

**STRÖER**



**Q3 2018**

November 13, 2018 | Ströer SE & Co. KGaA

# INDEX



**01**

**Strategic Update**

**02**

**Segment Update**

**03**

**Financial Update**

**04**

**Outlook**

# Results 9M 2018 (Continuing Operations)

m€		9M 2018	9M 2017 (pro forma) <sup>(1)</sup>	▲
Revenues	Reported	1,112.7	870.4	+28%
	Organic <sup>(2)</sup>	8.1%	9.1%	-1.0%pts
Operational EBITDA		363.9	317.2	+15%
EBIT (adjusted) <sup>(3)</sup>		164.4	139.9	+18%
EBIT (adjusted) margin		14.8%	16.1%	-1.3pts
Net income (adjusted) <sup>(3)</sup>		119.1	100.6	+18%
Operating cash flow		226.0	213.5	+6%
Capex		88.9	88.6	+0.4%
		<b>30 Sep 2018</b>	<b>30 Sep 2017</b>	
Net Debt <sup>(4)</sup> / Leverage Ratio <sup>(5)</sup>		623.2 / 1.8x	545.9 / 1.8x	

(1) Retroactive application of IFRS 16 and elimination of prior IFRS 11 adjustment

(2) Excluding exchange rate effects and effects from (de)consolidation and discontinuation of operations

(3) Adjusted for exceptional items and additional other reconciling factors in D&A (PPA related amortization and impairment losses), in financial result and in income taxes (applying a normalized tax rate of 15.8%)

(4) Financial liabilities less cash, excl. IFRS 16 lease obligations and elimination of prior IFRS 11 adjustment

(5) Net debt divided by Op. EBITDA of last 12 month (adjusted for IFRS 16)

# We stay fully on Track with our organic long-term Growth Strategy

- 1 Focus on Germany & Divestment of non-core businesses
- 2 CAPEX: Continuous investment in digitization of inventory (i.e. roadside) and smart city pilot projects
- 3 OPEX: Accelerated investment in both regional and local sales force parallel to customer-centric national sales



# Focus on Germany: Successful Termination of Engagement in Turkey

- Ilbak Holding acquired final 90%
- Valued around 15m€
- Turkish Business approx. 2% of Ströer's EBITDA



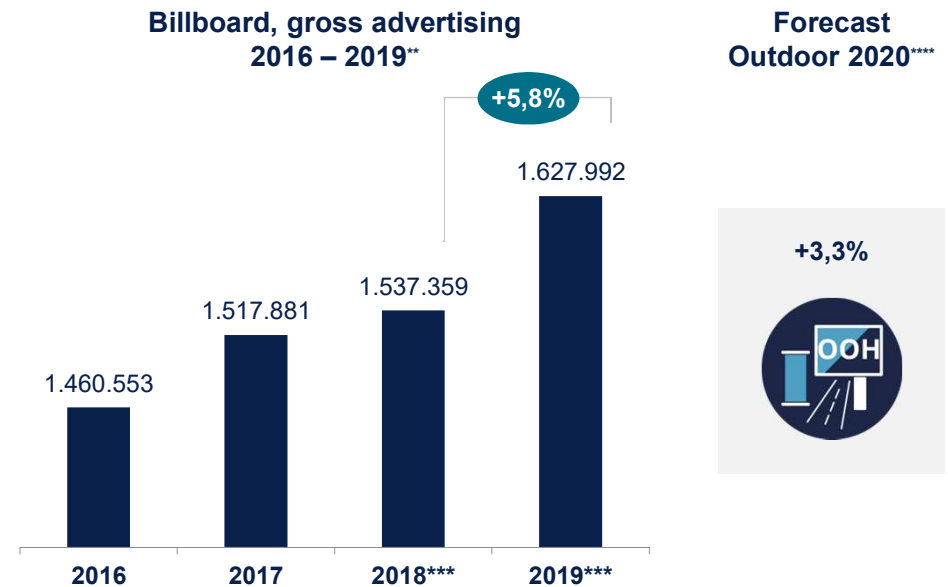
# Sustainable Momentum for OOH in Germany

## Mobility in Germany



**17%\* growth of mobility  
in cities vs. countryside**

## Development Gross Advertising Spendings



agma 2018 Plakat confirms Out-of-Home growing reach: reach of outdoor advertising remains consistently stable across all advertising media, local sizes and target groups, other broadcasting media declining (TV, radio)

