

**STRÖER**

Ready to Charge

Unsere Elektro- und  
Plug-in-Hybrid Modelle.

#switchtoEQ



## Preliminary Figures FY 2016

22 February 2017 | Ströer SE & Co. KGaA

# Preliminary Results FY 2016

EURm		FY 2016 ▲		Q4 2016 ▲	
Revenues	Reported <sup>(1)</sup>	1,123.3	+36%	357.6	+32%
	Organic <sup>(2)</sup>		+7.2%		+6.9%
Operational EBITDA		285.4	+37%	106.7	+23%
Operational EBITDA margin		25.1%	+0.3%pts	29.7%	-1.9%pts
EBIT (adjusted) <sup>(3)</sup>		195.4	+43%	82.8	+25%
Net income (adjusted) <sup>(4)</sup>		156.5	+46%	67.6	+25%
Operating cash flow		236.4	+24%	112.3	+8%
Capex <sup>(5)</sup>		97.9	+32%	26.1	+7%
		<b>31 Dec 2016</b>		<b>31 Dec 2015</b>	
Net Debt / Leverage Ratio		330.3/1.2x		231.2 / 1.1x	

(1) According to IFRS 11

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

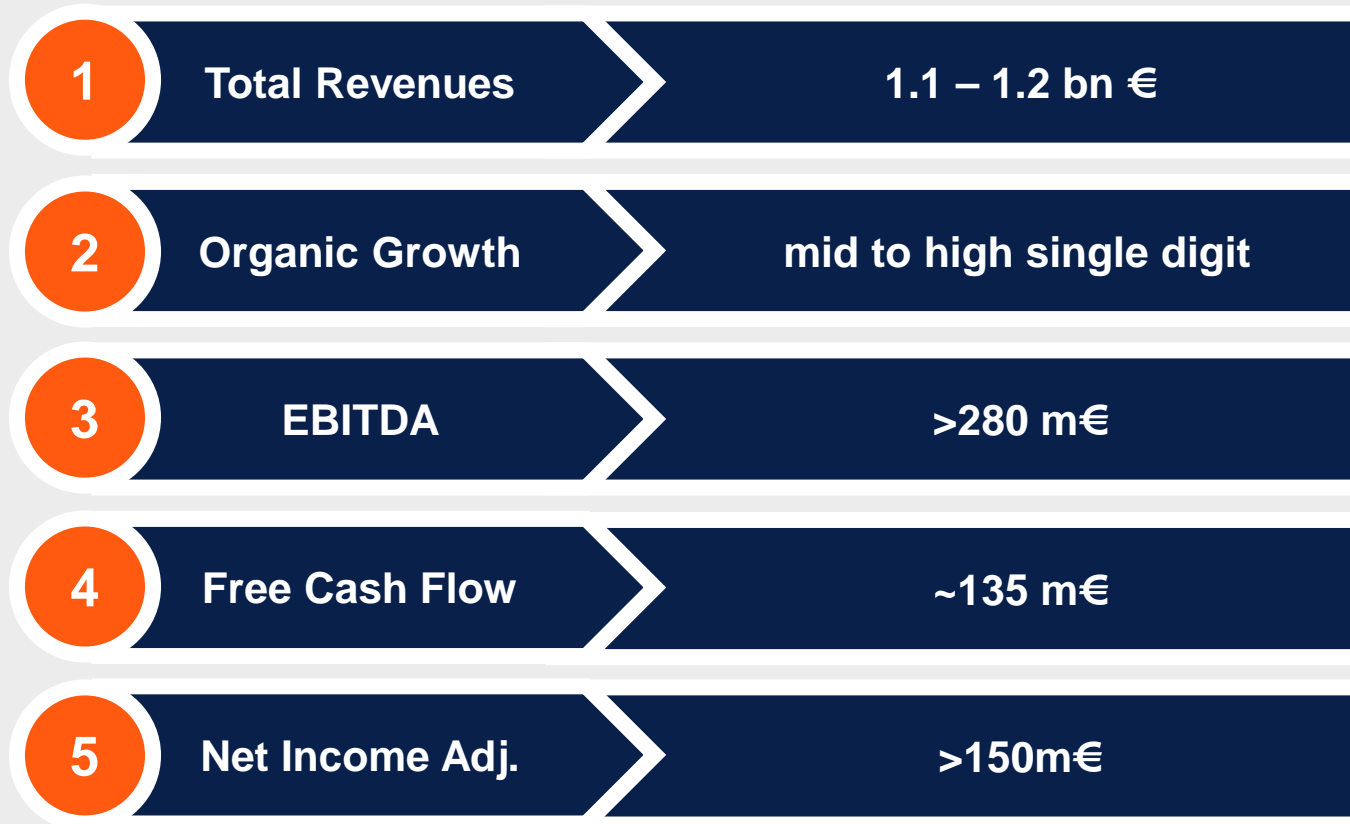
(3) EBIT adjusted for exceptional items, amortization of acquired advertising concessions and impairment losses on intangible assets (Joint ventures are consolidated proportional)

(4) EBIT (adj.) net of the financial result adjusted for exceptional items and the normalized tax expense (15.8% tax rate in 2015 and 2016)

