

STRÖER



9M/Q3 2016 Presentation

10th November 2016 | Ströer SE & Co. KGaA



Agenda

01

Key Developments

- Key Financials
- Key Strategies

Udo Müller

02

Operational Highlights

- M&A Integration
- Five Development Areas

Christian Schmalzl

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Financials

- Overview Financials
- Segment Growth Rates
- Segment Perspective
- Transactional in more detail
- Free Cash Flow
- Leverage

Dr. Bernd Metzner

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Summary

- Summary 9M 2016
- Guidance 2016 & 2017

Udo Müller

Ströer SE & Co. KGaA: 9M 2016 Results

€MM		9M 2016	9M 2015	▲
Revenues	Reported ⁽¹⁾	765.7	553.2	+38%
	Organic ⁽²⁾	7.4%	9.1%	-1.7%pts
Operational EBITDA		177.5	121.8	+46%
Operational EBITDA margin		22.9%	21.6%	+1.3%pts
EBIT (adjusted) ⁽³⁾		112.6	70.4	+60%
Net income (adjusted) ⁽⁴⁾		88.9	53.0	+68%
Operating Cash Flow		124.1	86.8	+43%
Investments (before M&A)		71.7	49.5	+45%
		30 September 2016	30 September 2015	
Net Debt ⁽⁵⁾ / Leverage Ratio		405.3 / 1.5x	304.3 / 1.7x	

(1) According to IFRS 11

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

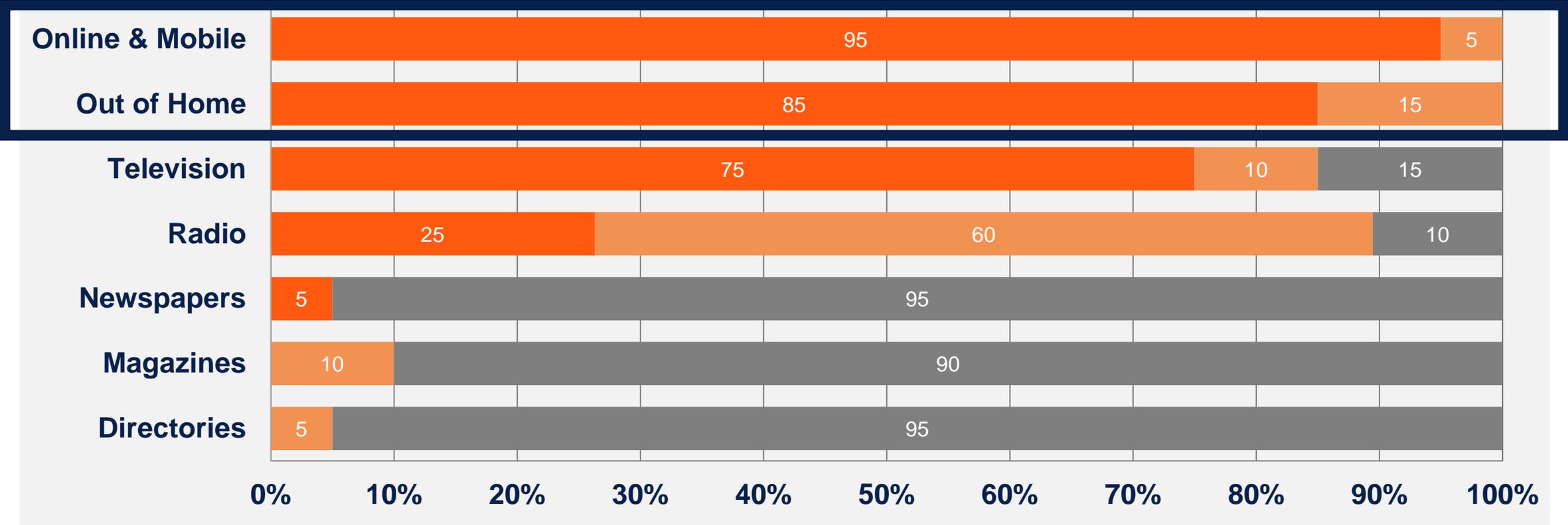
(3) EBIT adjusted for exceptional items, amortization of acquired advertising concessions and impairment losses on intangible assets (Joint ventures are consolidated proportional)

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

(5) Net debt = financial liabilities less cash (excl. hedge liabilities)

Outlook 2017: Media Agencies expect strong Growth for our Segments

Expected Net Revenue Development by Media for 2017 ■ growing ■ stable ■ declining



Ströer operating in THE two structurally fastest growing segments: market context fully intact!

Source: OMG Preview 2017 (Association of German Media Agencies; Forecast from October 2016 for 2017; numbers rounded to 100%)

Our strategic Focus for the next 15 Months

1. **Out of Home:** focus on organic growth via 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 inventory monetization in a waterfall approach

Out of Home: Digitization entering the 2nd Phase

Mid- & longterm Plan for further digital Rollout on Track

Example Full Digital Public Transport Station



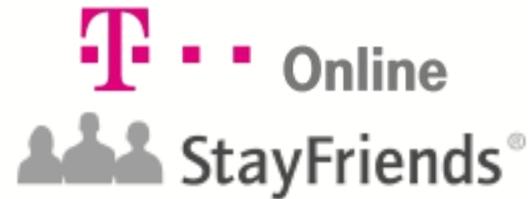
Example Roadside Screens



- Optimizing outstanding market leader position and portfolio at “market places”
- Further extension of indoor Public Video Network and inventory capacities
- Massive roll-out of roadside screens: up to 1,000 screens within 4 years, up to 2,000 screens within 7 years
- Focus on fully incremental client budgets

- Growing Digital OoH inventory allows continuously more cross-media solutions
- Building Data Management Platform across OoH (Beacons, Mass Mobility Data) and Digital Media (existing DMP-setup)
- Cross-Media-Ad-serving-Solutions for Digital “All-Screen End-Game”

Digital Content: All Key Assets fully on Track



“News & Services” Re-Positioning Case

- Similar target groups (40+) and similar service USPs for users
- Merging content & tech teams and integrating services and content offerings/traffic exchange
- Development from mono-screen content portal to multi-screen content & service platform



“Special Interest” Consolidation Case

- Consolidation of various special interest portals under “Media Brands” in Berlin completed
- Rigorous performance publishing approach to optimize monetization per user
- Leveraging #1 online sales house organisation for monetization



“B2B Statistics” Organic Growth Case

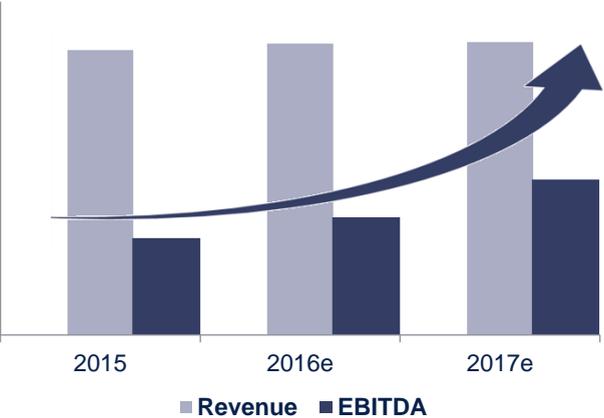
- Proven scalable business model (data from 500 industry sectors in 50 countries) with high-margin market Germany
- Internationalisation strategy with show-case USA
- Roll-out fully on track with currently 12 markets live

Digital Content: Strategy & Rigorous Execution clearly pay off



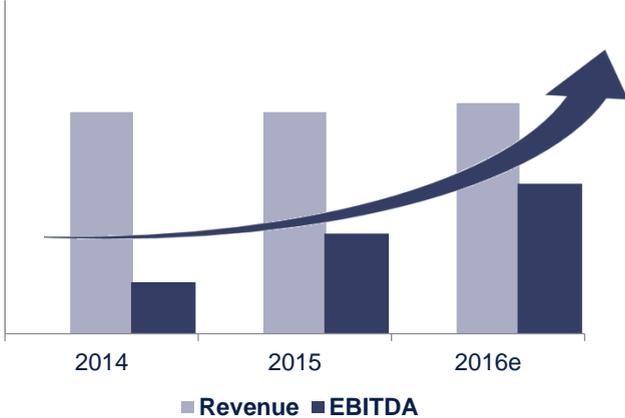
**“News & Services”
Re-Positioning Case**

EBITDA CAGR >20%



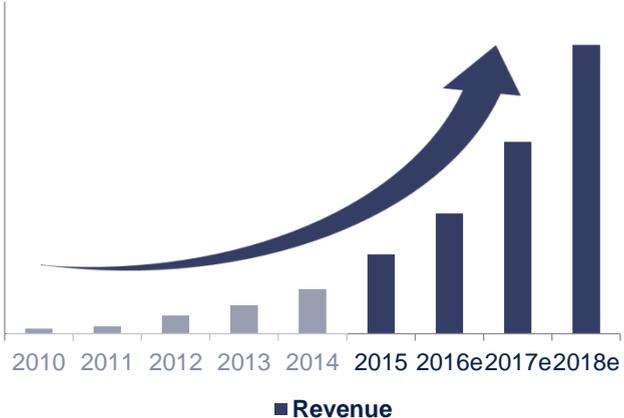
**“Special Interest”
Consolidation Case**

