eligible employees to exercise phantom put options at a defined date in the future in return for cash settlement. The option holders were entitled to receive a cash settlement depending on the value of the shares. The value of the options was calculated on the basis of the business valuation performed as part of the majority acquisition. Future adjustments to the valuation were made on the basis of contractually agreed valuation formulas which were dependent on the business development and the company affiliation of the eligible employees. No other profit or market conditions had to be fulfilled to exercise the options. The options were allocated to the eligible employees and valued by the management of the subsidiary which required the approval of its shareholders. The cash-settled employee participation program was closed in 2019. As a result, the carrying amount and the fair value of the liability from options with cash settlement was EUR 0k as of 31 December 2019 (31 December 2018: EUR 6,325k).

The personnel expenses recognized in the reporting period break down as follows:

In EUR k	2019	2018
Incentive systems with cash settlement	0	2,179

43 Executive bodies

Name	Membership in statutory supervisory boards	Membership in comparable oversight bodies
Board of management		
Udo Müller (Co-CEO)		
Christian Schmalzl (Co-CEO)		Internet Billboard a.s., Ostrava, Czech Republic
Dr. Christian Baier (since August 2019)		
Dr. Bernd Metzner (until April 2019)	Döhler GmbH, Darmstadt STRÖER Dialog Verwaltung Hamburg GmbH, Hamburg Sixt Leasing SE, Pullach	Conexus AS, Drammen, Norway
Supervisory board		
Christoph Vilanek Chairman of the executive board of freenet AG, Büdelsdorf (Chairman)	CECONOMY AG, Düsseldorf eXaring AG, Munich Ströer Management SE, Düsseldorf VNR Verlag für die Deutsche Wirtschaft AG, Bonn	Sunrise Communications Group AG, Zurich, Switzerland
Dirk Ströer Managing director of Ströer Aussenwerbung GmbH & Co. KG, Cologne (Deputy Chairman)	Ströer Management SE, Düsseldorf	
Ulrich Voigt Chairman of the management board of Sparkasse KölnBonn	Finanz Informatik GmbH & Co. KG, Frankfurt modernes Köln GmbH, Cologne Beethoven Jubiläums GmbH, Bonn Ströer Management SE, Düsseldorf	
Angela Barzen Coach and business trainer for managers and companies (since June 2019)		
Martin Diederichs Lawyer	Pison Montage AG, Dillingen Ströer Management SE, Düsseldorf	DSD Steel Group GmbH, Saarlouis
Julia Flemmerer Managing director of Famosa Real Estate, S.L., Ibiza, Spain (until June 2019)		
Christian Sardiña Gellesch Head of portfolio management for the West region at Ströer Media Deutschland GmbH, Cologne		
Andreas Huster Chairman of the works council at Avedo Gera GmbH, Gera	STRÖER Dialog Verwaltung Hamburg GmbH, Hamburg	
Sabine Hüttinger Employee in the public affairs division at Ströer Deutsche Städte Medien GmbH, Cologne		
Petra Loubek Head of regional in-house staff at Ströer Media Deutschland GmbH, Cologne (since August 2019)		
Rachel Marquardt Trade union secretary of ver.di federal administration, Berlin		
Tobias Meuser Area manager at Ströer Deutsche Städte Medien GmbH, Cologne		
Dr. Thomas Müller Trade union secretary of ver.di Hessen, Frankfurt am Main		

Michael Noth Director of in-house staff at Ströer Sales & Services GmbH, Cologne (until May 2019)		
Nadine Reichel Commercial manager controlling and accounting at Infoscreen GmbH, Cologne		
Petra Sontheimer Management consultant and business coach at cidpartners GmbH, Bonn		
Simone Thianer Personnel director at Telekom Deutschland GmbH, Bonn (since March 2019)	Deutsche Telekom Aussendienst GmbH, Bonn Deutsche Telekom Privatkunden-Vertrieb GmbH, Bonn Deutsche Telekom Services Europe SE, Bonn Deutsche Telekom Service GmbH, Bonn Deutsche Telekom Technik GmbH, Bonn Telekom Deutschland GmbH, Bonn	
Vicente Vento Bosch Managing director and CEO of Deutsche Telekom Capital Partners Management GmbH, Hamburg	Ströer Management SE, Düsseldorf	Cellwize Wireless Technologies Pte. Ltd., Singapore Cloudreach Europe Ltd, London, UK Deutsche Telekom Strategic Investments GmbH, Bonn Deutsche Telekom Venture Funds GmbH, Bonn Keepler Data Tech. S.L., Madrid, Spain Smarkets Ltd., London, UK Swiss Towers AG, Zug, Switzerland Telekom Innovation Pool GmbH, Bonn

44 Subsequent events

With effect as of 24 January 2020, the Ströer Group sold a total of 50.0% of the shares in the D+S 360° group. The sale was made with a view to structurally optimizing the Direct Media segment in order to fine tune the focus more on high margin sales areas. The purchase price was EUR 0.0m.