(5) Cash paid for investments in PPE and intangible assets

# Our Targets 2016: Fully Delivered in a challenging Market Context

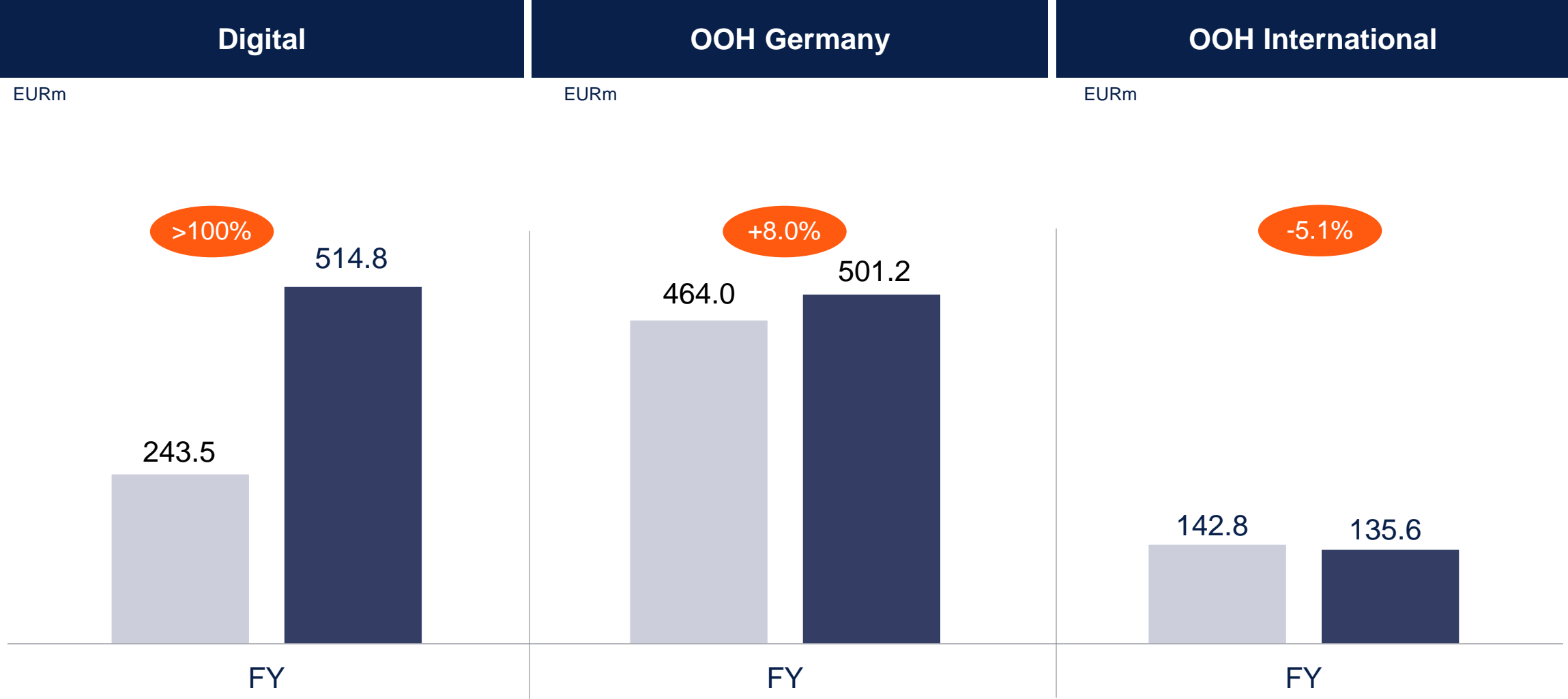
## Our Key KPIs



## Our Performance in 2016

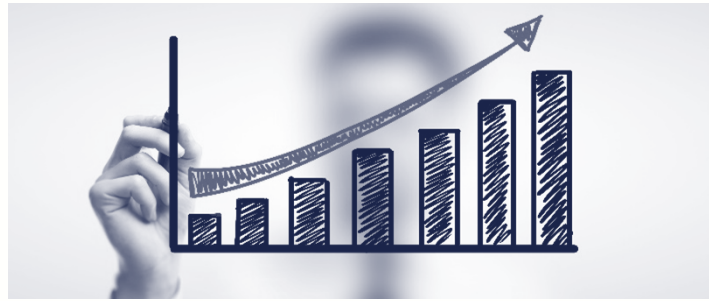


# FY 2016: Segment Perspective – Strong Growth in Core Segments



■ 2016 ■ 2015 ● Growth Rate

# Out of Home Germany +8% organic: Long-term Strategy fully pays off



## Structural Winner in Media-Mix

1

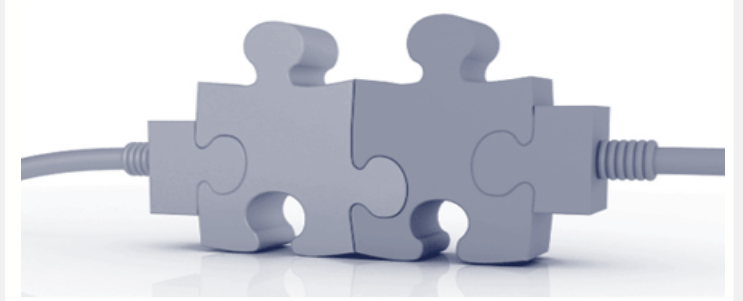
- Shrinking print market and fragmentation of content media as massive source of business
- Digitization (incl. AdTech) allows improved yield management
- Nielsen market share up from 4.3% (2012) to 6.0% (2016)