EBITDA CAGR >50%

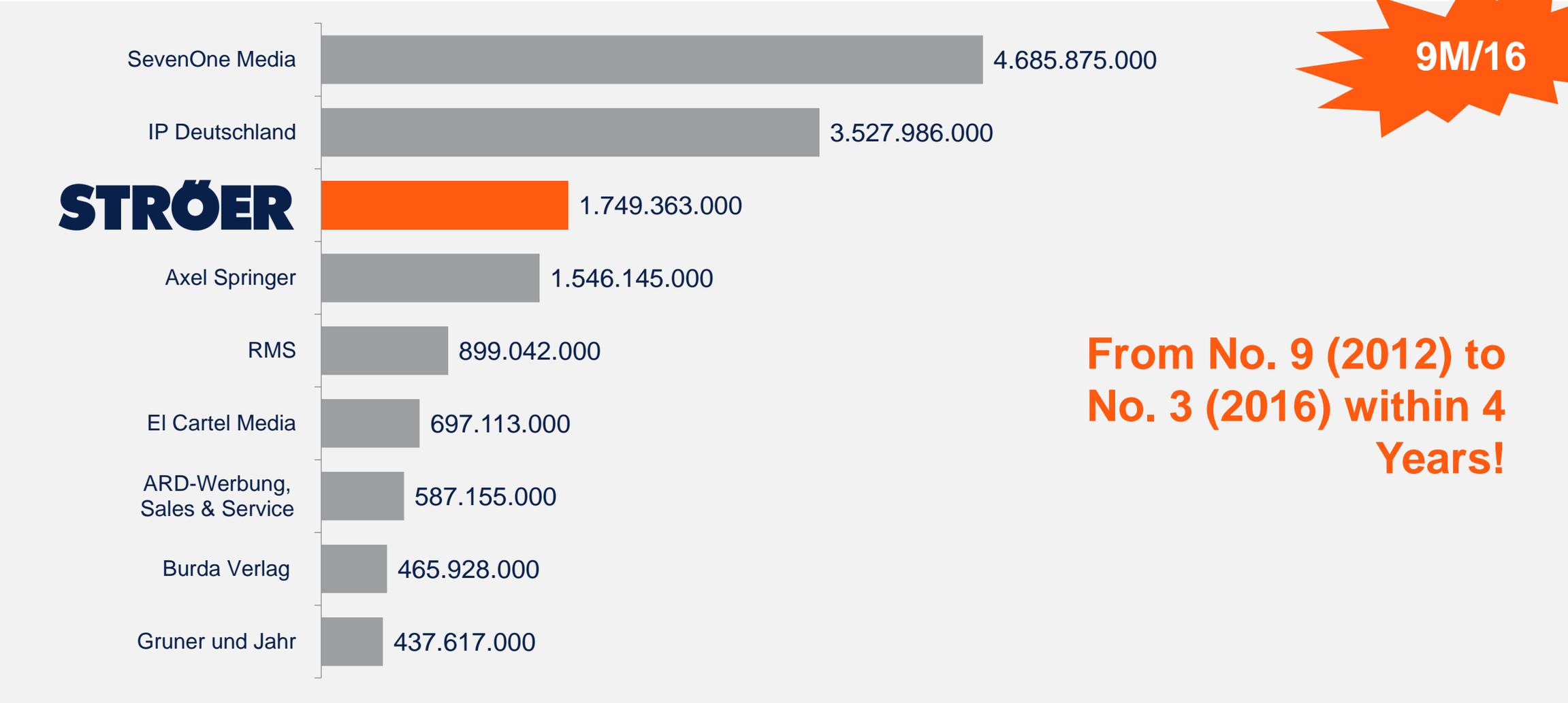


**“B2B Statistics”
Organic Growth Case**

Revenue CAGR >50%



National Ad Sales: German Top 3 Position across all Media



Source: Nielsen Gross 9M1 2016; OoH Germany + all digital saleshouses of the Group

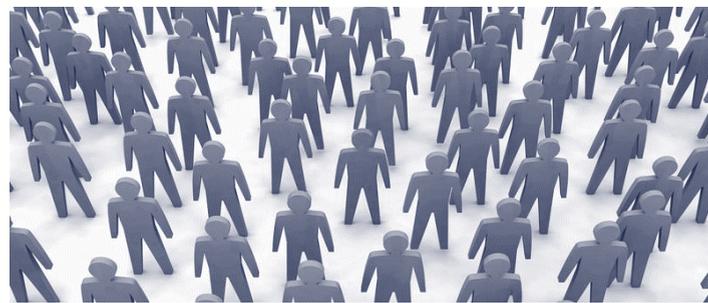
Local Ad Sales: Massive Development Opportunities



Long-term Strategy



- Continuous rollout of local sales strategy since 4 years now
- Continuous and sustainable revenue growth in combination with extended product portfolio
- Shrinking local print market as massive source of business



Extending Local Salesforce



- On-Going growth of local salesforce from <50 (2012) to >400 (2016)
- Ahead of mid-term plan of ~800 FTEs by end of 2018
- Optimized recruitment and training funnel for teams fully scalable