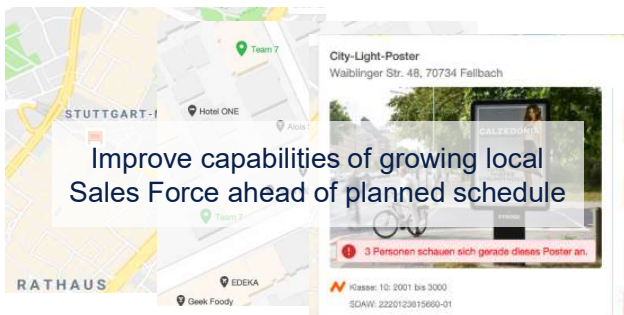
\* Increase in city mobility (traffic performance) compared to 2008, Source: Report "Mobility in Germany 2017"; \*\* Source: Nielsen Media Research, \*\*\* 2019 forecast, 2018 incl. Q4 forecast Nielsen Media Research; \*\*\*\* Zenith Advertising Expenditure Forecast September 2018, Source: horizont.com

# Strategy of regional Excellence and Digitization fully on track

## Ströer Roadside Screens winning European Innovation Award



Do it for you  
'Service Platform'



## Buildup of Digital Infrastructure Roadside and in Malls / Station on Track



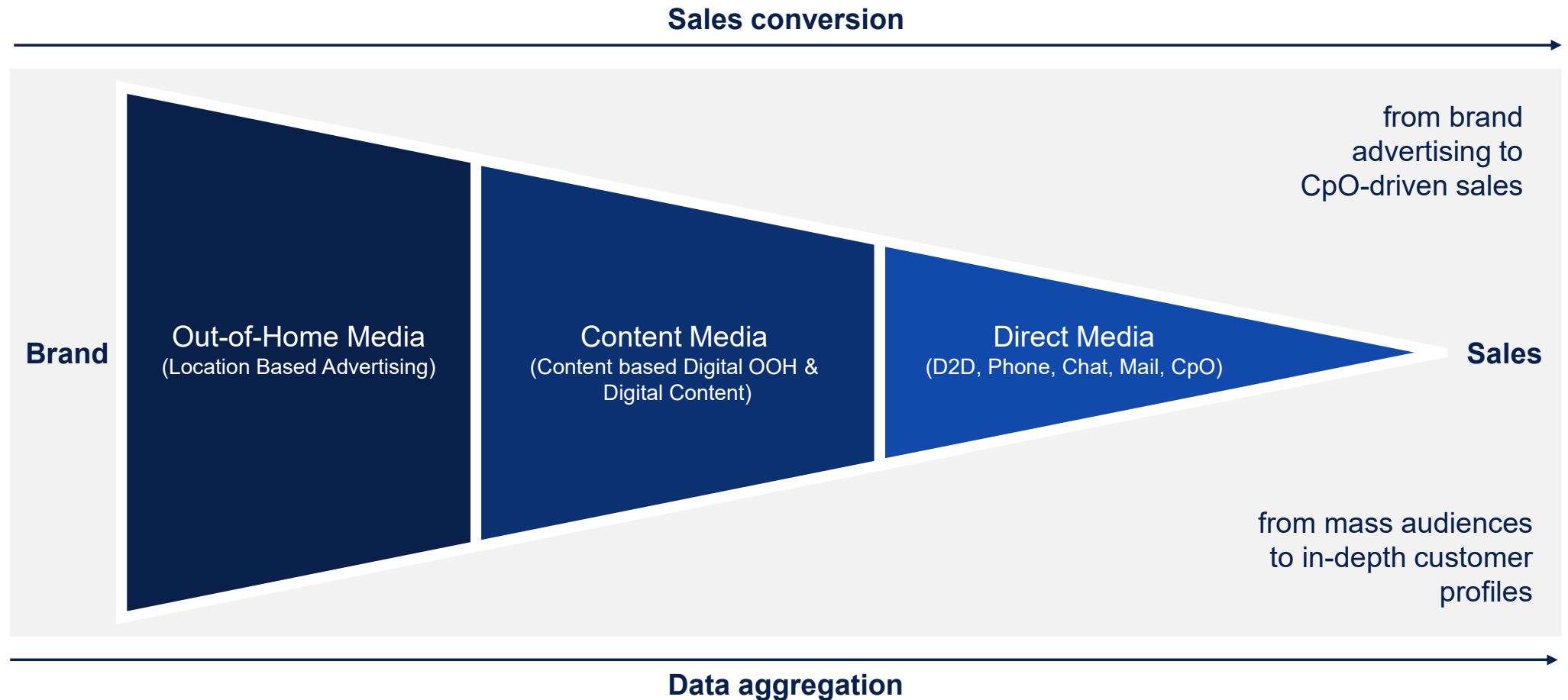
Strong growth of local & digital sales force

Sales team/FTEs	2016	2017	e2018	e2019	e2020
Regional consultants	89	118	110	120	130
Local sales	243	284	520	685	850
"Digital only" consultants	62	58	120	140	160
Ströer SME only call center agents	40	35	50	55	60
<b>TOTAL</b>	<b>434</b>	<b>605</b>	<b>800</b>	<b>1,000</b>	<b>1,200</b>

