

# Ströer Out-of-Home Media AG: On Track for Growth



Cheuvreux German Corporate Conference  
Frankfurt | January 17-19, 2011



# # 1 operator in underpenetrated and very attractive growth markets

#1 in GERMANY

Europe's largest ad. market



#1 in TURKEY

Europe's largest emerging market

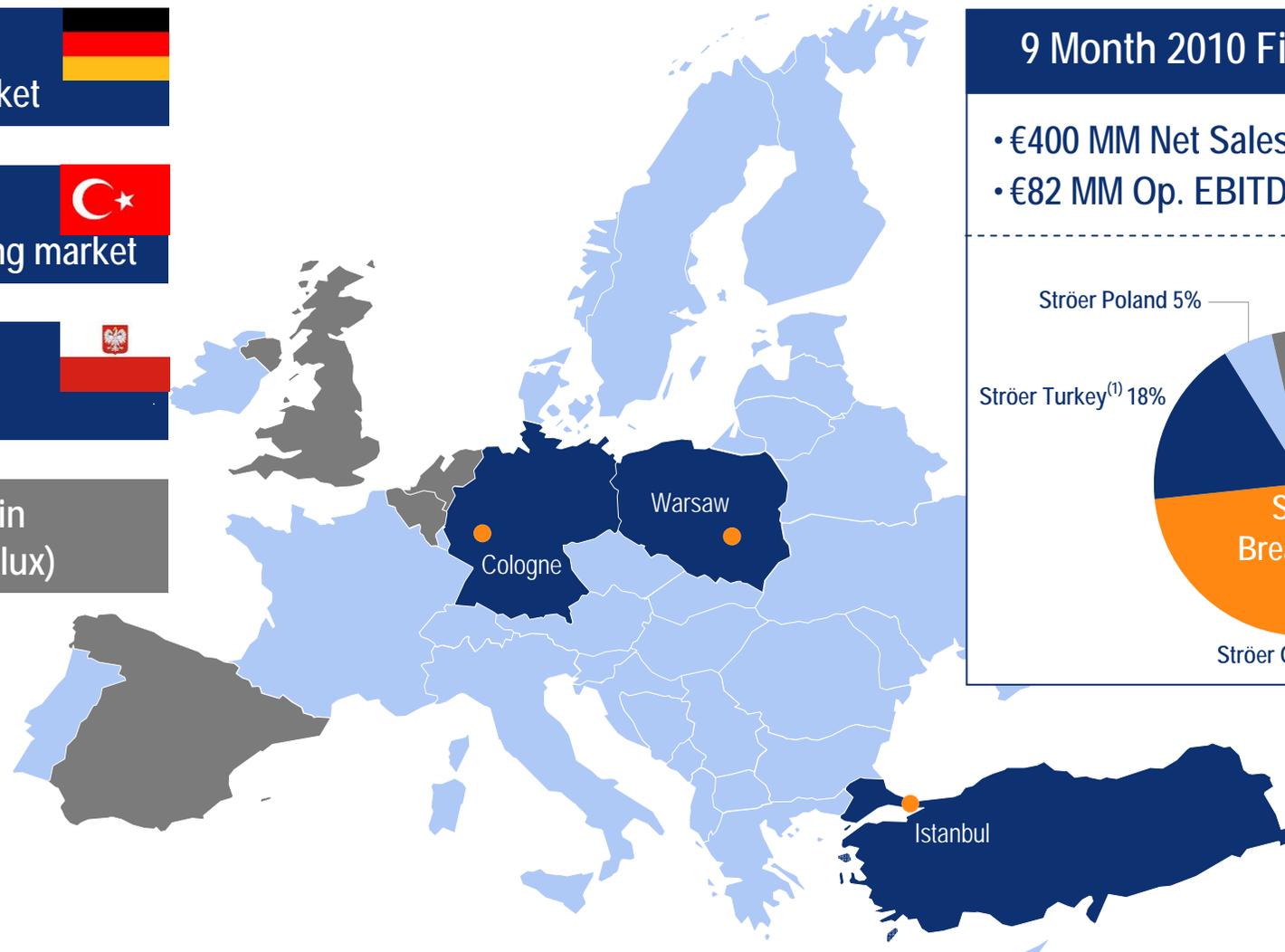


#1 in POLAND

Largest CEE market



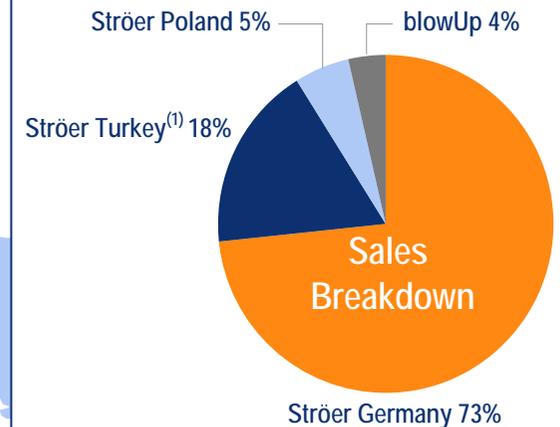
#1 Giant Poster network in EUROPE (D, UK, E, Benelux)



- Core markets
- blowUP media
- Regional HQ

## 9 Month 2010 Financials

- €400 MM Net Sales (+13%)(1)
- €82 MM Op. EBITDA (+25%)(1)



23% of revenues generated from emerging markets (1)

Source: Company Information

Note

(1) Ströer 2009\* shows full consolidation of Ströer Turkey in 2009 assuming Ströer Turkey's stake had been increased from 50% to 90% at Jan 1, 2009.

# State-of-the-art product portfolio with favorable margin and capex profile



Source: Company Information

Note  
 (1) 2009 numbers as if full consolidation of Ströer Turkey in 2009 assuming Ströer Turkey's stake had been increased from 50% to 90% at Jan 1, 2009.