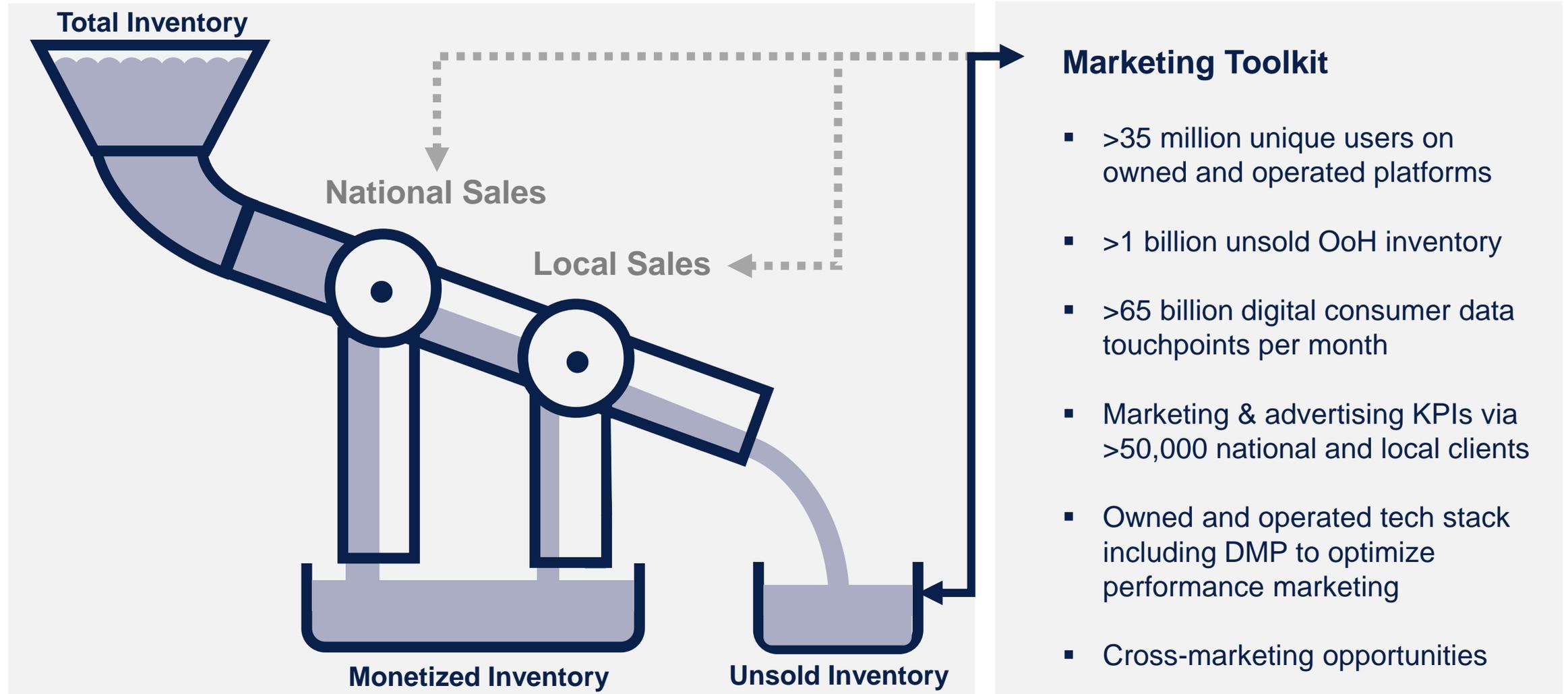


Integrated Offering



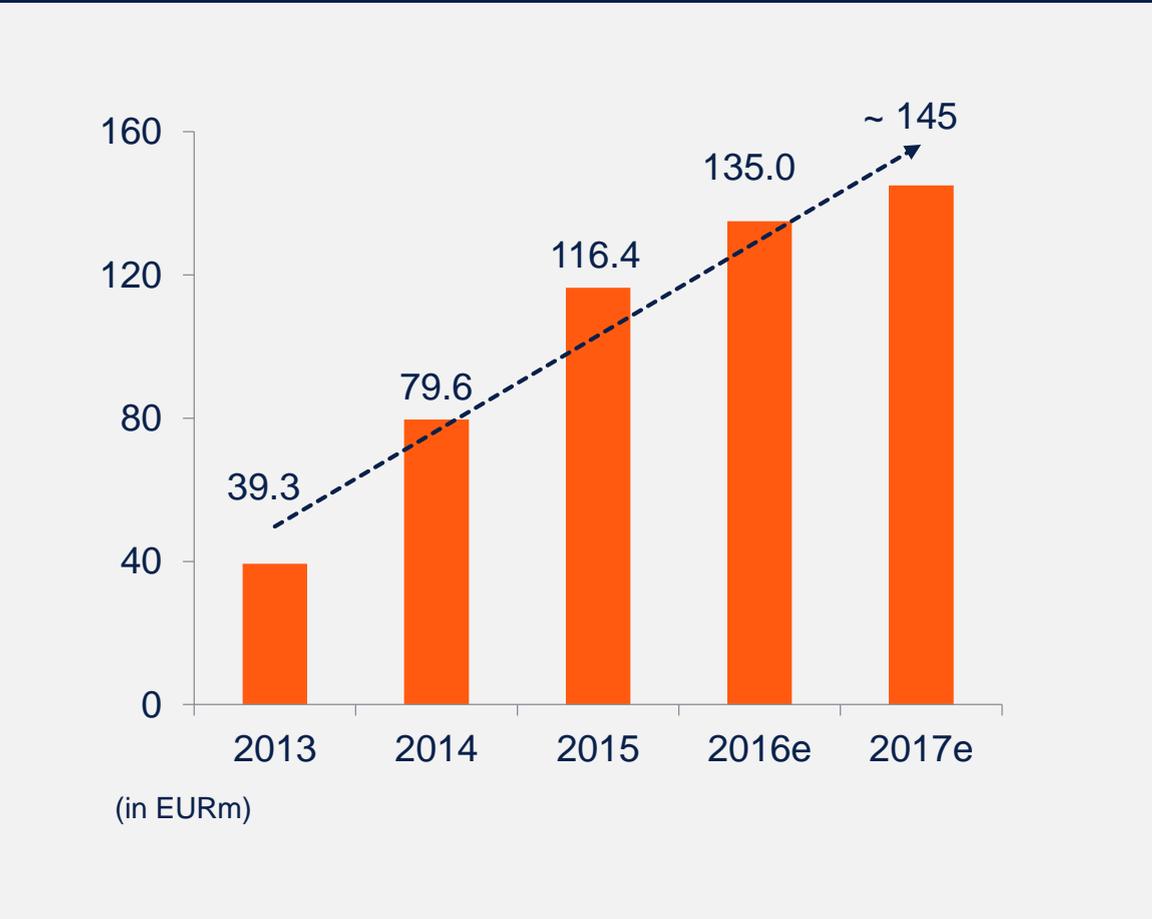
- Investing in incremental cross-media teams to work more intensively with clients and win over-proportional market shares
- Technological and data development support synergistic sales approach

Transaction Business Models: Optimizing our Monetization Waterfall

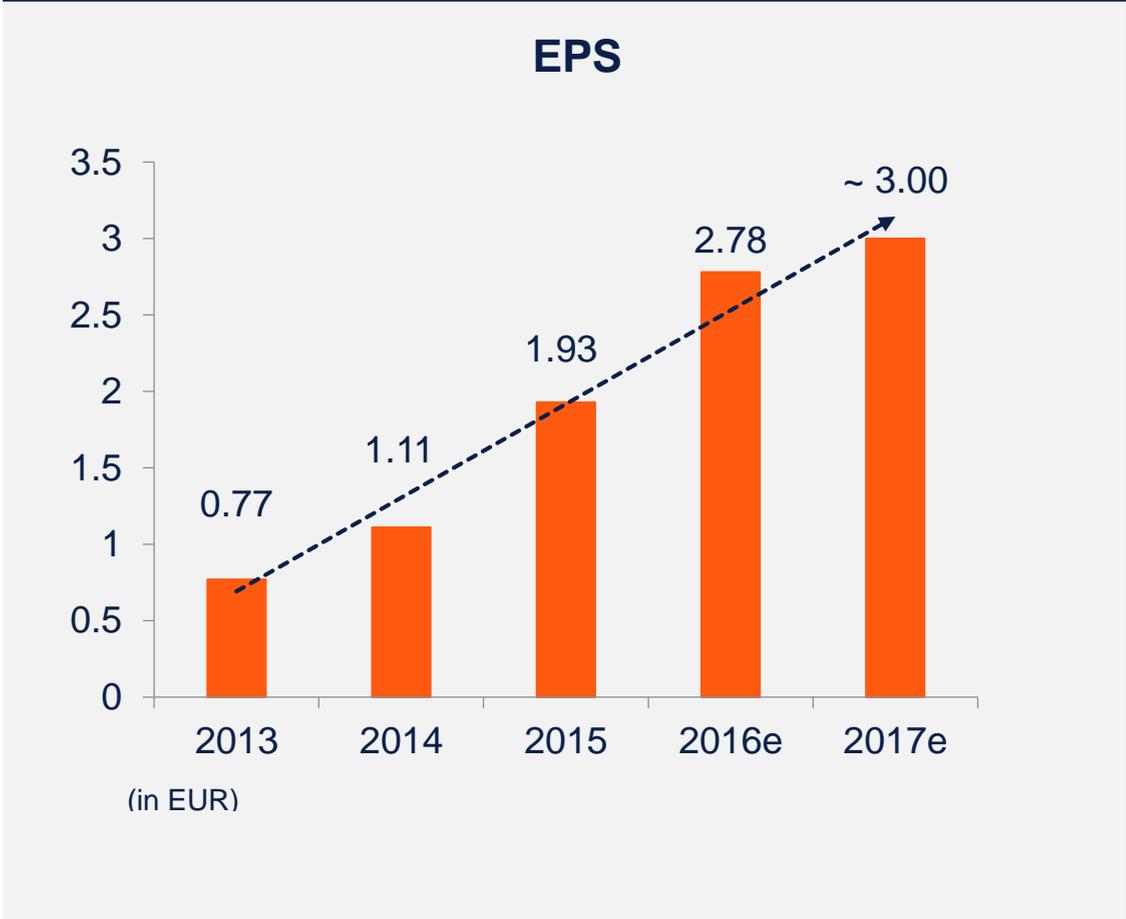


Our Strategy pays off: Significant KPI Improvements YoY

**Free Cash Flow (before M&A)
increased > 3 times since 2013**



Adjusted EPS increased ~ 4 times since 2013



Summary of where we stand and what we focus on in 2017

- 1. Strong & unparalleled momentum across all business units**
- 2. Focus on organic growth and significant reduction of M&A**
- 3. On-going integration of new assets fully on track – with strong further potential**



