



STRÖER

Q2 2017

August 10, 2017 | Ströer SE & Co. KGaA

Results 6M 2017

€MM		6M 2017	6M 2016	▲
Revenues	Reported ⁽¹⁾	597.4	502.3	+19%
	Organic ⁽²⁾	7.6%	8.7%	-1.0%pts
Operational EBITDA		135.9	115.4	+18%
Operational EBITDA margin		22.5%	22.7%	-0.2%pts
EBIT (adjusted) ⁽³⁾		87.2	76.7	+14%
Net income (adjusted) ⁽⁴⁾		70.1	61.3	+14%
Operating cash flow		80.4	83.4	-4%
Capex ⁽⁵⁾		60.7	42.7	+42%
		30 June 2017	30 June 2016	
Net Debt ⁽⁶⁾ / Leverage Ratio		418.5 / 1.38	365.2 / 1.49	

(1) According to IFRS 11

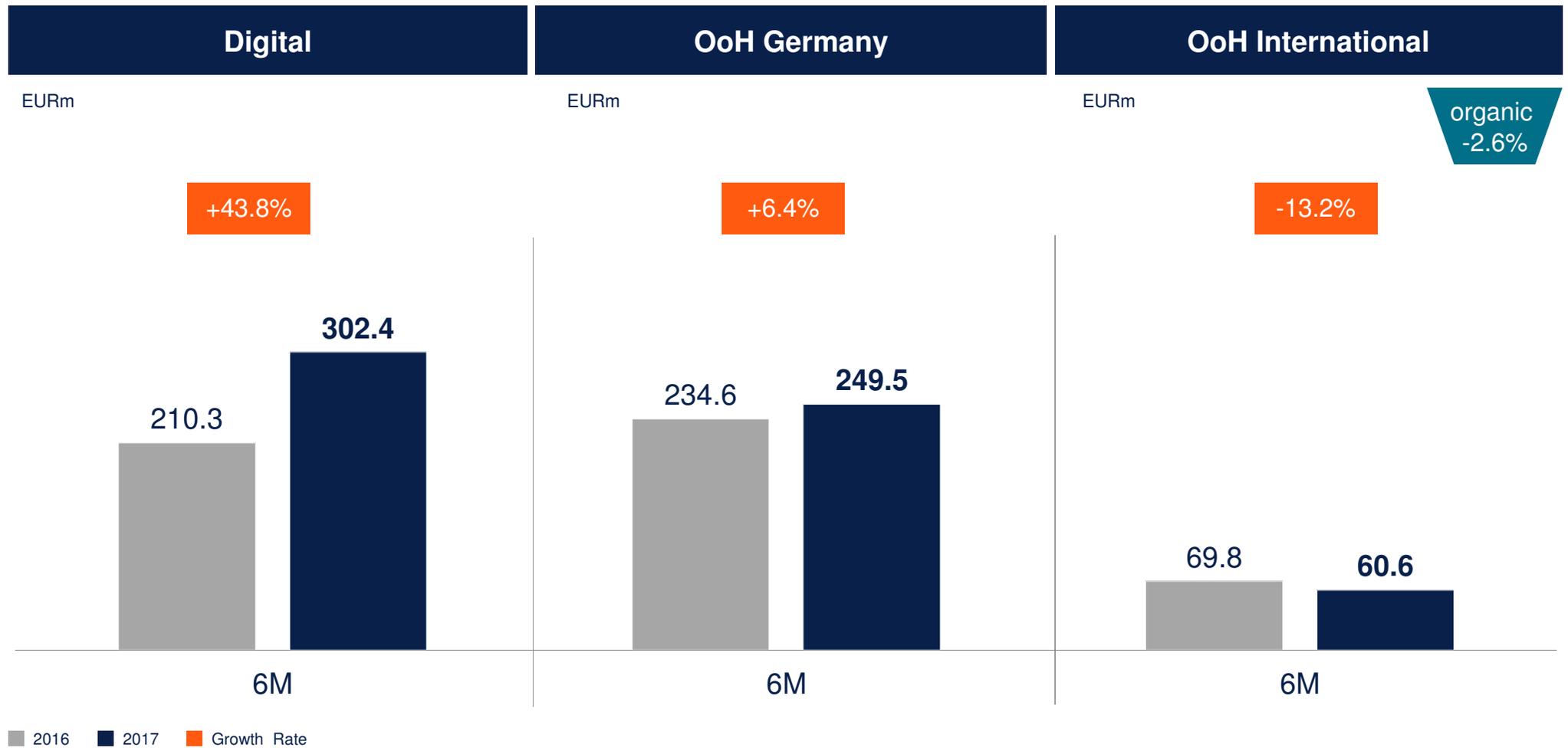
(2) Organic growth = excluding exchange rate effects and effects from the (de)consolidation and discontinuation of operations

(3) EBIT adjusted for exceptional items, amortization of acquired advertising concessions and impairment losses on intangible assets (Joint ventures are consolidated proportional)

(4) EBIT (adj.) net of the financial result adjusted for exceptional items and the normalized tax expense (15.8% tax rate in 2016 and 2017)

(5) Cash paid for investments in PPE and intangible assets and cash received for disposals of PPE and intangible assets

6M 2017: Segment Perspective – Ongoing Growth in Core Segments





Strategic Update: Logical Business Expansion into Dialogue Marketing

Two Key Business Approaches with a Very Different Profile



LOCAL HEROES

- Local market specification know-how
- Local execution quality
- Local do-it-for-you solutions with strong local client access

VS



GLOBAL CHAMPIONS

- Global tech-based & rigorous standardisation
- Global premium content rights
- Global data-supported network effects

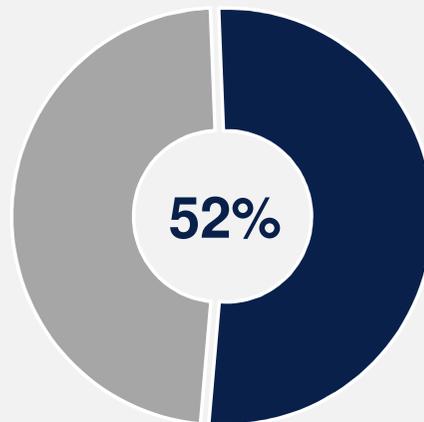
Successful Execution of our Strategy in Above the Line Media