● = margin intensity      ● = capex intensity

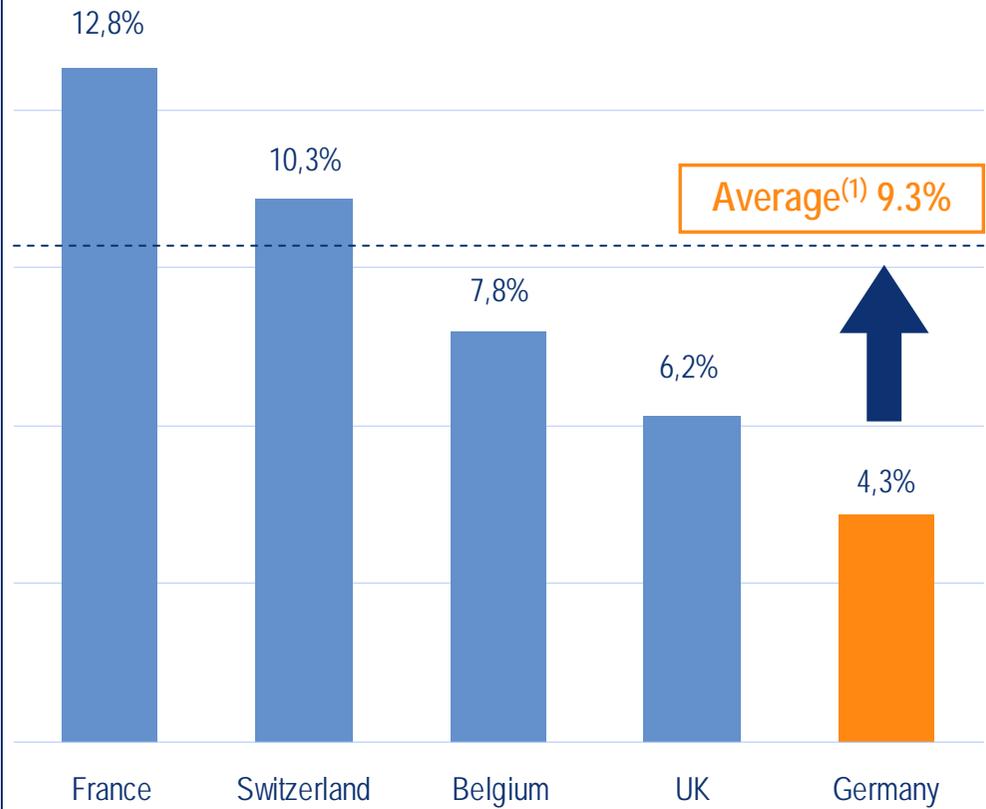
**STRÖER**  
 out of home media



# Germany: structural growth, consolidation dividend, growth initiatives

## Consolidation dividend expected in Germany

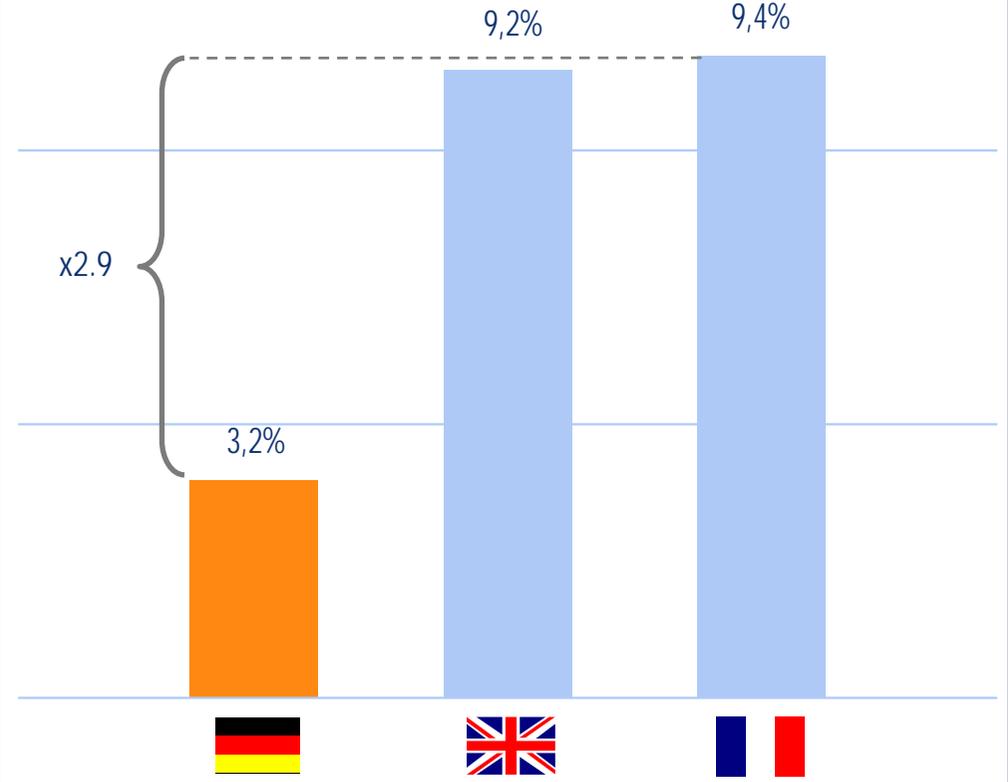
2009 OoH Ad Share (%)



Source: ZenithOptimedia, July 2010

## Top 200 advertisers provide clear growth potential

OoH Ad spend/ total Ad spend of top 200 advertisers



Source: Nielsen Media Research, TNS 2009

**Germany was the last developed European OoH market to be consolidated in 2009**

Notes

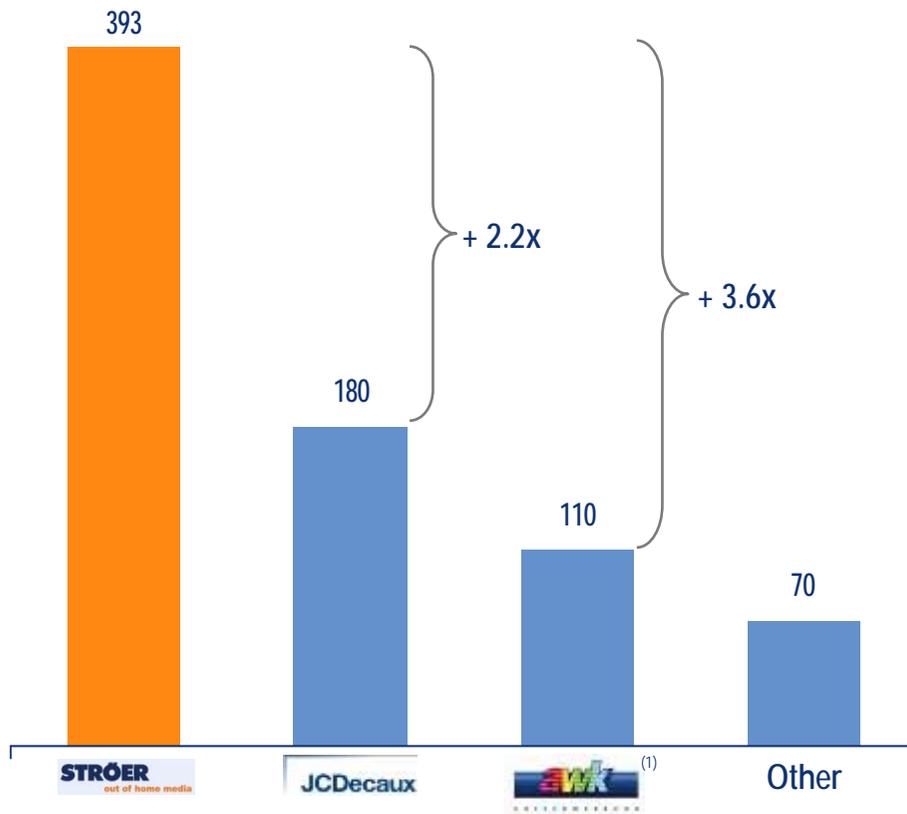
(1) France, Switzerland, Belgium and UK revenue-weighted average OoH ad share in 2009



# Ströer Germany: the only player able to run a seamless national campaign

## Ströer Germany is #1 player in Europe's biggest market

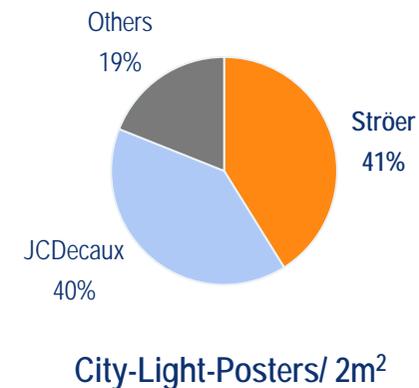
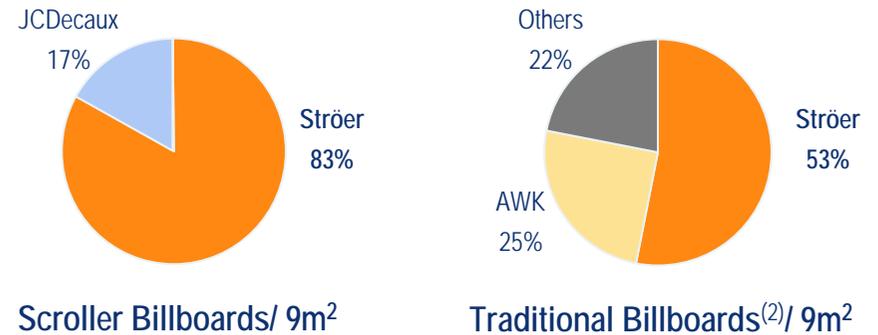
Based on 2009 net revenues (€ MM)