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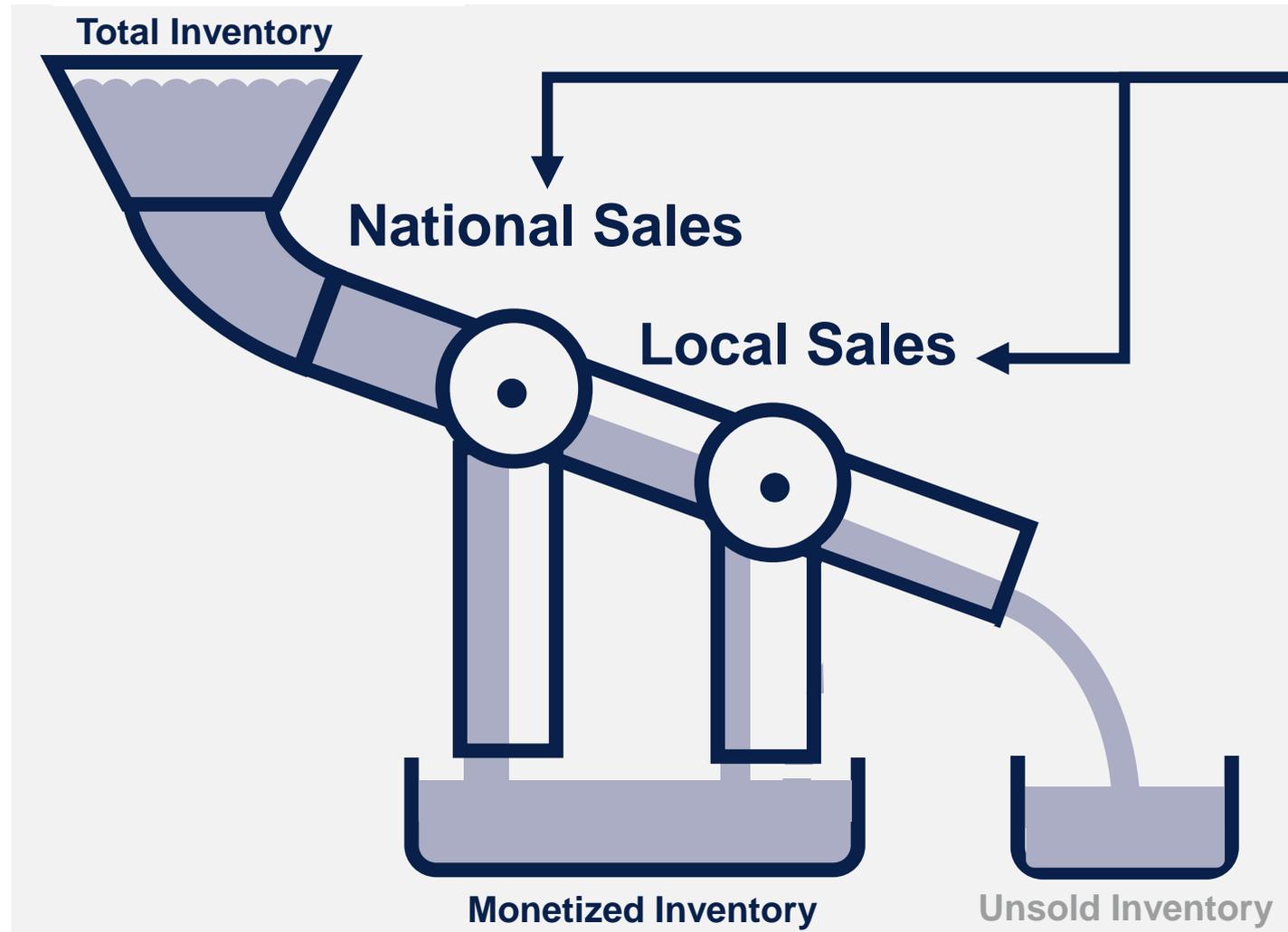
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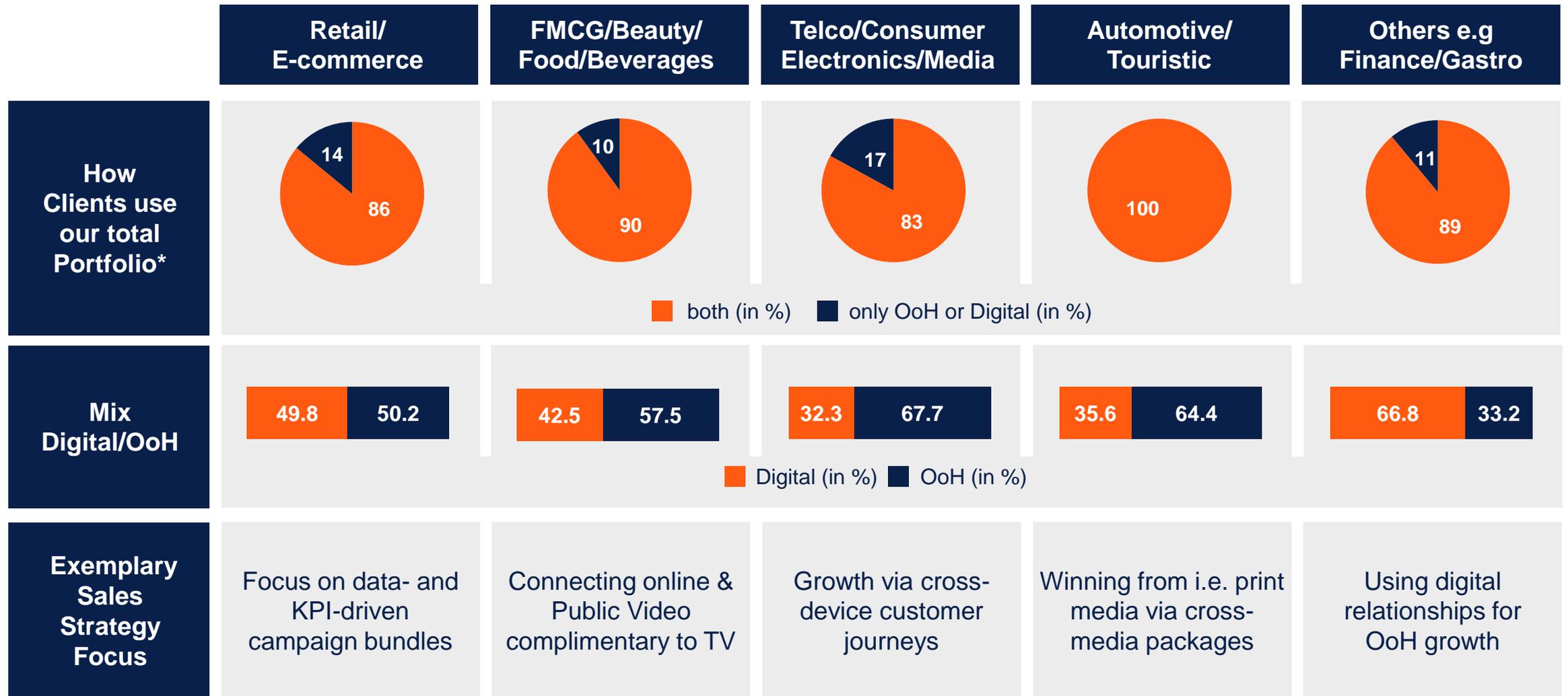
Monetization Waterfall for Platform Traffic: Success Cases from Q3/9M 2016



Playbook & Use Cases for further Revenue Growth

1. Cross-media offerings and servicing of top 100 clients
2. Linking research & ROI-tracking to media packages
3. Establishing OoH as refreshment, complimentary and lead medium
4. Leveraging leading German online-player role via growing number of plug&play-products
5. Harnessing growing local sales force via structured cross media packages and digital products

First Results in 2016: Top 100 Clients (~65% of total National Revenue) with strong cross-selling Case Studies



Excluding tobacco clients; * calculated on budget weighted shares

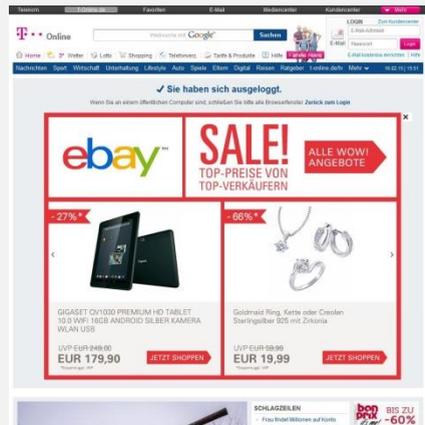


Smart Bundling

New & Incremental Revenue Streams: Bundling Cross-Media Packages to maximize Client Spending

- Using large & non-exchangeable portfolio as #1 OoH & #1 German online player to strengthen client relationship and maximizing campaign impact over all digital channels
- Higher margins, improved creative integration and better revenue visibility due to direct client contact
- Historic online-only client developed towards a top 10 account across all products and offerings

