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STRÖER

# HALF-YEAR FINANCIAL REPORT 6M/Q2 2017

STRÖER SE & Co. KGaA

# CONTENTS

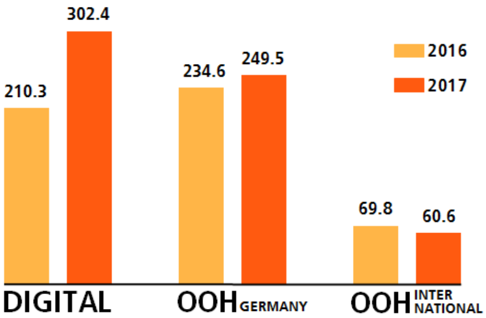
# THE GROUP'S FINANCIAL FIGURES AT A GLANCE

**REVENUE**

**EUR 597.4 m**

(prior year: EUR 502.3m)

**BY SEGMENT**
in EUR m




OPERATIONAL EBITDA

**EUR 135.9 m**

(prior year: EUR 115.4m)

OPERATIONAL EBITDA MARGIN

**22.5%**

(prior year: 22.7%)

ORGANIC REVENUE GROWTH

**7.6%**

(prior year: 8.7%)

ADJUSTED CONSOLIDATED PROFIT FOR THE PERIOD

**EUR 70.1 m**

(prior year: EUR 61.3m)

FREE CASH-FLOW BEFORE M&A TRANSACTIONS

**EUR 19.6 m**

(prior year: EUR 40.7m)

ROCE

**16.4%**

(prior year: 17.3%)

| In EUR m | Q2 2017 | Q2 2016 | 6M 2017 | 6M 2016 |
|---|---|---|---|---|
| **Revenue** | **316.2** | **276.2** | **597.4** | **502.3** |
| **Operational EBITDA** | **80.3** | **69.2** | **135.9** | **115.4** |
| Adjustment effects | 5.9 | 5.5 | 10.8 | 10.9 |
| IFRS 11 adjustment | 1.2 | 1.1 | 2.4 | 2.0 |
| **EBITDA** | **73.2** | **62.7** | **122.7** | **102.4** |
| Amortization, depreciation and impairment losses | 40.5 | 34.7 | 80.7 | 68.4 |
| thereof attributable to purchase price allocations and impairment losses | 16.6 | 15.9 | 33.0 | 30.7 |
| **EBIT** | **32.7** | **28.0** | **42.0** | **34.0** |
| Financial result | 2.1 | 3.3 | 3.6 | 5.1 |
| **EBT** | **30.6** | **24.6** | **38.5** | **28.9** |
| Income taxes | 4.1 | 2.7 | 4.9 | 3.1 |
| **Consolidated profit for the period** | **26.5** | **21.9** | **33.5** | **25.9** |
| **Adjusted consolidated profit for the period** | **45.5** | **40.5** | **70.1** | **61.3** |
| | | | | |
| **Free cash flow (before M&A transactions)** | | | **19.6** | **40.7** |
| **Net debt** | | | **418.5** | **365.2** |
| **Leverage ratio** | | | **1.38** | **1.49** |

# FOREWORD BY THE BOARD OF MANAGEMENT

Dear shareholders,

The Ströer Group continued to perform very well in the second quarter, reporting strong increases in revenue and earnings. The two core segments OOH Germany and Ströer Digital contributed to this very positive business development. Ströer Digital, now our largest segment, reported robust and high-margin revenue growth. We have a strong digital portfolio in this segment, where we focus on structurally growing and profitable assets. The catalysts here are online, public and mobile video as well as local digital revenue and digital subscriptions. The upward trend was also bolstered by the continued strong performance of the OOH Germany segment, where business remains robust as in prior years.

Our revenue, operational EBITDA and profit increased significantly year on year. Revenue growth for the first half of the year as a whole stands at 19%, with organic growth of 8%. Operational EBITDA improved by 18% to a total of EUR 136m in the first six months of 2017. The healthy performance of the operating business also had a positive effect on the financial position, with Ströer also further reducing its leverage ratio from 1.5 to 1.4 over the past 12 months despite acquisitions and a dividend payout.

One of the keys to this success is the fast pace of innovation in a rapidly changing environment.

Ströer is leading the way in the digitization of out-of-home media and is successively digitizing its advertising media across German cities. In addition to the further expansion of its public video infrastructure, Ströer is also forging ahead with the roll out of roadside screens – large format digital advertising spaces on roadsides – and with the installation of iBeacons in advertising media. The new editorial office of t-online.de set up in Berlin in June is not only the content supplier of the t-online website but also provides editorial content for the roadside screens and the public video network. This gives us access to a high-performance, high-reach channel. We are making our unique multiscreen, multi-touchpoint concept a reality, offering integrated and multimedia storytelling across all devices, channels and media formats. In parallel, we are also increasing direct traffic and increasing the visibility of the brand. With the launch of the unique multiscreen, multi-touchpoint concept, t-online.de can now reach some 47 million users per month all over Germany.

Through the value-enhancing acquisitions of the performance-based dialog marketing specialists of the Avedo Group and Ranger Group, Ströer can add additional channels to its own performance marketing business. By combining the different product ranges, the new and expanded Ströer Group will be able to offer its customers integrated, end-to-end solutions along the entire marketing and sales value chain in the future.

In view of this performance, it was agreed at this year's shareholder meeting held in June 2017 to increase the dividend payment for fiscal year 2016 by nearly 60%, raising it from EUR 0.70 to EUR 1.10 per qualifying share, allowing us to let all shareholders participate substantially in our Company's growing success.

We expect to record organic revenue growth in the mid to high single-digit percentage range in fiscal year 2017. We are confirming our current guidance of operational EBITDA of more than EUR 320m and consolidated revenue of around EUR 1.3b for 2017.

Best wishes,

The Board of Management

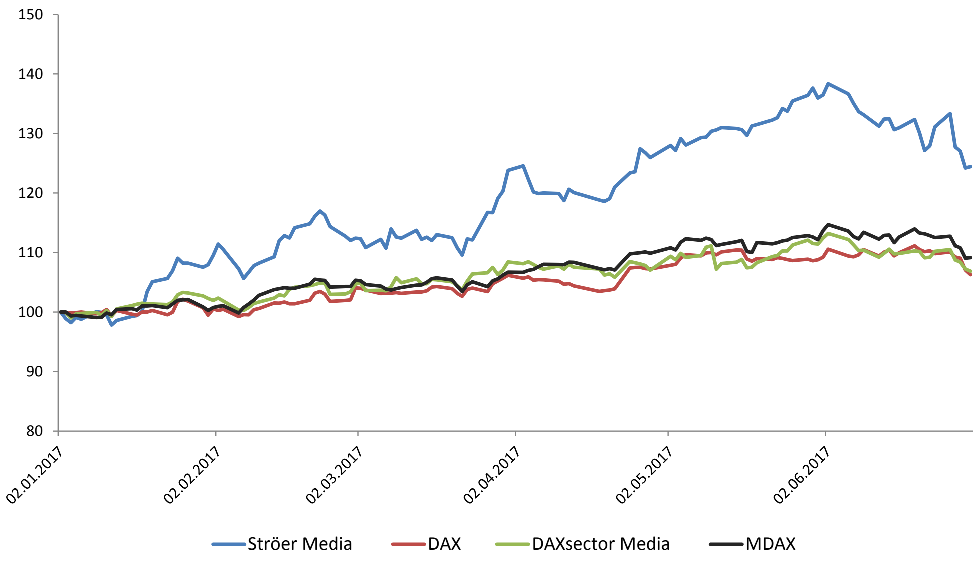
Udo Müller
Co-CEO

Christian Schmalzl
Co-CEO

Dr. Bernd Metzner
CFO

# SHARE

The German stock market performed very well overall in the first six months of 2017. Both the DAX and the MDAX reported gains, up 6.3% and 9.1%, respectively. The good market performance reflects, among other factors, strong economic indicators, the outcome of the presidential elections in France and the persistently low interest rates. The Ströer share also saw an upward trend that began at the end of 2016 continue into the new year and reported a gain of 24.4% overall for the first six months of 2017. As such, the Ströer share considerably outperformed the benchmark indexes DAX, MDAX and DAXsector Media.