Source: Company information/estimates

## Ströer is the clear leader across key OoH segments

Market share based on number of marketable faces



Source: FAW 2009, company estimates

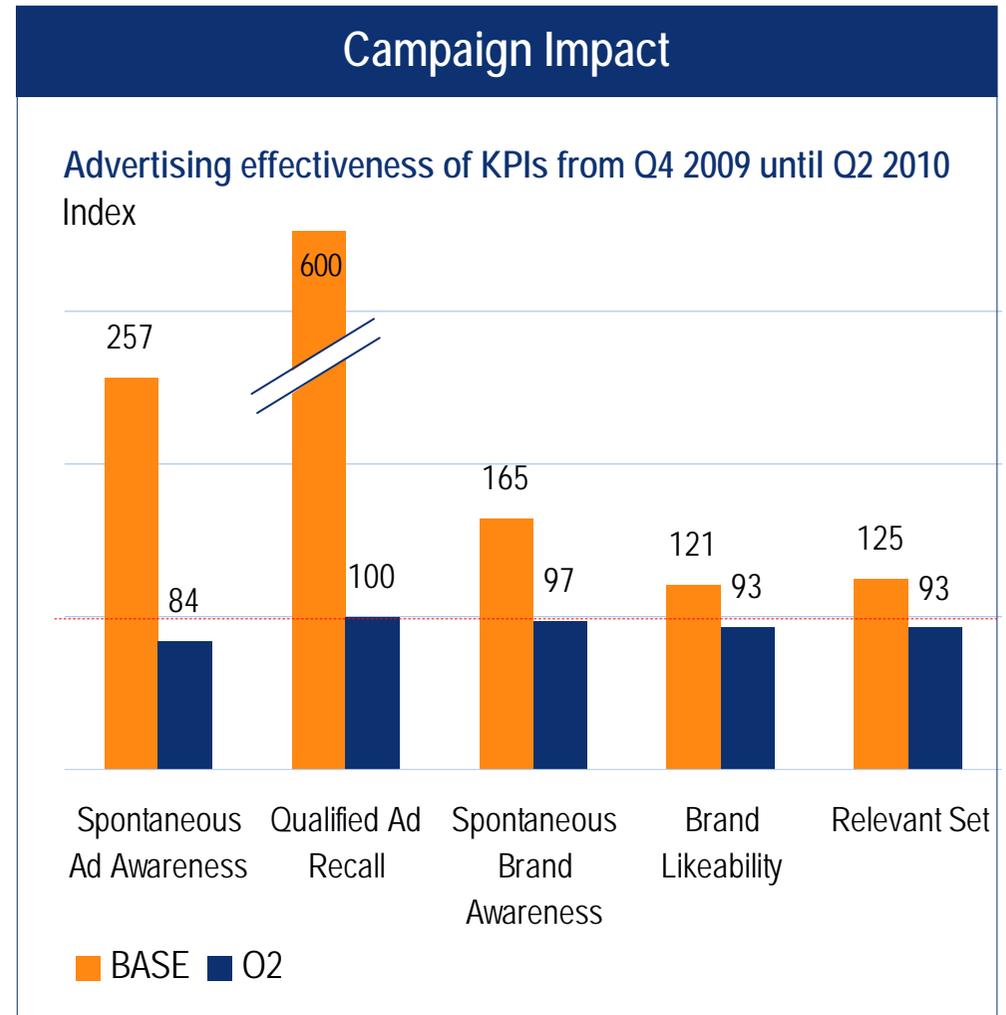
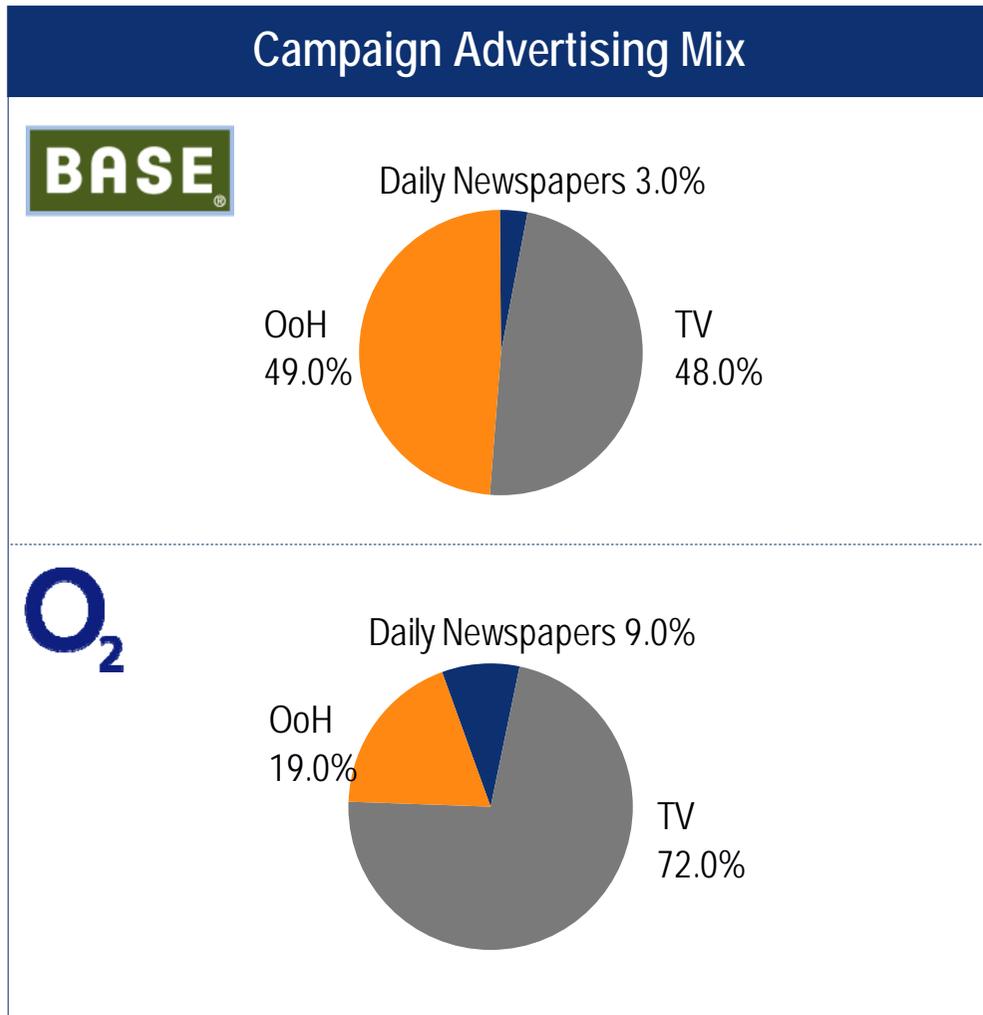
### Notes

(1) Including Moplak and Degesta; AWK owns 33.3% of Moplak and 66.7% of Degesta, which in turn owns 33.3% of Moplak

(2) Towns from 100k inhabitants and from 60g



# Germany - Case Study **BASE**: OoH key to a strong brand building



Higher OoH share in media mix has led to outperformance in all relevant KPIs

Source: Nielsen Media Research Jan – Jun 2010 excluding internet; RSG Marketing Research



# Success with TOP 200 Spenders 2010: Examples

## Newcomer

## Spend Increase

AUTO



FMCG



TRADE





# Germany - Out-of-Home-Channel roll-out: First national digital network

## Unique Selling Propositions

- TV-like images with high emotions and short lead times
- Reach of German population more than 20 percent
- Time-based pricing depending on hours and target groups

## Roll-Out Status on Track

- Majority of locations already approved
- Installation of 700 units until April 2011 on track
- Sold out in December 2010 and January 2011 with top brands:



Display size  
60-82 inches

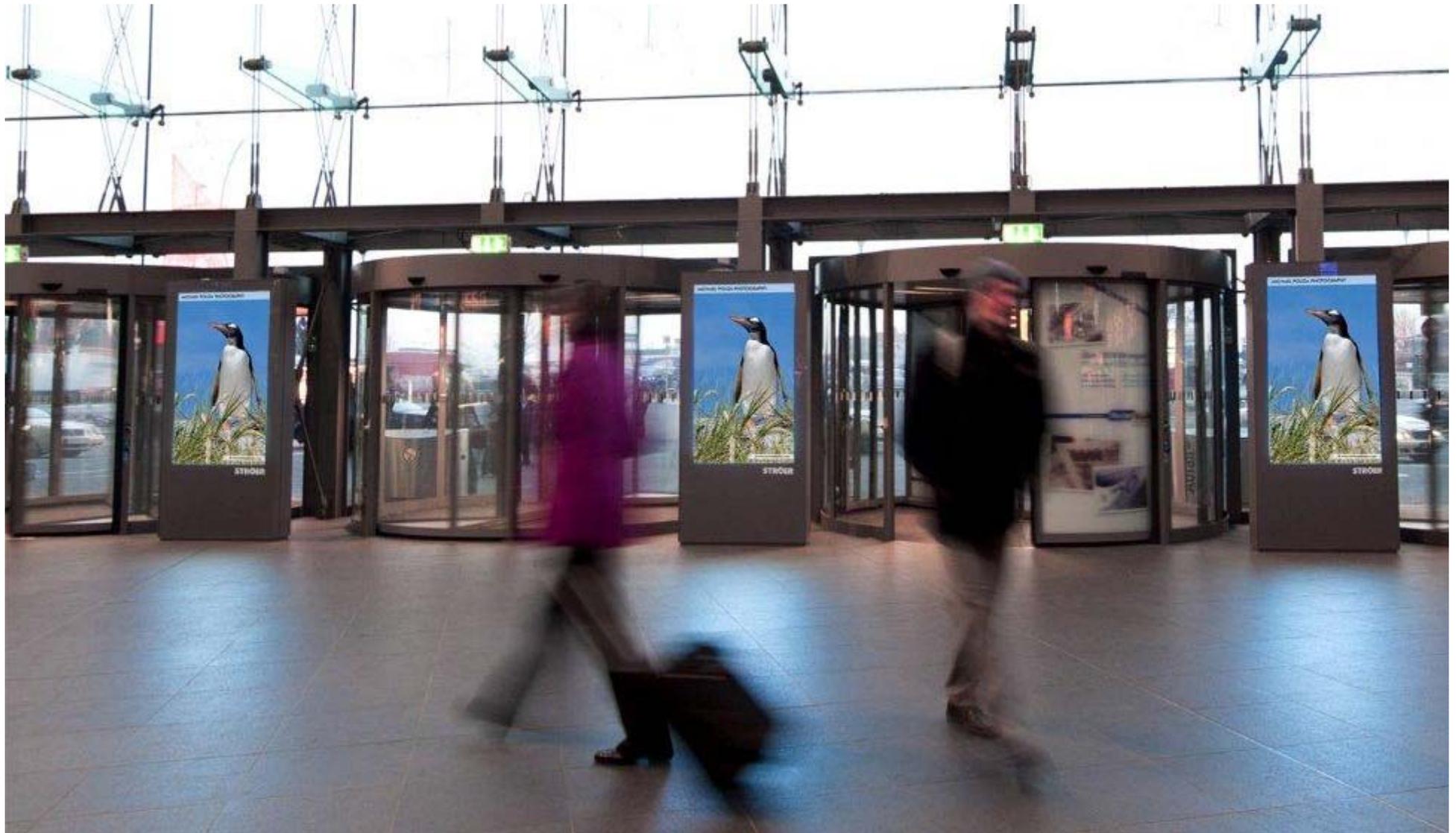
First class screen  
in HD quality



reddot design award  
winner 2009



# First nationwide digital moving picture network globally (Berlin)



# High impact moving pictures at top locations (Bremen)



# TV-like images with high emotions and short lead times (Saarbrücken)





# Germany - Premium BB roll-out: High quality boards @ high-reach locations

## Key Features are Compelling

- First back-lit, glass-covered Scroller Billboard in 9qm format
- Single selection for geo-targeting at special Point of Interest
- Introduction at highly sought after locations