ONLINE



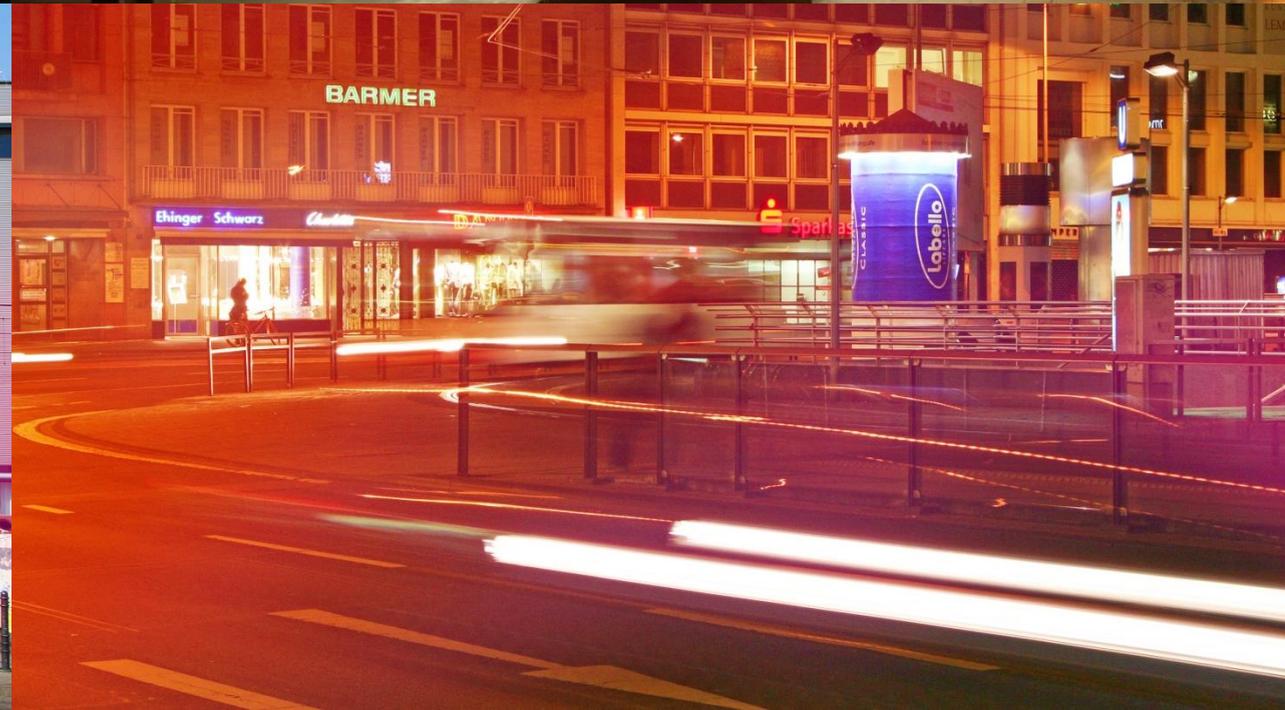
MOBILE



PUBLIC VIDEO



Reactivated
Clients



Improving Market Share of OoH: Bundling Media Packages with KPI-Research

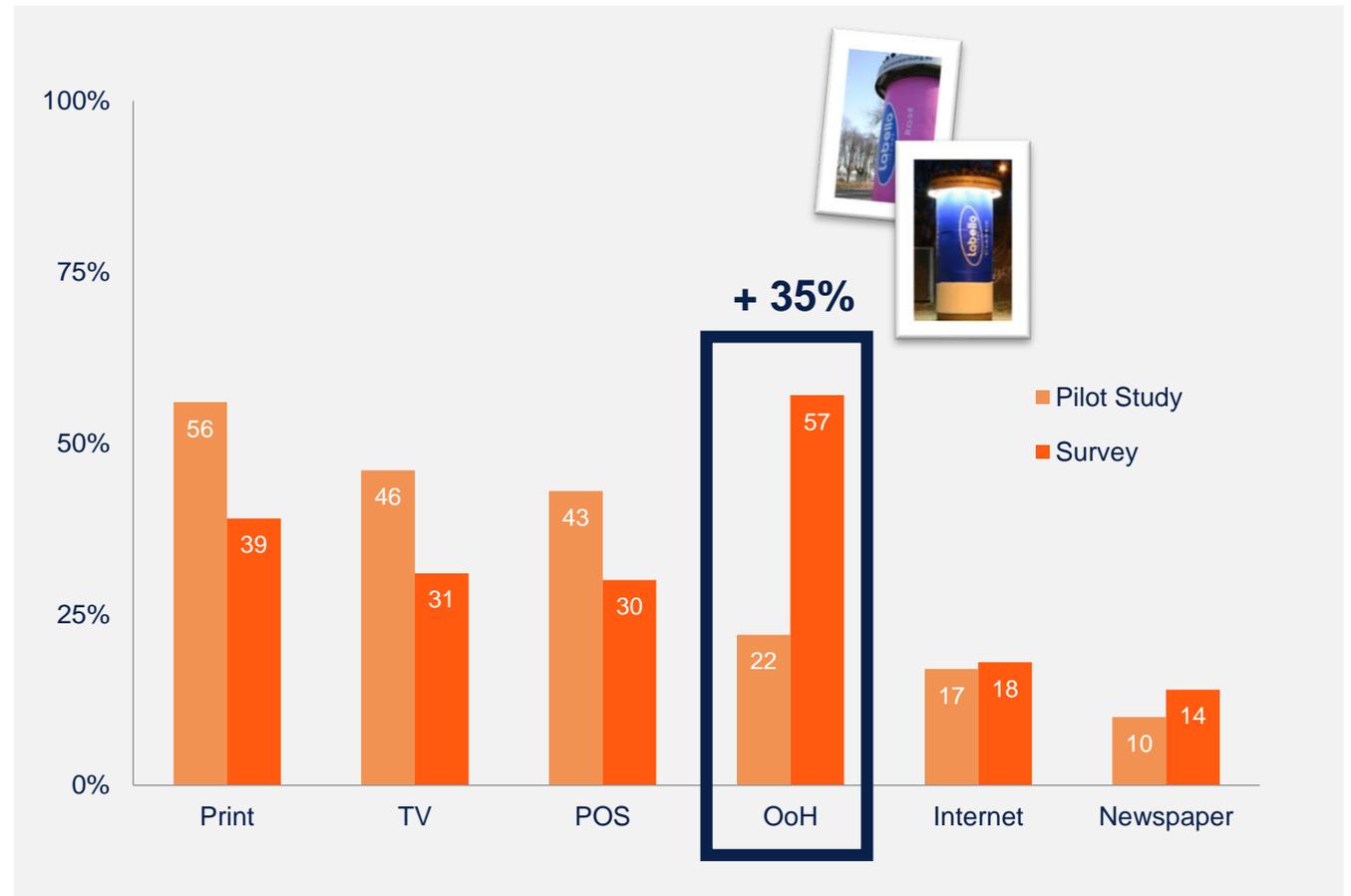
Client & Campaign Background

- Category leader brand with clear need for campaign refreshment
- Introducing OoH as new tactical medium to surprise customers and renew brand perception

Ströer Solution: Bundling Media & Research

- Product affine use of columns within dominant visibility strategy
- Research proves rising interest and awareness of the brand and product
- Out-of-home back in the media mix together with online package

Results



*Source: Trend Research, Q 7: Where did you recognize Labello within the last 10 days (Media-List provided)

BUS
Christie

U
Ballindamm · Thalia-Theater
Mönckebergstraße · Jungfernstieg · Alster →
Ausgang / Exit

mmmh!

Vollgepackt mit Geschmack

JUNGFERNSTIEG

SCHOKO & KEKS
mmmh!

OREO
mmmh!

TOFFEE GANZNUSS
mmmh!

Milka
Im Herzen zart.

133 JAHRE
ALLES GUTE
BEI KARSTADT

Zeit für...
Lieferangebote



mmmh!
Vollgepackt mit Geschmack

+40%
Spending



Improving Market Share of OoH: Creating Unique Visibility Success Cases



Client & Campaign Background

- Launch of new product "Big taste"
- Strategic role of OoH within media mix: Pushing awareness & creating dominant visibility as well as "talk of town"

Ströer Solution: Station Domination

- Full blown station marketing tool kit with massive stair branding, columns and special ads (walls)
- Digital campaign extension via Infoscreen and Public Video – connected to online video strategy

Campaign Impressions



Market Entry
& Brand
Launch

ZALANDO

**IVY
PARK**

#MYPARK

zalando

Kölner Aussenwerbung



Improving Market Share of OoH: OoH pushing Search and Conversion



Client & Campaign Background

- Launch of new sports collection by Beyoncé in Germany
- OoH as key medium to push visibility in combination with Google search requests

Ströer Solution: Raising Interest and pushing Search with large Formats

- Google trends as unbribable measurement tool to prove conversion impact
- Search requests multiplied tenfold at the start of the broad and nationwide OoH campaign

Results





STRÖER

Integrated
First Mover
Concepts

Improving Market Share of OoH: Connecting OoH with Social Media via Public Video



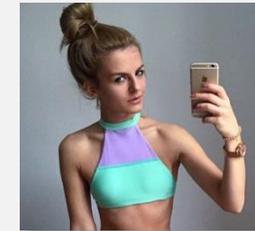
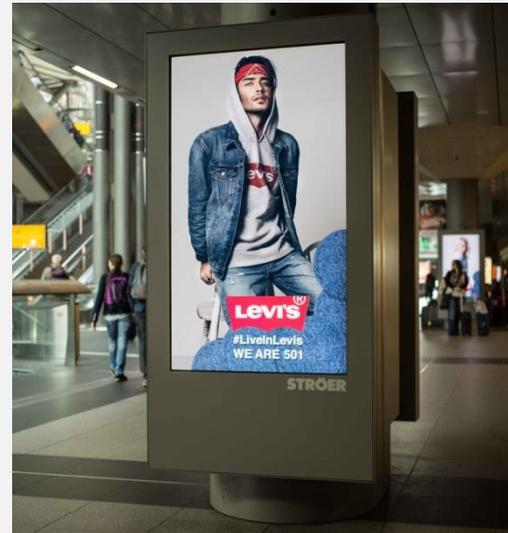
Client & Campaign Background

- Fashion brand with no own Snapchat channel (so far)
- Clear need for raising attention at young social media affine target group

Ströer Solution: Pushing brand image with help of Social Media Stars

- Existing social media co-operation with e.g. Toni Mahfud & Caro Daur
- Famous influencers with millions of fans spread the word by snap-chatting their day via 176 Public Video network screens in Berlin

Campaign Impressions



**Plug & Play
Products**

CONVENIENCE

New Revenue Streams: Plug & Play Product “Homepage Roadblock”

27m
UU/day

Client & Campaign Background

- Need for high reach campaign elements (comparable to Facebook and Google Display Network)
- Easy to book, out of one hand, high quality standards
- Ideal use cases and occasions: Season Kick off, image campaigns, short term offers

Ströer Solution: Ströer Homepage Roadblock

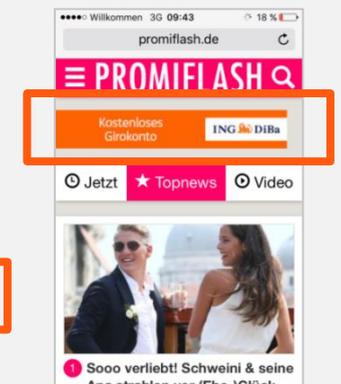
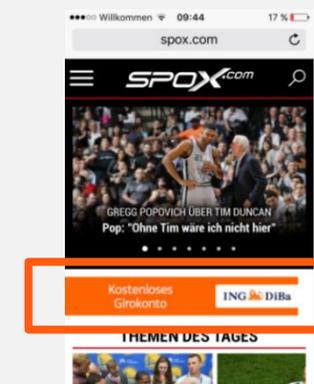
- Highest impact with daily fixed special ad placements
- Aggregating top websites from Ströer network