## Shareholder meeting

Ströer SE & Co. KGaA's shareholder meeting was held at the Koelnmesse Congress Center on 14 June 2017 and was attended by approximately 180 shareholders and guests. Overall, more than 45 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 1.10 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 MDAX, a selection index of Deutsche Börse, since November 2015. Based on the closing share price on 30 June 2017, market capitalization came to approximately EUR 2.9b.

The average daily volume of Ströer stock traded on German stock exchanges was approximately 166,000 shares in the first half of 2017.

## Analysts' coverage

The performance of Ströer SE & Co. KGaA is tracked by 16 teams of analysts. Based on the most recent assessments, 14 of the analysts are giving a "buy" recommendation and 2 say "hold." The latest broker assessments are available at http://ir.stroeer.com and are presented in the following table:

| Investment bank | Recommendation* |
|---|---|
| Bankhaus Lampe | Buy |
| Barclays | Buy |
| Citigroup Global Markets | Buy |
| Commerzbank | Buy |
| Deutsche Bank | Buy |
| Hauck & Aufhäuser | Buy |
| HSBC | Buy |
| Jeffries | Buy |
| J.P. Morgan | Buy |
| KeplerCheuvreux | Buy |
| LBBW | Buy |
| Liberum | Buy |
| MainFirst | Buy |
| Morgan Stanley | Buy |
| NordLB | Hold |
| Oddo Seydler | Hold |

*As of 30 June 2017

## Shareholder structure

Co-CEO Udo Müller, holds 21.70%, supervisory board member Dirk Ströer holds 21.80% and Co-CEO Christian Schmalzl holds 0.05% of the shares in Ströer SE & Co. KGaA. The free float comes to around 45%.

According to the notifications made to the Company as of the date of publication of this report on 10 August 2017, the following parties reported to us that they hold more than 3% of the voting rights in Ströer SE & Co. KGaA: Deutsche Telekom AG (11.60%), Allianz Global Investors (6.15%) and Credit Suisse (4.63%).

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

# INTERIM GROUP MANAGEMENT REPORT

This interim group management report covers the period from 1 January to 30 June 2017.

**Interim group management report**

# INTERIM GROUP MANAGEMENT REPORT

## BACKGROUND OF THE STRÖER GROUP

### Business model, segments and organizational structure

Ströer SE & Co. KGaA is one of the large providers in the commercialization of out-of-home and online advertising in Germany, and offers its advertising customers individualized and integrated communications solutions. Its portfolio of branding and performance products gives customers the opportunity to address specific target groups and simultaneously increase the relevance of the Ströer Group as a contact for media agencies and advertisers.

The Company's business model is based on offering traditional out-of-home advertising, the public video network that is shown on screens installed in train stations and shopping malls, as well as online display and video marketing via stationary internet and mobile devices and tablets. Ströer thus covers the entire digital marketing and innovative brand presence value chain. In 2016, the product portfolio was expanded to include subscription-based revenue models and digital commerce.

Ströer also signed agreements to acquire the Avedo Group and the Ranger Group in July and August 2017. Through these acquisitions of the performance-based dialog marketing specialists, Ströer adds additional advertising channels to its own performance marketing business.

For further information on our business model, our segments and our organizational structure, see pages 14 to 23 of our annual report for 2016.

# ECONOMIC REPORT

## Macroeconomic development

The International Monetary Fund (IMF) is putting economic growth in the eurozone for 2017 at the prior-year level of 1.7%. This estimate reflects, among other factors, political uncertainties (upcoming elections in 2017 in several countries) coupled with uncertainty regarding the future relations between the EU and the UK.

The economic development in Germany, by far our most important sales market, is already at a high level and is still given a positive assessment by several institutions, with the Kiel Institute for the World Economy (IfW) projecting growth of 1.7% in its latest economic forecast, while the ifo Institute in Munich raised its previous forecast for the current year from 1.5% to 1.8%. The Organisation for Economic Co-operation and Development (OECD) also expects to see the German economy's upward trend continue and is projecting a 1.7% increase in GDP.

In Turkey, our biggest foreign market, the World Bank expects economic growth to remain flat at the prior-year level of 3.5% for 2017 owing to the country's continued geopolitical instability.

In terms of exchange rates, the Turkish lira fell again against the euro in the first six months of 2017, remaining at a very low level.

# RESULTS OF OPERATIONS OF THE GROUP

The Ströer Group also closed the second quarter of 2017 with strong revenue growth, with half-yearly revenue up overall by EUR 95.1m to EUR 597.4m.[1] In addition to the **revenue** from our newly acquired companies, organic growth in both the Ströer Digital and OOH Germany segments was once again one of the main drivers. By contrast, the performance of the OOH International segment was less pleasing, with the difficult overall situation in particular in Turkey greatly hindering growth. Overall, however, this downward development was more than offset by the continued positive growth trend in the Digital and German OOH segments, with the Group overall reporting organic revenue growth of 7.6%.

The noticeable climb in revenue was accompanied by a further increase in **cost of sales**. While EUR 346.4m was incurred in the prior-year period, cost of sales came to EUR 404.8m in the current period. The initial consolidation of the entities acquired drove up cost of sales, as did the higher publisher fees in the Digital segment and higher production and other direct costs in the OOH Germany segment owing to the rise in revenue. **Gross profit** totaled EUR 192.6m (prior year: EUR 155.9m).

The development of **selling and administrative expenses** also reflects the continued expansion of the Ströer Group with its newly acquired entities. At the same time, the ongoing expansion of the local sales organization for digital and OOH products in Germany also led to further cost increases. Overall, selling and administrative expenses were up from EUR 129.2m in the prior-year period to EUR 161.4m, or expressed as a percentage of revenue, up slightly from 25.7% to 27.0%. By contrast, net **other operating income and expenses** showed a moderate improvement. While EUR 5.0m was reported in the prior year, the Group is disclosing a net total of EUR 7.9m for the first six months of the current fiscal year. The **share in profit or loss of equity method investees** continued to show a slight upward trend and was up EUR 0.6m year on year to EUR 2.9m.

The strong growth in the operating business lifted the Ströer Group's **EBIT** up from EUR 34.0m to EUR 42.0m. At the same time, **operational EBITDA**[2] developed very positively again, growing significantly from EUR 115.4m to EUR 135.9m. Return on capital employed **(ROCE)** stood at 16.4% (prior year: 17.3%).

[1] See section 7 of the notes for information on the reconciliation of revenue growth to organic growth.

[2] See section 6 of the notes for information on the reconciliation of EBITDA to operational EBITDA.

With regard to the **financial result**, the Group benefited, among other things, from the more favorable interest conditions renegotiated in December 2016, with the financial result improving from EUR -5.1m to EUR -3.6m.

In line with a further increase in profit before taxes, the **tax expense** rose to EUR 4.9m (prior year: EUR 3.1m).

By driving forward our profitable growth strategy, the Ströer Group once again grew its **consolidated profit** in the first six months of 2017 from EUR 25.9m to EUR 33.5m. **Adjusted consolidated profit** amounted to EUR 70.1m (prior year: EUR 61.3m).

# FINANCIAL POSITION

## Liquidity and investment analysis

| In EUR m | | 6M 2017 | 6M 2016 |
|---|---|---|---|
| **(1)** | **Cash flows from operating activities** | **80.4** | **83.4** |
| (2) | Cash received from the disposal of intangible assets and property, plant and equipment | 6.0 | 2.8 |
| (3) | Cash paid for investments in intangible assets and property, plant and equipment | -66.7 | -45.6 |
| (4) | Cash paid for investments in financial assets | -0.7 | -0.4 |
| (5) | Cash received from and cash paid for the acquisition of consolidated entities | -6.4 | -106.0 |
| **(6)** | **Cash flows from investing activities** | **-67.8** | **-149.1** |
| **(7)** | **Free cash flow** | **12.6** | **-65.7** |
| **(8)** | **Cash flows from financing activities** | **-12.6** | **74.2** |
| (9) | Change in cash | -0.1 | 8.5 |
| **(10)** | **Cash at the end of the period** | **64.1** | **65.0** |
| **(7)-(5)-(4)** | **Free cash flow before M&A transactions** | **19.6** | **40.7** |

In the first six months of 2017, the Ströer Group generated **cash flows from operating activities** of EUR 80.4m, slightly short of the prior-year record result of EUR 83.4m. Although the Group's EBITDA clearly improved again, rising by EUR 20.3m, this increase was fully offset by a considerable increase of EUR 17.7m in tax payments and negative changes in working capital of EUR 3.6m. The significant increase in tax payments mainly reflects the tax backpayments for fiscal years up to 2015. Additional payments relating to the utilization of restructuring provisions (EUR 9.1m) also cast a shadow over the good development in the operating business.