## Roll-Out Status on Track

- Up to 500 sites bookable in first half of 2011
- Installation started in Tier I cities
- New pricing system with positive feedback



# Public contracts portfolio with successful track record 2010

- 1 city contract not yet extended (Wiesbaden/BB)
- Various public contracts renewed (Bochum/BB&SF, Bielefeld/BB, Mainz/BB&SF)
- 4 new contract tenders won in Germany (Bielefeld/SF, Jena/BB, Cottbus/BB, Karlsruhe/SF)
- Ströer in bidding process for 1 German tender in city < tier 3 (Lübeck/BB&SF)



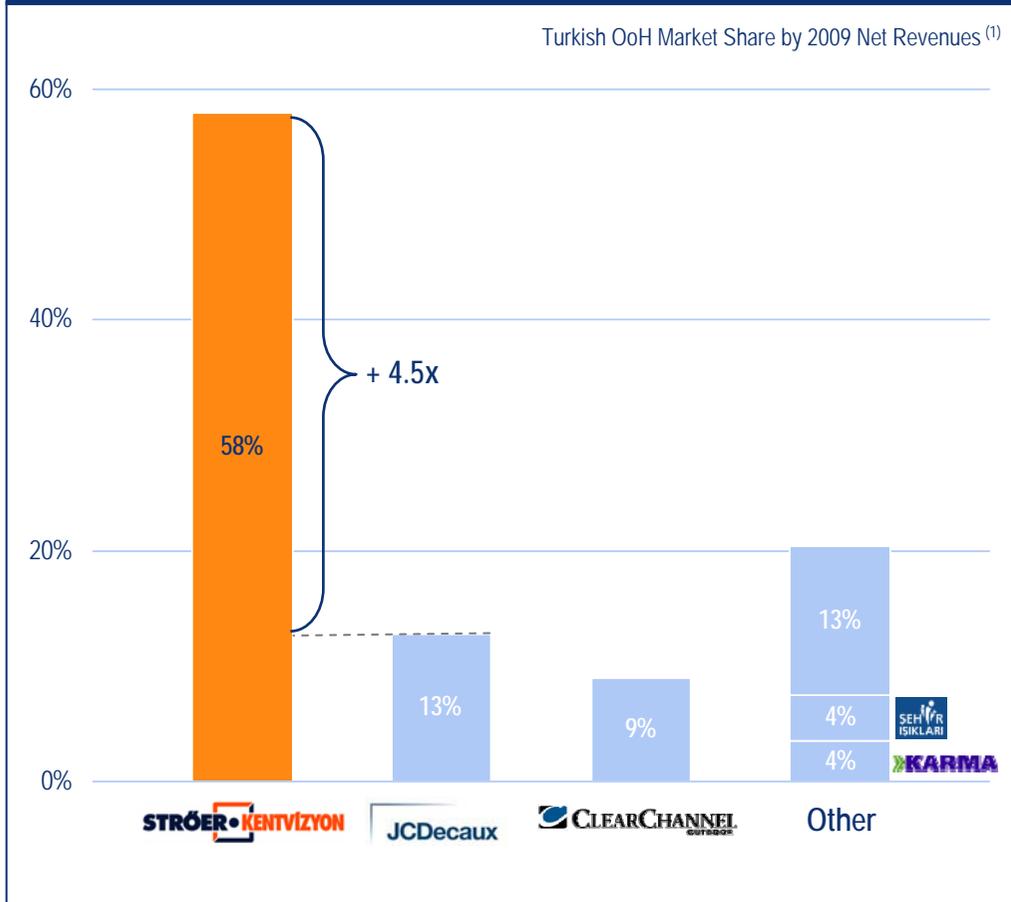
- 1 new contract awarded in Turkey (Izmir/SF)
- Various contract renewals in Turkey (most recently Erzurum/BB&SF)
- Tendering of bus shelter contract in Warsaw expected early 2011





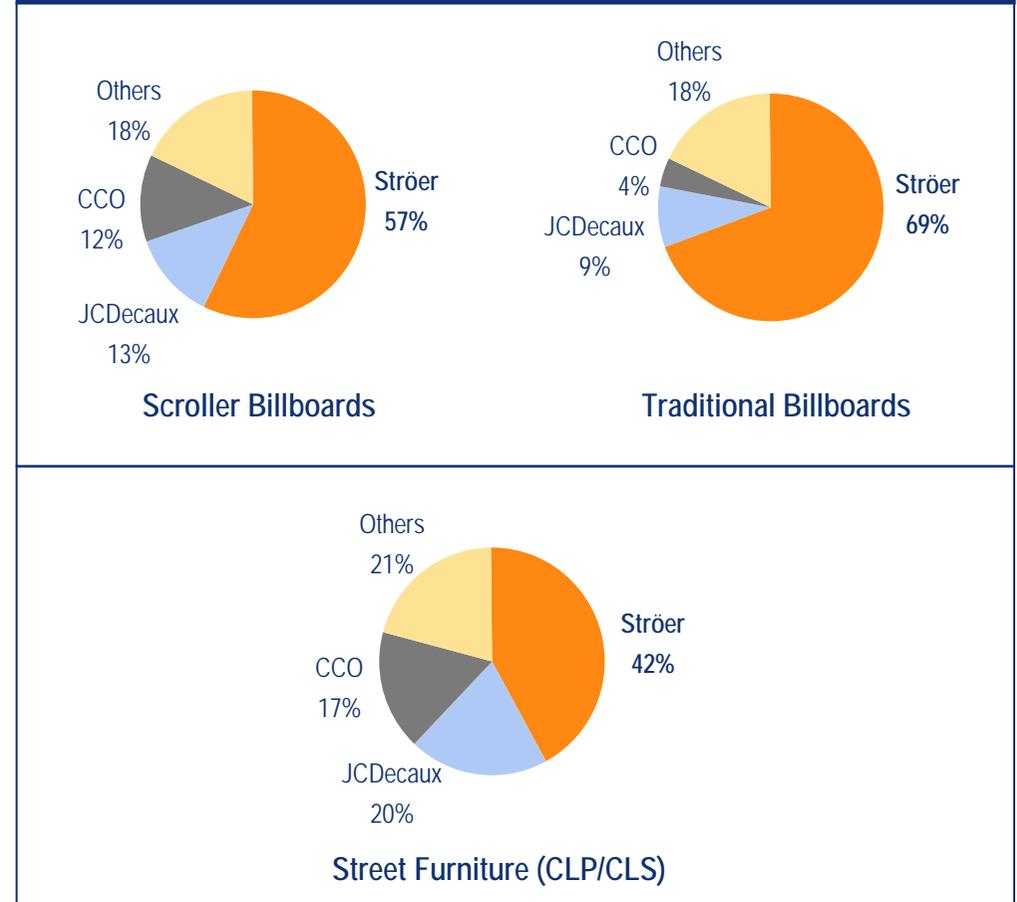
# Ströer Turkey is the only player able to run a seamless national campaign

## Ströer Turkey is the clear OoH market leader



Source: Turkish Advertisers Association, Company estimates

## Ströer is the clear leader across key OoH segments



Source: Company estimates

### Additional upside from future Istanbul street furniture tender

(1) Based on data from Advertisers Association and company estimates for local poster revenues



# Turkey: Multiple growth drivers supporting future OoH market growth



Source: Turkish Advertisers Association, Starlink Mediahouse, ZenithOptimedia, March 2010