Exemplary Cases for RWE/Innogy & ING Bank

RWE/innogy: Display Roadblock



ING: Multiscreen Roadblock



New Revenue Streams: Dynamic local Mobile Marketing Kit out of one Hand



Client & Task Background

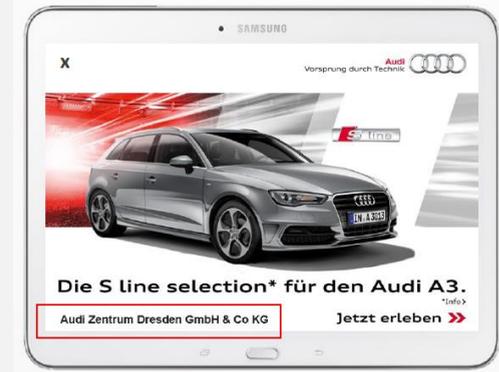
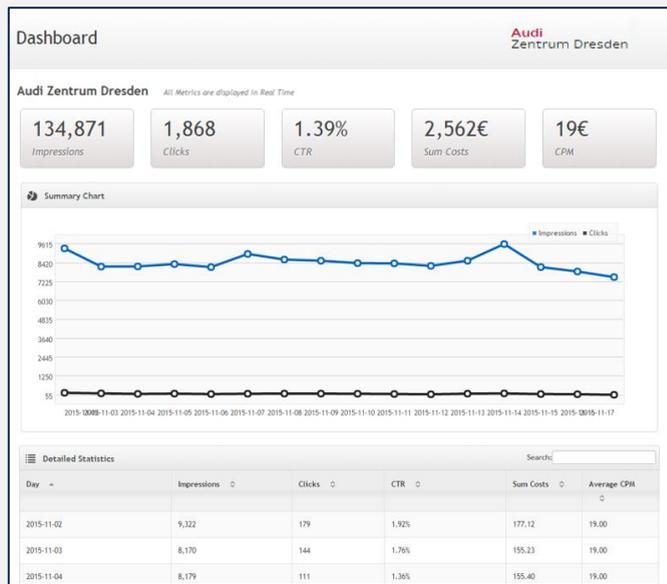
- >400 dealers in all parts of Germany
- Different budgets, creatives and landing pages

Ströer Solution: Micro Targeting and Campaigning

- Dealer individual geo- and sociodemographic targeting
- Dealer dashboard with individual reports and tracking of results
- Automated adaption of ads depending on special occasions

Results

Exemplary Dashboard with performance measurements individualised for each dealer



CTR improved
by more than
230%

**+23% on-Site
Actions**



**Structured
Local Cross-
Media Sales**



Cross-Media-Teams on Top of OoH & Digital Sales Teams: Growing Number of Success Cases

Case “Stadt-Theater Wolfsburg”

- Local campaign bundle with columns, city light posters and targeted online display advertising
- Test-campaign in September and extended follow-up booking November/December

Structured Sales-Rollout for Product Bundles per Industry

- Wolfsburg case now allows rollout across all regions for theatres and shows
- Currently 350 active OoH clients in that sector
- Total market potential: over 1,200 theatres in Germany with over 125,000 shows per year



BALLONS
für alle
LEBENSLAGEN
www.balloni.de

KÖLN EHRENFELD **BALLONI®**

STROER

The billboard features a woman in a patterned dress and purple tights floating upside down, held aloft by a large cluster of colorful balloons. The background is a light, textured wall with a window on the left. The text is in yellow and white on a dark background.

**New Digital
SMB
Products**



Roadside Screens with promising SMB Approach: Sales KPIs and Rollout Plan beyond Expectations

Test City 1: Wuppertal

6 screens, start of
sales-rollout:
November 2015

current fill-rate (w42) for
“Branchenfenster”:
87%

Test City 2: Cologne

27 screens, start of
sales-rollout:
April 2016

current fill-rate (w42) for
“Branchenfenster”:
63%

Client Case 1: Metzgerei Kremer

- Typical SMB local retail client
- Switching small advertising budget from yellow pages to roadside screens



Client Case 2: Stonegate

- Typical local craftsman
- Growing importance of online; excellent results of roadside screens & search



Welldent Zahnzentrum Köln



am Zülpicher Platz



Fast-Growing Client Base



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Profit and Loss Statement 1-9 2016

EURm	1-9 2016	1-9 2015	▲ %	Analysis
Revenues (reported) ⁽¹⁾	765.7	553.2	+38%	 Expansion driven by 7.4% organic growth and M&A
Adjustments (IFRS 11)	9.8	10.3	-4%	
Revenues (Management View)	775.5	563.5	+38%	
Operational EBITDA	177.5	121.8	+46%	 On track to deliver > 280 EURm for the FY 2016
Exceptionals	-16.3	-12.2	-33%	 Higher Exceptionals from M&A and Integrations
IFRS 11 adjustment	-3.1	-3.1	-2%	
EBITDA	158.1	106.4	+49%	
Depreciation & Amortization	-103.4	-74.6	-39%	 Increase in D&A base on larger consolidation scope
EBIT	54.8	31.8	+72%	
Financial result	-7.5	-7.5	-1%	 Further optimization of financing structure
Tax result	-6.5	0.5	n.d.	
Net Income	40.8	24.8	+64%	
Adjustment ⁽²⁾	48.1	28.2	+71%	
Net income (adjusted)	88.9	53.0	+68%	 On track to deliver > 150 EURm for the FY 2016

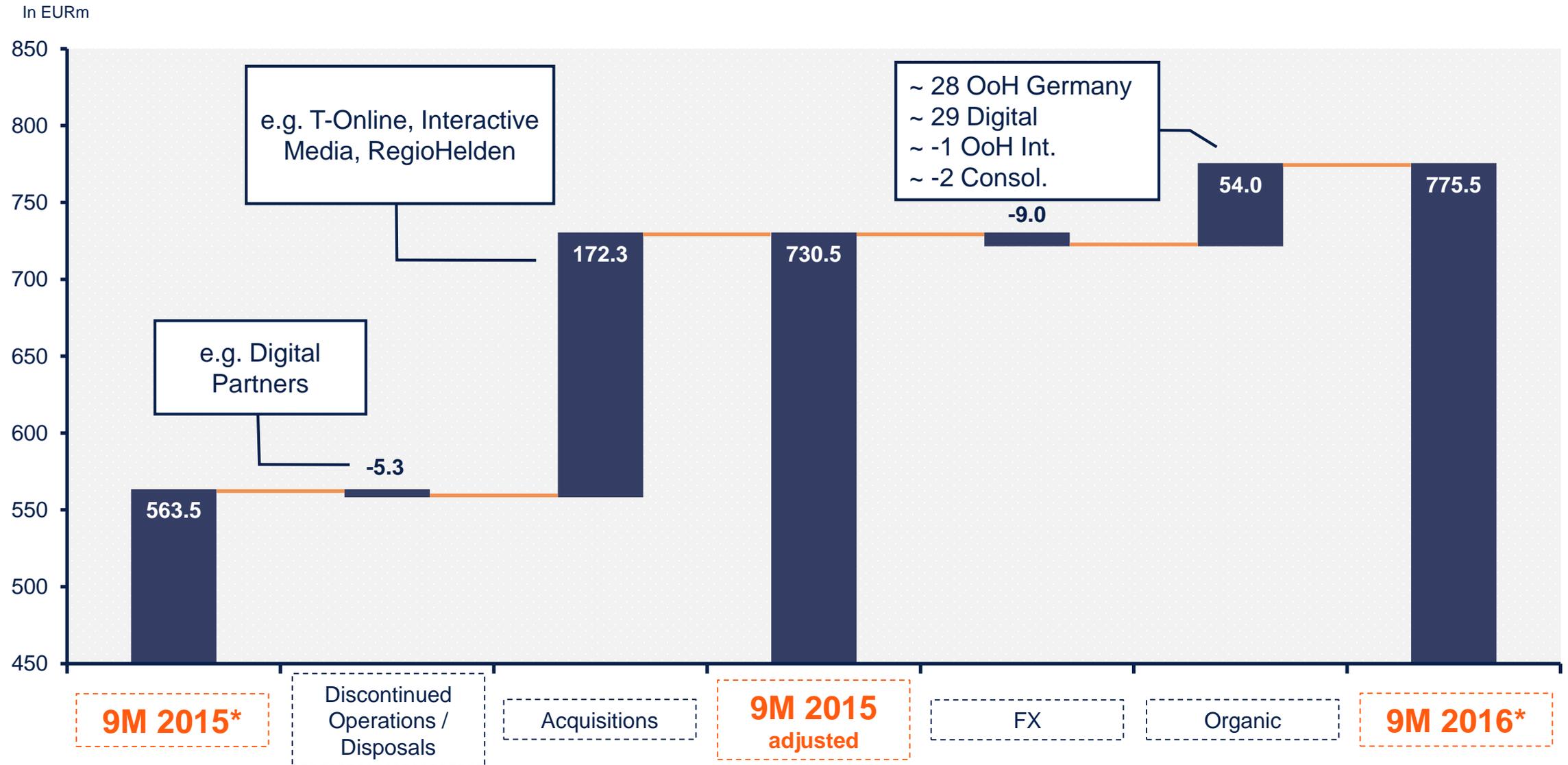
(1) According to IFRS

(2) Adjustment for exceptional items (+17.3 EURm) including adjustments of the financial result, amortization of acquired advertising concessions & impairment losses on intangible assets (+ 39.9 EURm), Tax Adjustment (-8.8 EURm)