Current Market Position of Ströer Group within the two Focus Areas



OoH: Ströer Market Share*

more than 90% national coverage: almost impossible to substitute in OoH plans



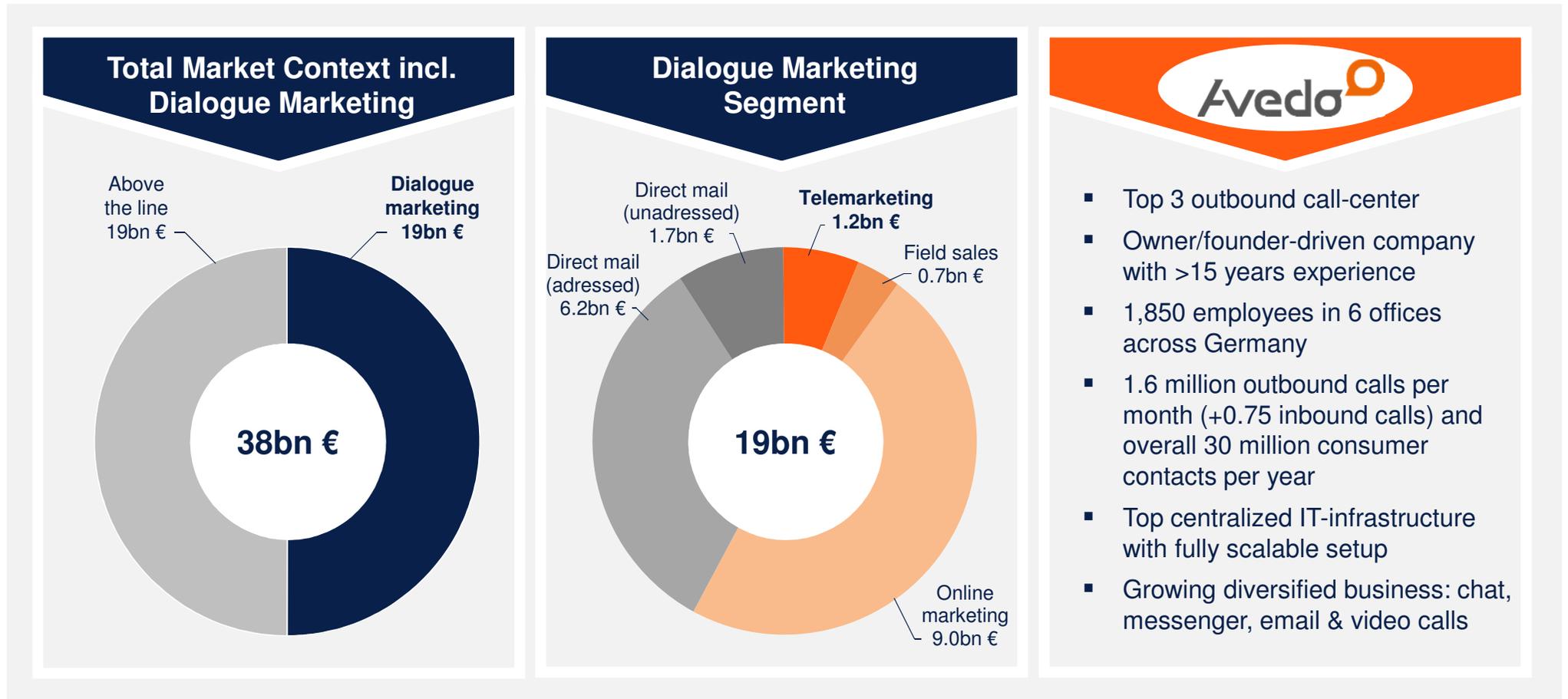
Local Digital Content: Ströer Market Share*

more than 80% audience coverage: massive potential for digital plan over-weight!



Sources: ZAW, BVDW/OVK, Statista/ZenithOptimedia, Schickler, PWC
*Status Q2/2017

Acquisition of Avedo Opens Up new Strategic Business Segment

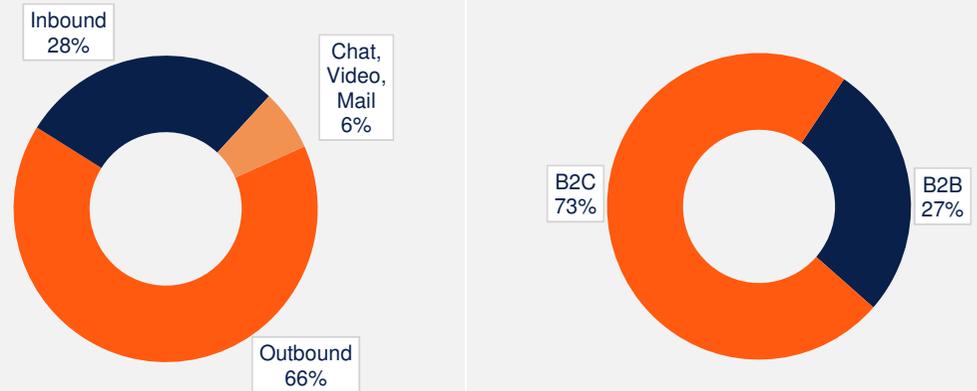


Sources: Total Market - ZAW, PWC, Statista; Dialogue Marketing – Deutsche Post Dialogmonitor, Genesys, Statista.