### Growth drivers of Turkish OoH market

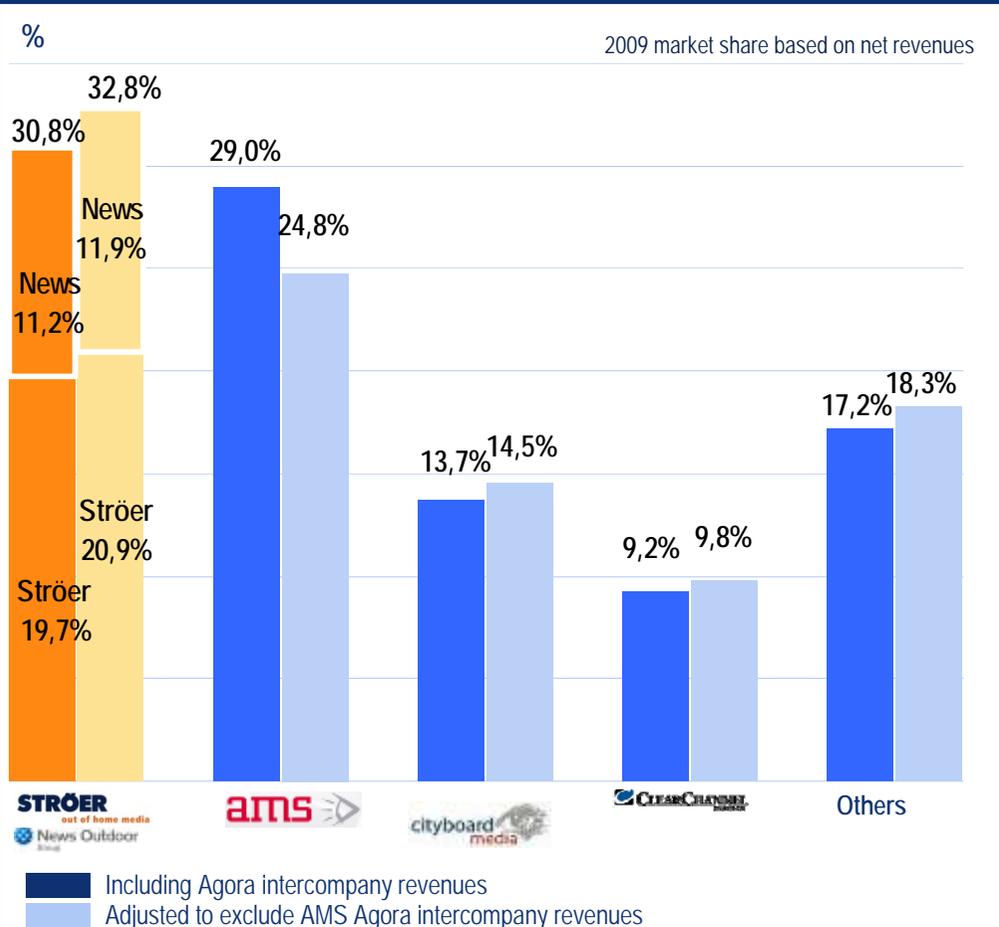
- ✓ Young attractive demographics, >70MM inhabitants
- ✓ 9 cities with more than 1MM inhabitants
- ✓ Low advertising market penetration
- ✓ First audience measurement system initiative

(1) Factor that could act as positive catalyst for the Turkish advertising spend

# Acquisition of News Outdoor Poland catapults Ströer to #1 position in Polish OoH market

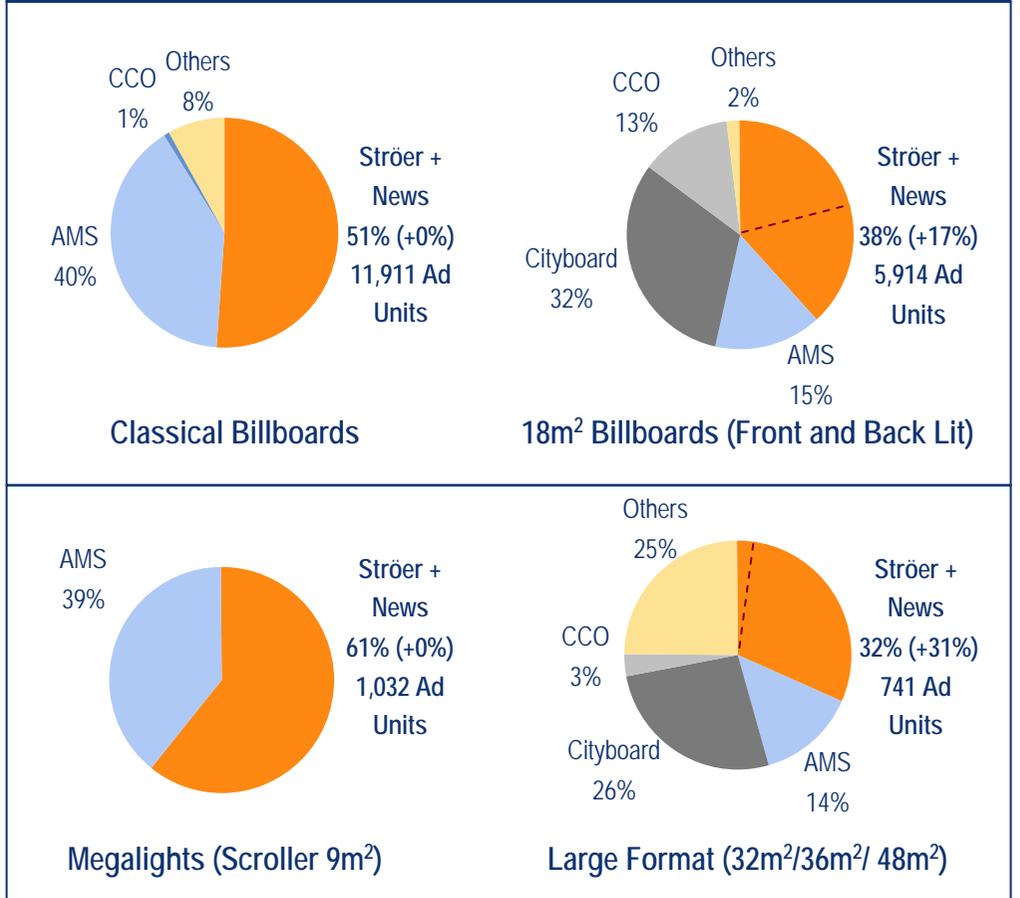


## Ströer Poland becomes the OoH market leader



Source: Company estimates

## Ströer's leadership in billboards



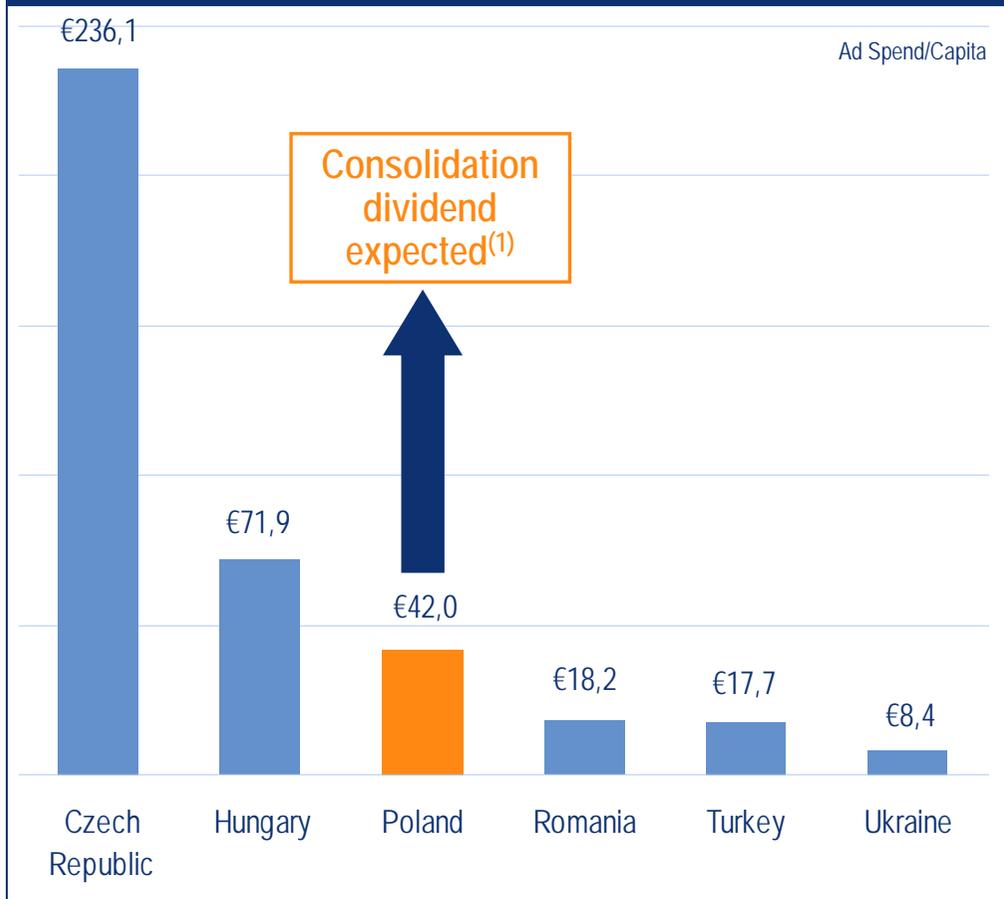
Source: Polish Outdoor Chamber of Commerce (IGRZ) data, based on number of advertising units at year end 2009  
 Note: News Outdoor Poland acquisition is subject to regulatory approval