## Broad Office Coverage Local Market Know-How



# Integrated Offering gains Traction for large national Customers





# INDEX

**01**

**Strategic Update**

**02**

**Segment Update**

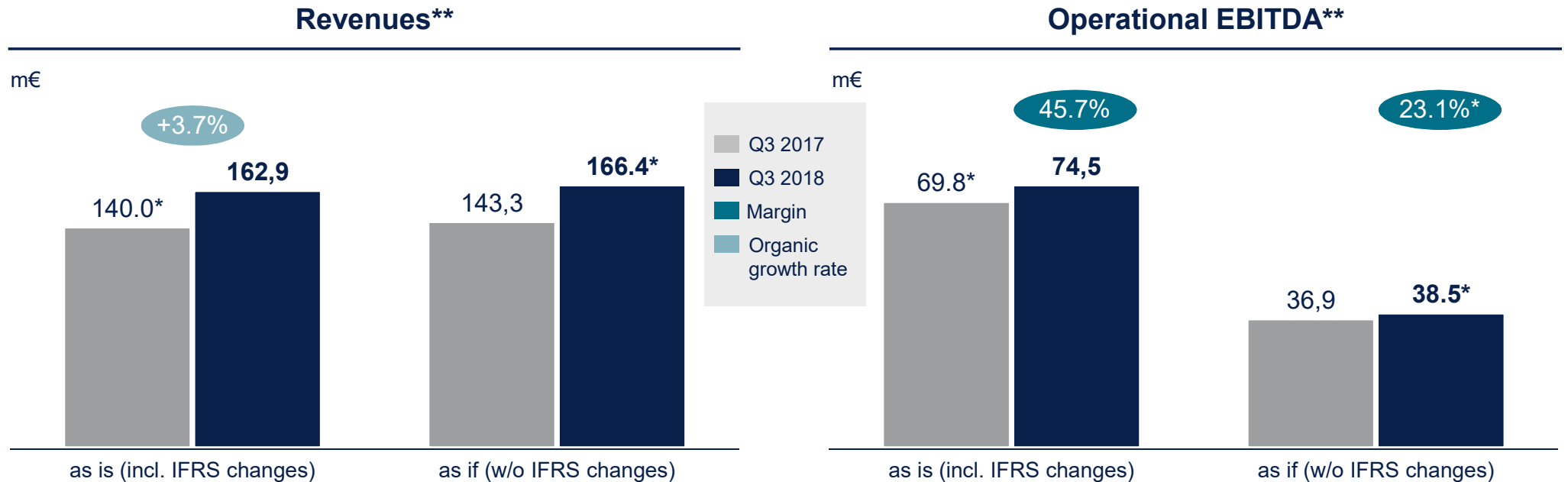
**03**

**Financial Update**

**04**

**Outlook**

# OoH Media: Sustainable Growth Performance



- Sustainable growth in Germany supported by local and regional sales initiatives
- Op. EBITDA growth influenced by product mix effects and further investments into organic growth
- Smaller bold on acquisitions in OoH Media (e.g. UAM Group) in line with expectations; ongoing integration activities

\*Pro forma  
 \*\*Continuing Operations

# Out-of-Home Media – Success Cases Q3

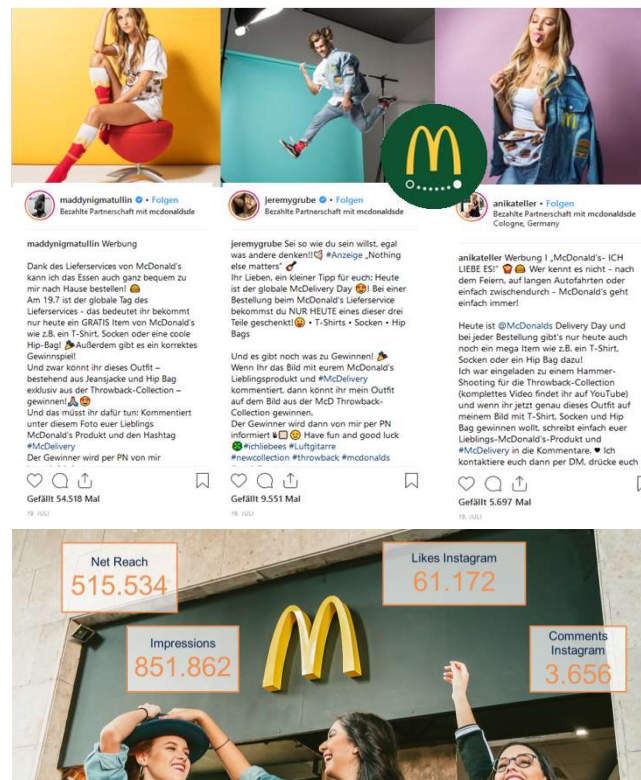
## Oatly!

