



# US ROADSHOW - PRESENTATION

April 2014 | **New York**

**STRÖER**

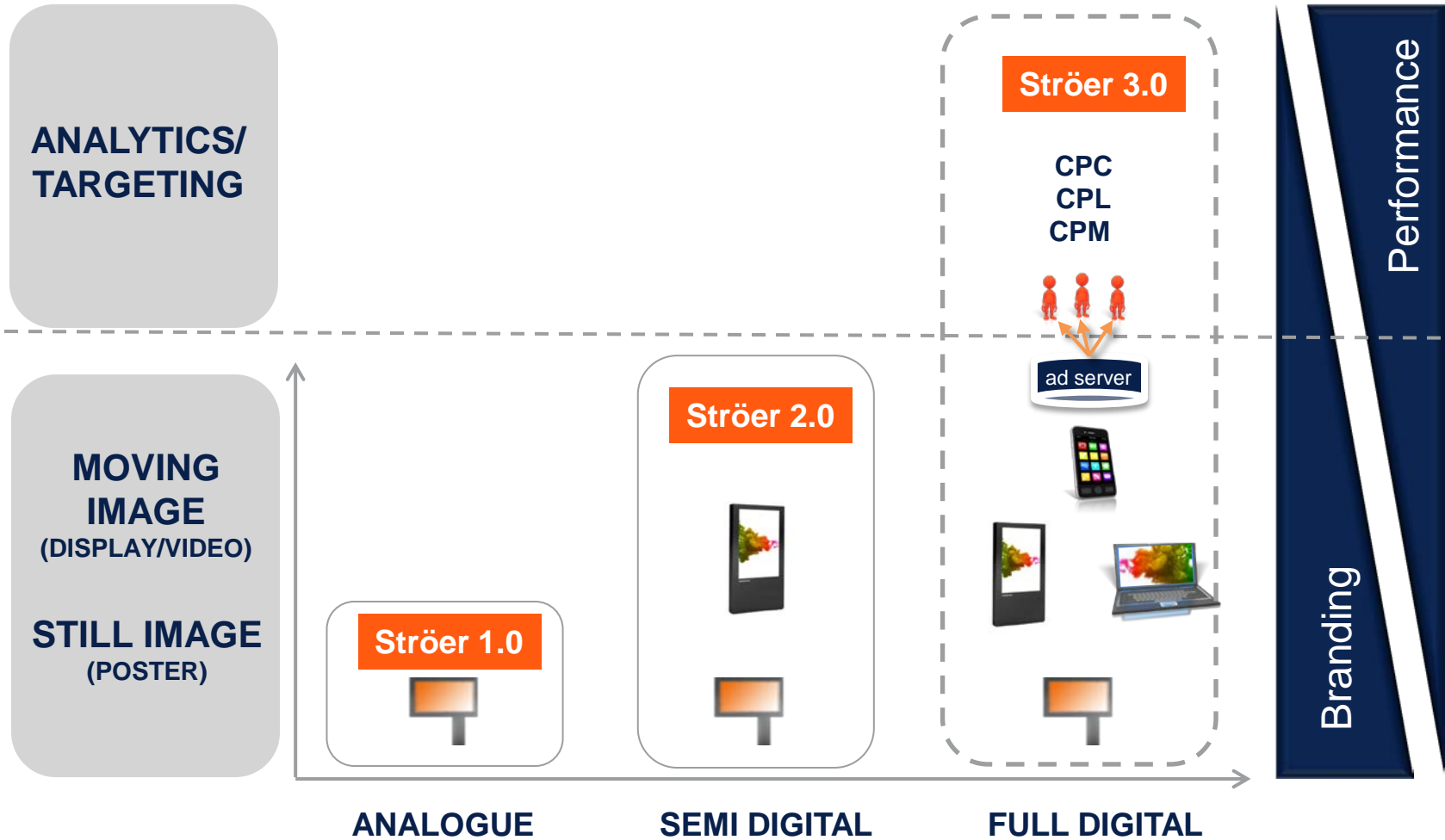
# Ströer Media AG 2013 Results

€MM	FY 2013	FY 2012	Change
<b>Revenues</b>	<b>634.8</b>	<b>560.6</b>	<b>+13.2%</b>
<b>Organic growth <sup>(1)</sup></b>	<b>3.5%</b>	<b>-4.0%</b>	
<b>Operational EBITDA</b>	<b>118.0</b>	<b>107.0</b>	<b>+10.3%</b>
<b>Net income (adjusted)<sup>(2)</sup></b>	<b>36.3</b>	<b>24.0</b>	<b>+51.5%</b>
<b>Total Investments:</b>	<b>74.2</b>	<b>45.4</b>	<b>+63.5%</b>
<b>PPE/Intangibles <sup>(3)</sup></b>	<b>39.0</b>	<b>42.6</b>	<b>-8.6%</b>
<b>Acquisitions<sup>(4)</sup></b>	<b>35.2</b>	<b>2.7</b>	<b>&gt;100%</b>
<b>Free cash flow before acquisitions</b>	<b>37.0</b>	<b>13.6</b>	<b>&gt;170%</b>
<b>Free cash flow<sup>(5)</sup></b>	<b>1.8</b>	<b>10.8</b>	<b>- 83.7%</b>
<b>Net debt <sup>(6)</sup></b>	<b>326.1</b>	<b>302.1</b>	<b>+7.9%</b>
<b>Leverage ratio</b>	<b>2.76x</b>	<b>2.82x</b>	<b>-2.1%</b>

Notes:

- (1) Organic growth = excluding exchange rate effects and effects from the (de)consolidation and discontinuation of operations;  
(2) Operational EBIT net of the financial result adjusted for exceptional items, amortization of acquired intangible advertising concessions and the normalized tax expense (32.5% tax rate);  
(3) Cash paid for investments in PPE and intangible assets;  
(4) of consolidated entities  
(5) Free cash flow = cash flows from operating activities less cash flows from investing activities;  
(6) Net debt = financial liabilities less cash (excl. hedge liabilities)

# Developing a fully integrated digital sales house



# Ströer digital strategy creating multi-level synergies for the Group



## Strong track record of public tenders in 2013

### Strong tender performance in 2013

- ~ 7 contract wins in cities > 100,000 inhabitants
- ~ 60 contract extensions
- ~ 4,000 public concessions

### No cluster risk in public contracts

- Only one contract generating > 2% of total group revenue
- More than 10y average contract lifetime
- Highly diversified contract portfolio (duration, public-private)

# German OoH market share up from 5.0% to 5.4% in 2013\*

Expansion of regional and national customer base (organic growth Germany: 2.2%)

## National Sales FY13:



~130 new national OoH customers in 2013



## Regional Sales FY13:



- Continuous expansion of our regional sales force
- High single digit sales contribution by our freelance representatives
- Further expansion of our „Hunter“ Team planned
- Successful launch of our regional booking portal <http://www.stroeer-direkt.de/>