Consolidation will enable Ströer to unlock organic growth in Polish OoH market



# Poland: Multiple growth drivers supporting future OoH market growth

## Strong future ad market growth expected in Poland



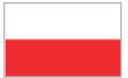
Source: Turkish Advertisers Association, Starlink Mediahouse, ZenithOptimedia, March 2010

## Drivers for future Polish OoH market growth

- ✓ Consolidation dividend expected
- ✓ Street furniture market opportunity
- ✓ Macroeconomic recovery
- ✓ First audience measurement system initiative

### Notes

(1) Factor that could act as a positive catalyst for the Polish advertising spend



# Poland – Integration of News Outdoor Poland on track

## Restructuring on track

- Overhead reduction key synergy
- Integration of operations underway (sales, IT, assets)
- Rebranding of assets started



## Targeted costs and synergies

- Restructuring costs: approx. €1 MM (2010)
- Synergy effects: € 2-3 MM (2011)



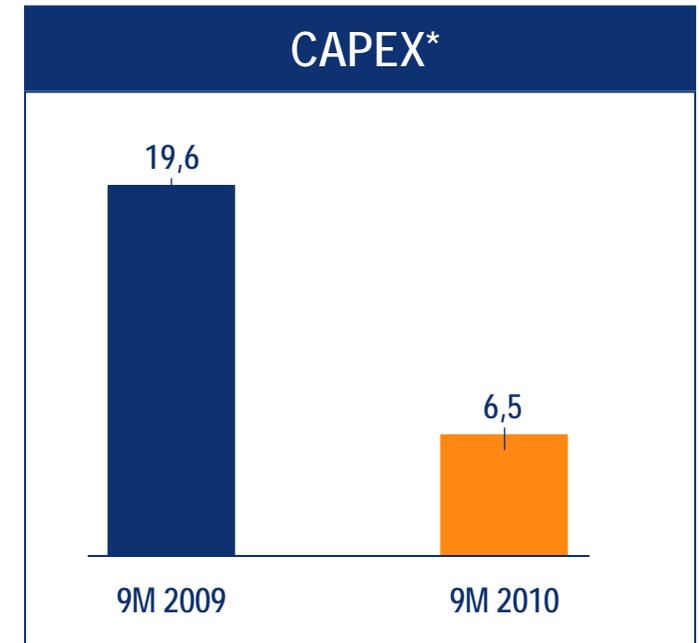
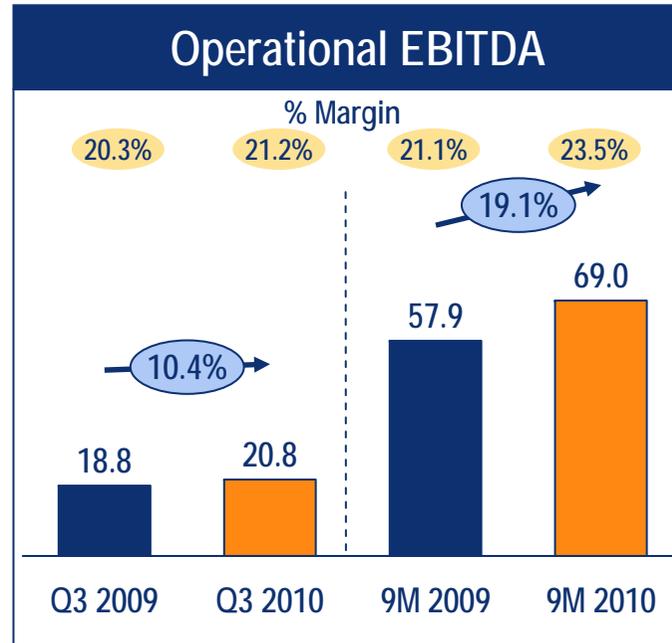
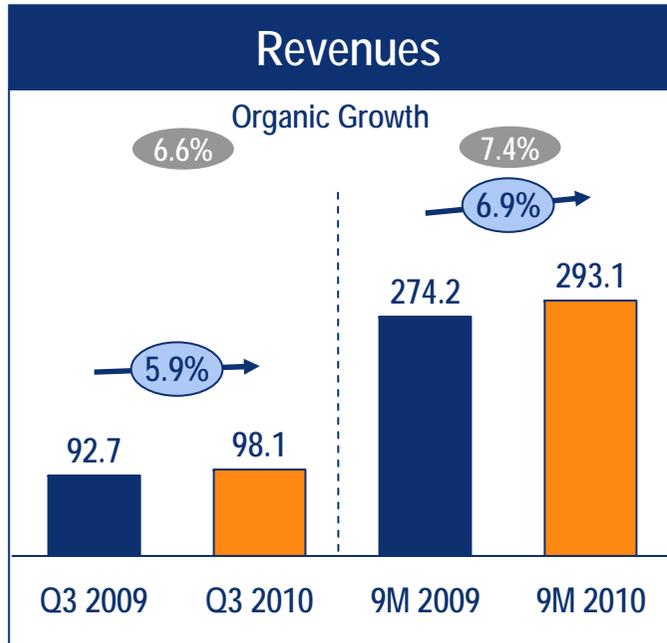
# Ströer Group 9M 2010 P&L Summary

| (€ MM)                 | 9M 2010 | 9M 2009 | Change(%) |
|------------------------|---------|---------|-----------|
| Revenue                | 369.1   | 328.9   | +12       |
| Direct costs           | -205.2  | -185.5  | +11       |
| SG&A                   | -92.1   | -87.5   | +5        |
| Other operating result | 2.9     | 4.0     | -26       |
| Operational EBITDA     | 74.8    | 59.9    | +25       |
| Depreciation           | -17.8   | -19.2   | +7        |
| Amortisation           | -13.8   | -16.3   | +15       |
| Exceptional items      | +34.9   | -2.9    | -         |
| EBIT                   | 78.1    | 21.5    | >100      |
| Net financial result   | -40.3   | -37.7   | -7        |
| Income taxes           | -5.0    | -4.1    | 23        |
| Net Income             | 32.8    | -20.3   | -         |
| Net Adjusted Income    | 13.2    | 1.5     | >100      |



# Ströer Germany

€ MM



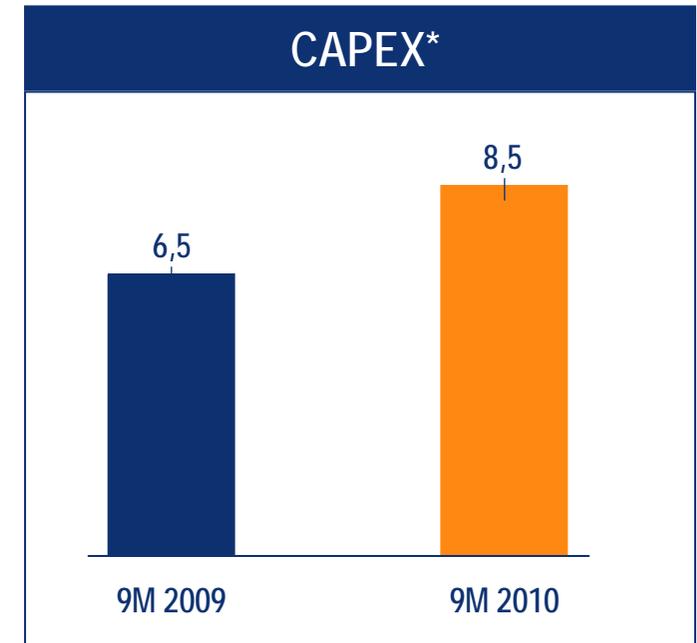
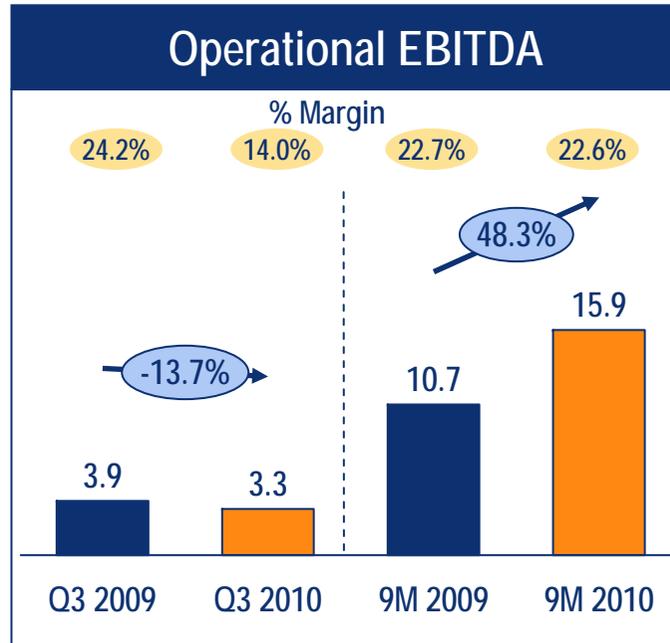
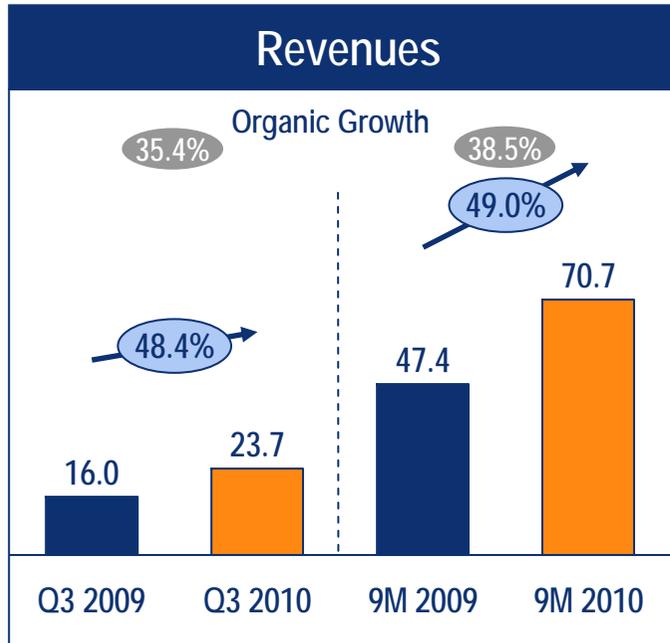
- Revenue growth primarily due to improved trading of Billboard, Street Furniture and Other
- Strong 9M operating leverage supported by flat overhead spending
- Capex reduction resulting from fewer renewal actions and inventory usage