30 Creatives for Social Talk-of-town



## Mc Donalds

McDelivery Day | Influencer Campaign



## Nestlé Purina

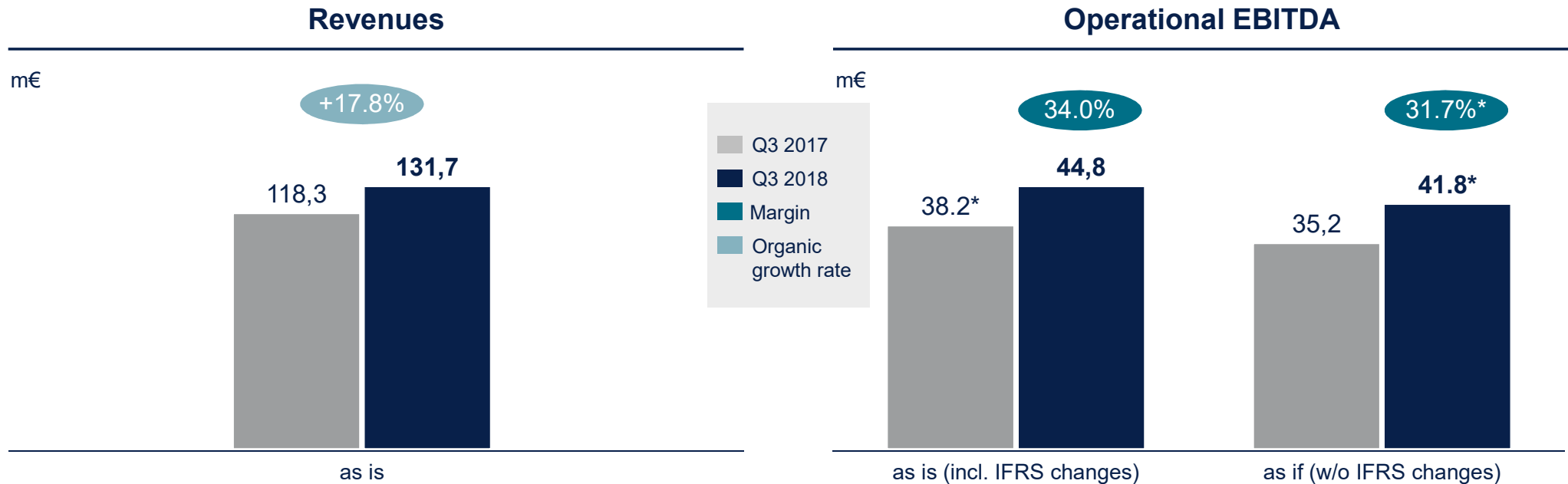
Digital Brand Cube



# Out-of-Home Media – Summary

- 1** Strong position in structurally and sustainably growing OoH market with high market entry barriers
- 2** Leading in digital OoH already today and improving position with further digitization of inventory
- 3** Accelerated rollout plan for constantly growing regional and local sales force supported by state of the art Do-it-for-you platforms
- 4** Smart and integrated solutions to link OoH inventory into POS, Event-, Direct- and Online-Media
- 5** Strong partner for development of smart cities and environmental infrastructure solutions in a broader strategic context

# Content Media: Profitable Growth in Q3 2018



- Strong organic growth in both newly acquired and established content media assets, all product groups positively effected
- Profitability increase driven by strong performance of Digital OOH (Public Video) and Statista
- Ongoing portfolio optimization to sharpen segment profile and focus on profitable growth

\*Pro forma

# Content Media – Success Cases Q3

**Tinder**  
Ströer Media Brand Voice

desired

*Echte Stories vom Swipen und Matchen*

SPANNENDE MENSCHEN, WITZIGE CHATS UND ÜBERRASCHE

MacBook

Minister Mayer hat für mich gefunden  
Wie sie aussieht

LOUSE

Tinder Diaries:

LOUISE LIEBT MIT TINDERNISSEN  
Menschchen ist es die Zeitpunkt der

More than 3 min dwell time

Brand Booster CTR: 0,28 %

**Croatia Tourism**  
Visual Storytelling TOL

CROATIA FEEDS

**roastmarket.de**  
M.I.A. Targeting

powered by **otto group media**

+126%

39%

88%

Conversion Rate 2,24%

AGOF Share Target Group SDG M.I.A. Targeting Group Match

Bis zu 3.500 € Frühbucheprämie für den Multivan.