Avedo: Nucleus for new Dialogue Marketing Platform



Revenue Mix



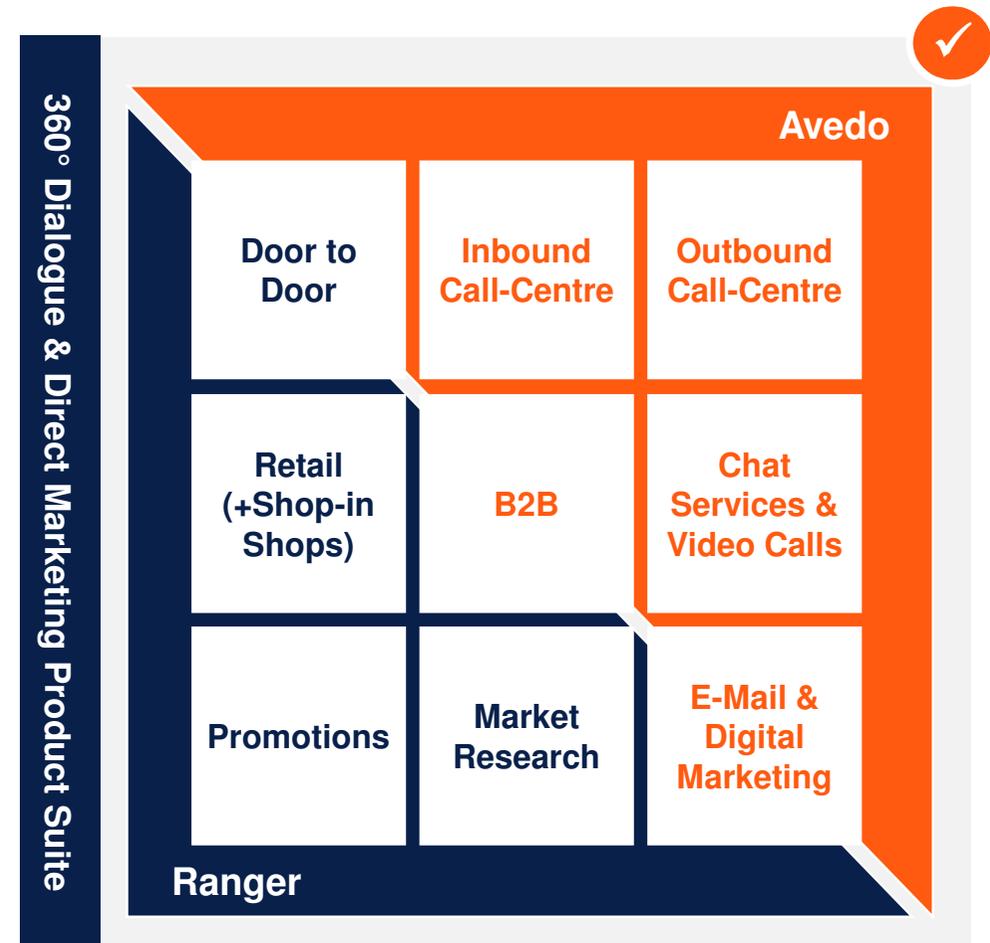
Clients & References



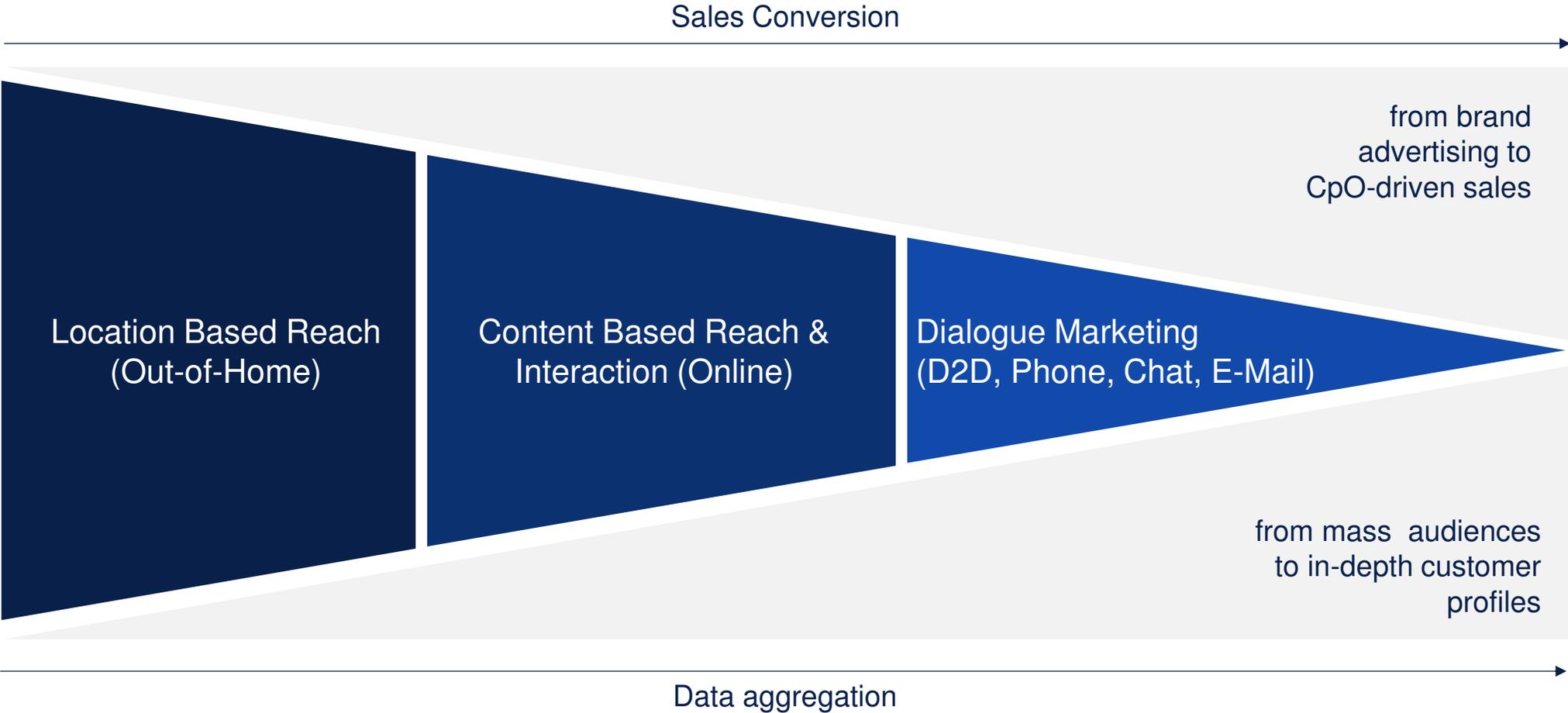
Ranger: Complementing our new Dialogue Marketing Platform