\* Excluding cash paid for investments in non-current financial assets and acquisitions



# Ströer Turkey (100% view)\*

€ MM



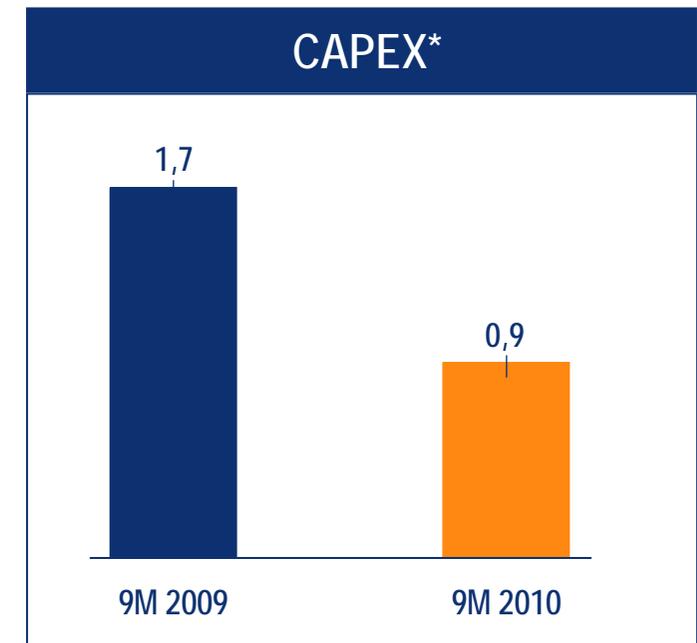
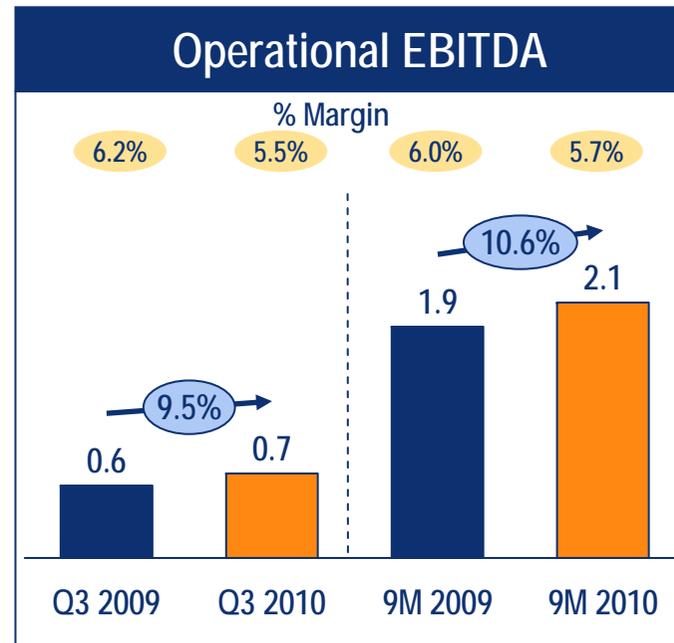
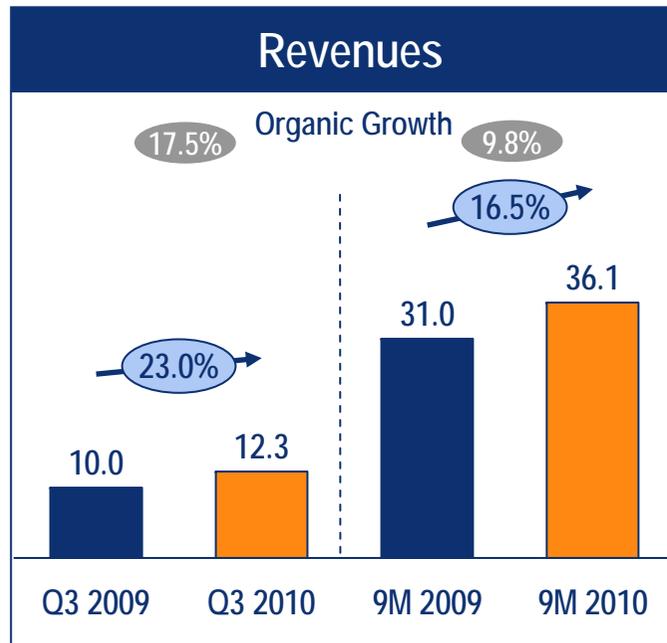
- Outstanding headline and organic revenue growth
- Increase in sales mainly driven by higher filling ratios across all major asset classes
- Operating leverage impacted by temporary changes in rent mix and bonus scheme dynamics

\* Assuming Ströer Turkey's stake had been increased from 50% to 90% at Jan 1, 2009