LEBEN MIT & Cloud

DEIN GRILL

# Content Media – Summary

**1** Strong backbone of highly profitable owned assets across all relevant target groups incl. unique Public Video Network (~ 20-25% of Segment)

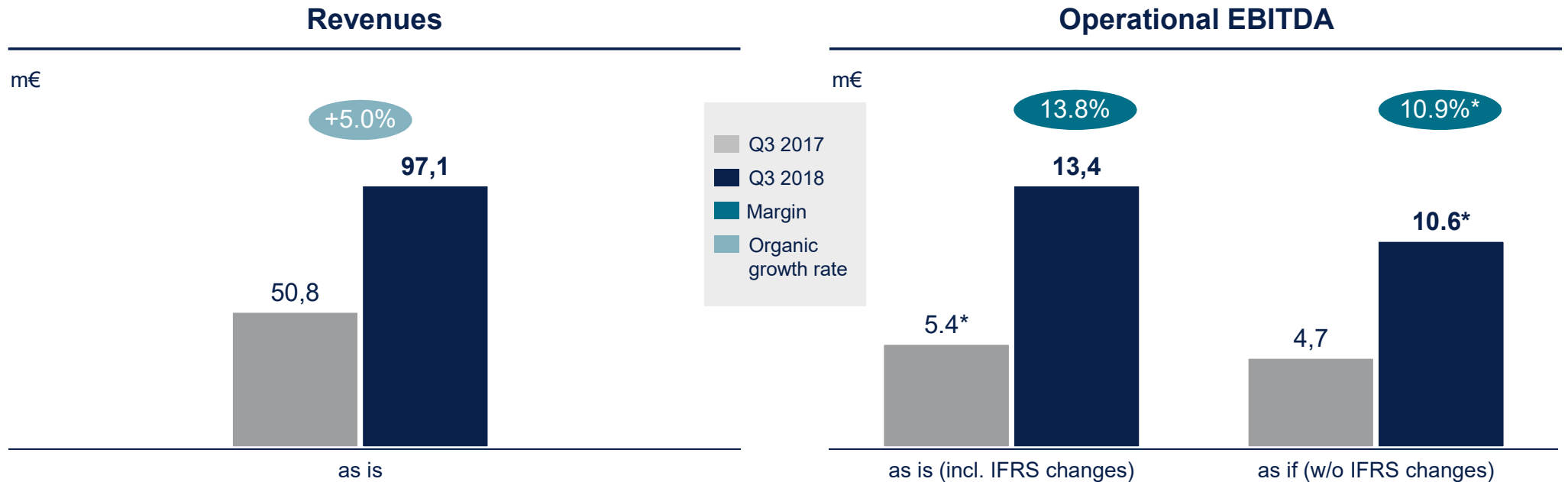
**2** Platform business opens up opportunities for further German market consolidation

**3** Sustainable and broad range of exclusive 3<sup>rd</sup> party inventory – with further growth potential

**4** Unique B2B Service Offering of Statista constantly outperforming midterm plan with growth rates Beyond 50% and increasing profitability

**5** Proprietary tech stack with measurable results and clear path for GDPR compliant data solutions

# Direct Media: Strong Growth backed by new Businesses



- Direct Media strongly above PY especially driven by acquired business in Dialog Marketing
- Op. EBITDA impacted by General Data Protection Regulation adoption (effect of roughly -2m€ in Q3)
- Ongoing strong integration efforts in line with expectations and investments in tech-solutions (e.g. optimise-it)

\*Pro forma



# Direct Media – Success Cases Q3

## Realperson Chat Suite® by optimise-it



## DeutschlandCard Service Provider Change



## Media Markt Saturn Customer Service for Online/Offline Retail



## MediaMarktSaturn Retail Group

# Direct Media – Summary

**1** Better access to clients strengthens OOH product sales and increases share of wallet

**2** Growing clients demand is driving growth for the business segment in combination with higher expectations towards integration of tech and data

**3** Significant relevance after one year into the business and excellent position for further growth and margin oriented market consolidation

**4** Huge potential for integrated Ströer group solutions with clients already being leveraged

**5** Consolidation of all agents and direct channels on one tech and campaign management platform driving margin improvements as well as quality and flexibility for clients

# INDEX

**01**

**Strategic Update**

**02**

**Segment Update**

**03**

**Financial Update**

**04**

**Outlook**

# Changes in Financial Reporting – Recap

**1** New Segment Structure as of 1 January 2018

**2** Application of IFRS 16

**3** Elimination of IFRS 11 Adjustment

**4** Focus on Continuing Operations



# IFRS 16: Implications at Ströer Group in Q3 2018

## (Continuing Operations)

### Impact of IFRS 16 on Ströer KPIs in Q3 2018

m€	Q3 2018		Impact
Revenues	386.8	→	No changes
Operational EBITDA	127.1	↑	Increase by +45.8 m€ (elimination of operating lease expenses)
D&A	-85.7	↑	Increase by -43.7 m€
EBIT (adjusted)	55.9	↑	Increase by +2.1 m€ (as operating lease expenses are replaced by depreciation and interest)
Financial result	-7.4	↑	Increase by -5.3 m€
Net Income (adjusted)	40.6	↓ / →	Decrease by -2.7 m€ (timing effect due to higher interest during first years, neutral over time)
Free Cash Flow (before M&A)	44.1	↑	Increase by +25.0 m€ (reclassification of lease liability repayments in Financing Cash Flow)
Liabilities	1,851.4	↑	Thereof 1.1 bn€ IFRS 16 lease obligations (capitalized future operating lease payments)