# Local ad market growth prospects by leveraging existing client relations

## Target:

- Interaction of potential clients with the closest AUDI retailer throughout Germany
- 400 individual retailers

## Measures:

- Direct Publisher Relationships
- Dedicated Account Managers

## Outcome:

- 14m Ad Impressions delivered
- 2,500 individual advertising measurements taken



z.B. Audi A3 1.2 TFSI, 6-Gang\*\*



€ 139,-

Monatliche VarioCred®-Rate. Ein Angebot der Audi Bank. zzgl. optional Alles dabei Paket\* bei monatlicher Rate: € 24,99

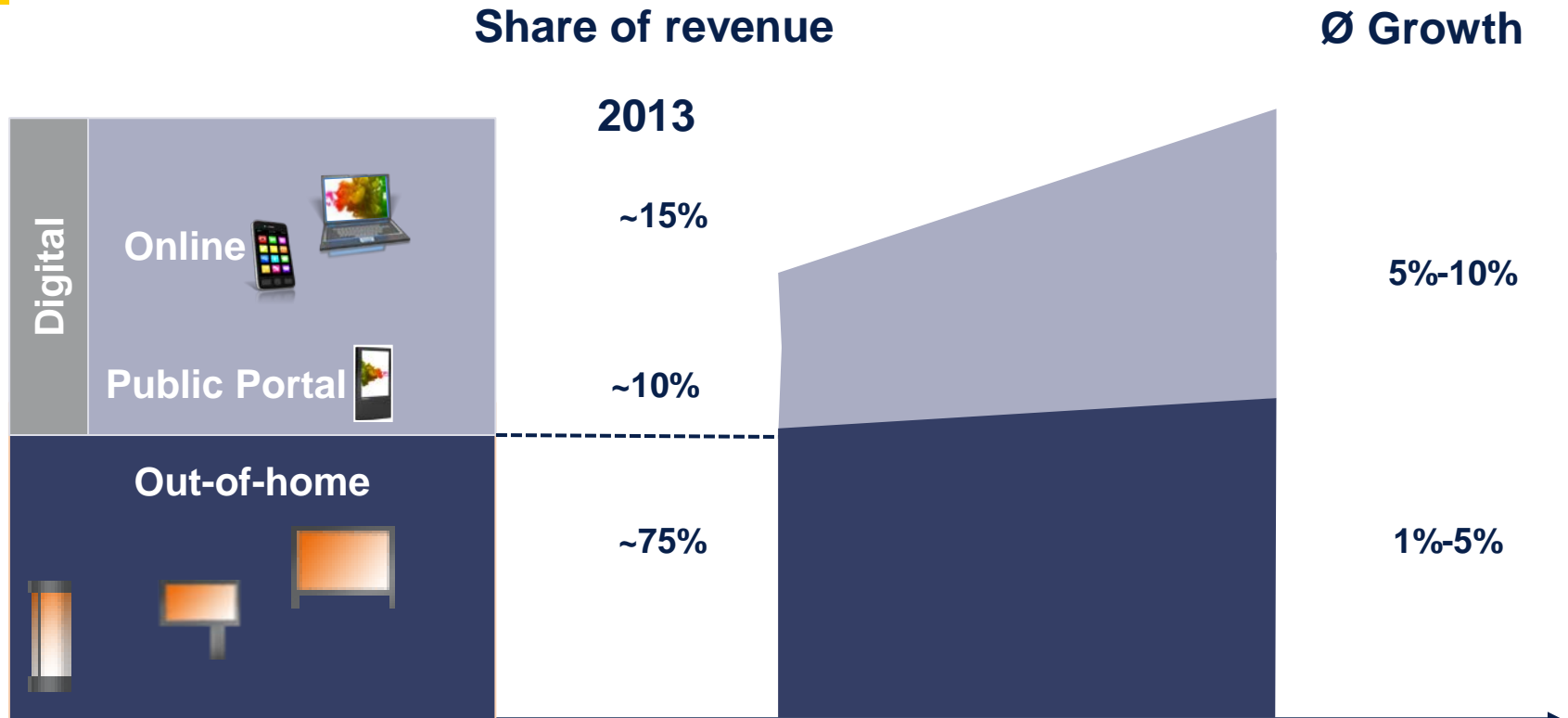
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Audi Zentrum Bamberg



# Online market entrance in 2013 offers excellent growth perspectives based on a balanced product portfolio



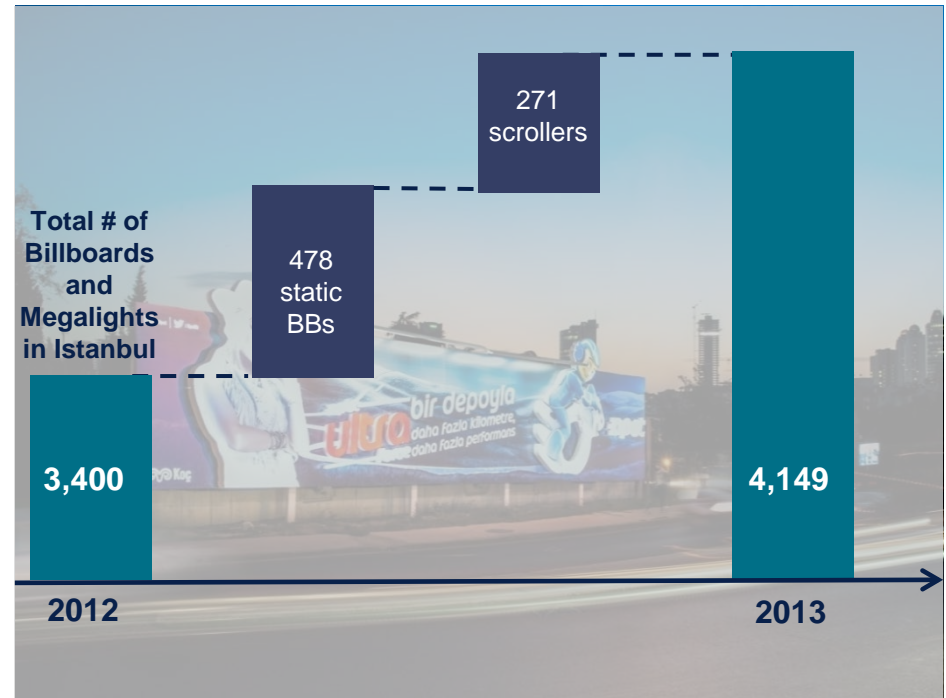


# Turkey - ongoing demand for premium products driving sales

- Further extension of OoH network under Istanbul contract
- Implementation and successful promotion of new format: Giantboard
- Fortified sales measurements show impact:
  - Ströer Semtvizyon, new brand targeting SMEs, gained 189 regional customers in first year



- Acquisition of new OoH customers



# Poland - Reshape cost base

- Overall Media market in Poland down 5% OoH softer than overall media market suffering from budget reductions and shifts to other media (online)

## Three steps to profitable growth

3

### POSTAR – Audience Measurement

- Setting industry standard
- Improving OoH positioning against other media
- Exploiting strong position in large formats

2

### Strengthen Regional Sales Power

- Strengthen regional market presence
- Initial set-up installed
- Visible volume effects in H2 2014

1

### Reshape of cost base

- Significant cost reductions already achieved
- Cost base reduction by: 12-15%
- Operational EBITDA improvement of 24%

2013

2014

2015

...