In relation to **cash flows from investing activities** (EUR -67.8m), the Group's cash outflows were considerably lower in the first six months of the current fiscal year than in the comparative prior-year period (EUR -149.1m). While 2016 was still shaped by extensive M&A transactions, in particular in connection with the acquisition of the Statista Group, purchase price payments for business combinations have only been of minor significance year to date. By contrast, cash paid for investments in intangible assets and property, plant and equipment in connection with extended investing activities is well above the prior-year level. Overall, the **free cash flow before M&A transactions** came to EUR 19.6m (prior year: EUR 40.7m). The **free cash flow** amounted to EUR 12.6m (prior year: EUR -65.7m).

Due to the decrease in cash paid for M&A transactions, **cash flows from financing activities** also decreased. In terms of the composition of cash flows, EUR 61.6m related to the payment of dividends, of which the largest portion of EUR 60.8m went to the shareholders of Ströer SE & Co. KGaA. In addition, a total of EUR 23.2m was invested in additional shares in entities in which the Ströer Group already held a majority interest. In relation to the raising and repayment of borrowings, the amounts reported in the prior year were significantly higher as Ströer placed a note loan on the capital market in June 2016 and used the funds raised to repay credit lines drawn down.

**Cash** stood at EUR 64.1m as of the reporting date.

## Financial structure analysis

The development of **non-current liabilities** largely reflects the continued growth course of the Ströer Group. The increase of EUR 61.6m to EUR 658.8m is mainly attributable to the additions to non-current financial liabilities amounting to EUR 70.2m. By contrast, deferred tax liabilities were down by a noticeable EUR 9.6m. This decrease can be attributed to the ongoing amortization of recognized hidden reserves.

**Current liabilities** were down from EUR 476.3m as of 31 December 2016 to EUR 443.8m, due to customary fluctuations in trade payables along with the utilization of extensive restructuring provisions. These decreases, however, were partly offset by higher other liabilities.

The Ströer Group's **equity** was down EUR 36.1m on the year-end figure to EUR 621.8m, mainly as a result of the EUR 60.8m dividend distribution to shareholders of Ströer SE & Co. KGaA. This distribution was contrasted by a consolidated profit of EUR 33.5m for the first six months of 2017. The equity ratio stood at 36.1% as of the reporting date.

## Net debt

Net debt, operational EBITDA and the leverage ratio are calculated in accordance with the Ströer Group's internal reporting structure. Accordingly, the four entities accounted for using the equity method in which Ströer holds 50.0% of shares are included in these figures on a pro rata basis as in the prior years.

| **In EUR m** | | **30 Jun 2017** | **31 Dec 2016** |
|---|---|---|---|
| (1) | Liabilities from the facility agreement | 303.0 | 215.1 |
| (2) | Liabilities from note loans | 144.6 | 144.5 |
| (3) | Obligation to purchase own equity instruments | 97.1 | 115.3 |
| (4) | Other financial liabilities | 40.4 | 43.1 |
| (1)+(2)+(3)+(4) | Total financial liabilities | 585.1 | 518.0 |
| (1)+(2)+(4) | Total financial liabilities excluding obligations to purchase own equity instruments | 487.9 | 402.7 |
| (5) | Cash | 64.1 | 64.2 |
| (6) | IFRS 11 adjustment | 5.3 | 8.3 |
| **(1)+(2)+(4)-(5)-(6)** | **Net debt** | **418.5** | **330.3** |

In the first six months of 2017, net debt of the Ströer Group stood at EUR 418.5m, an increase of EUR 88.2m on the year-end figure. This debt gives rise to a leverage ratio, defined as the ratio of net debt to operational EBITDA, of 1.38 as of 30 June 2017. Although the leverage ratio worsened for seasonal reasons compared with the ratio of 1.17 at the end of fiscal year 2016, it further improved on the ratio of 1.49 as of 30 June of the prior year.

# NET ASSETS

## Analysis of the net asset structure

**Non-current assets** fell by EUR 13.1m from EUR 1,446.5m to EUR 1,433.3m in the current fiscal year. This decrease chiefly relates to the EUR 29.1m fall in intangible assets due to regular amortization which was only partly offset by new investments. By contrast, the Group reported a slight increase in property, plant and equipment of EUR 12.4m, which was primarily due to investments in our advertising media portfolio. The changes in the other items of non-current assets were of marginal importance.

The increase in **current assets** from EUR 284.8m to EUR 291.0m is largely attributable to other assets, in particular, the lease prepayments for our advertising rights contracts which are customarily higher during the year. There were no other significant changes to report.

# RESULTS OF OPERATIONS OF THE SEGMENTS

## Ströer Digital

| In EUR m | Q2 2017 | Q2 2016 | Change | | 6M 2017 | 6M 2016 | Change | |
|---|---|---|---|---|---|---|---|---|
| Segment revenue, thereof | 154.5 | 117.1 | 37.5 | 32.0% | 302.4 | 210.3 | 92.2 | 43.8% |
| Display | 58.8 | 59.2 | -0.4 | -0.6% | 121.9 | 110.9 | 11.0 | 9.9% |
| Video | 28.7 | 24.7 | 4.0 | 16.1% | 50.7 | 43.2 | 7.5 | 17.4% |
| Transactional | 67.0 | 33.1 | 33.8 | >100% | 129.8 | 56.2 | 73.7 | >100% |
| Operational EBITDA | 41.7 | 30.6 | 11.2 | 36.5% | 76.9 | 54.6 | 22.4 | 40.9% |
| Operational EBITDA margin | 27.0% | 26.1% | 0.9 percentage points | | 25.4% | 26.0% | -0.5 percentage points | |

The Ströer Digital segment saw its revenue grow further across all product groups in the first six months of 2017. Our investments in other digital business models (e.g., subscription and e-commerce models), with the revenue contributions recorded under the new transactional product group, also contributed to strong revenue growth. Our public video business and the expansion of our sales operations for local digital solutions geared to small and medium-sized companies also significantly boosted growth. As Ströer is continually adding to and expanding its business, the segment figures can only be compared with those of the prior year to a limited extent. The integration and targeted restructuring of the newly acquired companies was driven forward in the reporting period and we are frequently able to leverage synergies and economies of scale on both the revenue and cost side.

## Out-of-Home Germany

| In EUR m | Q2 2017 | Q2 2016 | Change | | 6M 2017 | 6M 2016 | Change | |
|---|---|---|---|---|---|---|---|---|
| Segment revenue, thereof | 135.6 | 126.3 | 9.2 | 7.3% | 249.5 | 234.6 | 14.9 | 6.4% |
| Large formats | 65.5 | 61.5 | 3.9 | 6.4% | 111.7 | 109.5 | 2.2 | 2.0% |
| Street furniture | 35.0 | 32.5 | 2.5 | 7.8% | 69.8 | 65.8 | 4.1 | 6.2% |
| Transport | 16.3 | 15.7 | 0.6 | 3.9% | 30.3 | 28.9 | 1.4 | 4.8% |
| Other | 18.8 | 16.6 | 2.2 | 13.2% | 37.7 | 30.4 | 7.3 | 24.0% |
| Operational EBITDA | 40.2 | 34.2 | 5.9 | 17.4% | 66.4 | 59.1 | 7.4 | 12.4% |
| Operational EBITDA margin | 29.6% | 27.1% | 2.5 percentage points | | 26.6% | 25.2% | 1.4 percentage points | |

With business remaining robust, **revenue** growth in the OOH Germany segment remained strong in the second quarter of 2017. This growth was once again largely driven by regional business in light of the continued expansion of the local sales organization.

All product groups performed well in the second quarter. The **large formats** product group, which focuses on national as well as regional and local customer groups, reported significant growth in the second quarter following a decline in revenue in the first three months. Revenue for the first six months came to EUR 111.7m (prior year: EUR 109.5m). This increase was largely fueled by ongoing robust demand for out-of-home media and our stepped-up sales activities. Our **street furniture** product group, which is more targeted at national and international customer groups, grew tangibly once more compared with the first quarter, generating revenue for the first six months of EUR 69.8m (prior year: EUR 65.8m). The performance of this product group was bolstered by robust demand from media agencies for these product formats. By contrast, the further growth of the **transport** product group primarily reflects the growing business with our local customer groups, with revenue at the end of the first six months amounting to EUR 30.3m (prior year: EUR 28.9m). In addition, the **other** segment was also significantly buoyed by the expansion of the local sales organization, with strong revenue growth in business from both our regional and local customers who are traditionally more interested in full-service solutions – including the production of advertising materials. This product group also reports continued growth in revenue generated with local customers from our new roadside screen products.