### Comment

- Scope at Ströer Group: >16,000 leasing contracts
- Main P&L effects: increase in EBITDA and EBIT, long-term neutral to Net Income
- Strongest effects in OoH Media
- Additional 1.1 bn€ liabilities have no impact on our leverage ratio definition of our lenders

# IFRS 16: Financial Reporting

## Consolidated Financial Statements

	Q3 2018		Q3 2017	
	incl. IFRS changes	w/o IFRS changes	incl. IFRS changes	w/o IFRS changes
Quarterly Statement	✓	✓*/✗	✓*/✗	✓
Presentation on Q3 2018 Statement	✓	✓	✓	✓



## Comment

- In our quarterly statement no adoption of IFRS 16 retrospectively for 2017 (so called modified retrospective approach)
- For better transparency, like-for-like comparison of our financials before and after IFRS changes depicted in this presentation

\*Only for main KPIs

# Disposal OoH Turkey – Effect on Profit and Loss Statement Q3 2018 (incl. IFRS 16)

m€	Group incl. discount operations*	Discontinued operations*	Group continuing operations
<b>Revenues (reported)</b>	392.0	5.1	386.8
<b>Operational EBITDA</b>	129.4	2.3	127.1
Exceptional items	-8.4	-0.2	-8.2
<b>EBITDA</b>	121.0	2.1	118.9
Depreciation & Amortization	-88.3	-2.6	-85.7
<b>EBIT</b>	32.7	-0.5	33.2
Financial result	-8.3	-0.9	-7.4
Tax result	-4.0	-0.8	-3.2
<b>Net Income</b>	20.4	-2.2	22.6
Adjustment	19.4	1.4	18.0
<b>Net Income (adjusted)</b>	39.8	-0.8	40.6






## Comment

- Turkish business has not been part of Ströer's core business and was sold for a Transaction Value of 15m€
- For Turkish business was originally an op. EBITDA for FY 2018 in the amount of 6m€ planned
- The transaction is slightly accretive in terms of earnings and cash and unlocks management attention

\*Excluding write-down of -14m€ on the Turkish OoH business

# Profit and Loss Statement Q3 2018

## (Continuing Operations)

m€	Q3 2018	Q3 2017*	▲ %	Analysis
<b>Revenues (reported)</b>	386.8	303.6	+27%	 Expansion driven by 8.1% organic growth and M&A
<b>Operational EBITDA</b>	127.1	108.7	+17%	 Strong growth
Exceptional items	-8.2	-7.2	-14%	 Material M&A and integration expenses
<b>EBITDA</b>	118.9	101.5	+17%	
Depreciation & Amortization	-85.7	-75.6	-13%	 Scoping effects of IFRS 16
<b>EBIT</b>	33.2	25.9	+28%	
Financial result	-7.4	-7.8	+4%	
Tax result	-3.2	-2.3	-38%	
<b>Net Income**</b>	22.6	15.8	+43%	
Adjustment***	18.0	18.1	-1%	
<b>Net Income (adjusted)</b>	40.6	33.9	+20%	 Strong growth – adjusted and non-adjusted

\*Pro forma (retroactive application of IFRS 16 and elimination of prior IFRS 11 adjustment)

\*\*Excluding the result from discontinued operations of -16.5m€ (PY: -1.6m€)

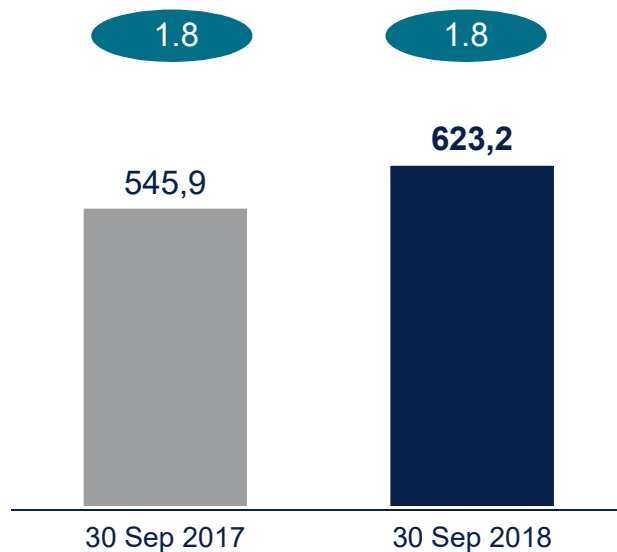
\*\*\*Adjusted for exceptional items (+8.2m€) and additional other reconciling factors in D&A (PPA related amortization and impairment losses, +14.4m€), in financial result (-0.2m€) and in income taxes (-4.4m€)