RANGER

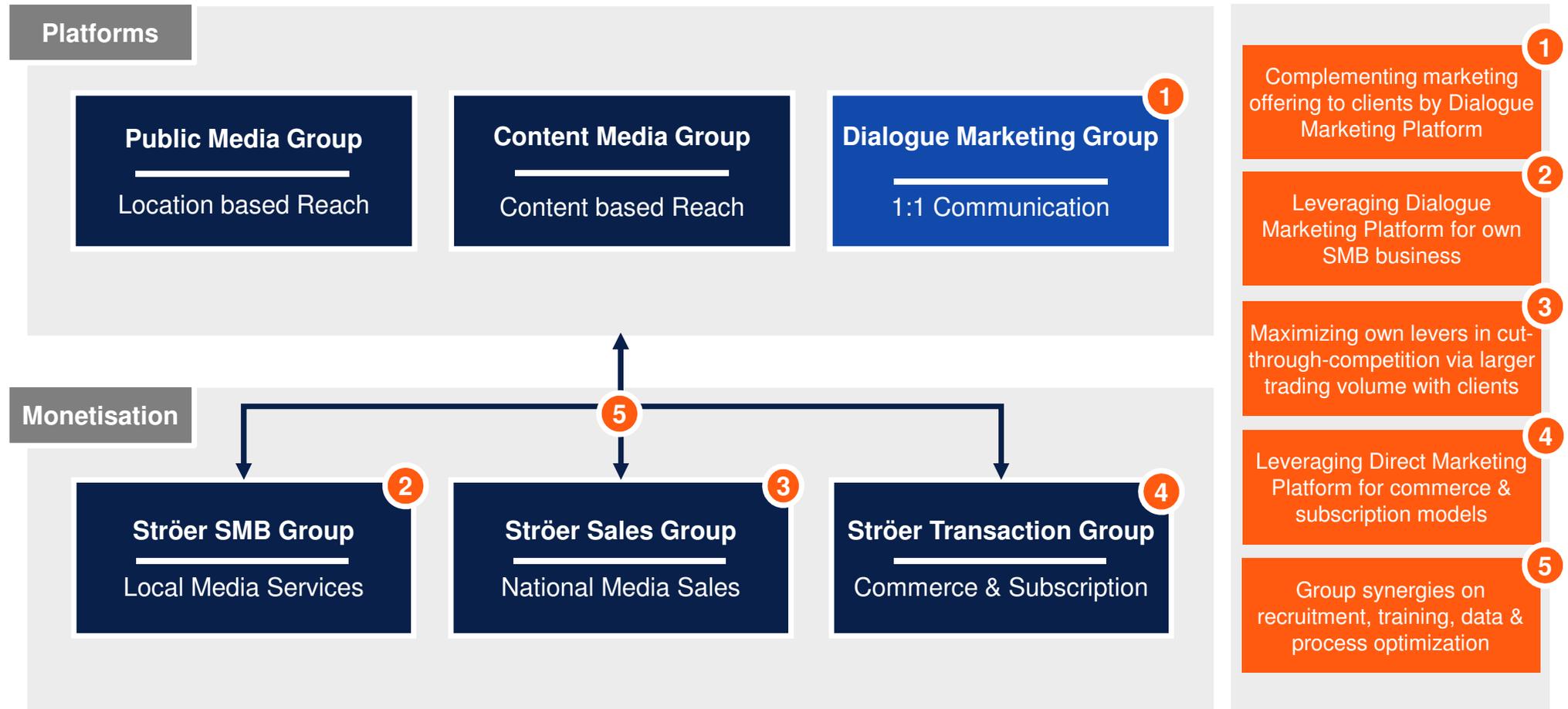
- One of Europe's leading companies for personalized customer services
- Presence via 150 sales offices and more than 1,500 sales employees & regional sales partners
- > 1,000,000 direct customer contacts per month
- > 60,000 contracts signed per month
- > 12,000 telephone contacts per day
- More than 35 customers in different sectors with focus on telecommunications, tv & media, finance & insurance as well as energy
- Specialized team for B2B clients (currently 15% of revenues)
- Substantial synergy potential with both Avedo and Ströer SMB business



Leveraging Consumer Access by Ideal Cascade of Communication



Strong Synergy Potential with Ströer Multi-Channel Ecosystem



Key Logics Behind the Avedo & Ranger Transactions



Complementing product range along the full marketing & sales funnel from branding solutions to performance sales



Successful platform to broaden and deepen customer access and improve our overall “share of wallet”



Expected growth dynamics in dialogue marketing segment due to growing disconnect of brands and consumers via global platform ecosystems



Fully consistent with our capabilities and strategic focus on do-it-for-you-solutions and businesses driven by local execution quality



Fotografiert
mit dem iPhone

T...

von Lily V.

WANDELHALLE

Recap of Q2 Dynamics: Key Business Drivers

Recap of Q2 Market Dynamics

1

Strong new business development in Out-of-Home – especially with digital companies and e-commerce clients driving incremental revenues

2

Outperforming local online market with integrated concepts and full service packages on 1st and 3rd party inventory (beyond global GAFA standards)

3

Continuous & on-going regional and local sales growth: leveraging hunter salesforce to drive sustainable business (cross-media)

Strong New Business Development in Out-of-Home

Apple station campaigns 2017



Quality Focused Client
Several station dominations with changing product campaigns per month

airbnb Out-of-Home campaign



Digital Unicorn Uses OoH for Public Broadcast to Reach New Audiences
Improve coverage and awareness for the brand; exact area localization around schools and family touchpoints

Instagram "Stories are everywhere"



Instagram's First Global Stories Campaign Keeps the Heat on Snapchat
Out-of-Home installations in cologne

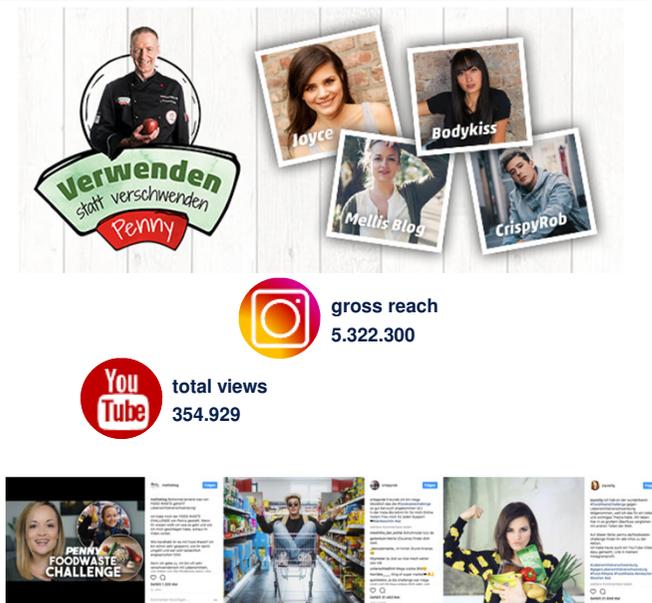
Deliveroo Out-of-Home campaign



OoH is the ideal platform
Branding and new customer acquisition; Broad mix of OoH media: focused on postcode-areas