The ongoing upward trend in revenue also led to a corresponding increase in **cost of sales**, which is largely reflected by the increase in production and other direct costs. Overall, the segment generated **operational EBITDA** of EUR 66.4m in the first six months (prior year: EUR 59.1m). The **operational EBITDA margin** improved to 26.6% (prior year: 25.2%).

## Out-of-Home International

| In EUR m | Q2 2017 | Q2 2016 | Change | | 6M 2017 | 6M 2016 | Change | |
|---|---|---|---|---|---|---|---|---|
| Segment revenue, thereof | 34.0 | 39.8 | -5.7 | -14.4% | 60.6 | 69.8 | -9.2 | -13.2% |
| Large formats | 27.2 | 31.4 | -4.1 | -13.2% | 48.8 | 55.9 | -7.1 | -12.7% |
| Street furniture | 5.2 | 6.5 | -1.3 | -20.3% | 8.6 | 10.7 | -2.1 | -19.6% |
| Other | 1.6 | 1.9 | -0.3 | -13.6% | 3.2 | 3.2 | 0.0 | 0.3% |
| Operational EBITDA | 5.6 | 9.5 | -3.9 | -41.5% | 5.3 | 11.3 | -6.0 | -53.3% |
| Operational EBITDA margin | 16.4% | 23.9% | -7.6 percentage points | | 8.7% | 16.2% | -7.5 percentage points | |

The OOH International segment includes our Turkish and Polish out-of-home activities and the western European giant poster business of the blowUP group.

**Revenue** in the OOH International segment in the first half of 2017 remained shaped by the tense political situation and the unfavorable macroeconomic conditions in Turkey. The Turkish advertising market has come under considerable pressure, and the Turkish lira's losses have also deepened compared to the prior year. Both effects had an adverse impact on our revenue shown in euro terms. In addition, as part of the measures taken to safeguard earnings in Turkey, we terminated the unprofitable marketing contract for the City of Istanbul, which also drove revenue down considerably for June. The situation on the Polish advertising market remained challenging in the first six months, where there was also a lull in revenue. By contrast, revenue in the blowUP group was positive. However, the upswing in business activities was only able to partly cushion the drop in revenue in Turkey and Poland.

The weakness of the Turkish lira and declining operating business in Turkey also had a noticeably dampening effect on **cost of sales**, with this effect more than compensating in particular for the revenue-linked cost increases in the blowUP group. Overall, due to the significant burdens associated with the Turkish business, the segment reported a decline in **operational EBITDA** to EUR 5.3m (prior year: EUR 11.3m) and an **operational EBITDA margin** of 8.7% (prior year: 16.2%).

# EMPLOYEES

The Ströer Group employed a total of 4,567 people as of 30 June 2017 (31 December 2016: 4,577). 2,707 thereof are Ströer Digital employees, 1,147 OOH Germany employees, 352 OOH International employees and 361 are employed at the holding company.

# OPPORTUNITIES AND RISKS

Our comments in the group management report as of 31 December 2016 remain applicable with regard to the presentation of opportunities and risks (see pages 57 to 62 of our 2016 annual report). As in the past, we are currently not aware of any risks to the Company's ability to continue as a going concern. Any material divergence from the planning assumptions used for the individual segments and any changes in the external parameters applied to calculate the cost of capital could lead to the impairment of intangible assets or goodwill.

# FORECAST

For 2017 as a whole, we forecast organic revenue growth in the mid to high single-digit percentage range and expect operational EBITDA to amount to more than EUR 320m.

# SUBSEQUENT EVENTS

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

# CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**Consolidated interim financial statements**

# CONSOLIDATED INCOME STATEMENT

| In EUR k | Q2 2017 | Q2 2016[1)] | 6M 2017 | 6M 2016[1)] |
|---|---|---|---|---|
| Revenue | 316,197 | 276,184 | 597,399 | 502,335 |
| Cost of sales | -205,497 | -186,698 | -404,753 | -346,414 |
| **Gross profit** | **110,700** | **89,487** | **192,645** | **155,921** |
| Selling expenses | -48,704 | -36,271 | -91,757 | -72,384 |
| Administrative expenses | -36,797 | -29,534 | -69,627 | -56,789 |
| Other operating income | 9,527 | 5,253 | 14,311 | 10,662 |
| Other operating expenses | -3,442 | -2,107 | -6,408 | -5,672 |
| Share in profit or loss of equity method investees | 1,375 | 1,141 | 2,868 | 2,257 |
| Financial result | -2,077 | -3,341 | -3,573 | -5,079 |
| **Profit before taxes** | **30,583** | **24,628** | **38,459** | **28,916** |
| Income taxes | -4,106 | -2,718 | -4,947 | -3,055 |
| **Consolidated profit or loss for the period** | **26,477** | **21,910** | **33,512** | **25,862** |
| **Thereof attributable to:** | | | | |
| Owners of the parent | 25,725 | 22,273 | 33,794 | 27,117 |
| Non-controlling interests | 752 | -363 | -282 | -1,256 |
| | **26,477** | **21,910** | **33,512** | **25,862** |
| **Earnings per share (EUR, basic)** | 0.47 | 0.40 | 0.61 | 0.49 |
| **Earnings per share (EUR, diluted)** | 0.45 | 0.39 | 0.59 | 0.47 |

1) Restated retroactively due to the purchase price allocations that were finalized after 30 June 2016.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| In EUR k | Q2 2017 | Q2 2016[1)] | 6M 2017 | 6M 2016[1)] |
|---|---|---|---|---|
| **Consolidated profit or loss for the period** | **26,477** | **21,910** | **33,512** | **25,862** |
| **Other comprehensive income** | | | | |
| **Amounts that will not be reclassified to profit or loss in future periods** | | | | |
| Actuarial gains and losses | 0 | 0 | 0 | 0 |
| Income taxes | 0 | 0 | 312 | 0 |
| | **0** | **0** | **312** | **0** |
| **Amounts that could be reclassified to profit or loss in future periods** | | | | |
| Exchange differences on translating foreign operations | -2,360 | -862 | -5,294 | -2,284 |
| Income taxes | 101 | -12 | 242 | 31 |
| | **-2,260** | **-874** | **-5,052** | **-2,253** |
| | | | | |
| **Other comprehensive income, net of income taxes** | **-2,260** | **-874** | **-4,740** | **-2,253** |
| | | | | |
| **Total comprehensive income, net of income taxes** | **24,218** | **21,035** | **28,772** | **23,609** |
| | | | | |
| **Thereof attributable to:** | | | | |
| Owners of the parent | 23,645 | 21,311 | 29,539 | 24,831 |
| Non-controlling interests | 573 | -275 | -767 | -1,222 |
| | **24,218** | **21,035** | **28,772** | **23,609** |