# Bank Leverage Ratio (Continuing Operations)

## Leverage Ratio Development\*

m€



■ / ■ Financial net debt  
● Leverage ratio

## Comment

- IFRS 16 leads to a paradigm shift in lease accounting but has no impact on our bank definition of the financial leverage of our lenders` banks
- From now on, use of leverage ratio definition based on our facility agreement as our solvency KPI ("Bank Leverage Ratio")
- Bank Leverage Ratio amounts to 1.8 as of 30<sup>st</sup> September 2018

\*Net debt and Op. EBITDA (LTM) adjusted for IFRS 16 (no application of prior IFRS 11 adjustment)

# Profit and Loss Statement Q3 2018 – As If

(Before Application of IFRS 11 and IFRS 16, Continuing Operations)

m€	Q3 2018*	Q3 2017	▲ %	Analysis
<b>Revenues (reported)**</b>	386.8	303.6	+27%	↑ Expansion driven by 8.1% organic growth and M&A
Adjustments (IFRS 11)	3.3	3.2	+3%	
<b>Revenues (Management View)</b>	390.1	306.8	+27%	
<b>Operational EBITDA</b>	82.6	71.8	+15%	↑ Strong growth
Exceptional items	-8.5	-7.6	-11%	→ Material M&A and integration expenses
IFRS 11 adjustment	-1.4	-1.2	-18%	
<b>EBITDA</b>	72.8	63.0	+15%	
Depreciation & Amortization	-41.9	-40.2	-4%	→ Stable D&A
<b>EBIT</b>	30.9	22.9	+35%	
Financial result	-2.1	-2.5	+16%	
Tax result	-4.1	-3.2	-29%	
<b>Net Income***</b>	24.7	17.2	+44%	
Adjustment****	19.7	19.8	-1%	
<b>Net Income (adjusted)</b>	44.3	36.9	+20%	↑ Strong growth – adjusted and non-adjusted

\*Pro forma (no application of IFRS 11 and 16), calculation only for transition period 2018

\*\*According to IFRS

\*\*\*Excluding the result from discontinued operations of -16.3m€ (PY: -1.0m€)

\*\*\*\*Adjusted for exceptional items (+8.5m€) and additional other reconciling factors in D&A (PPA related amortization and impairment losses, +14.8m€), in financial result (-0.2m€) and in income taxes (-3.4m€)

## Free Cash Flow Perspective Q3 2018 – As If (Before Application of IFRS 11 and IFRS 16, Continuing Operations)

m€	Q3 2018*	Q3 2017
<b>Op. EBITDA</b>	<b>82.6</b>	<b>71.8</b>
- Exceptional items	-8.5	-7.6
- IFRS 11 adjustment	-1.4	-1.2
<b>EBITDA</b>	<b>72.8</b>	<b>63.0</b>
- Interest	-0.8	-0.8
- Tax	-12.3	-5.6
-/+ WC	-13.1	-13.0
- Others	+1.3	-1.8
<b>Operating Cash Flow</b>	<b>48.0</b>	<b>41.9</b>
<b>Investments (before M&amp;A)</b>	<b>-26.6</b>	<b>-27.4</b>
<b>Free Cash Flow (before M&amp;A)</b>	<b>21.4</b>	<b>14.5</b>

### Comment

- Free Cash Flow increased by almost 50% from 15 to 21 million Euro
- Higher taxes mainly due to procedural changes of Fiscal Tax Authorities, which lead to anticipation of prepayments; this will relieve 2019 and 2020
- Working Capital increase in line with prior year's level
- Investments into internal growth opportunities according to plan

\*Pro forma (no application of IFRS 11 and 16), calculation only for transition period 2018

## Guidance Statement 2018: Reconfirmed

**For 2018 we expect total revenues of around 1.6 billion Euro and  
an Operational EBITDA of around 375 Million Euro\***