# BlowUp - developing innovative formats

## 3D campaign

- The American fashion brand using 3D effects to launch its advertising campaign
- Immediate vicinity to the new shop on Königsallee



## Digital

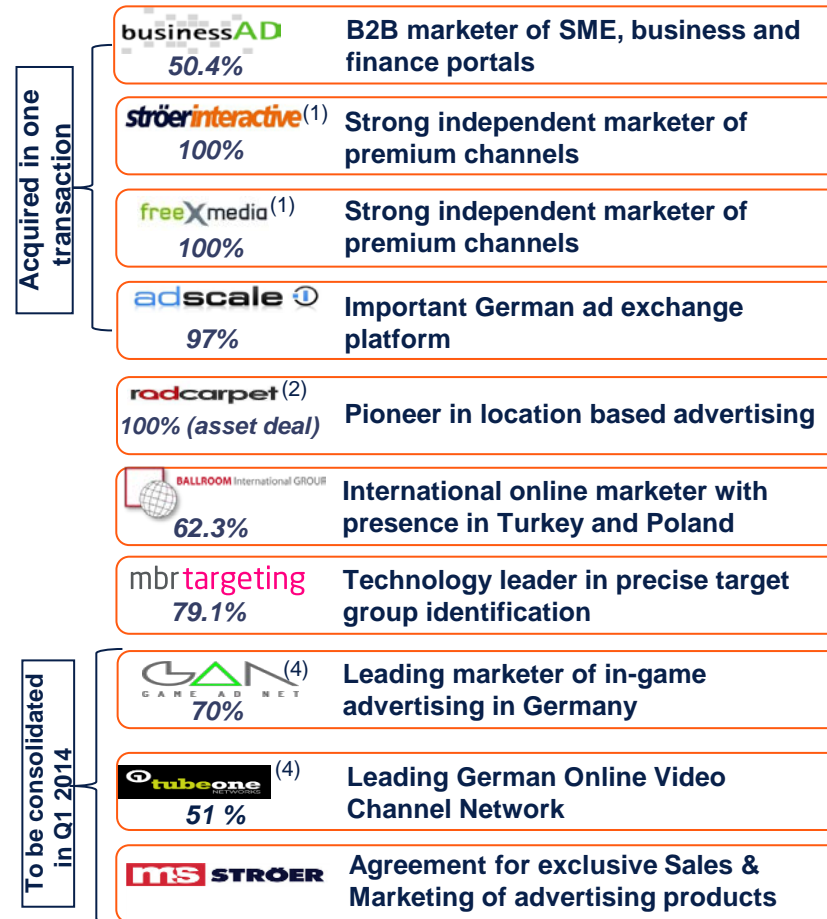
- Power<sup>2</sup>
- Two digital screens offering maximum reach on the highly frequented Rembrandt Plein



<b>Size (sqm)</b>	164 Giant Poster	<b>Size (sqm)</b>	2 x 18 Power <sup>2</sup>
<b>Reach (people per day)</b>	80,000	<b>Reach (people per day)</b>	40,000
<b>Budget (EUR)</b>	low six digit	<b>Budget (EUR)</b>	low six digit



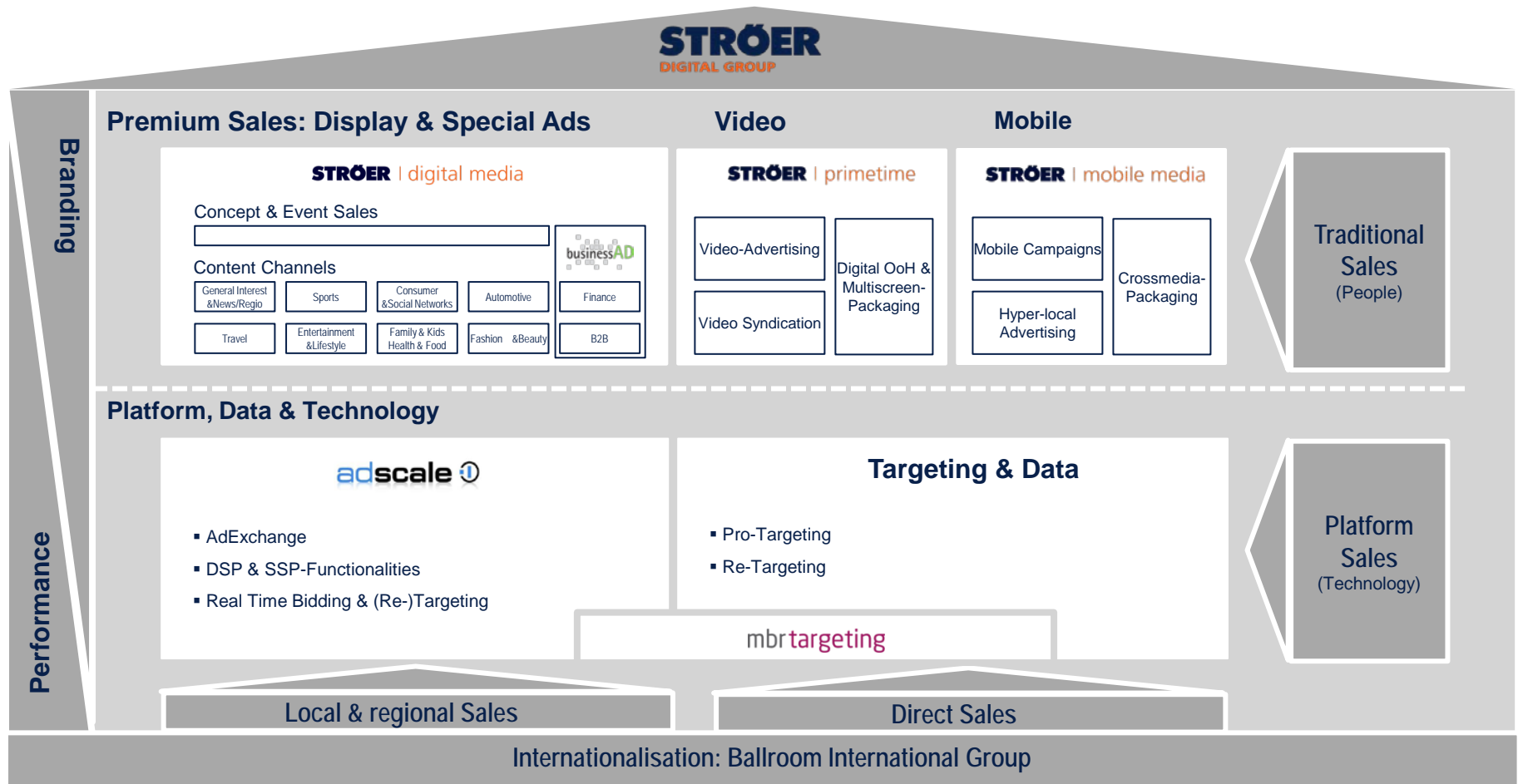
# Online - 10 transactions since Q2 2013 - Building a strong platform for digital growth