## Extended Local Salesforce

2

- Continuous rollout of local sales strategy since 4 years now
- On-Going growth of local salesforce from <50 (2012) to 405 (2016)
- Ahead of mid-term plan of ~800 FTEs by end of 2018



## Integrated Offering incl. Digital

3

- Investing in incremental cross-media teams to work more intensively with clients and win over-proportional market shares
- Meanwhile clear German No. 3 sales house across all media improving market access

# Digital more than doubled: Successful Integration & Profitable Growth



## All Content Assets fully on track

1

- Developing T-Online from mono-screen content portal to multi-screen content & service platform pushing sustainable margins
- Consolidation of various special interest portals under “Media Brands” in Berlin completed



## Market Conso & Unique Video Offering

2

- All acquired sales house business on one platform with consistent approach since DMEXCO
- On-going extension of business with new sales mandates
- Unique video offering incl. Public Video (>+15%) driving growth



## Inventory Optimization via Waterfall

3

- Ströer marketing toolkit and leverage of unsold inventory is pushing all transaction oriented business models
- Roll-out of Statista fully on track with currently 12 markets live and CAGR clearly beyond +50%






# Profit and Loss Statement Q4 2016

EURm	Q4 2016	Q4 2015	▲ %	Analysis	
<b>Revenues (reported) <sup>(1)</sup></b>	357.6	270.5	+32%	↑ Expansion driven by 6.9% organic growth and M&A	
Adjustments (IFRS 11)	2.1	3.7	-44%		
<b>Revenues (Management View)</b>	359.7	274.2	+31%		
<b>Operational EBITDA</b>	106.7	86.6	+23%	↑ Q4 overperformance by around 5%	
Exceptionals	-10.4	-3.5	<-100%		↓ Higher Restructuring and Integration expenses
IFRS 11 adjustment	-1.4	-0.9	-69%		
<b>EBITDA</b>	94.8	82.2	+15%		
Depreciation & Amortization	-52.4	-37.2	-41%	↓ Increase in D&A due to larger consolidation scope	
<b>EBIT</b>	42.4	45.0	-6%		
Financial result	-2.5	-1.9	-34%		
Tax result	-8.0	-9.1	+12%		
<b>Net Income</b>	31.9	34.0	-6%		
Adjustment <sup>(2)</sup>	35.7	19.9	+79%		
<b>Net income (adjusted)</b>	67.6	53.9	+25%	↑ Q4 overperformance by around 5%	

(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 (+ 27.3 EURm), Tax Adjustment (-5.8 EURm)

# Profit and Loss Statement FY 2016

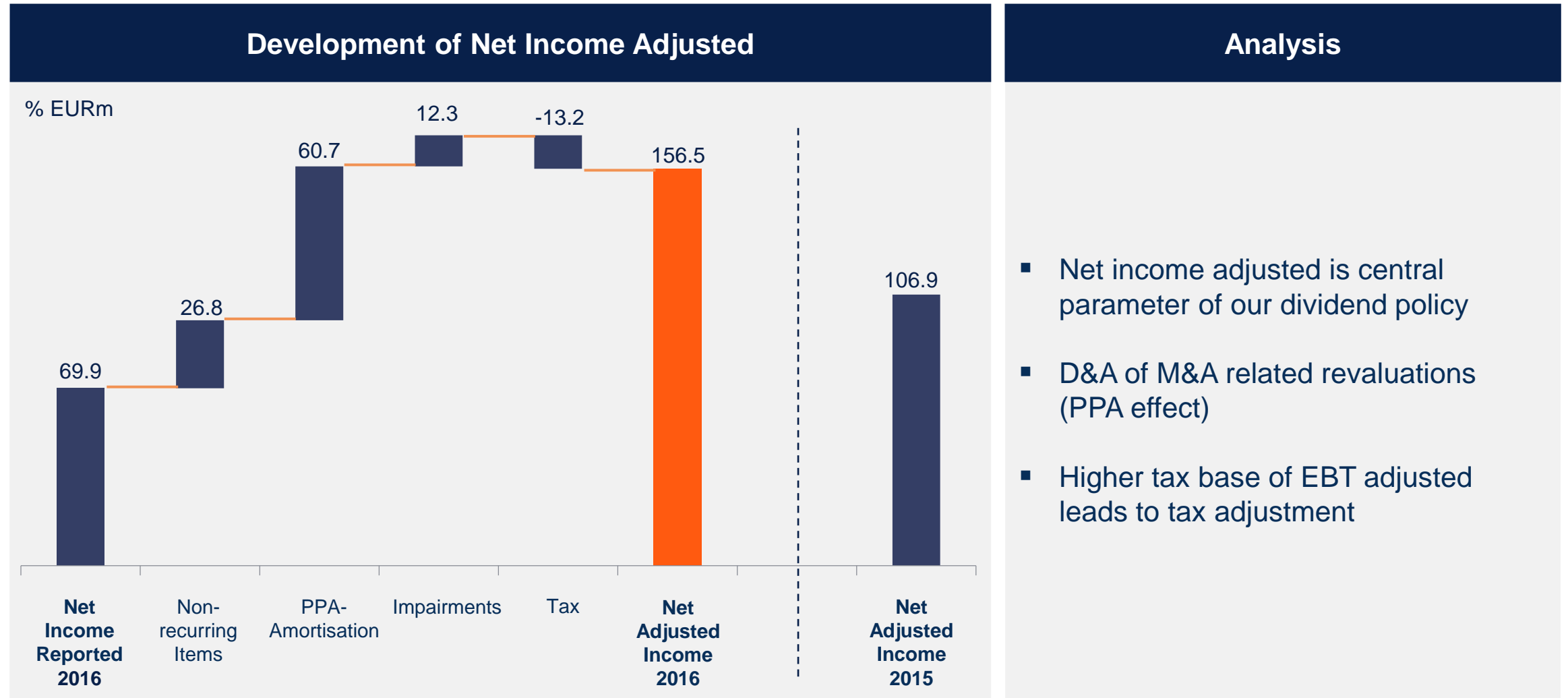
EURm	1-12 2016	1-12 2015	▲ %	Analysis
<b>Revenues (reported) <sup>(1)</sup></b>	1,123.3	823.7	+36%	 Expansion driven by 7.4% organic growth and M&A
Adjustments (IFRS 11)	11.9	14.0	-15%	
<b>Revenues (Management View)</b>	1,135.1	837.7	+36%	
<b>Operational EBITDA</b>	285.4	208.3	+37%	 Around 5 EURm overperformance  Higher Restructuring and Integration expenses
Exceptionals	-26.8	-15.2	-76%	
IFRS 11 adjustment	-4.5	-4.5	+1%	
<b>EBITDA</b>	254.2	188.6	+35%	 Increase in D&A due to larger consolidation scope
Depreciation & Amortization	-161.2	-111.8	-44%	
<b>EBIT</b>	93.0	76.8	+21%	
Financial result	-10.0	-9.3	-7%	
Tax result	-13.2	-8.6	-53%	
<b>Net Income</b>	69.9	58.8	+19%	
Adjustment <sup>(2)</sup>	86.6	48.1	+80%	
<b>Net income (adjusted)</b>	156.5	106.9	+46%	 Around 5m overperformance