RESPONSIBILITY STATEMENT

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

Cologne, 12 March 2020

Ströer SE & Co. KGaA represented by:

Ströer Management SE
(general partner)

Udo Müller	Christian Schmalzl	Dr. Christian Baier
Co-CEO	Co-CEO	CFO

INDEPENDENT AUDITOR'S REPORT

To Ströer SE & Co. KGaA

Report on the audit of the consolidated financial statements and the combined management report of the Company and the Group

Opinions

We have audited the consolidated financial statements of Ströer SE & Co. KGaA, Cologne, and its subsidiaries (the Group), which comprise the consolidated income statement and consolidated statement of comprehensive income for the fiscal year from 1 January 2019 to 31 December 2019, the consolidated statement of financial position as at 31 December 2019, consolidated statement of cash flows and consolidated statement of changes in equity for the fiscal year from 1 January 2019 to 31 December 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report of the Company and the Group of Ströer SE & Co. KGaA for the fiscal year from 1 January 2019 to 31 December 2019.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB ["Handelsgesetzbuch": German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2019 and of its financial performance for the fiscal year from 1 January 2019 to 31 December 2019, and
- the accompanying combined management report of the Company and the Group as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report of the Company and the Group is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report of the Company and the Group.

Basis for the opinions

We conducted our audit of the consolidated financial statements and the combined management report of the Company and the Group in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the combined management report of the Company and the Group" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined management report of the Company and the Group.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the fiscal year from 1 January 2019 to 31 December 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

1. Impairment testing of goodwill

Reasons why the matter was determined to be a key audit matter

Ströer SE & Co. KGaA, Cologne, performs the impairment testing of assets required under IAS 36, "Impairment of Assets" as of 30 September of a given fiscal year, or as required. The carrying amount of a cash-generating unit to which goodwill has been allocated is compared with the recoverable amount, which the Company determines using a discounted cash flow method. In view of the materiality of goodwill, the complexity and the use of judgment involved, the impairment testing of goodwill was a key audit matter in our audit. Impairment testing is based on assumptions which are derived from the business planning and are influenced by expected future market and economic conditions. The impairment test is also essentially based on the proper identification of the cash-generating units to which goodwill is allocated. In each case, the recoverable amount depends in particular on the future cash flows in the mid-range planning for the cash-generating units as well as the assumed discount and growth rates. The executive directors are responsible for determining these parameters and judgment is used. There is a risk that changes in judgment entail material changes in the impairment testing of the relevant cash-generating units.

Auditor's response
In view of the identification of the cash-generating units, we analyzed the internal reporting regularly used by the board of management to monitor and manage the Group as part of our audit procedures. We assessed whether the monitoring and controlling units identified are consistent with the identified cash-generating units within the scope of impairment testing. As part of our audit procedures, we examined the Company's established impairment testing process in terms of its suitability for identifying a potential impairment requirement. We also examined the adequacy of the controls implemented in the process for identifying relevant risks of material misstatement. In this context, we discussed the main planning assumptions with the executive directors with the assistance of our internal valuation specialists. We focused on assessing the expected future cash flows in the mid-range planning of the significant cash-generating units as well as the discount and growth rates used. For this purpose, we analyzed the assumptions underlying the impairment test to determine whether they are in line with general and industry-specific market expectations. We also checked the executive directors' planning accuracy by comparing the mid-range planning from prior years with the actual figures of the relevant fiscal years. Furthermore, we compared the mid-range planning used in the impairment testing with the mid-range planning approved by the supervisory board and assessed the mathematical accuracy of the valuation models based on a sample. We determined that the assumptions in connection with the planning are sufficiently documented and consistent with our expectations. We also performed our own sensitivity analyses (carrying amount compared with the recoverable amount) for significant cash-generating units in order to understand the effect of changes to certain parameters on the valuation models. We also assessed the disclosures made by Ströer SE & Co. KGaA in the notes to the consolidated financial statements. In this regard we checked a sample of the executive directors' disclosures for completeness and compared them with our expectations.