Notes

- (1) Merged into Ströer Digital Media GmbH
- (2) Operated under the name Ströer Mobile Media
- (3) Full Year figure
- (4) To be first time consolidated in Q1/2014

# Ströer Digital strategy - offering 360° solutions for publishers and advertisers



# LG G2 – one of our first multi-screen customers

## Public Video



## Online Video



**500m Ad Impressions per week**

- Combination of online video and public video
- Increase of Spontaneous Brand Awareness: + 5%
- Clear preference shift from Samsung Galaxy S4 and Sony Xperia Z1 to LG G2 (up to 19%)
- Increase of relevant set by 20% and expansion of first choice
- Increase of recognition by 60%

## Introducing the new CFO - Dr. Bernd Metzner

- Bernd Metzner, 43 years old, business and doctor's degree
- Start date: June 2014
- Currently CFO for Döhler Group
- 10 years experience in leading financial positions in Germany and abroad: Global Head of Finance Bayer Healthcare and CFO Bayer Italy, responsible for spin-off and Lanxess IPO
- Combines excellent private and public corporation experience with international scope



# Financials





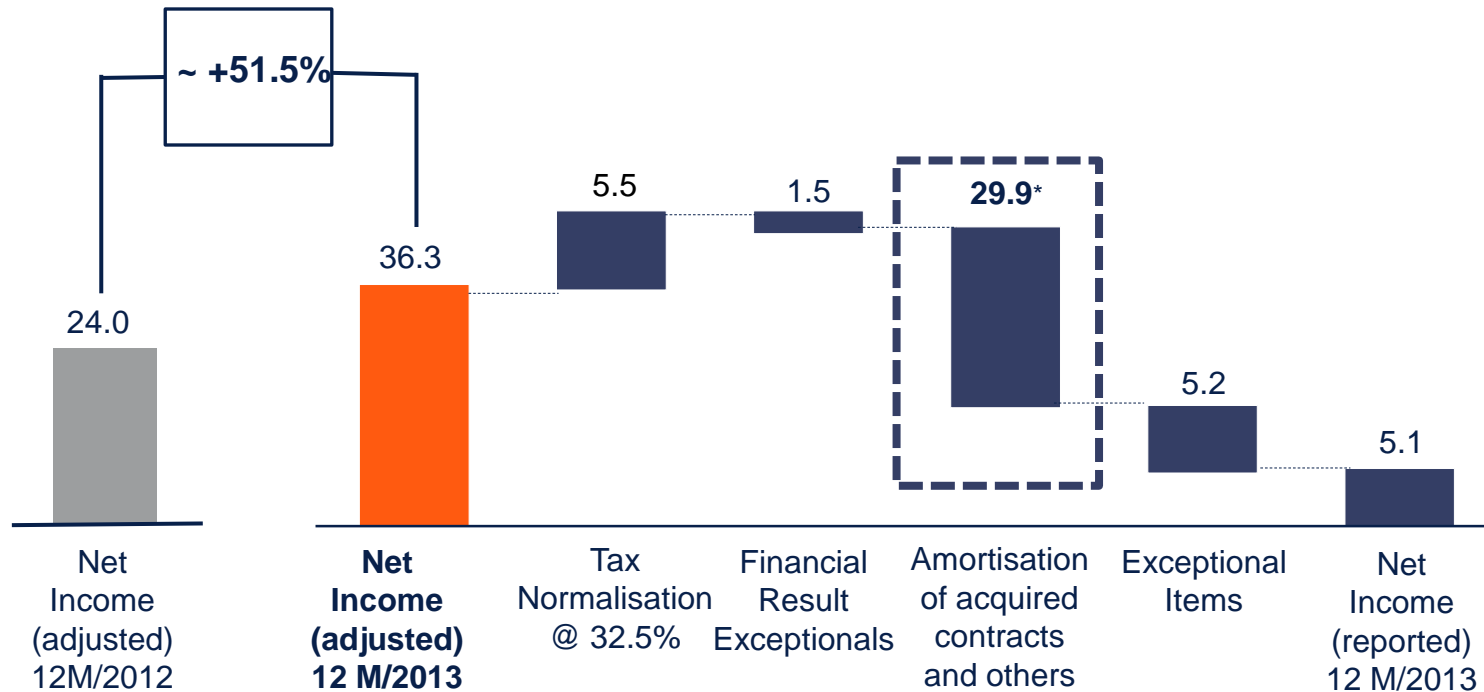
# Ströer Media AG 2013 Results

(€MM)	2013	2012	Change (%)
<b>Revenues</b>	<b>634.8</b>	<b>560.6</b>	<b>+13</b>
Direct costs	-372.1	-325.7	-14
SG&A	-151.4	-134.5	-13
Other operating result	6.7	6.6	+1
<b>Operational EBITDA</b>	<b>118.0</b>	<b>107.0</b>	<b>+10</b>
<i>Margin %</i>	18.6	19.1	
Depreciation	-39.1	-37.1	-5
Amortisation	-36.9	-29.6	-24
Exceptional items	-5.2	-6.5	+20
<b>EBIT</b>	<b>36.8</b>	<b>33.7</b>	<b>+9</b>
<b>Net income (adjusted)<sup>(1)</sup></b>	<b>36.3</b>	<b>24.0</b>	<b>+51</b>
<i>Margin %</i>	5.7	4.3	
<b>Net income</b>	<b>5.1</b>	<b>-1.8</b>	<b>n.d.</b>