Integrated Concepts & Full Service Bundles on 1st and 3rd Party Inventory

Influencer campaign for PENNY



gross reach
5.322.300

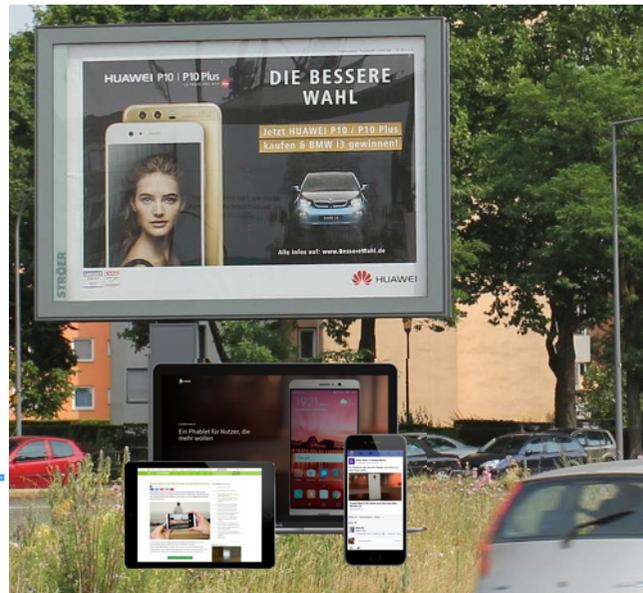
total views
354.929

PENNY FOODWASTE CHALLENGE

Influencers attracted additional attention

The community voted personal favorites in the Food Waste Challenge via the PENNY event page

HUAWEI: launch of a new model



HUAWEI P10 | P10 Plus

DIE BESSERE WAHL

Jetzt HUAWEI P10 / P10 Plus kaufen & BMW i3 gewinnen!

Alle Infos auf www.besserwahl.de

Mobile Bluechip Focusing on Convergent Campaign OoH Online

Huawei contest in relation to an OoH campaign for generating leads. Various advertising online materials: native and social teasers drove traffic to the content.

BMW Mini: standalone kajomi

Results till June 30th

- Average CR: 3,78%
- Leads brochure/test drive at a ratio of 2:10



ÜBERRASCHEND GROSS. GEWOHNT MINI. DER MINI CLUBMAN.

GOKART-FEELING AB 199,00 EUR/ MONAT* DER MINI ONE BLACKYARD.

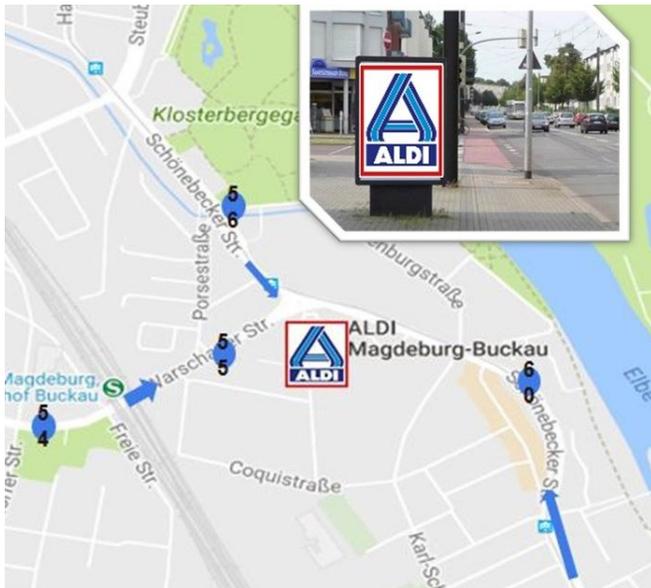
JETZT PROBEFAHREN > BROSCHÜRE BESTELLEN >

Lead Generation with kajomi

Lead generation: determine a test drive;
Durability: addressing new customers, establishing a stable monthly lead generation rate

Continuous & On-going Regional and Local Sales Growth

ALDI guidance system



Guidance system leading to 12 Aldi stores
 No customer would miss the Aldi stores again:
 the intensive work of all locations and mappings paid off

Phantasialand

Test campaign
 „Fantissima“
 (Dinner Show)



Campaign
 „Phantasialand“
 (Amusement Park)



InApp Targeting – Ad Impressions
 From test campaign to entire online budget:
 mobile specialist PERMODO selectively addressed people
 with an interest in events and gourmets via InApp-Targeting

NetCologne



Monthly OoH Presence
 Besides monthly flights of poster advertising and online, the campaign can be seen on busses and trams

Möbel Hardeck



Overtaking the Competition With Out-of-Home
 Furniture store reorganized its marketing strategy to stand out of the commercial monotony and to penetrate their sales area



Update on Financials

Profit and Loss Statement Q2 2017

EURm	Q2 2017	Q2 2016	▲ %	Analysis
Revenues (reported)⁽¹⁾	316.2	276.2	+14%	↑ Expansion driven by 6.6% organic growth and M&A
Adjustments (IFRS 11)	3.2	3.4	-5%	
Revenues (Management View)	319.4	279.6	+14%	
Operational EBITDA	80.3	69.2	+16%	↑ Op. EBITDA performance overall in line with growth
Exceptionals	-5.9	-5.5	-7%	→ Material M&A and Integration expenses
IFRS 11 adjustment	-1.2	-1.1	-12%	
EBITDA	73.2	62.7	+17%	
Depreciation & Amortization	-40.5	-34.7	-17%	→ Larger consolidation scope and PPA depreciations
EBIT	32.7	28.0	+17%	
Financial result	-2.1	-3.3	+38%	
Tax result	-4.1	-2.7	-51%	
Net Income	26.5	21.9	+21%	
Adjustment ⁽²⁾	19.0	18.6	+2%	
Net income (adjusted)	45.5	40.5	+12%	↑ Growing Net Income – adjusted and non-adjusted

(1) According to IFRS

(2) Adjustment for exceptional items (+6.1 EURm) including adjustments of the financial result, amortization of acquired advertising concessions & impairment losses on intangible assets (+ 16.6 EURm), Tax Adjustment (-3.7 EURm)