(1) According to IFRS

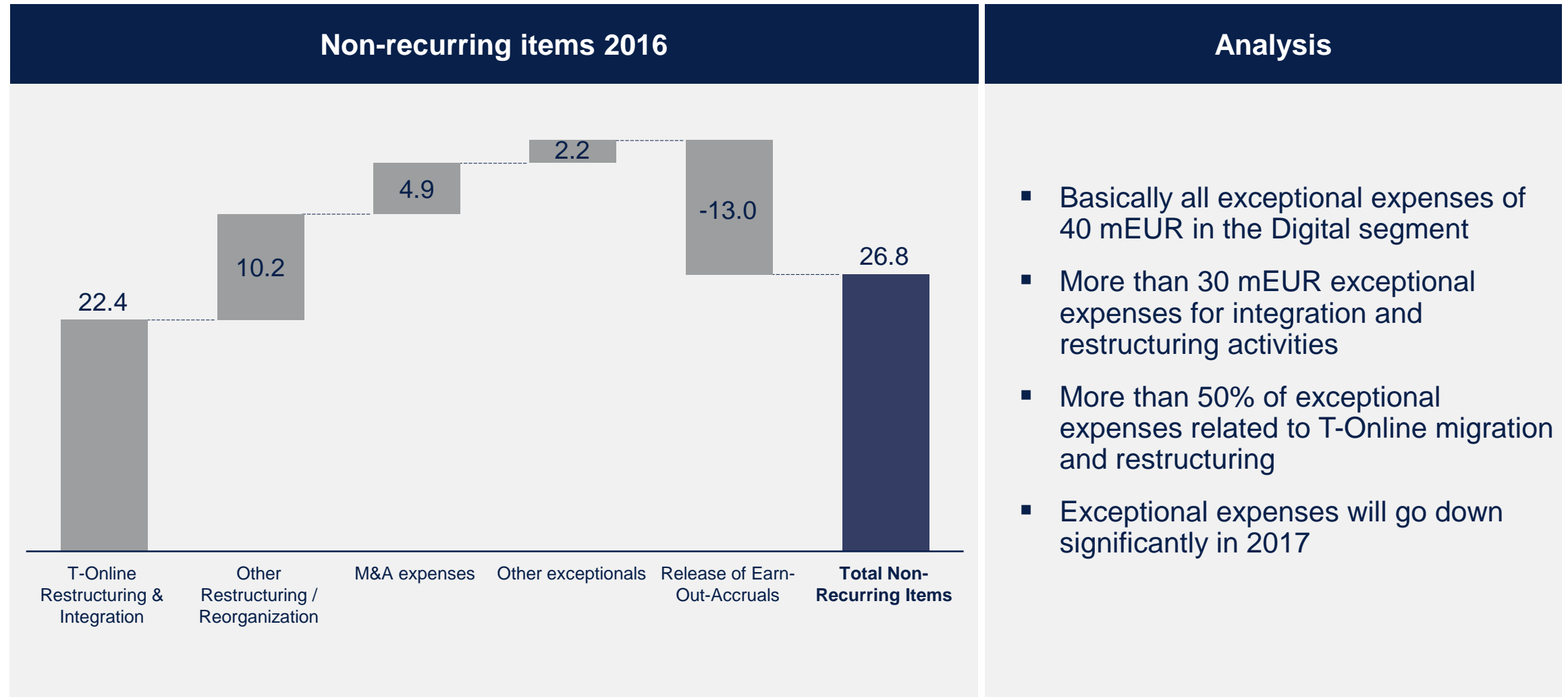
(2) Adjustment for exceptional items (+26.8 EURm) including adjustments of the financial result, amortization of acquired advertising concessions & impairment losses on intangible assets (+ 73.0 EURm), Tax Adjustment (-13.2 EURm)