Notes

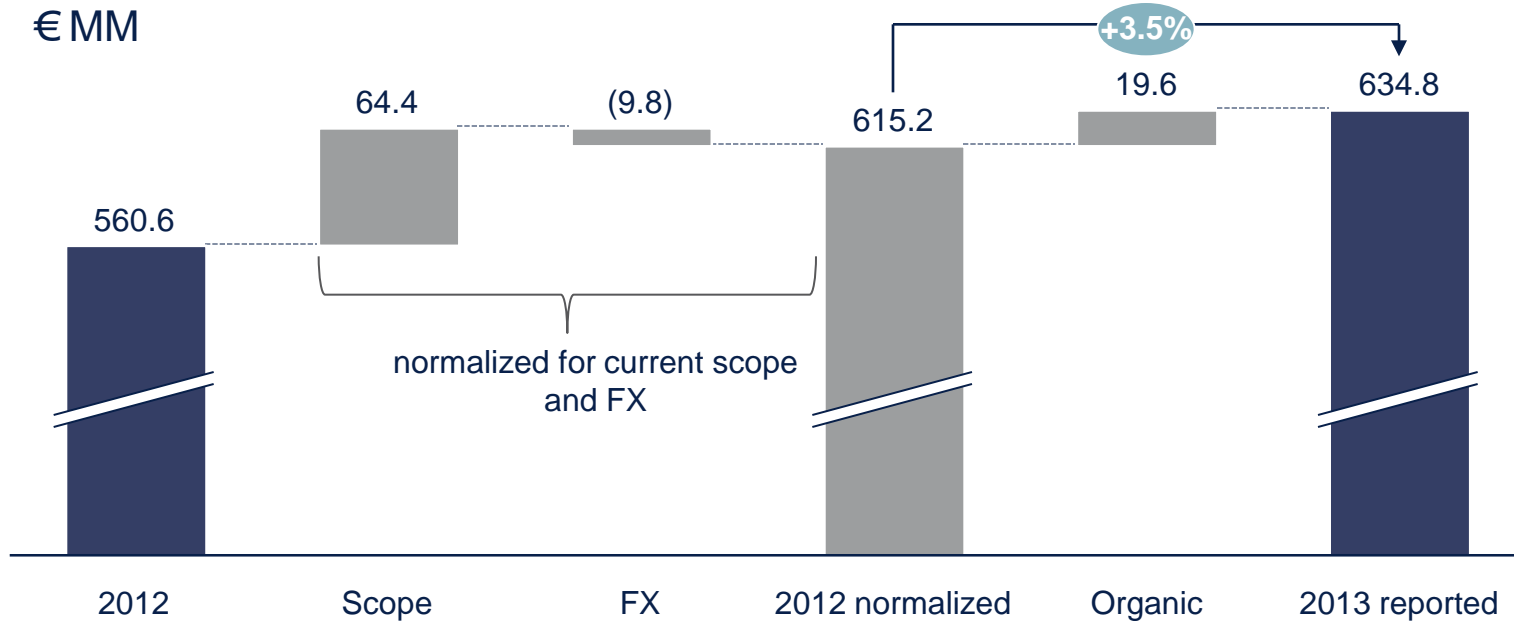
(1) Net Income mainly adjusted for EUR 27.8m relating to the non-cash amortization of hidden reserves from advertising concessions which were recognized in connection with earlier acquisitions

# Group net income (adjusted) increased ~ + 51.5 % yoy



- **\*Key adjustment (non-cash effective): EUR 27.8m relates to amortization of acquired concessions (PPA effect)**
- Exceptional items include one-off costs for online acquisitions and efficiency measures
- Adjustment of financial result mainly due to net revaluation effects from FX movements

# Group organic revenue up by 3.5%

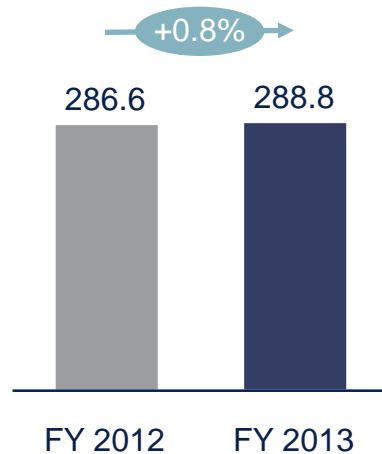


- Positive out of home revenue development in Germany and Turkey
- Scope effects solely from online acquisitions
- Significant effects from devaluations of Turkish Lira in the course of 2013

# Digitalization fuels revenue growth

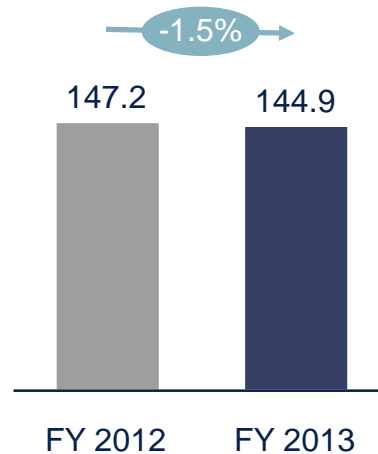
## BILLBOARD

€MM



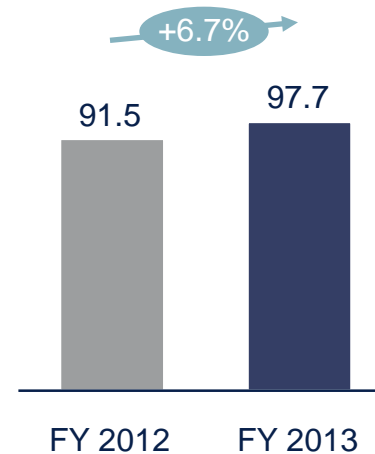
## STREET FURNITURE

€MM



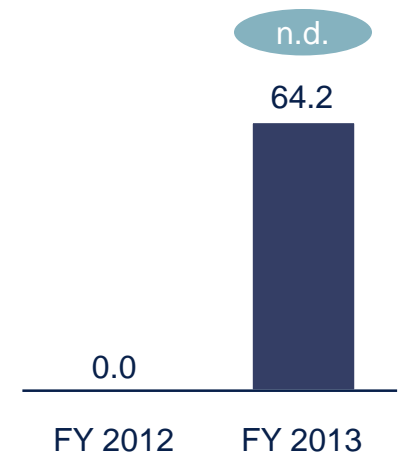
## TRANSPORT

€MM



## ONLINE

€MM

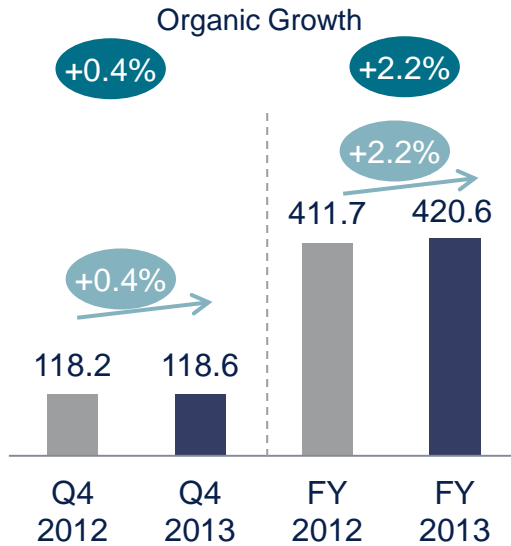


- Billboard revenues driven by robust demand in Turkey and new Istanbul assets
- Accelerated demand for large formats and digital products
- Substantial improvement in Transport fuelled by digital assets