[1)] Restated retroactively due to the purchase price allocations that were finalized after 30 June 2016.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| Assets (in EUR k) | 30 Jun 2017 | 31 Dec 2016[1] |
|---|---|---|
| **Non-current assets** | | |
| Intangible assets | 1,120,674 | 1,149,765 |
| Property, plant and equipment | 243,212 | 230,771 |
| Investments in equity method investees | 21,656 | 26,465 |
| Financial assets | 659 | 578 |
| Trade receivables | 28 | 38 |
| Other financial assets | 7,659 | 5,150 |
| Other non-financial assets | 21,816 | 17,019 |
| Deferred tax assets | 17,646 | 16,704 |
| **Total non-current assets** | **1,433,348** | **1,446,490** |
| **Current assets** | | |
| Inventories | 17,740 | 16,948 |
| Trade receivables | 134,487 | 135,841 |
| Other financial assets | 9,271 | 9,875 |
| Other non-financial assets | 57,543 | 51,945 |
| Income tax assets | 7,863 | 6,045 |
| Cash | 64,081 | 64,154 |
| **Total current assets** | **290,985** | **284,808** |
| **Total assets** | **1,724,334** | **1,731,297** |

| Equity and liabilities (in EUR k) | 30 Jun 2017 | 31 Dec 2016[1] |
|---|---|---|
| **Equity** | | |
| Subscribed capital | 55,282 | 55,282 |
| Capital reserves | 725,470 | 723,720 |
| Retained earnings | -102,594 | -71,819 |
| Accumulated other comprehensive income | -79,043 | -74,494 |
| | **599,115** | **632,689** |
| Non-controlling interests | 22,649 | 25,167 |
| **Total equity** | **621,763** | **657,857** |
| **Non-current liabilities** | | |
| Provisions for pensions and similar obligations | 39,244 | 39,249 |
| Other provisions | 26,533 | 25,443 |
| Financial liabilities | 525,289 | 455,125 |
| Deferred tax liabilities | 67,695 | 77,311 |
| **Total non-current liabilities** | **658,761** | **597,130** |
| **Current liabilities** | | |
| Other provisions | 40,798 | 53,592 |
| Financial liabilities | 59,797 | 62,848 |
| Trade payables | 193,138 | 223,062 |
| Other liabilities | 111,046 | 98,131 |
| Income tax liabilities | 39,031 | 38,678 |
| **Total current liabilities** | **443,810** | **476,311** |
| **Total equity and liabilities** | **1,724,334** | **1,731,297** |

[1] Restated retroactively due to the purchase price allocations that were finalized after 31 December 2016.

# CONSOLIDATED STATEMENT OF CASH FLOWS

| In EUR k | 6M 2017 | 6M 2016[1] |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit or loss for the period | 33,512 | 25,862 |
| Expenses (+)/income (-) from the financial and tax result | 8,520 | 8,134 |
| Amortization, depreciation and impairment losses (+) on non-current assets | 80,688 | 68,423 |
| Share in profit or loss of equity method investees | -2,868 | -2,257 |
| Cash received from profit distributions of equity method investees | 5,708 | 3,541 |
| Interest paid (-) | -3,229 | -3,390 |
| Interest received (+) | 32 | 28 |
| Income taxes paid (-)/received (+) | -15,605 | 2,144 |
| Increase (+)/decrease (-) in provisions | -12,226 | -7,861 |
| Other non-cash expenses (+)/income (-) | -925 | -2,397 |
| Gain (-)/loss (+) on disposals of non-current assets | -2,052 | -1,263 |
| Increase (-)/decrease (+) in inventories, trade receivables and other assets | -10,400 | -4,325 |
| Increase (+)/decrease (-) in trade payables and other liabilities | -804 | -3,247 |
| **Cash flows from operating activities** | **80,352** | **83,392** |
| **Cash flows from investing activities** | | |
| Cash received (+) from the disposal of intangible assets and property, plant and equipment | 5,984 | 2,820 |
| Cash paid (-) for investments in intangible assets and property, plant and equipment | -66,696 | -45,557 |
| Cash paid (-) for investments in equity method investees | -690 | -358 |
| Cash received (+) from/paid (-) for the acquisition of consolidated entities | -6,383 | -105,980 |
| **Cash flows from investing activities** | **-67,785** | **-149,075** |
| **Cash flows from financing activities** | | |
| Dividend distribution (-) | -61,572 | -39,097 |
| Cash paid (-) for the acquisition of shares not involving a change in control | -23,212 | -9,024 |
| Cash received (+) from borrowings | 94,315 | 246,390 |
| Cash paid (-) to obtain and modify borrowings | -200 | -888 |
| Cash repayments (-) of borrowings | -21,971 | -123,222 |
| **Cash flows from financing activities** | **-12,640** | **74,158** |
| **Cash at the end of the period** | | |
| Change in cash | -73 | 8,475 |
| Cash at the beginning of the period | 64,154 | 56,503 |
| **Cash at the end of the period** | **64,081** | **64,978** |
| **Composition of cash** | | |
| Cash | 64,081 | 64,978 |
| **Cash at the end of the period** | **64,081** | **64,978** |

[1] Restated retroactively due to the purchase price allocations that were finalized after 30 June 2016.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| In EUR k | Subscribed capital | Capital reserves | Retained earnings | Accumulated other comprehensive income<br>Exchange differences on translating foreign operations | Total | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|
| **1 Jan 2016[1)]** | **55,282** | **721,240** | **-53,682** | **-58,775** | **664,065** | **15,827** | **679,892** |
| Consolidated profit or loss for the period | 0 | 0 | 27,117 | 0 | 27,117 | -1,256 | 25,862 |
| Other comprehensive income | 0 | 0 | 0 | -2,286 | -2,286 | 34 | -2,253 |
| Total comprehensive income | 0 | 0 | 27,117 | -2,286 | 24,831 | -1,222 | 23,609 |
| Change in basis of consolidation | 0 | 0 | 0 | 0 | 0 | 8,898 | 8,898 |
| Share-based payment | 0 | 1,100 | 0 | 0 | 1,100 | 0 | 1,100 |
| Effects from changes in ownership interests in subsidiaries without loss of control | 0 | 0 | -4,713 | 0 | -4,713 | 8,491 | 3,778 |
| Obligation to purchase own equity instruments | 0 | 0 | -26,902 | 0 | -26,902 | -4,991 | -31,894 |
| Dividends | 0 | 0 | -38,698 | 0 | -38,698 | -399 | -39,097 |
| **30 Jun 2016[2)]** | **55,282** | **722,340** | **-96,878** | **-61,061** | **619,681** | **26,604** | **646,285** |

| In EUR k | Subscribed capital | Capital reserves | Retained earnings | Accumulated other comprehensive income<br>Exchange differences on translating foreign operations | Total | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|
| **1 Jan 2017[3)]** | **55,282** | **723,720** | **-71,819** | **-74,494** | **632,689** | **25,167** | **657,857** |
| Consolidated profit or loss for the period | 0 | 0 | 33,794 | 0 | 33,794 | -282 | 33,512 |
| Other comprehensive income | 0 | 0 | 294 | -4,549 | -4,255 | -485 | -4,740 |
| Total comprehensive income | 0 | 0 | 34,088 | -4,549 | 29,539 | -767 | 28,772 |
| Change in basis of consolidation | 0 | 0 | 0 | 0 | 0 | 363 | 363 |
| Share-based payment | 0 | 1,750 | 0 | 0 | 1,750 | 0 | 1,750 |
| Effects from changes in ownership interests in subsidiaries without loss of control | 0 | 0 | -20,483 | 0 | -20,483 | -2,489 | -22,971 |
| Obligation to purchase own equity instruments | 0 | 0 | 16,431 | 0 | 16,431 | 1,735 | 18,166 |
| Dividends | 0 | 0 | -60,811 | 0 | -60,811 | -1,361 | -62,172 |
| **30 Jun 2017** | **55,282** | **725,470** | **-102,594** | **-79,043** | **599,115** | **22,649** | **621,763** |

[1)] Restated retroactively due to the purchase price allocations that were finalized after 31 December 2015.
[2)] Restated retroactively due to the purchase price allocations that were finalized after 30 June 2016.
[3)] Restated retroactively due to the purchase price allocations that were finalized after 31 December 2016.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## General

### 1 Information on the Company and the Group

Ströer SE & Co. KGaA 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.

See the relevant explanations in the consolidated financial statements as of 31 December 2016 for a detailed description of the Group's structure and its operating segments.

### 2 Basis of preparation of the financial statements

The consolidated interim financial statements for the period from 1 January to 30 June 2017 were prepared in accordance with IAS 34, "Interim Financial Reporting." The consolidated interim financial statements must be read in conjunction with the consolidated financial statements as of 31 December 2016.

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

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

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

## 3 Accounting policies

The figures disclosed in these consolidated interim financial statements were determined in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. The accounting policies applied in the consolidated financial statements as of 31 December 2016 were also applied in these consolidated interim financial statements.

The comparative figures for the first half of 2016 had to be adjusted in the income statement to account for the final figures of the purchase price allocations that were finalized after 30 June 2016 for B.A.B. Maxiposter Werbetürme GmbH, Boojum Kft., Nachsendeauftrag DE Online GmbH, OMS Vermarktungs GmbH & Co. KG, Social Media Interactive GmbH, Statista Group, StayFriends Group, Ströer Digital Operations Sp. z.o.o. (formerly: Goldbach Holding Sp. z.o.o.), stylefruits GmbH, T&E Net Services GmbH, twiago GmbH. The comparative figures in the statement of financial position were retroactively adjusted due to purchase price allocations that were only finalized after 31 December 2016 for ApDG Handels- und Dienstleistungsgesellschaft mbH, BHI Group (AsamBeauty), Boojum Kft., Foodist GmbH, kajomi GmbH, MT Mobile Ticketing Group, StayFriends Group, stylefruits GmbH, twiago GmbH.