Profit and Loss Statement 6M 2017

EURm	6M 2017	6M 2016	▲ %	Analysis
Revenues (reported)⁽¹⁾	597.4	502.3	+19%	↑ Expansion driven by 7.6% organic growth and M&A
Adjustments (IFRS 11)	6.5	6.7	-3%	
Revenues (Management View)	603.9	509.0	+19%	
Operational EBITDA	135.9	115.4	+18%	↑ Op. EBITDA performance overall in line with growth
Exceptionals	-10.8	-10.9	+2%	→ Material M&A and Integration expenses
IFRS 11 adjustment	-2.4	-2.0	-18%	
EBITDA	122.7	102.4	+20%	
Depreciation & Amortization	-80.7	-68.4	-18%	↘ Larger consolidation scope and PPA depreciations
EBIT	42.0	34.0	+24%	
Financial result	-3.6	-5.1	+30%	
Tax result	-4.9	-3.1	-62%	
Net Income	33.5	25.9	+30%	
Adjustment ⁽²⁾	36.6	35.4	+3%	
Net income (adjusted)	70.1	61.3	+14%	↑ Growing Net Income – adjusted and non-adjusted

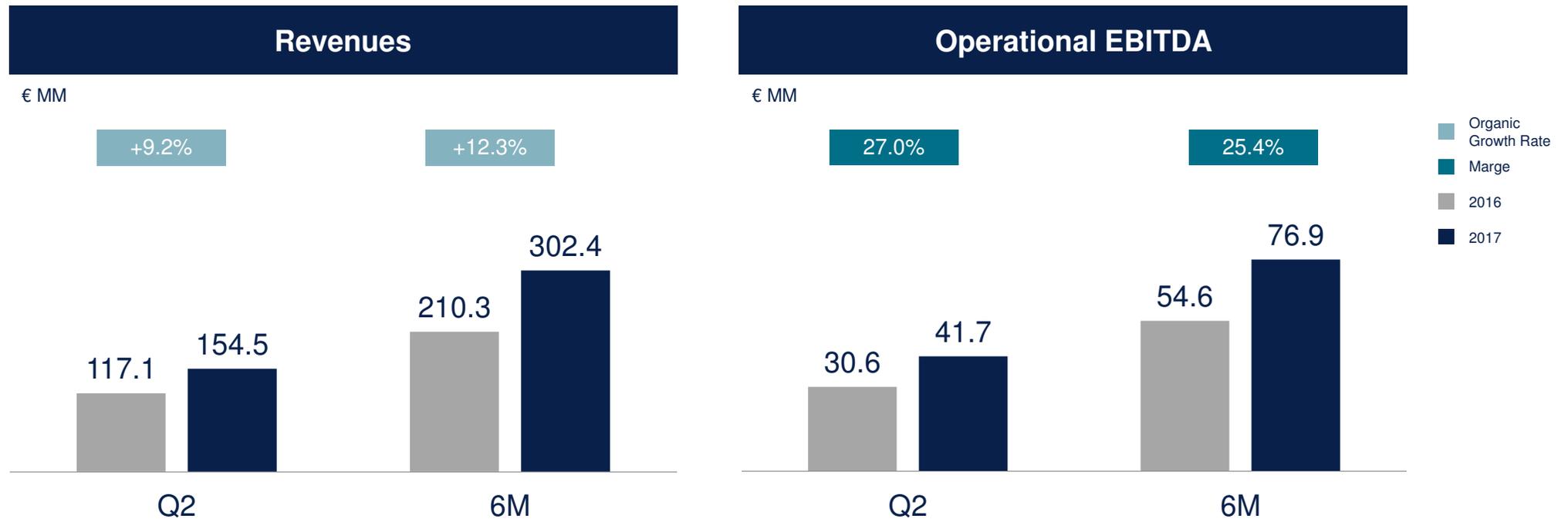
(1) According to IFRS

(2) Adjustment for exceptional items (+10.4 EURm) including adjustments of the financial result, amortization of acquired advertising concessions & impairment losses on intangible assets (+ 33.0 EURm), Tax Adjustment (-6.8 EURm)

Overview on Growth Rates 6M 2017

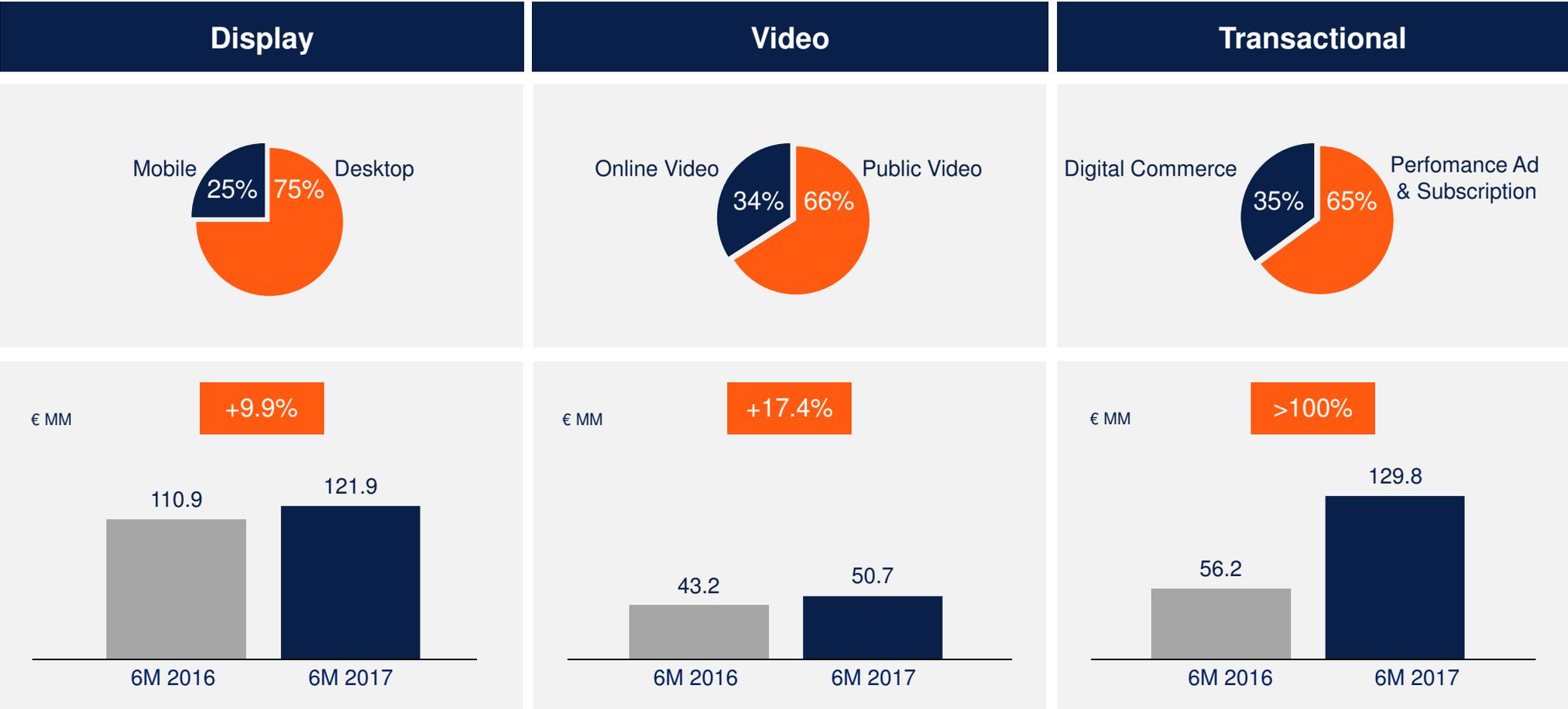
	Group	Digital	OoH Germany	OoH International
YTD Reported Growth	18.6%	43.8%	6.4%	-13.2%
YTD Organic Growth → including organic growth of 12M M&A	7.6%	12.3%	6.3%	-2.6%
YTD Organic Growth → w/o revenues of 12M M&A	7.2%	12.2%	6.3%	-1.7%