# Ströer Rest of Europe\*

€ MM

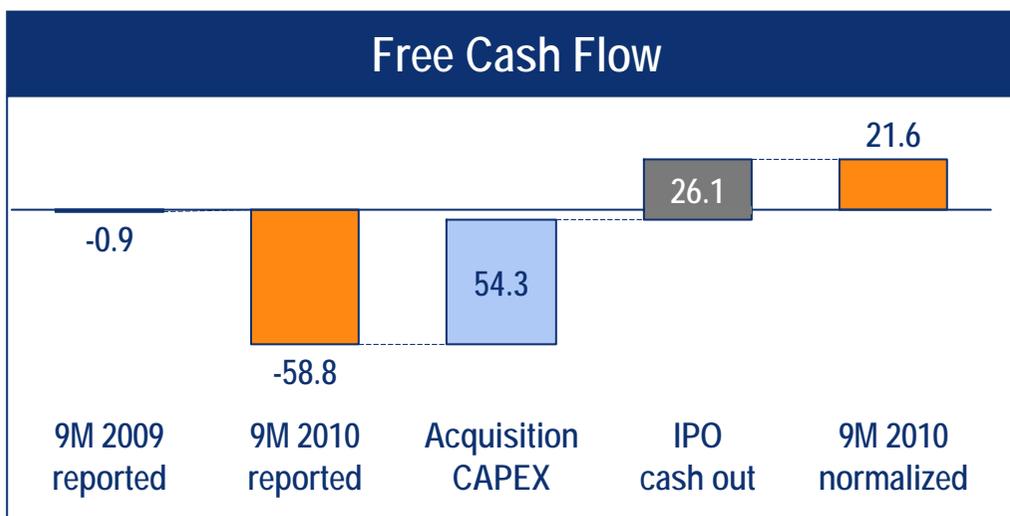
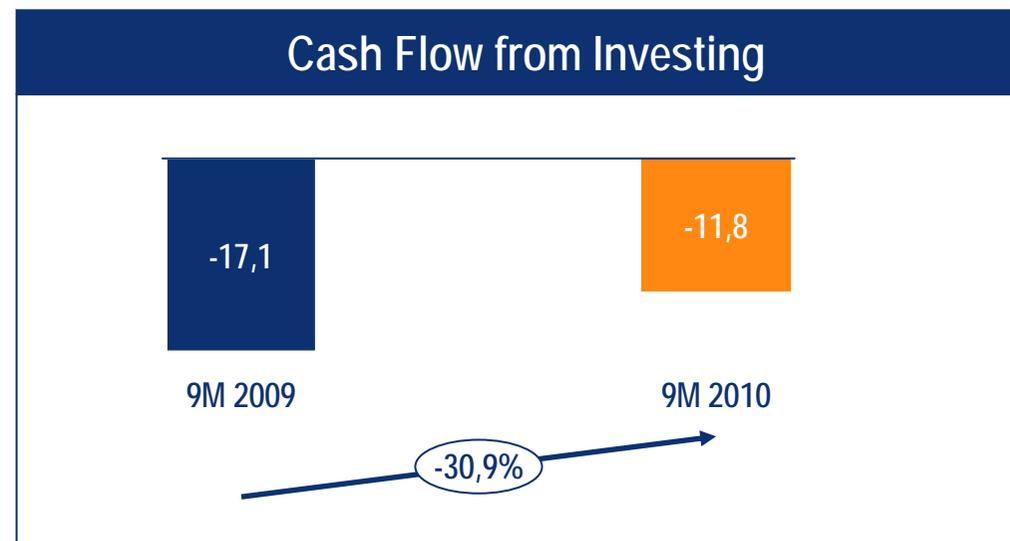
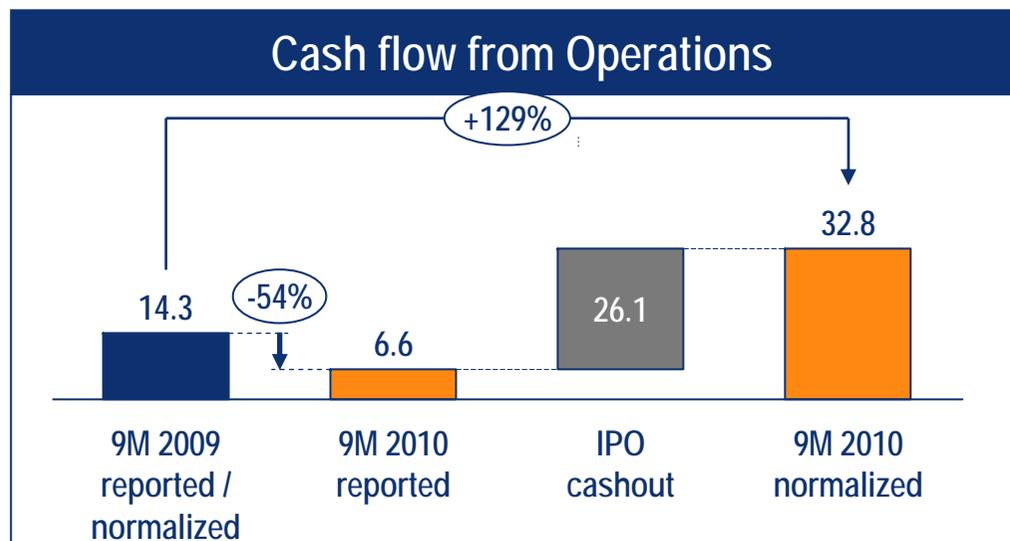


- Significant revenue growth generated in Polish and blowUP business
- Q3 organic sales growth of +6% in Poland and even double-digit in giant poster operations
- 9M Operational Ebitda margins strongly up in blowUP with Poland yet to improve

\* blowUP business and Ströer Poland

# Substantial underlying cash generation year-to-date

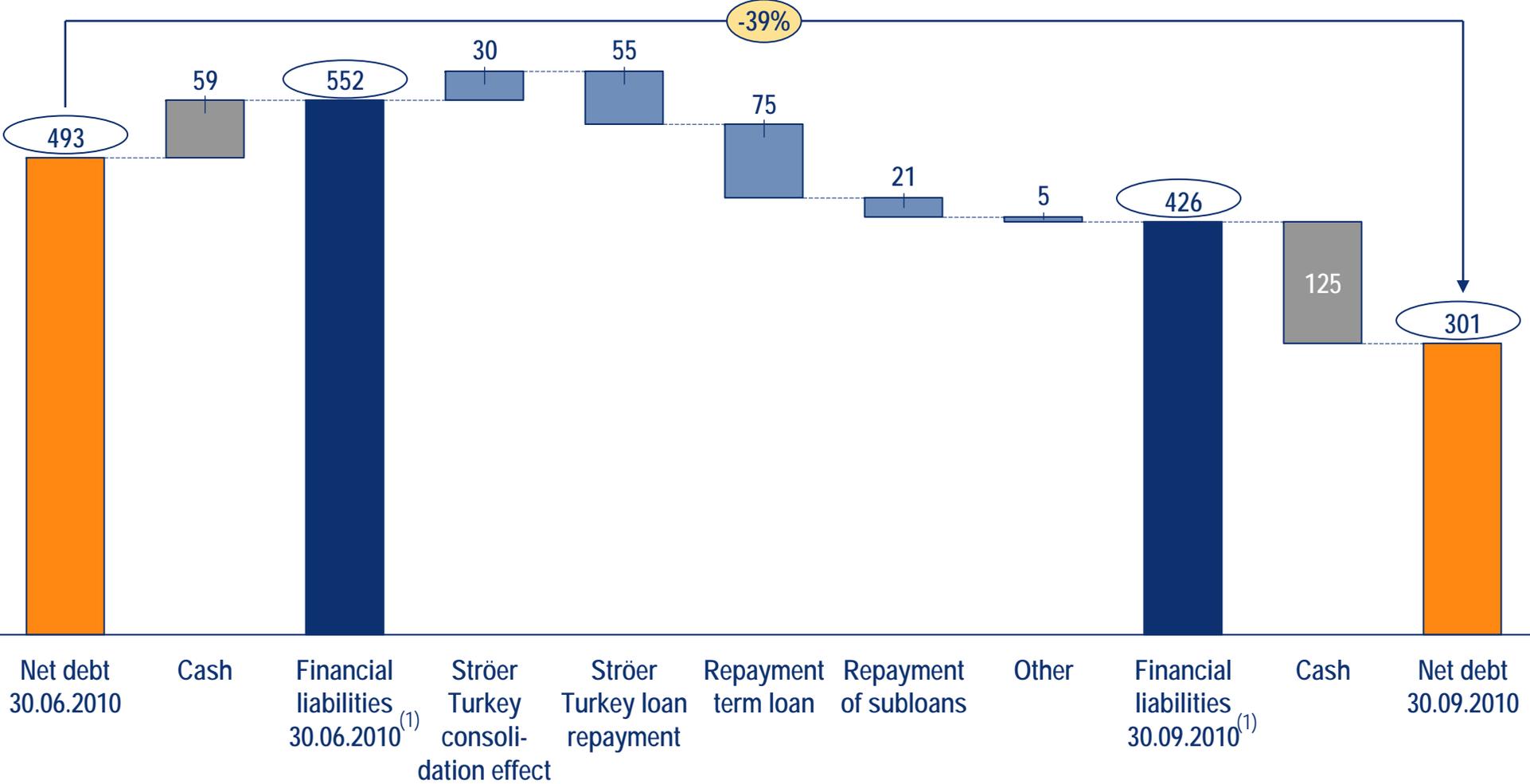
€ MM



- ### Comments
- Cash flow from operations more than doubled leaving aside IPO exceptionals
  - Cash flow from investing decreased following less renewal requirements and inventory usage
  - Strong FCF generation excluding acquisitions and IPO costs

# Significant Net Debt reduction following IPO

€ MM



Notes  
 (1) Excluding derivative financial instruments

# Country Highlights 2011

 **Germany**

Growth drivers:

- GDP growth 2011E of 3.8%<sup>(1)</sup>
- Consolidation dividend
- Digitalization of media business



Initiatives:

- Increase Top 200 customer penetration
- Premium Billboards
- Out-of-Home-Channel

 **Turkey**

Growth Drivers:

- GDP growth 2011E of 10.0%<sup>(1)</sup>
- Dynamic ad market
- Restriction on TV airtime



Initiatives:

- Push for digital products
- Inventory increase from new tenders
- Exploitation of regional sales potential

 **Poland**

Growth Drivers:

- GDP growth 2011E 7.8%<sup>(1)</sup>
- Consolidation dividend
- Emergence of public OoH concessions



Initiatives:

- Integration of News Outdoor Poland
- Sales cycle optimization
- Street furniture opportunities

Ströer on track for growth in 2011

Note  
(1) Source: Global Insight October 2010

# Outlook 2010

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In the traditionally strong 4<sup>th</sup> quarter, Ströer is looking to repeat the sales successes achieved year-to-date despite relatively high prior-year figures. Overall, management is optimistic going into the 4<sup>th</sup> quarter and, based on the assumption that the Turkish joint venture Ströer Kentvizyon had been fully consolidated since 2009, anticipates at least 9% organic growth for the whole of 2010.

# Disclaimer

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