The corresponding adjustments in the income statement are presented in the following reconciliation:

| **Income statement (in EUR k)** | **Adjusted** | **Purchase price allocation** | **According to H1 2016 report** |
|---|---|---|---|
| | **6M 2016** | | **6M 2016** |
| Revenue | 502,335 | | 502,335 |
| Cost of sales | -346,414 | -3,124 | -343,289 |
| **Gross profit** | **155,921** | **-3,124** | **159,046** |
| Selling expenses | -72,384 | 159 | -72,542 |
| Administrative expenses | -56,789 | 286 | -57,075 |
| Other operating income | 10,662 | | 10,662 |
| Other operating expenses | -5,672 | | -5,672 |
| Share in profit or loss of equity method investees | 2,257 | | 2,257 |
| Financial result | -5,079 | | -5,079 |
| **Profit before taxes** | **28,916** | **-2,680** | **31,596** |
| Income taxes | -3,055 | 887 | -3,942 |
| **Consolidated profit or loss for the period** | **25,862** | **-1,793** | **27,655** |
| **Thereof attributable to:** | | | |
| Owners of the parent | 27,117 | -1,613 | 28,730 |
| Non-controlling interests | -1,256 | -180 | -1,075 |
| | **25,862** | **-1,793** | **27,655** |

The following overview provides a reconciliation of the original published statement of financial position as of 31 December 2016 to the comparative figures as of 31 December 2016 contained in the current half-year financial statements for 2017 following the purchase price allocations:

| Assets (in EUR k) | Adjusted | Purchase price allocation | According to 2016 annual report |
|---|---|---|---|
| | 31 Dec 2016 | | 31 Dec 2016 |
| **Non-current assets** | | | |
| Intangible assets | 1,149,765 | 5,344 | 1,144,421 |
| Property, plant and equipment | 230,771 | | 230,771 |
| Investments in equity method investees | 26,465 | | 26,465 |
| Financial assets | 578 | | 578 |
| Trade receivables | 38 | | 38 |
| Other financial assets | 5,150 | | 5,150 |
| Other non-financial assets | 17,019 | | 17,019 |
| Deferred tax assets | 16,704 | 85 | 16,620 |
| **Total non-current assets** | **1,446,490** | **5,428** | **1,441,062** |
| **Current assets** | | | |
| Inventories | 16,948 | | 16,948 |
| Trade receivables | 135,841 | -8 | 135,849 |
| Other financial assets | 9,875 | 1,311 | 8,564 |
| Other non-financial assets | 51,945 | -298 | 52,243 |
| Income tax assets | 6,045 | | 6,045 |
| Cash | 64,154 | | 64,154 |
| **Total current assets** | **284,808** | **1,005** | **283,803** |
| **Total assets** | **1,731,297** | **6,433** | **1,724,865** |

| Equity and liabilities (in EUR k) | Adjusted | Purchase price allocation | According to 2016 annual report |
|---|---|---|---|
| | 31 Dec 2016 | | 31 Dec 2016 |
| **Equity** | | | |
| Subscribed capital | 55,282 | | 55,282 |
| Capital reserves | 723,720 | | 723,720 |
| Retained earnings | -71,819 | -4,154 | -67,664 |
| Accumulated other comprehensive income | -74,494 | | -74,494 |
| | **632,689** | **-4,154** | **636,843** |
| Non-controlling interests | 25,167 | 2,328 | 22,840 |
| **Total equity** | **657,857** | **-1,827** | **659,683** |
| **Non-current liabilities** | | | |
| Provisions for pensions and similar obligations | 39,249 | | 39,249 |
| Other provisions | 25,443 | | 25,443 |
| Financial liabilities | 455,125 | | 455,125 |
| Deferred tax liabilities | 77,311 | 5,973 | 71,339 |
| **Total non-current liabilities** | **597,130** | **5,973** | **591,157** |
| **Current liabilities** | | | |
| Other provisions | 53,592 | 299 | 53,293 |
| Financial liabilities | 62,848 | -57 | 62,905 |
| Trade payables | 223,062 | 7 | 223,055 |
| Other liabilities | 98,131 | -295 | 98,426 |
| Income tax liabilities | 38,678 | 2,332 | 36,346 |
| **Total current liabilities** | **476,311** | **2,287** | **474,025** |
| **Total equity and liabilities** | **1,731,297** | **6,433** | **1,724,865** |

See our explanations in the notes to the consolidated financial statements as of 31 December 2016 for standards that are **not yet effective** and the resulting changes in future financial statements.

With regard to **IFRS 15**, "Revenue from Contracts with Customers," which is effective from 1 January 2018, we do not expect any significant quantitative effects on future consolidated financial statements based on our analyses to date. However, these analyses are not yet complete for the companies acquired in 2016 and 2017, such that a final assessment is not possible at this time.

With respect to the new **IFRS 16**, "Leases," we expect a significant increase in total equity and liabilities due to the increase in lease liabilities and a comparable rise in non-current assets as a result of the right-of-use assets to be recognized from leases for equipment and real estate as well as for rental obligations for advertising locations. The increase in lease liabilities will lead to a commensurate rise in net financial liabilities. In the future, instead of lease expenses, interest expenses and write-downs will be recorded in the income statement which will lead to a significant improvement in EBITDA. Our analyses of the quantitative impact on future consolidated financial statements have yet to be completed at present. The standard becomes effective for fiscal years beginning on or after 1 January 2019; we currently expect to adopt the new provisions from 1 January 2018.

## 4 Accounting estimates

Preparation of the consolidated interim financial statements in compliance with IFRSs requires management to make assumptions and estimates which have an impact on the figures disclosed in the consolidated financial statements and consolidated interim financial statements. The estimates are based on historical data and other information on the transactions concerned. Actual results may differ from such estimates. The accounting estimates and assumptions applied in the consolidated financial statements as of 31 December 2016 were also used to determine the estimated values presented in these consolidated interim financial statements.

## 5 Related party disclosures

See the consolidated financial statements as of 31 December 2016 for information on related party disclosures. To our knowledge, there were no significant changes as of 30 June 2017.

## 6 Segment information

The Ströer Group has bundled its business into three segments which operate independently on the market in close cooperation with the group holding company Ströer SE & Co. KGaA. The three segments are Ströer Digital, OOH Germany and OOH International. While the Ströer Digital segment includes the public video business and the subscription and e-commerce business, the OOH International segment comprises the business in Turkey and Poland as well as the giant poster business blowUP.

The Ströer Group allocates its revenue to a total of seven product groups on the basis of the products and services it provides. In addition to the four traditional product groups in the OOH business, a further three product groups were defined from the beginning of fiscal year 2016 in the Ströer Digital segment. Income from the commercialization of digital advertising is divided into traditional display advertising revenue on the one hand and video marketing on the other. The third product group comprises revenue from the subscription and e-commerce business which is reported under the transactional product group.

Irrespective of the provisions under IFRS 11, segment reporting follows the management approach under IFRS 8 according to which external segment reporting should follow the internal reporting structure. The internal reporting structure of the Ströer Group is based on the concept of proportionate consolidation of joint ventures. As a result, despite the provisions under IFRS 11, 50% of the four joint ventures' earnings contributions are included in all segment figures as in the past. In contrast to the presentation in the income statement, they are not presented as a single net line item according to the equity method.