# Transition of Net Income to Net Income Adjusted



# 2016: Year of Restructuring and Integration

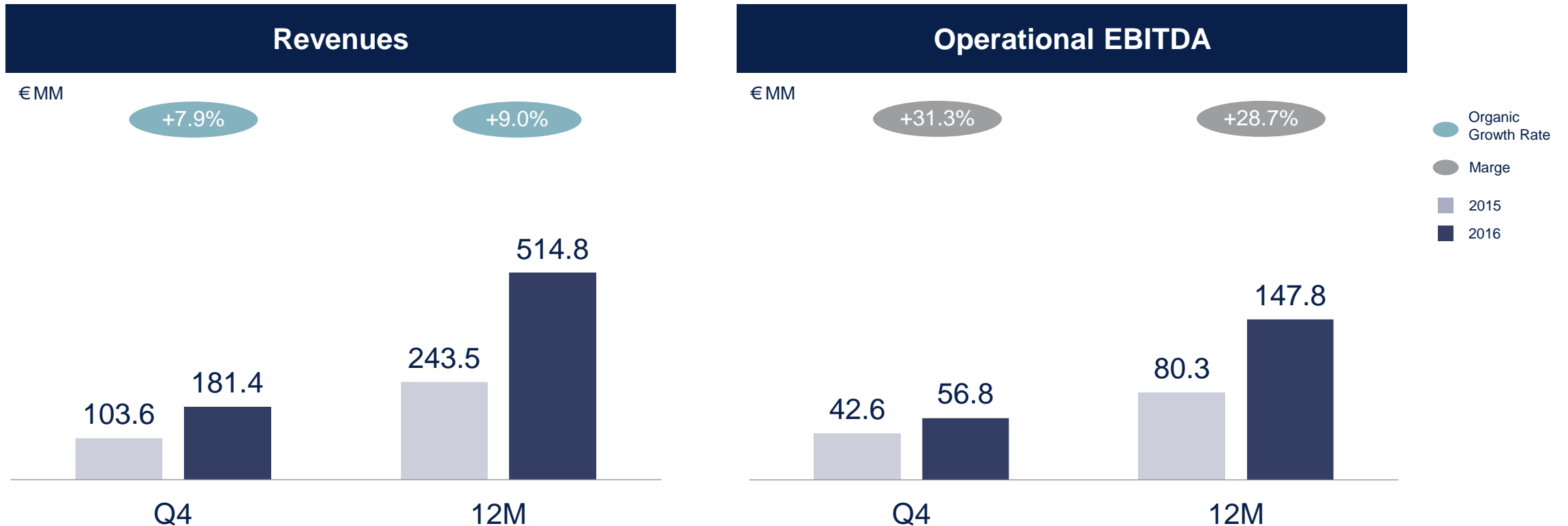


# Overview on Growth Rates 1-12 2016

	Group	Digital	OOH Germany	OOH International
<b>YTD Reported Growth*</b>	35.5%	>100%	8.0%	-5.1%
<b>YTD Organic Growth → including organic growth of 12M M&amp;A</b>	7.2%	9.0%	8.0%	1.0%
<b>YTD Organic Growth → w/o revenues of 12M M&amp;A</b>	6.7%	8.2%	8.0%	1.3%