Digital: Continuously Strong Profitable Growth in 6M 2017



- Strong digital growth, both organically and as well as scope effects especially driven by transactional businesses
- All Digital product groups contributed to strong increase in Op. EBITDA
- Ongoing integration efforts around the group (e.g. unifying digital sales houses and combining office space)

Digital Segment Revenues: Product Group Development 6M 2017



Upcoming Changes in Financial Reporting

1st January 2016

- Organic growth presentation in alternative ways
- Introduction of product groups in the digital segment

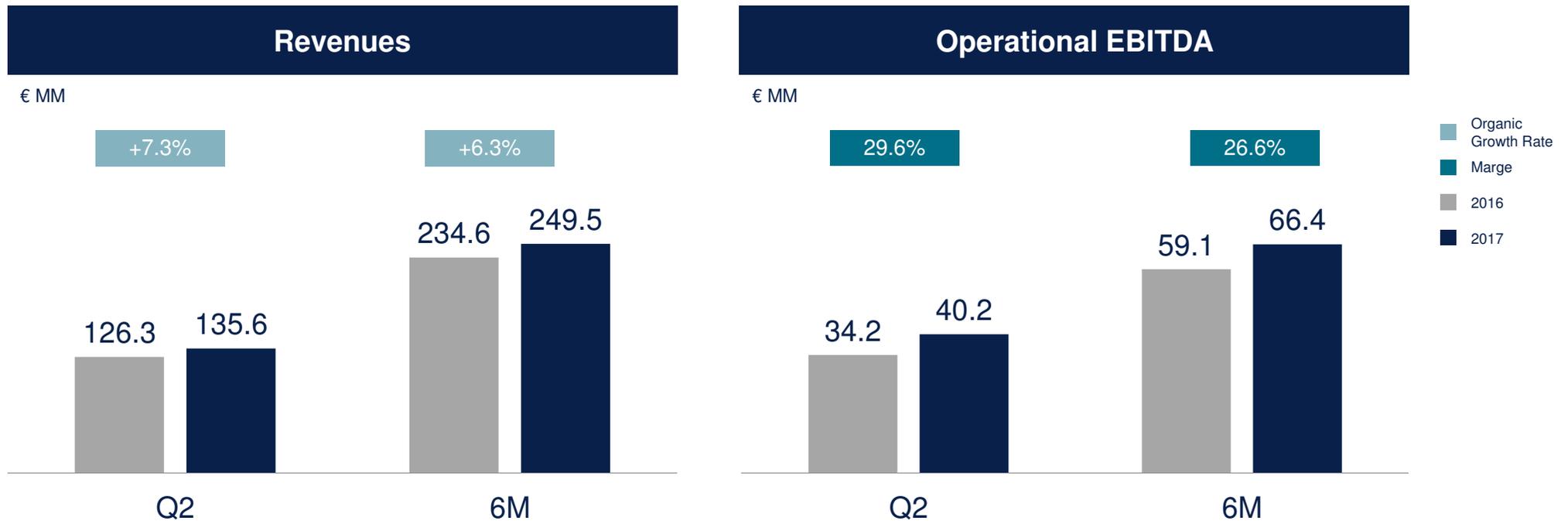
1st January 2017

- Outline of cash flow presentation
- Further break down of product groups in the digital segment

1st January 2018 (planned)

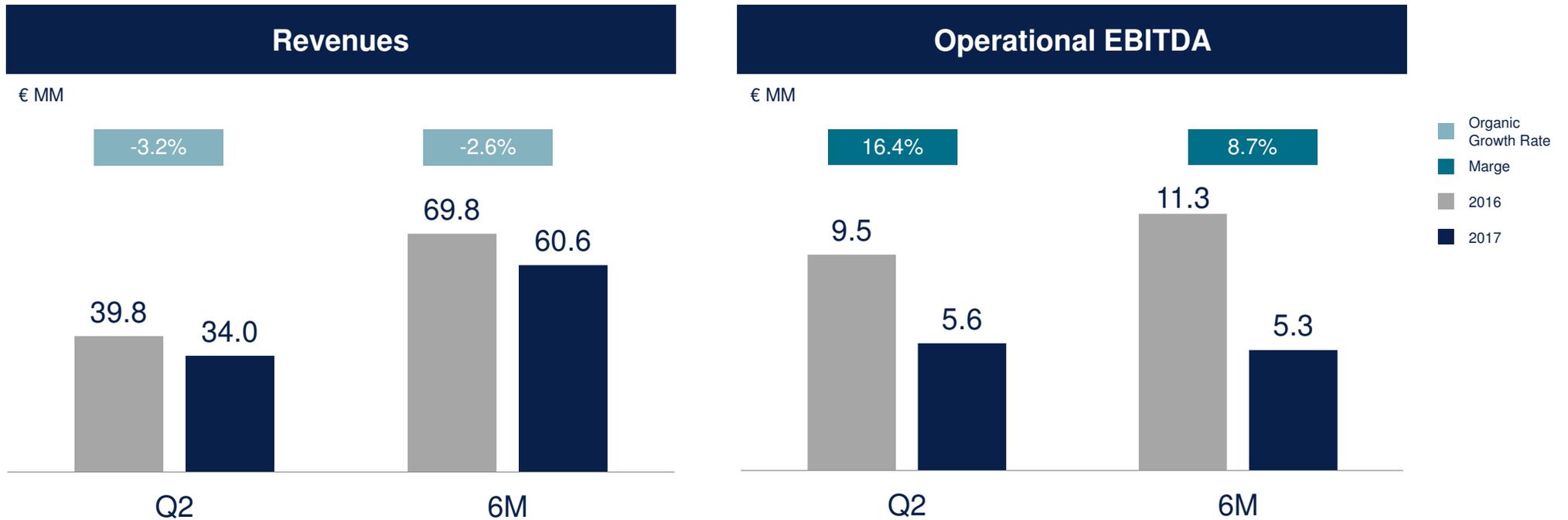
- Introduction of IFRS 16 and elimination of IFRS 11-adjustment
- Introduction of refined segmentation reflecting changing scope of the group