# Ströer Germany: Revenues up in a muted market backed by demand for digital & regional products

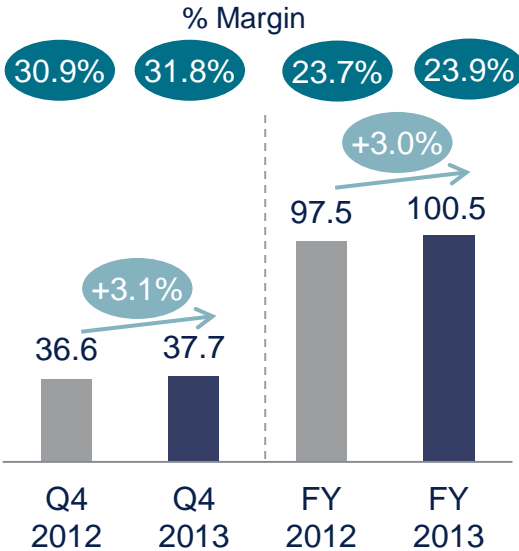
## REVENUES

€ MM



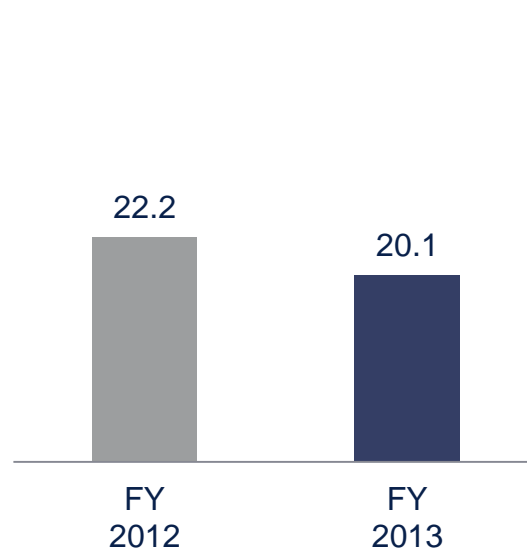
## OPERATIONAL EBITDA

€ MM



## INVESTMENTS\*

€ MM

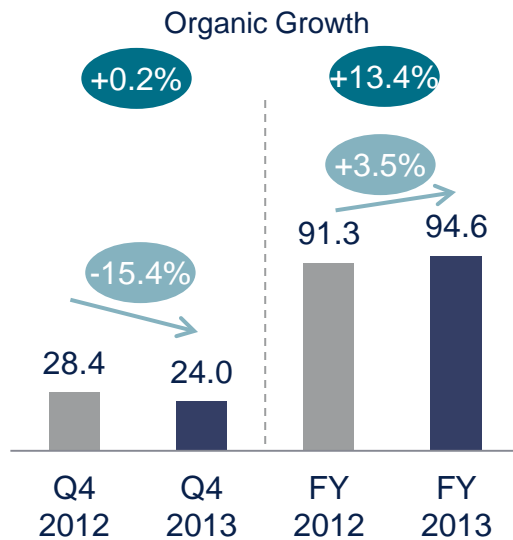


- Double-digit revenue increase of digital products leading to an increased share of digital revenues from 9% in 2012 to 11% in 2013
- Increased revenues with regional clients driven by sales initiatives
- Moderate cost development supports slight margin improvement

# Ströer Turkey: Growth driven by new assets and product launches

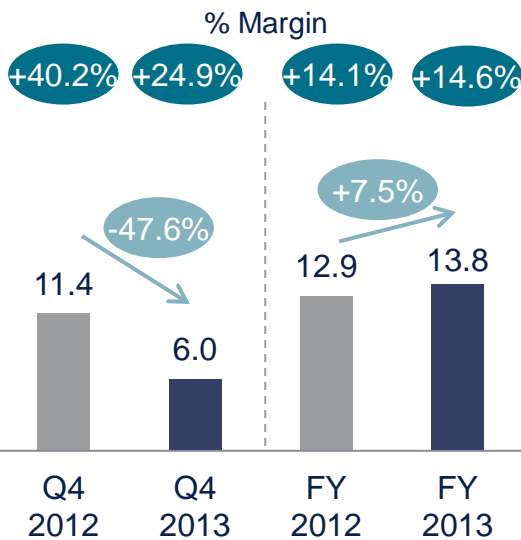
## REVENUES

€ MM



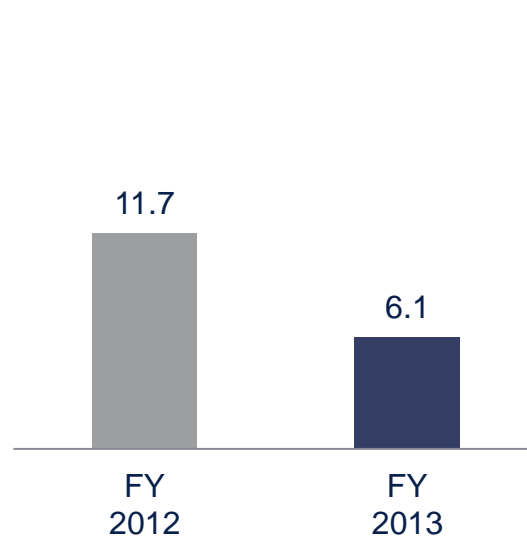
## OPERATIONAL EBITDA

€ MM



## INVESTMENTS\*

€ MM

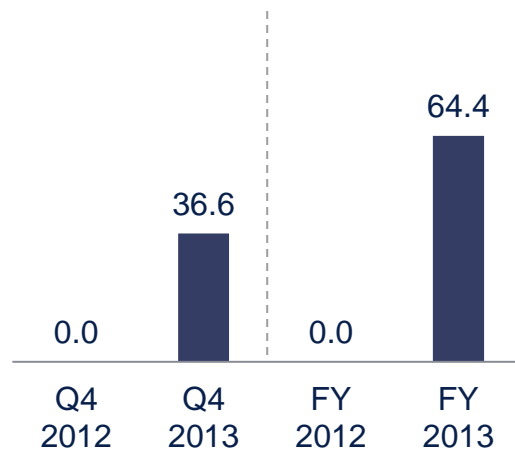


- Strong sales momentum on regional and national levels
- Positive market sentiment on new product offerings boost demand in Istanbul
- Moderate Capex spending after strong prior year investments in Istanbul ramp-up