Overview on Growth Rates 1-9 2016

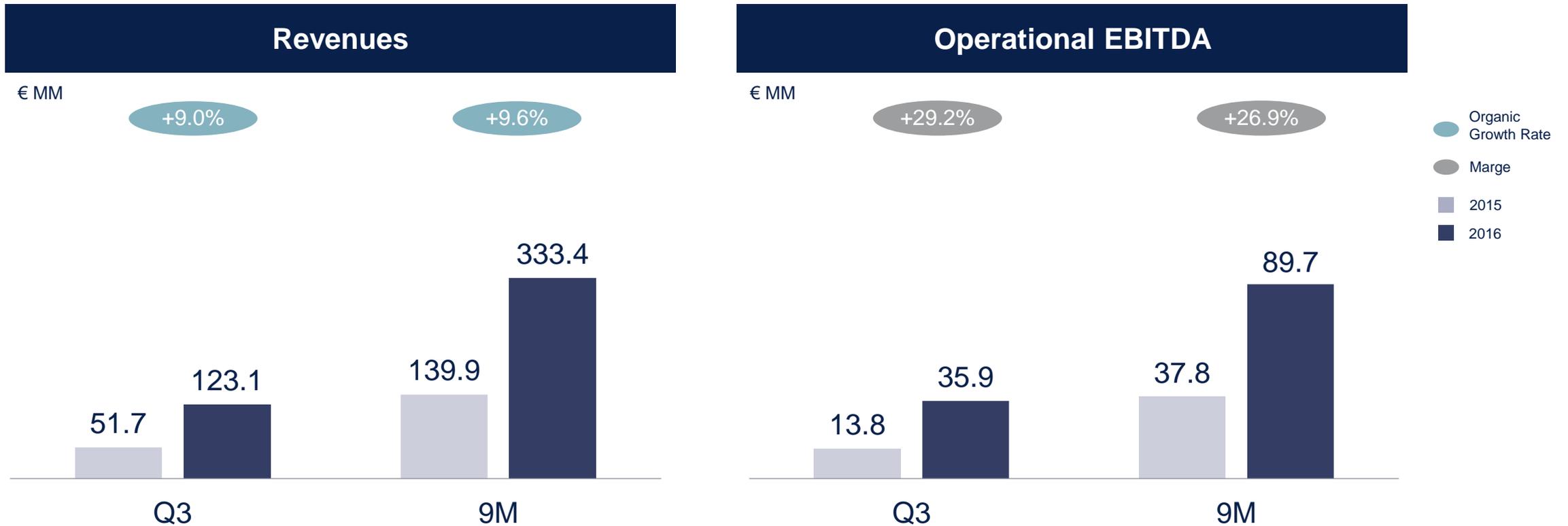
	Group	Digital	OoH Germany	OoH International
YTD Reported Growth	38.4%	>100%	8.6%	-7.1%
YTD Organic Growth →including organic growth of 12M M&A	7.4%	9.6%	8.6%	-1.4%
YTD Organic Growth → w/o revenues of 12M M&A	6.9%	9.8%	8.6%	-1.3%

Organic Growth of 7.4 % in 1-9 2016



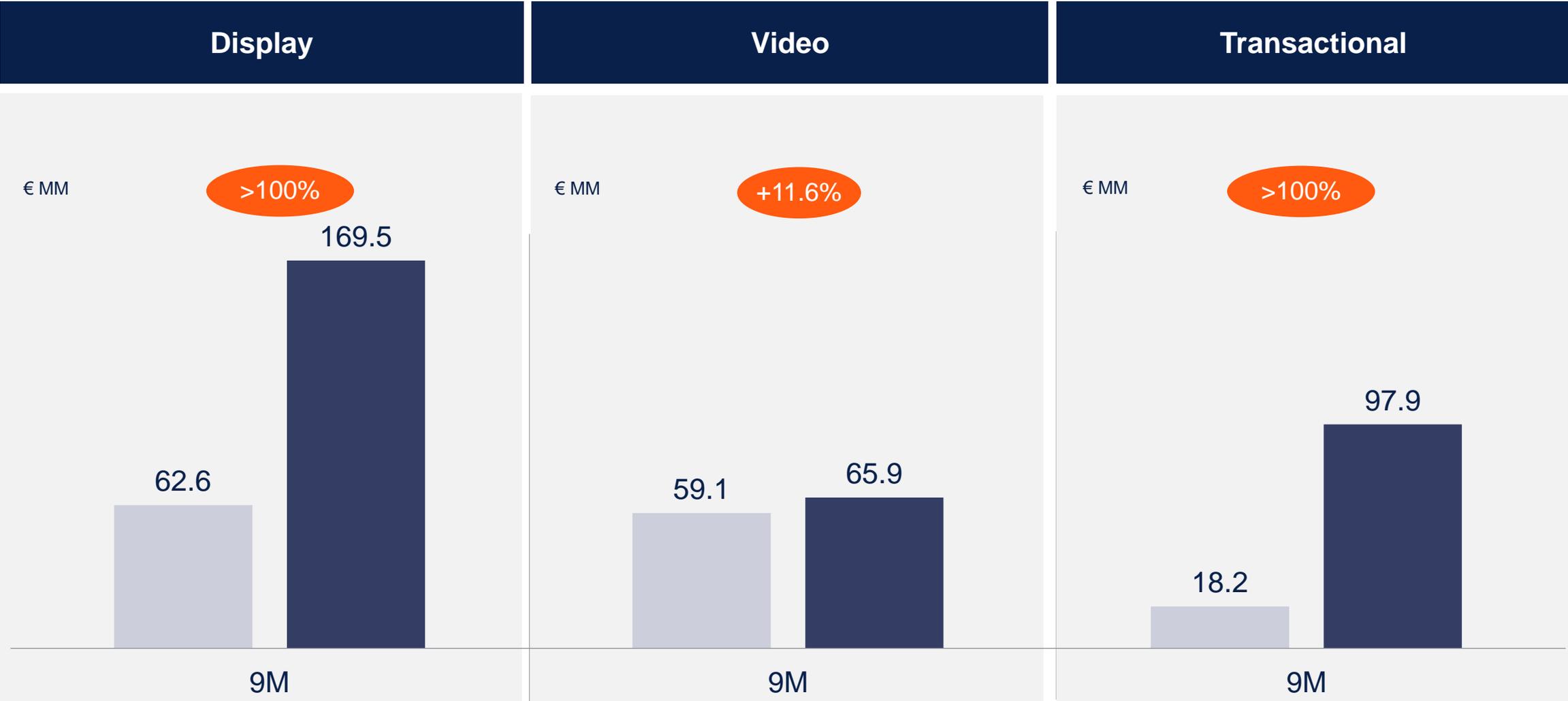
*Revenues correspond to management accounting pre IFRS11

Digital: Strong Profitable Growth



- Strong digital growth, both organically – video, transactional – and as well major scope effects
- Op. EBITDA in line with revenues; investments in growth business models like Statista or Regiohelden / Omnea
- Ongoing integration efforts and enforced restructuring activities

Digital Segment Revenues: Product Group Development 1-9 2016



■ 2015 ■ 2016 ● Growth rate

Product Segment Transactional in more Detail (FY 2016e)

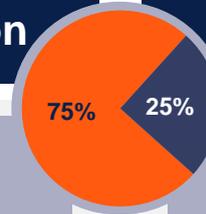
Transactional

> 150 EURm 2016e

- Digital local services
- Integrated shopping offerings
- E-Commerce for especially Health & Beauty products
- Integrated search models
- Subscription based business models

Performance Ad & Subscription

- Lead generation
- Affiliate Marketing
- Performance Marketing (CPX)
- Local Digital Services
- Subscription

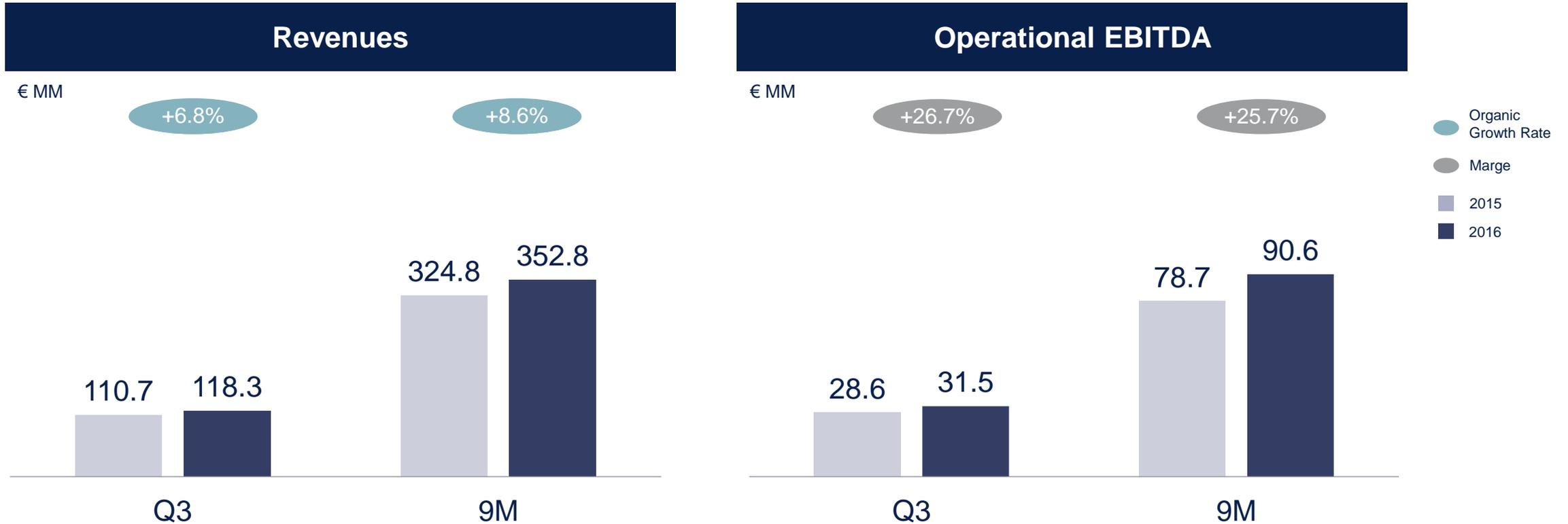


Digital Commerce

- Trade with products in specific verticals (such as Asam Beauty, Bodychange and T-Online Shop)