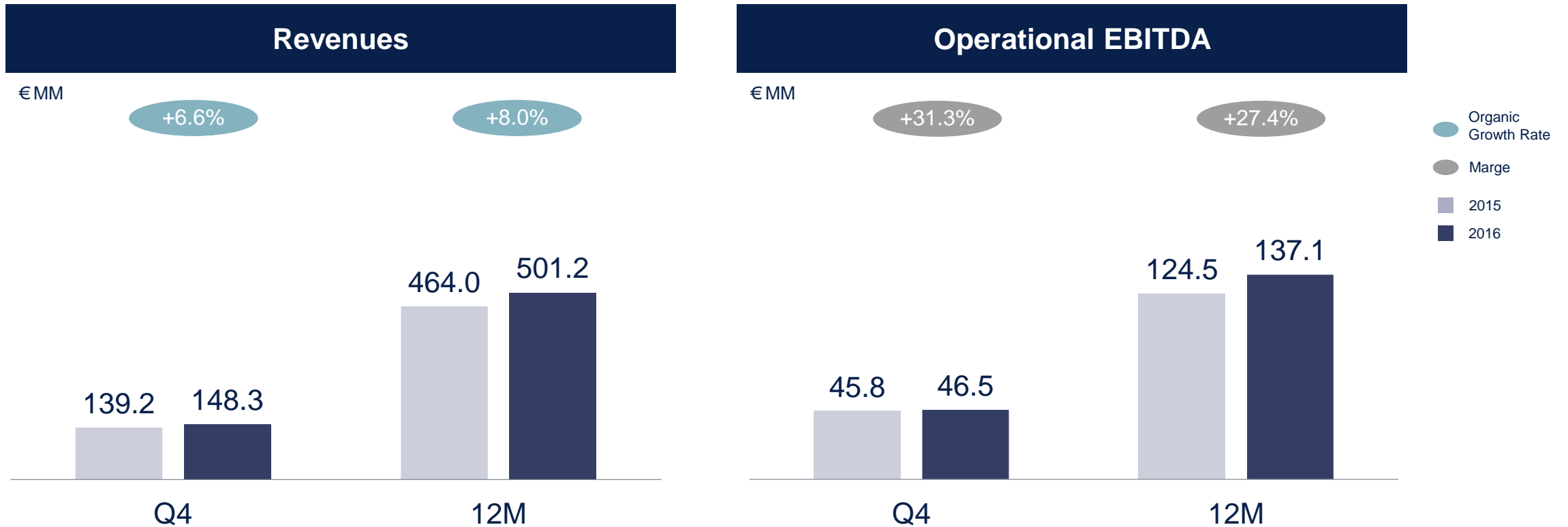
\* Management view

# Digital: Strong Profitable Growth



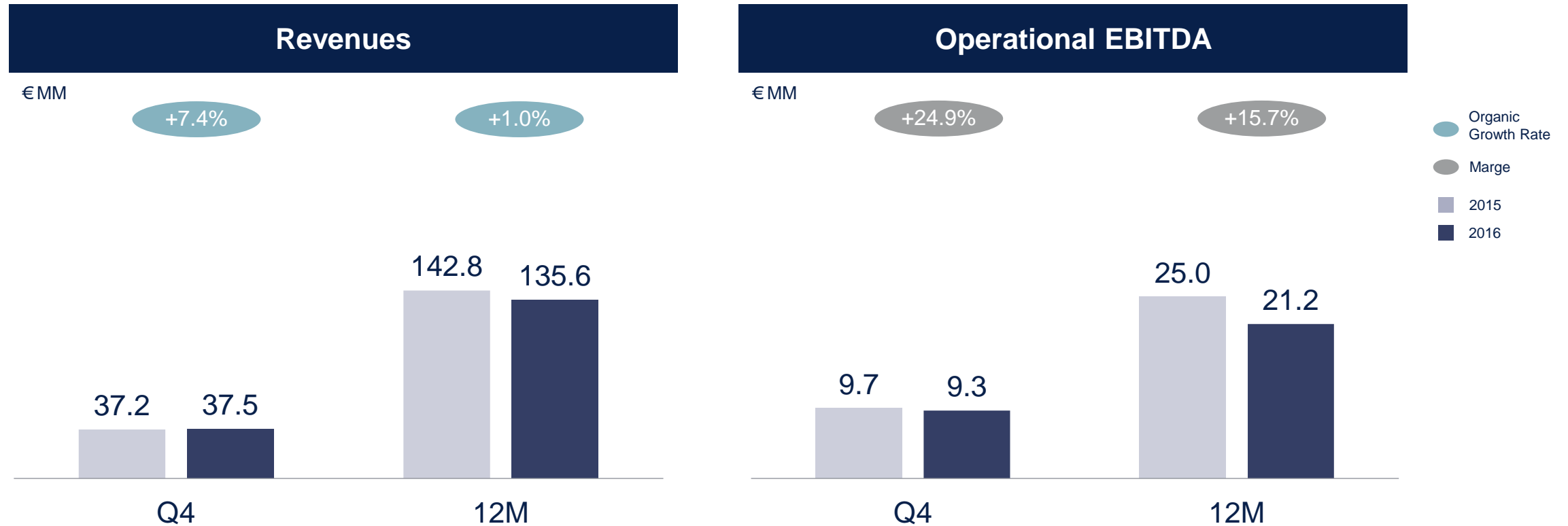
- Strong digital growth, both organically – especially video, transactional – and as well major scope effects
- Ongoing integration efforts and enforced restructuring activities
- Investments in growth business models like Statista or Regiohelden / Omnea

# OOH Germany: Strong Overachievement



- Continued market outperformance based on strong national and local sales performance
- Growth across all relevant product types
- Investment into continuous rollout of local sales strategy