# Ströer Online: First contribution to Group revenues and operational EBITDA

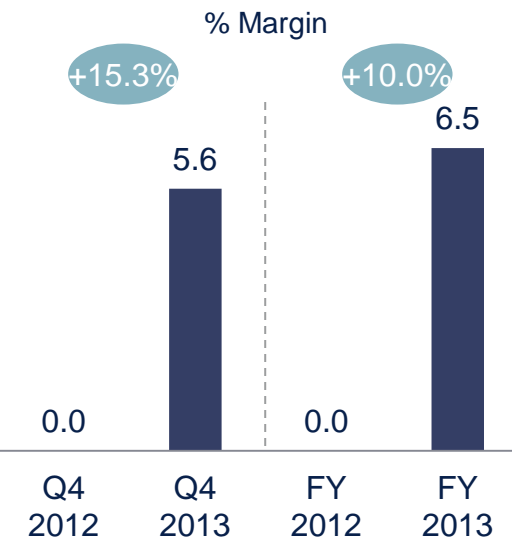
## REVENUES

€ MM



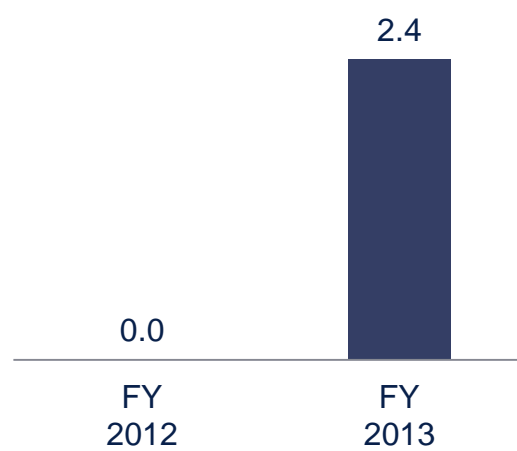
## OPERATIONAL EBITDA

€ MM



## INVESTMENTS\*

€ MM

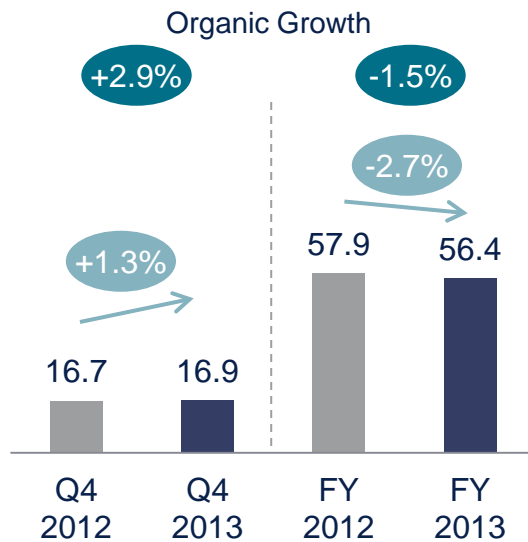


- Revenues and EBITDA contribution in line with expectations
- High single digit revenue increase on a like-for-like basis in spite of major post merger integration activities
- Low investments in capitalization of self-developed software solutions

# Ströer Other\*: Growing Revenue and EBITDA contribution from blowUP

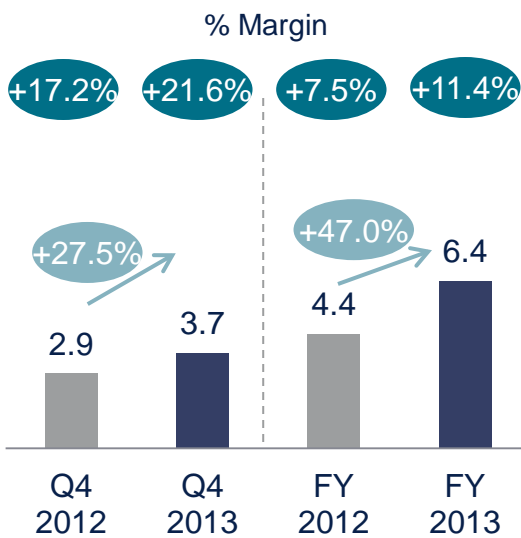
## REVENUES

€ MM



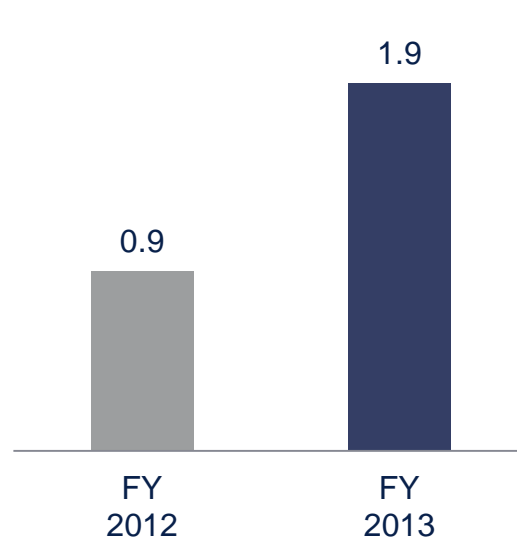
## OPERATIONAL EBITDA

€ MM



## INVESTMENTS\*\*

€ MM



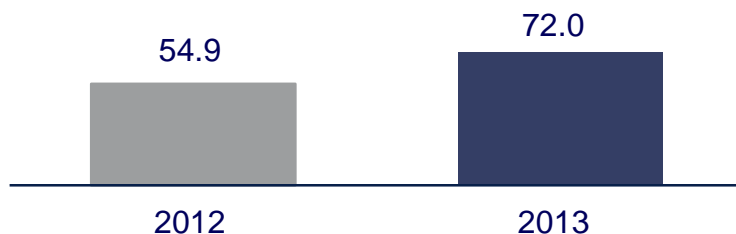
- blowUP with good topline performance improving operational EBITDA
- Ströer Poland unchanged soft market dynamics
- Rigorous cost saving measures resulting in improved operational EBITDA in Poland