Reconciliation of the segment reporting by operating segment:

| In EUR k | Q2 2017 | Q2 2016 |
|---|---|---|
| **Total segment results (operational EBITDA)** | **87,444** | **74,282** |
| Reconciliation items | -7,133 | -5,051 |
| **Group operational EBITDA** | **80,311** | **69,231** |
| Adjustment (exceptional items) | -5,932 | -5,525 |
| Adjustment (IFRS 11) | -1,176 | -1,053 |
| **EBITDA** | **73,203** | **62,653** |
| Amortization, depreciation and impairment | -40,543 | -34,685 |
| Financial result | -2,077 | -3,341 |
| **Profit before taxes** | **30,583** | **24,628** |

| In EUR k | 6M 2017 | 6M 2016 |
|---|---|---|
| **Total segment results (operational EBITDA)** | **148,645** | **124,954** |
| Reconciliation items | -12,744 | -9,560 |
| **Group operational EBITDA** | **135,901** | **115,394** |
| Adjustment (exceptional items) | -10,760 | -10,929 |
| Adjustment (IFRS 11) | -2,421 | -2,046 |
| **EBITDA** | **122,720** | **102,419** |
| Amortization, depreciation and impairment | -80,688 | -68,423 |
| Financial result | -3,573 | -5,079 |
| **Profit before taxes** | **38,459** | **28,916** |

The adjustment under IFRS 11 includes effects for amortization, depreciation and impairment and the financial and tax result of our equity method investees.

# REPORTING BY OPERATING SEGMENT

| In EUR k | Ströer Digital | OOH Germany | OOH International | Reconciliation | Equity method reconciliation | Group value |
|---|---|---|---|---|---|---|
| **Q2 2017** | | | | | | |
| External revenue | 152,893 | 132,556 | 33,986 | 0 | -3,238 | 316,197 |
| Internal revenue | 1,633 | 3,017 | 54 | -4,704 | 0 | 0 |
| Segment revenue | 154,526 | 135,573 | 34,040 | -4,704 | -3,238 | 316,197 |
| Operational EBITDA | 41,723 | 40,152 | 5,569 | -7,133 | 0 | 80,311 |
| **Q2 2016** | | | | | | |
| External revenue | 115,626 | 124,399 | 39,553 | 0 | -3,393 | 276,184 |
| Internal revenue | 1,436 | 1,925 | 209 | -3,570 | 0 | 0 |
| Segment revenue | 117,062 | 126,323 | 39,762 | -3,570 | -3,393 | 276,184 |
| Operational EBITDA | 30,565 | 34,202 | 9,515 | -5,051 | 0 | 69,231 |

| In EUR k | Ströer Digital | OOH Germany | OOH International | Reconciliation | Equity method reconciliation | Group value |
|---|---|---|---|---|---|---|
| **6M 2017** | | | | | | |
| External revenue | 299,448 | 243,951 | 60,505 | 0 | -6,506 | 597,399 |
| Internal revenue | 2,984 | 5,586 | 86 | -8,655 | 0 | 0 |
| Segment revenue | 302,432 | 249,537 | 60,591 | -8,655 | -6,506 | 597,399 |
| Operational EBITDA | 76,941 | 66,442 | 5,263 | -12,744 | 0 | 135,901 |
| **6M 2016** | | | | | | |
| External revenue | 208,018 | 231,441 | 69,556 | 0 | -6,680 | 502,335 |
| Internal revenue | 2,245 | 3,149 | 231 | -5,625 | 0 | 0 |
| Segment revenue | 210,263 | 234,590 | 69,787 | -5,625 | -6,680 | 502,335 |
| Operational EBITDA | 54,589 | 59,091 | 11,275 | -9,560 | 0 | 115,394 |

# REPORTING BY PRODUCT GROUP

| In EUR k | Large formats | Street furniture | Trans-port | Display | Video | Trans-actional | Other | Equity method reconciliation | Group value |
|---|---|---|---|---|---|---|---|---|---|
| **Q2 2017** | | | | | | | | | |
| External revenue | 92,673 | 40,203 | 16,402 | 59,986 | 30,348 | 66,958 | 12,865 | -3,238 | 316,197 |
| **Q2 2016** | | | | | | | | | |
| External revenue | 92,897 | 38,997 | 15,683 | 59,320 | 26,027 | 33,124 | 13,530 | -3,393 | 276,184 |

| In EUR k | Large formats | Street furniture | Trans-port | Display | Video | Trans-actional | Other | Equity method reconciliation | Group value |
|---|---|---|---|---|---|---|---|---|---|
| **6M 2017** | | | | | | | | | |
| External revenue | 160,451 | 78,441 | 30,441 | 124,074 | 54,557 | 129,832 | 26,108 | -6,506 | 597,399 |
| **6M 2016** | | | | | | | | | |
| External revenue | 165,351 | 76,477 | 28,937 | 111,132 | 45,355 | 56,160 | 25,602 | -6,680 | 502,335 |

## 7 Organic growth reconciliation

The following tables present the reconciliation to organic revenue growth. For the first half of 2017, the increase in revenue (without foreign exchange effects) amounts to EUR 43.3m. In relation to adjusted revenue of EUR 568.4m for the prior year, this results in an organic revenue growth rate of 7.6%.

| In EUR k | Q2 2017 | Q2 2016 |
|---|---|---|
| **Revenue Q2 prior year (reported)** | **276,184** | **201,639** |
| IFRS 11 (equity method reconciliation) | 3,393 | 3,847 |
| **Revenue Q2 prior year (management approach)** | **279,577** | **205,486** |
| Disposals and discontinued units | -1,029 | -1,288 |
| Acquisitions | 25,333 | 62,260 |
| **Revenue Q2 prior year (management approach (adjusted))** | **303,881** | **266,458** |
| Foreign currency effects | -4,393 | -4,097 |
| Organic revenue growth | 19,947 | 17,216 |
| **Revenue Q2 current year (management approach)** | **319,435** | **279,577** |
| IFRS 11 (equity method reconciliation) | -3,238 | -3,393 |
| **Revenue Q2 current year (reported)** | **316,197** | **276,184** |

| In EUR k | 6M 2017 | 6M 2016 |
|---|---|---|
| **Revenue 6M prior year (reported)** | **502,335** | **363,393** |
| IFRS 11 (equity method reconciliation) | 6,680 | 7,272 |
| **Revenue 6M prior year (management approach)** | **509,015** | **370,665** |
| Disposals and discontinued units | -1,717 | -1,457 |
| Acquisitions | 61,141 | 106,541 |
| **Revenue 6M prior year (management approach (adjusted))** | **568,439** | **475,749** |
| Foreign currency effects | -7,859 | -7,936 |
| Organic revenue growth | 43,325 | 41,201 |
| **Revenue 6M current year (management approach)** | **603,904** | **509,015** |
| IFRS 11 (equity method reconciliation) | -6,506 | -6,680 |
| **Revenue 6M current year (reported)** | **597,399** | **502,335** |

# 8 Reconciliation of the consolidated income statement to the non-IFRS figures in the management approach

| Q2 2017<br>In EUR m | Income statement in accordance with IFRSs | Reclassification of amortization, depreciation and impairment losses | Reclassification from equity method to proportionate consolidation | Reclassification of exceptional items | Income statement for management accounting purposes | Amortization and depreciation from purchase price allocations and impairment losses | Exchange rate effects from intragroup loans | Tax normali zation | Elimination of exceptional items | Adjusted income statement for Q2 2017 | Adjusted income statement for Q2 2016 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Revenue** | **316.2** | | **3.2** | | **319.4** | | | | | **319.4** | **279.6** |
| Cost of sales | -205.5 | 37.1 | -0.7 | 0.6 | -168.5 | | | | | -168.5 | -154.4 |
| Selling expenses | -48.7 | | | | | | | | | | |
| Administrative expenses | -36.8 | | | | | | | | | | |
| Total selling and administrative expenses | -85.5 | 3.4 | 0.1 | 5.8 | -76.2 | | | | | -76.2 | -58.9 |
| Other operating income | 9.5 | | | | | | | | | | |
| Other operating expenses | -3.4 | | | | | | | | | | |
| Total other operating income and other operating expenses | 6.1 | 0.0 | 0.0 | -0.5 | 5.5 | | | | | 5.5 | 2.9 |
| Share in profit or loss of equity method investees | 1.4 | | -1.4 | | 0.0 | | | | | | |
| **Operational EBITDA** | | | | | **80.3** | | | | | **80.3** | **69.2** |
| Amortization, depreciation and impairment losses | | -40.5 | -0.5 | | -41.0 | 16.6 | | | | -24.4 | -19.3 |
| **Adjusted EBIT** | | | | | **39.3** | **16.6** | | | | **55.9** | **49.9** |
| Exceptional items | | | | -5.9 | -5.9 | | | | 5.9 | 0.0 | 0.0 |
| Financial result | -2.1 | | 0.0 | | -2.1 | | 0.0 | | 0.2 | -1.9 | -1.9 |
| Income taxes | -4.1 | | -0.7 | | -4.8 | | | -3.7 | | -8.5 | -7.6 |
| **Consolidated profit or loss for the period** | **26.5** | **0.0** | **0.0** | **0.0** | **26.5** | **16.6** | **0.0** | **-3.7** | **6.1** | **45.5** | **40.5** |