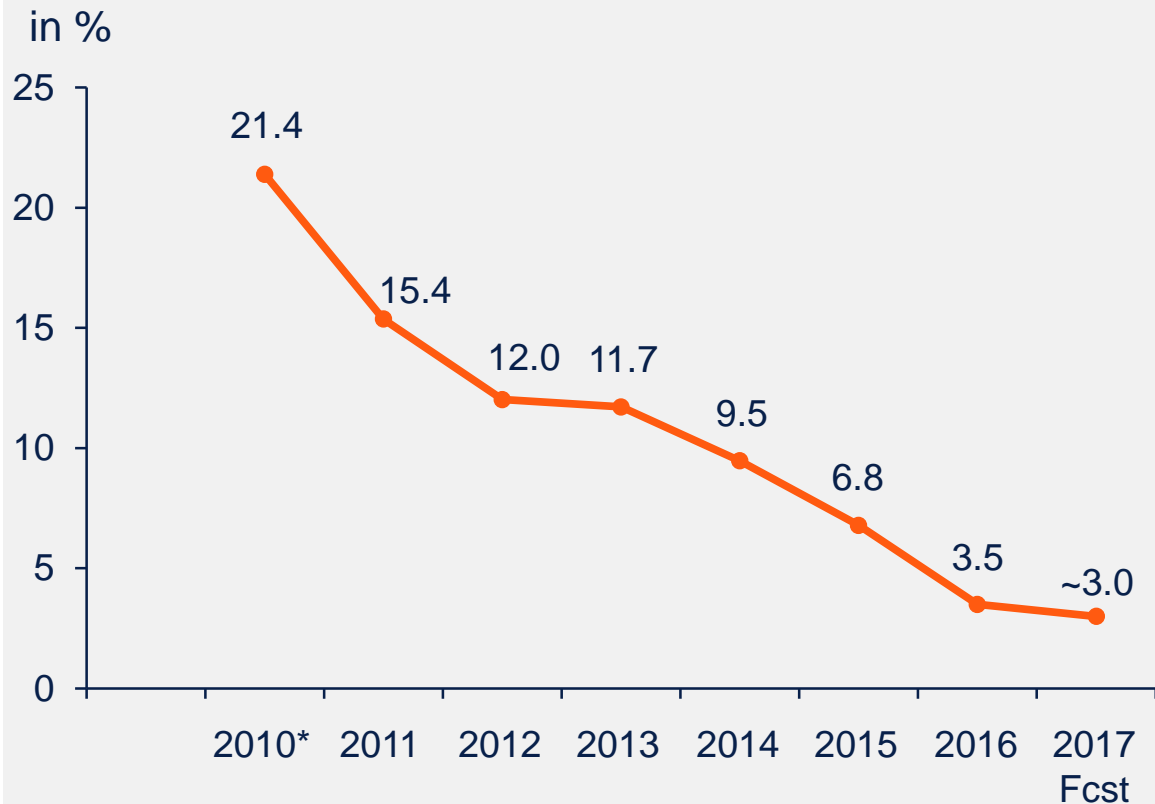
# OOH International FY 2016: A challenging Year



- FY 2016 suffering from dip in Turkish economy and ad market
- Negative fx effects especially for TRY and soft OoH market dynamics in Poland
- Active cost management not sufficient to fully compensate revenue development

# OOH Turkey faces tough market conditions Group-relevance diminishing

## Ströer Turkey share of Group operational EBITDA



\* Adjusted as if Ströer Turkey were fully consolidated in 2010

## Analysis

- Group relevance of Ströer Turkey constantly declining
- 3.5% of total operational EBITDA coming from Ströer Turkey in 2016
- 2016 shortfall easily compensated by other Group segments

## Consequences and Outlook

- Remaining high uncertainty in Turkish market
- Non-cash relevant one-time impairment of 10 mEUR to adjust book value
- Based on strong market position, Ströer will benefit from future market uplift

# Free Cash Flow Perspective Q4 2016

Free Cash Flow	Q4 2016 EURm	Q4 2015 EURm
<b>Op. EBITDA</b>	<b>106.7</b>	<b>86.6</b>
- Interest (paid)	-2.4	-0.9
- Tax (paid)	-3.0	-0.5
-/+ WC	+17.5	+23.7
- Others	-6.5	-5.3
<b>Operating Cash Flow</b>	<b>112.3</b>	<b>103.6</b>
<b>Investments (before M&amp;A)</b>	<b>-26.2</b>	<b>-24.6</b>
<b>Free Cash Flow (before M&amp;A)</b>	<b>86.1</b>	<b>79.0</b>

Analysis
<ul style="list-style-type: none"> <li>▪ Around 60% of Free Cash Flow in 2016 was generated in Q4</li> <li>▪ Strong operational cash generation in line with increased operational performance</li> <li>▪ Higher exceptionals due to M&amp;A, restructuring and integration efforts (especially T-Online)</li> <li>▪ Investment level in line with previous year</li> </ul>