Our audit procedures did not lead to any reservations relating to the measurement of goodwill.

Reference to related disclosures
Notes 2, "Assumptions, accounting estimates and the use of judgment," 3, "Significant accounting policies" and 19, "Intangible assets" in the notes to the consolidated financial statements contain information from Ströer SE & Co. KGaA on the recognition and measurement of goodwill.

2. Appropriateness of the allocation of different revenue streams in revenue recognition

Reasons why the matter was determined to be a key audit matter
The main revenue streams in the consolidated financial statements of Ströer SE & Co. KGaA are generated from the commercialization of advertising faces in the large formats, street furniture and transport product groups, the commercialization of online advertising as well as subscription and e-commerce business. In view of their complexity, the proper allocation of these various revenue streams is subject to a particular risk of material misstatement. Against this backdrop, we classified the allocation of various revenue streams in the context of applying financial reporting standards as one of the key audit matters for our audit of the consolidated financial statements.

Auditor's response
In the course of our audit, we assessed whether the group accounting guideline for IFRS 15 provides a suitable basis for preparing consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs). As part of our audit procedures, we examined the Company's established process for revenue recognition and allocation and examined the adequacy of the controls implemented in the process for identifying relevant risks of material misstatement. In order to test the propriety of revenue recognition as of the reporting date, we inspected significant contracts, obtained external customer confirmations and performed substantive testing on a sample of supplier documents, customer invoices and payment receipts as of the reporting date. With the help of analytical analyses of the data of relevance for revenue in fiscal year 2019, we checked correlation analyses and daily revenue postings using data analysis tools. Our expectations were based on industry and market-specific data as well as past experience; we compared them with

the results of the data analyses by Ströer SE & Co. KGaA. The results of the data analysis are consistent with our expectations. We also assessed the accounting consequences of any new business models in terms of revenue recognition. The risk stemming from management being able to make manual revenue postings outside of the standardized revenue process was mitigated by making extensive inquiries of the executive directors for our audit opinion and using data analysis tools. In this connection we also examined a sample of the underlying data to check whether there was any unauthorized access in fiscal year 2019.

Our audit procedures did not lead to any reservations relating to the recognition of revenue.

Reference to related disclosures
Notes 3, "Significant accounting policies," and 4, "Changes in accounting policies" and 9, "Revenue" in the notes to the consolidated financial statements contain the Company's disclosures on revenue recognition.

Responsibilities of the executive directors and the supervisory board for the consolidated financial statements and the combined management report of the Company and the Group

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the combined management report of the Company and the Group that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report of the Company and the Group that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report of the Company and the Group.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report of the Company and the Group.

Auditor's responsibilities for the audit of the consolidated financial statements and of the combined management report of the Company and the Group

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report of the Company and the Group as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the combined management report of the Company and the Group.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report of the Company and the Group.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report of the Company and the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report of the Company and the Group in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report of the Company and the Group or, if such disclosures are inadequate, to modify our respective opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report of the Company and the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the combined management report of the Company and the Group with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the combined management report of the Company and the Group. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Further information pursuant to Art. 10 of the EU Audit Regulation

We were elected as group auditor for fiscal year 2019 by the annual general meeting on 19 June 2019. We were engaged by the supervisory board on 4 December 2019. We have been the group auditor of Ströer SE & Co. KGaA without interruption since fiscal year 2002.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Marc Ueberschär.

Cologne, 12 March 2020

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Ueberschär	**Galden**
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

IMPRINT

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This annual report was published on 30 March 2020 and is available in German and English. In the event of inconsistencies, the German version shall prevail.

Disclaimer

This annual report contains forward-looking statements which entail risks and uncertainties. The actual business development and results of Ströer SE & Co. KGaA and of the Group may differ significantly from the assumptions made in this annual report. This annual report does not constitute an offer to sell or an invitation to submit an offer to purchase securities of Ströer SE & Co. KGaA. There is no obligation to update the statements made in this annual report.

FINANCIAL CALENDAR

12 May 2020	Quarterly statement Q1 2020
30 Jun 2020	Annual shareholder meeting, Cologne
13 Aug 2020	Half-year financial report H1 / Q2 2020
12 Nov 2020	Quarterly statement 9M / Q3

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