| 6M 2017<br>In EUR m | Income statement in accordance with IFRSs | Reclassification of amortization, depreciation and impairment losses | Reclassification from equity method to proportionate consolidation | Reclassification of exceptional items | Income statement for management accounting purposes | Amortization and depreciation from purchase price allocations and impairment losses | Exchange rate effects from intragroup loans | Tax normali zation | Elimination of exceptional items | Adjusted income statement for 6M 2017 | Adjusted income statement for 6M 2016 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Revenue** | **597.4** | | **6.5** | | **603.9** | | | | | **603.9** | **509.0** |
| Cost of sales | -404.8 | 73.5 | -0.6 | 2.5 | -329.4 | | | | | -329.4 | -281.8 |
| Selling expenses | -91.8 | | | | | | | | | | |
| Administrative expenses | -69.6 | | | | | | | | | | |
| Total selling and administrative expenses | -161.4 | 7.2 | -0.8 | 8.6 | -146.4 | | | | | -146.4 | -116.8 |
| Other operating income | 14.3 | | | | | | | | | | |
| Other operating expenses | -6.4 | | | | | | | | | | |
| Total other operating income and other operating expenses | 7.9 | 0.0 | 0.3 | -0.4 | 7.8 | | | | | 7.8 | 5.0 |
| Share in profit or loss of equity method investees | 2.9 | | -2.9 | | 0.0 | | | | | | |
| **Operational EBITDA** | | | | | **135.9** | | | | | **135.9** | **115.4** |
| Amortization, depreciation and impairment losses | | -80.7 | -1.0 | | -81.7 | 33.0 | | | | -48.7 | -38.7 |
| **Adjusted EBIT** | | | | | **54.2** | **33.0** | | | | **87.2** | **76.7** |
| Exceptional items | | | | -10.8 | -10.8 | | | | 10.8 | 0.0 | 0.0 |
| Financial result | -3.6 | | 0.0 | | -3.6 | | -0.5 | | 0.2 | -3.9 | -3.9 |
| Income taxes | -4.9 | | -1.4 | | -6.3 | | | -6.8 | | -13.2 | -11.5 |
| **Consolidated profit or loss for the period** | **33.5** | **0.0** | **0.0** | **0.0** | **33.5** | **33.0** | **-0.5** | **-6.8** | **11.0** | **70.1** | **61.3** |

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

### 9 Seasonality

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

### 10 Disclosures on business combinations

#### Transactions involving a change in control

There were no acquisitions of significant importance, either individually or collectively, in the first six months of 2017.

#### Transactions not involving a change in control

Permodo GmbH
With effect as of 16 May 2017, the Ströer Group acquired a further 25.0% interest in Permodo GmbH. The purchase price for the acquired shares came to just under EUR 23.0m.

The acquisition was presented as a transaction between shareholders in accordance with IFRS 10. The corresponding accounting effects are presented in the following table.

| In EUR k | |
|---|---|
| Purchase price | 22,972 |
| Non-controlling interests | 2,489 |
| Change in consolidated equity held by owners of the Ströer SE & Co. KGaA | 20,483 |

## 11 Financial instruments

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

| In EUR k | Measurement category pursuant to IAS 39 | Carrying amount as of 30 Jun 2017 | Carrying amount pursuant to IAS 39: Amortized cost | Fair value recognized directly in equity | Fair value through profit or loss | Fair value as of 30 Jun 2017 |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Cash | L&R | 64,081 | 64,081 | | | 64,081 |
| Trade receivables | L&R | 134,515 | 134,515 | | | 134,515 |
| Other non-current financial assets | L&R | 7,659 | 7,659 | | | 7,659 |
| Other current financial assets | L&R | 9,271 | 9,271 | | | 9,271 |
| Available-for-sale financial assets | AFS | 659 | 659 | | | n.a. |
| **Liabilities** | | | | | | |
| Trade payables | AC | 193,138 | 193,138 | | | 193,138 |
| Non-current financial liabilities | AC | 440,736 | 431,596 | | 9,140 | 440,736 |
| Current financial liabilities | AC | 47,141 | 37,192 | | 9,949 | 47,141 |
| Obligation to purchase own equity instruments (Level 3) | AC | 97,146 | | 97,146 | 0 | 97,146 |
| **Thereof aggregated by measurement category pursuant to IAS 39:** | | | | | | |
| Loans and receivables | L&R | 215,526 | 215,526 | | | 215,526 |
| Available-for-sale financial assets | AFS | 659 | 659 | | | n.a. |
| Financial liabilities measured at amortized cost | AC | 778,161 | 661,926 | 97,146 | 19,089 | 778,161 |
| Financial liabilities at fair value through profit or loss | FVTPL | 0 | | | 0 | 0 |

| In EUR k | Measurement category pursuant to IAS 39 | Carrying amount as of 31 Dec 2016 | Carrying amount pursuant to IAS 39: Amortized cost | Fair value recognized directly in equity | Fair value through profit or loss | Fair value as of 31 Dec 2016 |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Cash | L&R | 64,154 | 64,154 | | | 64,154 |
| Trade receivables | L&R | 135,879 | 135,879 | | | 135,879 |
| Other non-current financial assets | L&R | 5,150 | 5,150 | | | 5,150 |
| Other current financial assets | L&R | 9,875 | 9,875 | | | 9,875 |
| Available-for-sale financial assets | AFS | 578 | 578 | | | n.a. |
| **Liabilities** | | | | | | |
| Trade payables | AC | 223,062 | 223,062 | | | 223,062 |
| Non-current financial liabilities | AC | 370,620 | 356,970 | | 13,650 | 370,620 |
| Current financial liabilities | AC | 32,040 | 27,778 | | 4,262 | 32,040 |
| Obligation to purchase own equity instruments (Level 3) | AC | 115,312 | | 115,312 | 0 | 115,312 |
| **Thereof aggregated by measurement category pursuant to IAS 39:** | | | | | | |
| Loans and receivables | L&R | 215,059 | 215,059 | | | 215,059 |
| Available-for-sale financial assets | AFS | 578 | 578 | | | n.a. |
| Financial liabilities measured at amortized cost | AC | 741,034 | 607,810 | 115,312 | 17,912 | 741,034 |
| Financial liabilities at fair value through profit or loss | FVTPL | 0 | | | 0 | 0 |

Due to the short terms of cash, 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.

Level 2: Quoted or market price on an active market for similar financial instruments 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.

Level 3: Valuation techniques that use inputs which are not based on observable market data.

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. 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.

## 12 Subsequent events

### Avedo Group

On 6 July 2017, the Ströer Group signed an agreement to acquire a total of 75.0% of the shares in the Avedo Group, one of Germany's leading dialog marketing specialists. By acquiring Avedo and moving into the area of performance-based dialog marketing, Ströer adds an additional channel to its portfolio. Avedo predominantly uses the chat and telephone channels to market third-party products. The provisional purchase price for the acquired shares, including the redemption of financial liabilities, came to EUR 87.3m.

### Ranger Group

In addition, Ströer signed an agreement to acquire all of the shares in the Ranger Group on 1 August 2017. The Ranger Group is a direct sales specialist and sells products to private and corporate customers on behalf of its clients in the telecommunications, energy, retail, financial services and media sectors. The provisional purchase price for the acquired shares, including the redemption of financial liabilities, comes to around EUR 45.5m.

Cologne, 10 August 2017

| | | |
|---|---|---|
| Udo Müller | Christian Schmalzl | Dr. Bernd Metzner |
| Co-CEO | Co-CEO | CFO |

# RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the condensed consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a true and fair view 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 development of the Group for the remaining months of the financial year.

Cologne, 10 August 2017

Ströer SE & Co. KGaA represented by:
Ströer Management SE (general partner)

| | | |
|---|---|---|
| Udo Müller | Christian Schmalzl | Dr. Bernd Metzner |
| Co-CEO | Co-CEO | CFO |

# FINANCIAL CALENDAR

**10 November 2017** Publication of the 9M/Q3 quarterly statement for 2017

# IMPRINT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## DISCLAIMER

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