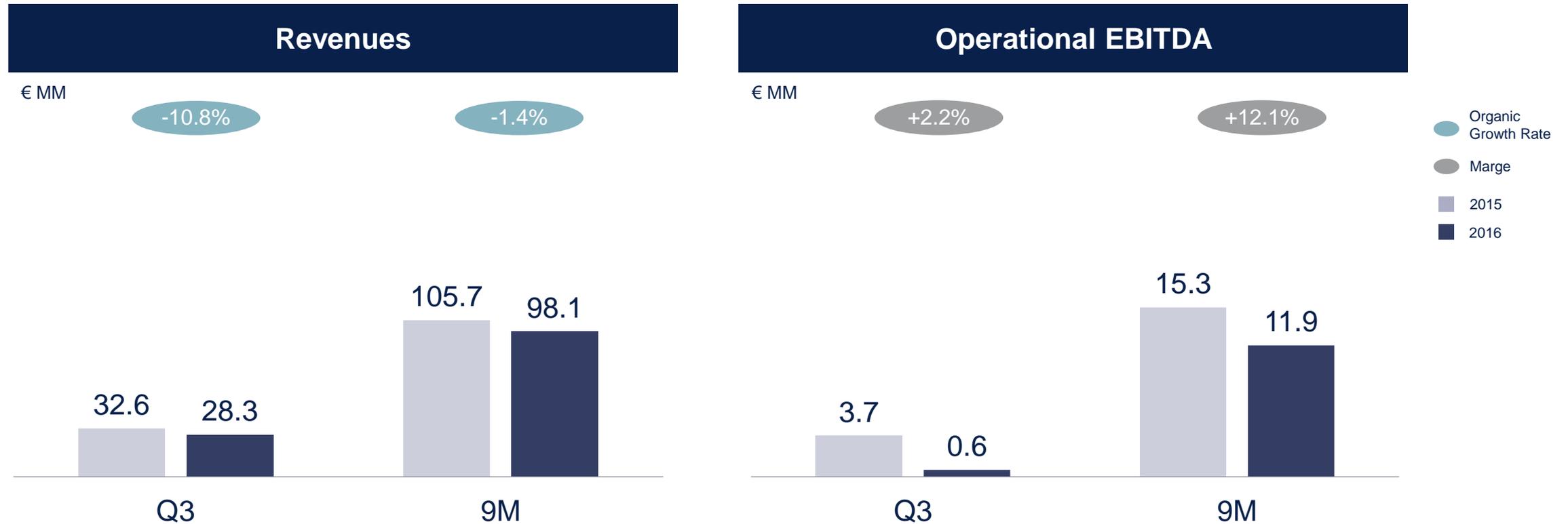


OoH Germany: Strong Overachievement



- Continued market outperformance based on sustainingly strong national and regional sales performance
- Operational EBITDA margin improvement supported by cost containment
- Continued investments in further expansion of local sales force

OoH International: One Time Dip in Q3, but back on Track in Q4 ...



- Q3 suffering from strong dip in Turkish economy and ad market after coup attempt in July
- Negative fx effects (TRY, PLN) and soft OoH market dynamics in Poland
- Active cost management not sufficient to compensate revenue development

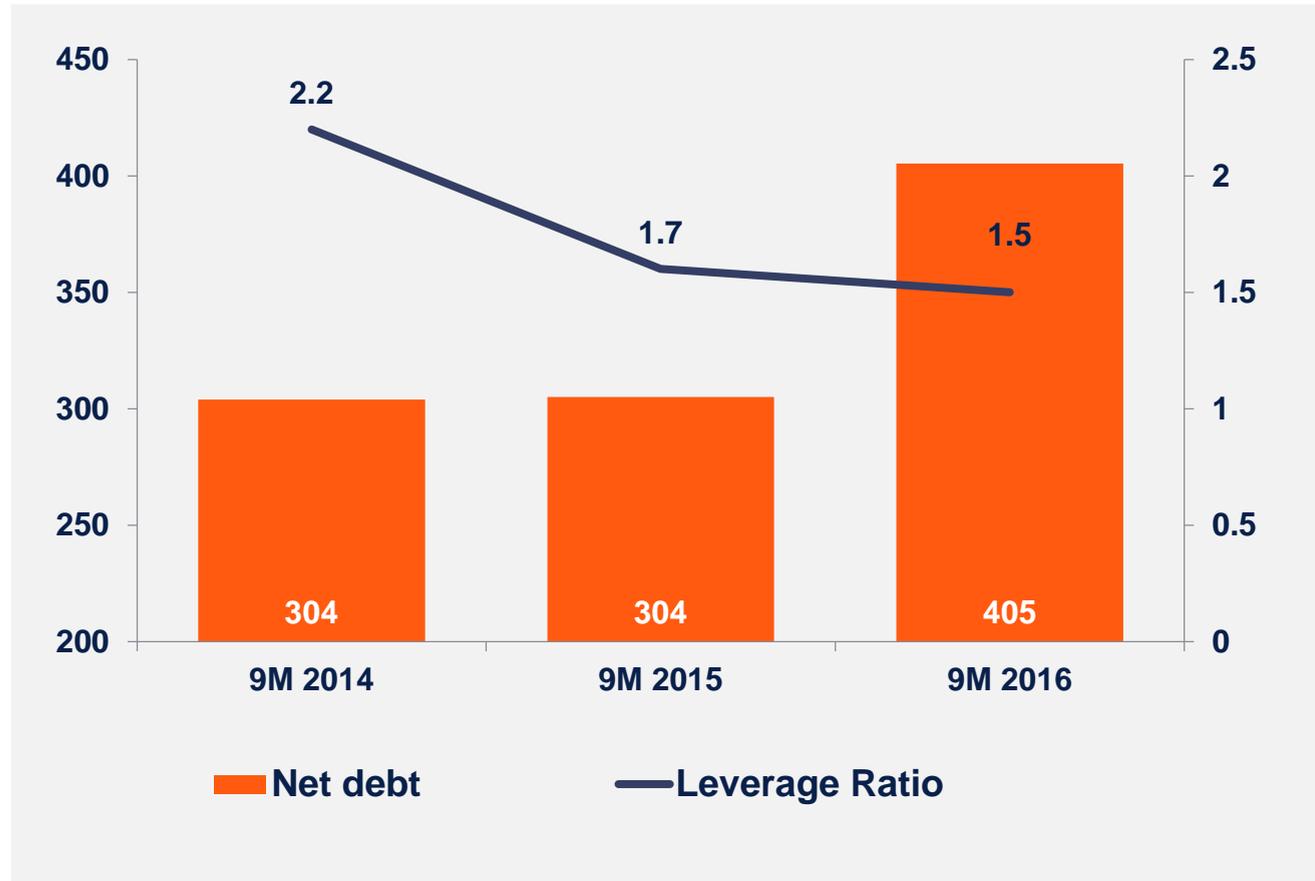
Free Cash Flow Perspective 1-9 2016

Free Cash Flow	9M 2016 EURm	9M 2015 EURm
Op. EBITDA	177.5	121.8
- Interest (paid)	-4.9	-7.5
- Tax (paid)	-8.2	-5.5
-/+ WC	-7.9	-2.3
- Others	-32.4	-19.7
Operating Cash Flow	124.1	86.8
Investments (before M&A)	-71.7	-49.5
Free Cash Flow (before M&A)	52.4	37.3

Analysis
<ul style="list-style-type: none"> Strong operational cash generation in line with increased operational performance Further reduced interest payments after successful refinancing in 2014 and 2015 Higher exceptionals due to M&A, restructuring and Integration efforts High investment level due to further digitalization in OoH, IT-infrastructure and various other projects

Financial Status and Outlook

Development Leverage Ratio



Financial Status & Outlook

- Leverage Ratio could be reduced vs PY from 1.7 to 1.5 in the last 12M due to strong Free Cash Flow of 131 mEUR
- Free Cashflow before M&A of more than 135 mEUR in 2016 expected

Long Term Financial Outlook

- Maintaining a solid financial profile with a target leverage ratio of 2.0 – 2.5 is a key element of our growth strategy
- Dividend pay-out ratio: 25 – 50%

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Summary: Excellent 9M 2016

Total revenue growth by 38% to 765.7 EURm



Operational EBITDA expanded by 46% to 177.5 EURm



Net Income (adjusted) increased by 68% to 88.9 EURm



Operating Cash Flow expanded by 43% to 124.1 EURm



Leverage Ratio at 1.5 times operational EBITDA



Guidance Statement 2016 & 2017 : Confirmed

- For 2016 we expect total revenue of 1.15 EURbn and an Operational EBITDA of more than 280 EURm
- For 2017 we expect revenue between 1.2 and 1.3 EURbn and an Operational EBITDA of more than 320 EURm