# Group free cash flow: Growing cash generation from operations enables financing of acquisition activities

€MM

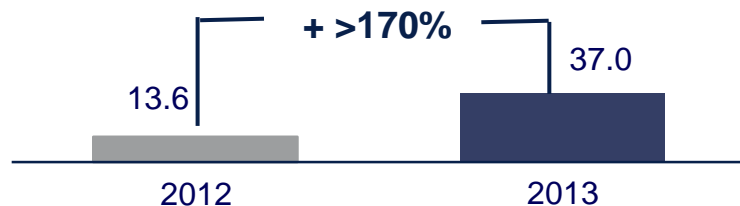
## CASH FLOW FROM OPERATIONS



## CASH FLOWS FROM INVESTING ACTIVITIES

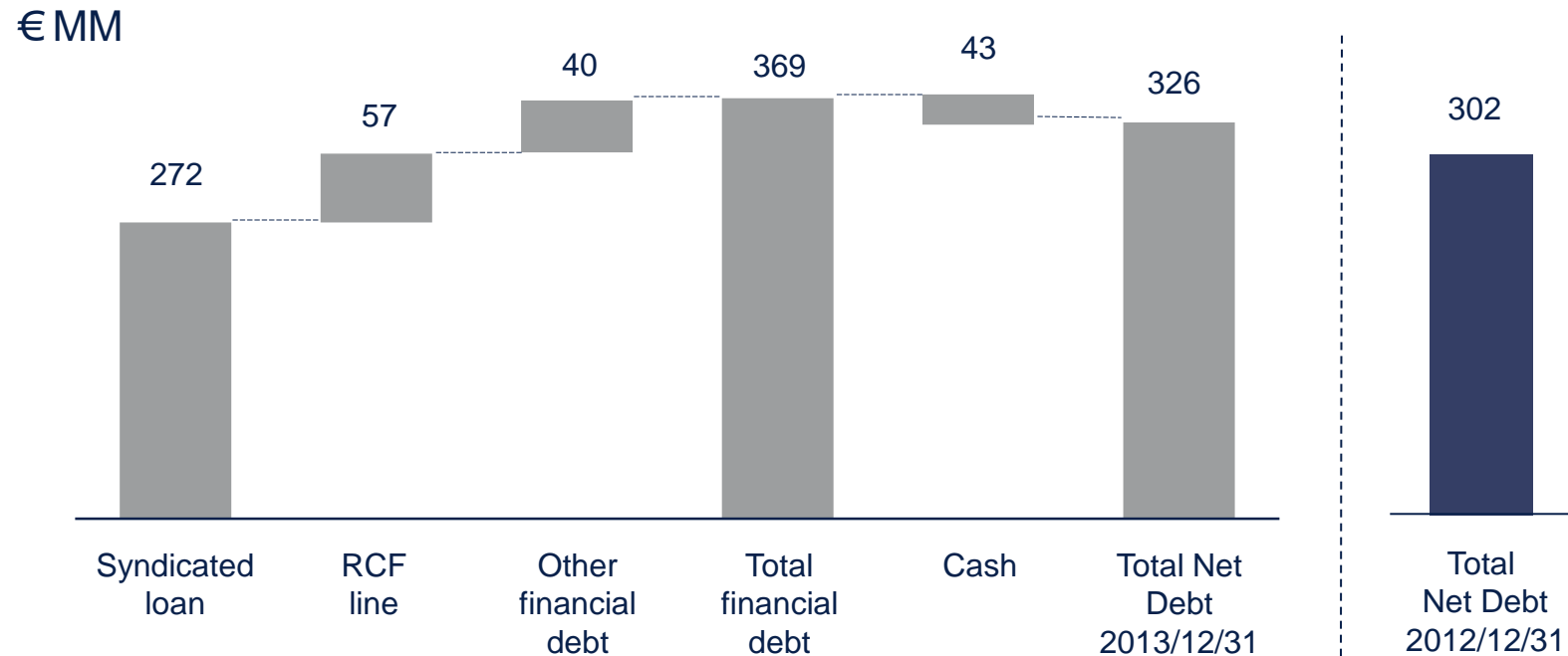


## FREE CASH FLOW (before Acquisitions)



- Strong operational cash flow generation benefitting from better trading and working capital improvements despite increased income taxes paid
- Prior year included higher investments due to Istanbul ramp-up
- Investing cash flow includes acquisition of adscale, radcarpet, ballroom and mbr

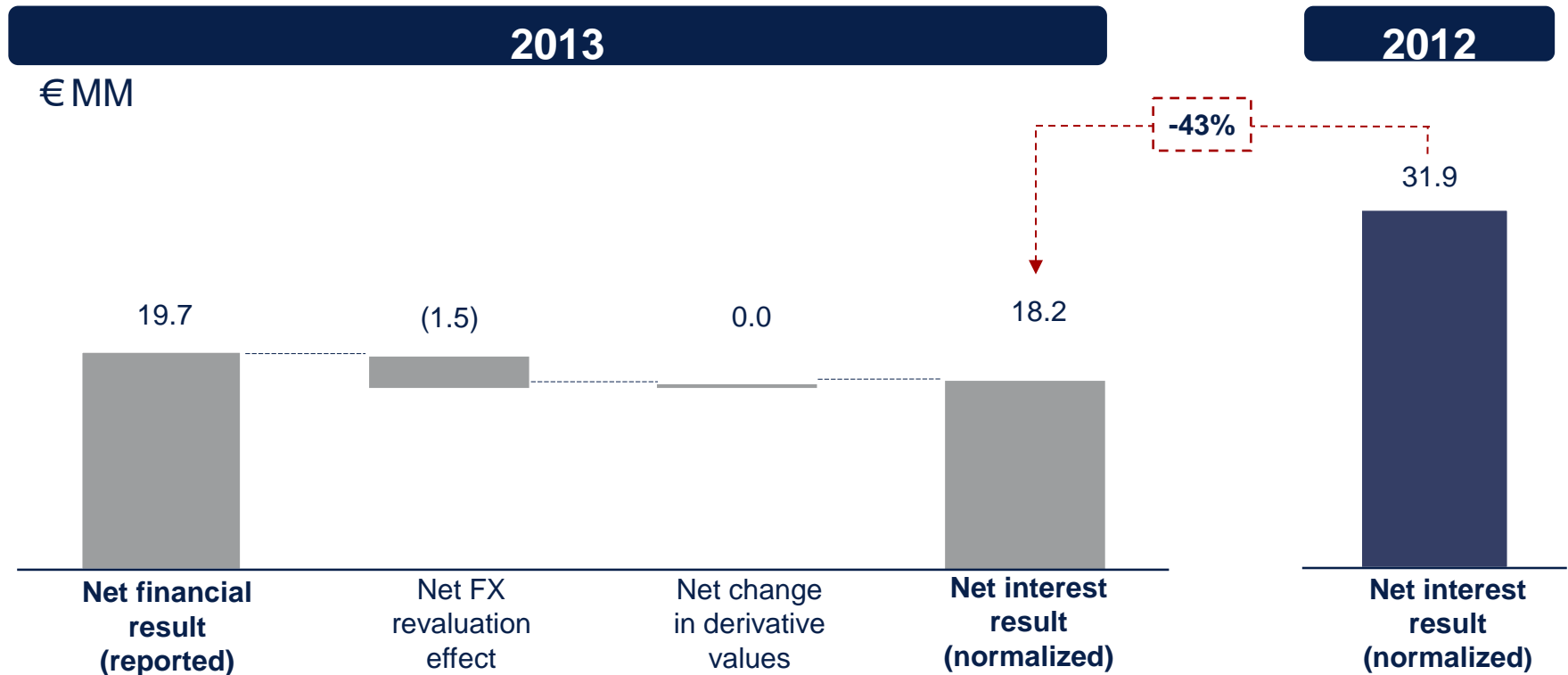
# Increase of net debt in 12M 2013 due to Online acquisitions



Increase of net debt due to Online acquisitions in 12M 2013

- This increase is due to cash settlements of purchase prices and future earn-out agreements

# Underlying net interest charge further improved in 2013



- Lower debt service following optimized loan structure as part of refinancing in 07/2012
- Further savings from termination of interest hedges that became due in October 2012 and April 2013

# Key growth areas and initiatives

- **Ströer is targeting an OOH market share increase in Germany from ~5%\* to ~ 8% in the next 4 to 5 years**
  - Increase our fill rates on existing infrastructure with new budgets from national and regional customers
  - Expansion of our digital product base
  - New sales force for permanent advertising for local customers, up to 100 new sales people at the end of 2014
- **Active player in consolidating the German online market**
  - Organic growth through new premium sales mandates and selective acquisitions of smaller players in the Online market
  - In H2 2014 start of local sales force for regional online ads

For the first quarter of 2014, we expect revenue growth in the low teens driven by our entry into the online advertising market and low single-digit organic growth for the whole group.



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