\*w/o IFRS changes and incl. discontinued operations

# INDEX

**01**

Strategic Update

**02**

Segment Update

**03**

Financial Update

**04**

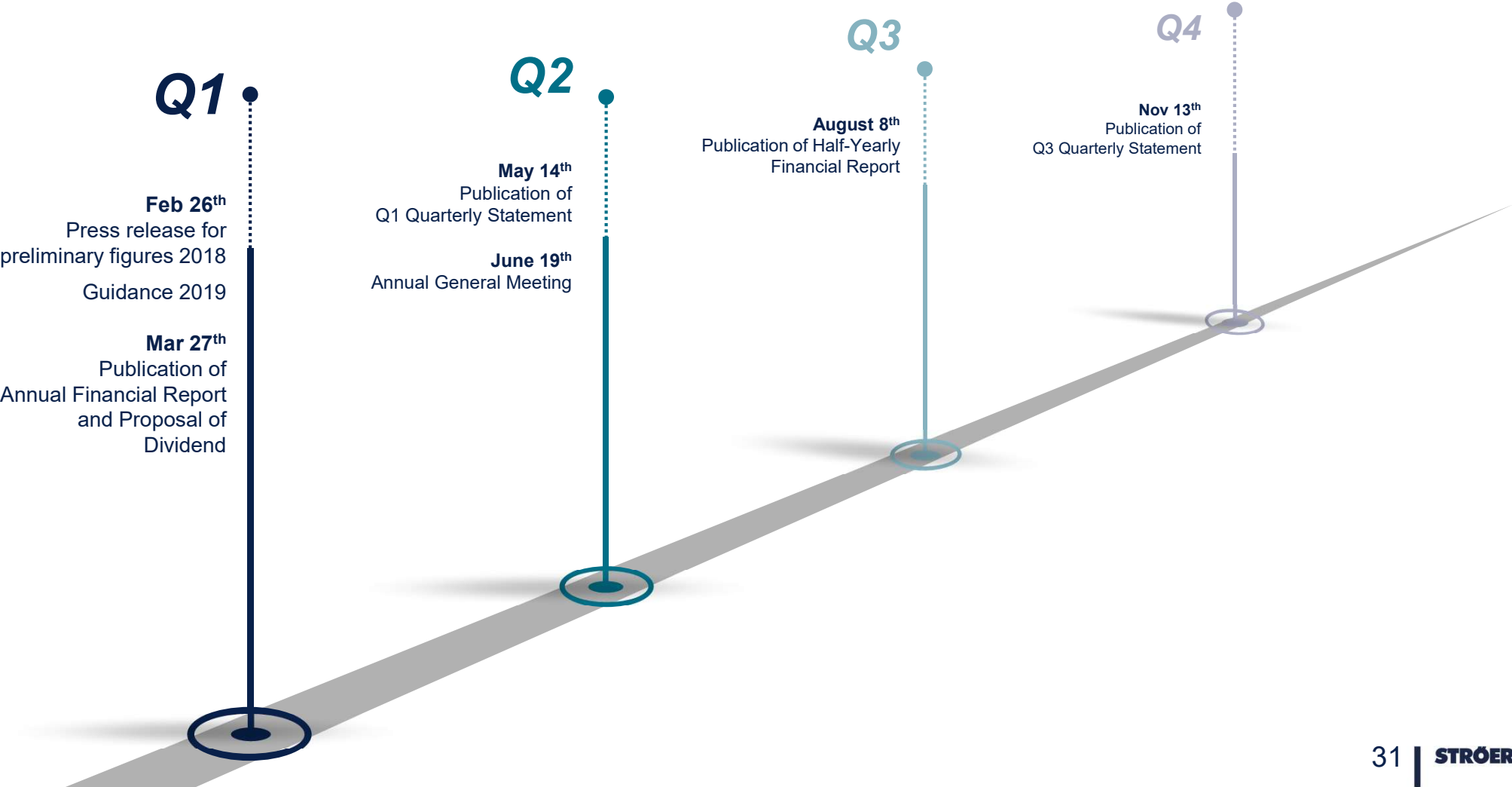
Outlook



## Outlook for Q4: Annual Results 2018 on March 26

1. **Similar to development of the last 23 quarters: solid business across the entire group with expected growth for 2018 in line with annual guidance**
2. **Overall challenging OoH Media business despite robust regional and local sales development and accelerating momentum in national OoH**
3. **Content Media segment consistently on track regarding top line growth, market share development as well as consolidation and integration processes with successful launch of new assets**
4. **Direct Media on track and in line with expectations – significant group synergies, cost cutting opportunities post merger and investments in new technologies**

# Financial Calendar 2019



A person wearing a dark blue suit and tie is shown from the chest up, with their hands clasped in front of them. The background is a dark blue color with a repeating pattern of small, white, stylized human figures. Overlaid on the center of the image is the word "STRÖER" in large, bold, white, sans-serif capital letters. The letters are slightly transparent, allowing the hands and the pattern behind them to be visible through them.

**STRÖER**



# Disclaimer

This presentation contains “forward looking statements” regarding Ströer SE & Co. KGaA (“Ströer”) or the Ströer Group, including opinions, estimates and projections regarding Ströer’s or the Ströer Group’s financial position, business strategy, plans and objectives of management and future operations.

Such forward looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of Ströer or the Ströer Group to be materially different from future results, performance or achievements expressed or implied by such forward looking statements.

These forward looking statements speak only as of the date of this presentation release and are based on numerous assumptions which may or may not prove to be correct. No representation or warranty, express or implied, is made by Ströer with respect to the fairness, completeness, correctness, reasonableness or accuracy of any information and opinions contained herein.

The information in this presentation is subject to change without notice, it may be incomplete or condensed, and it may not contain all material information concerning Ströer or the Ströer Group. Ströer undertakes no obligation to publicly update or revise any forward looking statements or other information stated herein, whether as a result of new information, future events or otherwise.