OoH Germany: Sustainable Growth Performance in 2017



- Strong market outperformance with organic growth of 7.3% Q2 2017
- Growth in revenues driven by robust demand for our products supported by regional and local sales initiatives
- Operational EBITDA margin improvement in spite further investments in local sales force and digitalization

OoH International: Challenging Markets



- 6M suffering from soft Turkish economy and ad market as well as negative fx effects
- Ongoing growth of international blowUP business
- Outlook: restructuring of Ströer Turkey organization and disposal of non profitable Istanbul operations

Reshaping Ströer Turkey: Disposal of Non Profitable Istanbul Operations

Situation in H1 of Ströer Turkey

- Further reduced relevance within Ströer Group:

Percentage of Ströer Turkey op EBITDA



- Disappointing H1/2017 performance in light of difficult Turkish political / economical situation

Actions taken

- Strategy change: rigorous focus on bottom line
- Immediate withdrawing from loss making Istanbul city contract and disposal of ad units
- Reduction of roughly 20% of workforce
- Apart from contractual obligations only selective investments

Outlook

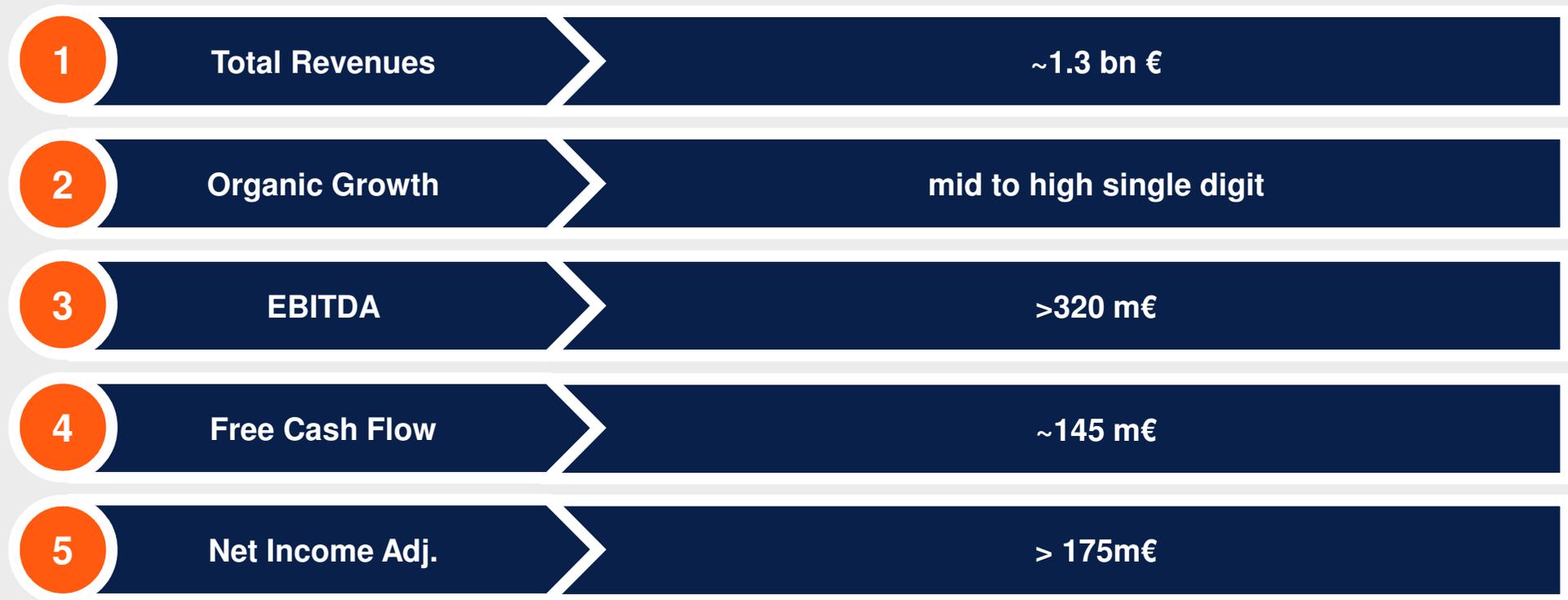
- Remaining No#1 Out-of-Home supplier in Turkey
- Mid term, op EBITDA back on decent levels of more than > 10m€ expected

Free Cash Flow Perspective Q2 2017

Free Cash Flow	Q2 2017 EURm	Q2 2016 EURm	Analysis
Op. EBITDA	80.3	69.2	<ul style="list-style-type: none"> Strong cash conversion (90% of op. EBITDA equals Operating Cash Flow) Despite higher Taxes of around 14 EURm increase of 19 EURm operating cash flow quarter on quarter Working capital development supported by positive catch up effect for Q1 Higher investments in digitalization, software and other intangibles; additionally, investments in furniture und fixtures caused by massive integration and office relocation activities On track to deliver free cash flow guidance of “around 145”
- Interest (paid)	-2.3	-2.1	
-/+ Tax (paid/received)	-11.6	+2.8	
-/+ WC	+15.5	-5.8	
- Others	-9.1	-10.1	
Operating Cash Flow	72.7	54.1	
Investments (before M&A)	-29.7	-15.9	
Free Cash Flow (before M&A)	43.0	38.2	

Our Targets for 2017: Unchanged KPIs & Sustainable Performance

Our KPIs and Guidance Statements



Outlook for Q3: Next Quarterly Results November 10

1. **Similar to the development in the first six months: solid & robust business across the entire group with expected growth for Q3 fully in line with annual guidance**
2. **Strong momentum for OoH Germany fueled by both national sales and extended local salesforce activities – similar to HY1**
3. **Digital segment consistently on growth track regarding top line growth, market share development as well as consolidation and integration processes**
4. **OoH International with still challenging macro environment but under control and without substantial group impact**