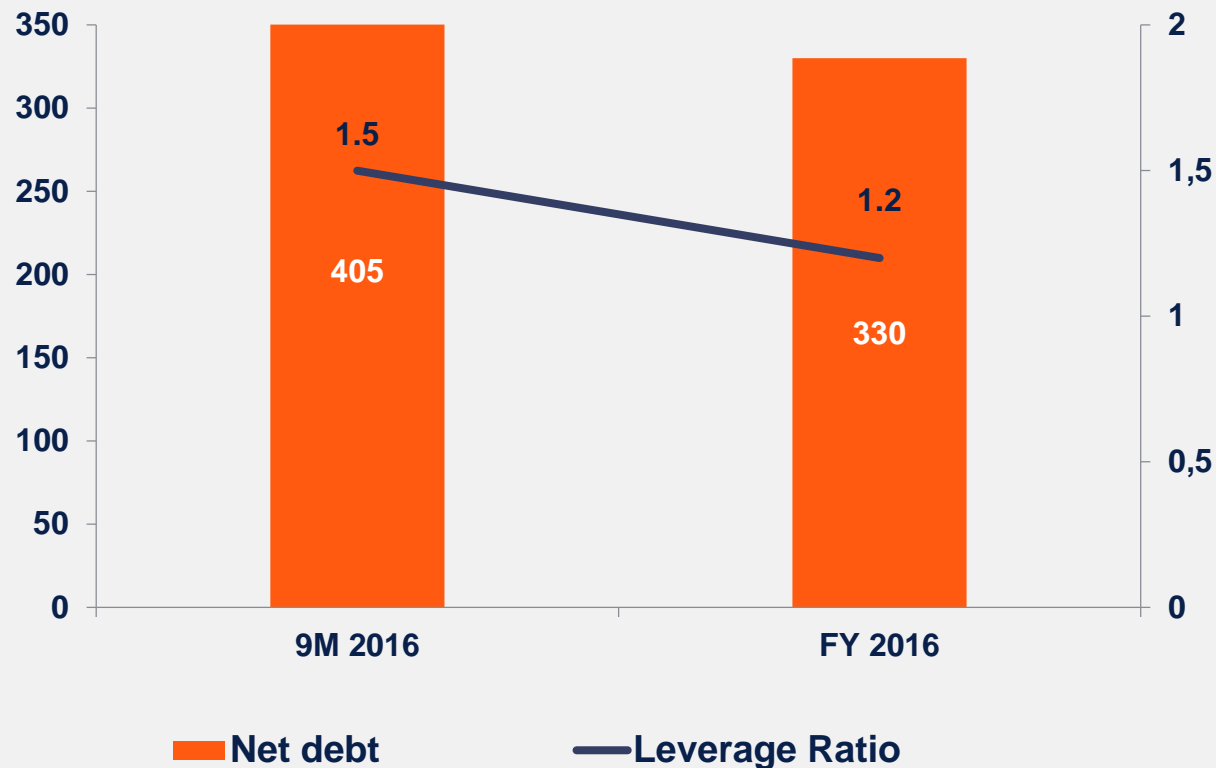
# Free Cash Flow Perspective FY 2016

Free Cash Flow	12M 2016 EURm	12M 2015 EURm
<b>Op. EBITDA</b>	<b>285.4</b>	<b>208.3</b>
- Interest (paid)	-7.3	-8.4
- Tax (paid)	-11.2	-5.9
-/+ WC	+9.6	+21.4
- Others	-40.1	-25.1
<b>Operating Cash Flow</b>	<b>236.4</b>	<b>190.3</b>
<b>Investments (before M&amp;A)</b>	<b>-97.9</b>	<b>-74.0</b>
<b>Free Cash Flow (before M&amp;A)</b>	<b>138.6</b>	<b>116.4</b>

Analysis
<ul style="list-style-type: none"> <li>Strong operational cash generation in line with increased operational performance</li> <li>Further reduced interest payments after successful refinancings</li> <li>Higher exceptionals due to M&amp;A, restructuring and integration efforts (especially T-Online)</li> <li>High investment level due to further digitization in OOH, IT-infrastructure and various other projects</li> </ul>

# Financial Status and Outlook

## Development Leverage Ratio



## Financial Status & Outlook

- Leverage remained at low levels despite significant cash acquisitions and dividends 2016
- Free Cashflow before M&A of 139 mEUR in 2016
- New long term 600 mEUR Credit Facility with 100 mEUR increase option

## Financial Outlook

- Maintaining a solid financial profile as an Investment Grade company
- Dividend pay-out ratio: 25 – 50%
- Around 145 mEUR Free Cashflow before M&A expected in 2017 (including T-Online restructuring cash out)

# Unchanged Priorities: Our strategic Focus for 2017

1. **Out of Home:** focus on organic growth and on-going digitization
2. **Digital Content:** organic growth by leveraging further synergy potentials
3. **National Sales:** driving market consolidation to the next level
4. **Local Sales:** further build-up of sales force & cross-media strategy
5. **Transaction Business Models:** optimizing our waterfall approach

# Outlook for Q1 & current Visibility for 2017

1. **Despite outstanding Q1 in previous year (organic +11%): another very good start into the year across the entire group with expected growth for Q1 full in line with annual guidance!**
2. **Strong momentum for OOH Germany fueled by both national sales and extended local salesforce activities**
3. **Digital segment consistently on track regarding top line growth as well as consolidation and integration processes**
4. **OOH International with challenging macro environment but under control and without substantial group impact**

# Our Targets for 2017: Consistent KPIs & Sustainable Performance

## Our Key KPIs and Guidance Statements

1	Total Revenues	~1.3 bn €	update
2	Organic Growth	mid to high single digit	new
3	EBITDA	>320 m€	
4	Free Cash Flow	~145 m€	
5	Net Income Adj.	> 175m€	new

## NEXT CATALYSTS: DATES

**Annual Report to be published 27<sup>nd</sup> March 2017**



**Capital Markets Day on 28<sup>th</sup> April 2017 (Berlin)**



**Quarterly Report to be published on 11<sup>th</sup> May 2017**



**General Shareholder Meeting 14<sup>th</sup> June 2017**

