

STRÖER

Ströer SE & Co. KGaA Company Presentation

ODDO BHF FORUM, Lyon

January 11&12, 2018



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AGENDA



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Key Financials

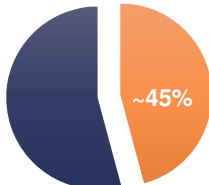
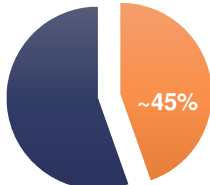
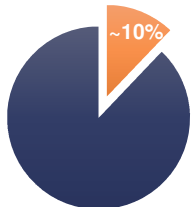
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Ströer at a Glance – Segment Reporting 2016

	Ströer Group	Digital	OoH Germany	OoH International	
in EURm					Recon.*
Revenue	1,123	515	501	136	-28
Operational EBITDA	285	148	137	21	-21
Op. EBITDA Margin	25%	29%	27%	16%	
Organic Growth	7.2%	9.0%	8.0%	1.0%	

* includes Holding, Consolidation and IFRS11 adjustments

Ströer at a Glance – Segment „Digital“



Display (Desktop & Mobile)

~45% of revenue *

- Monetisation of digital traffic (both mobile and desktop) via display advertising
- Strong German No.1 position with exclusive 3rd party inventory as well as own assets (~ 35-40%)
- To agencies, direct clients, SMBs



Video (Multiscreen)

~20% of revenue *

- Monetisation of video views across home/desktop, mobile and public screens
- Dedicated video specialists for own assets as well as sales house and product/tech development
- To agencies, direct clients, SMBs



Transactional

~35% of revenue *

- Monetisation of traffic of own assets via affiliate and performance marketing offers
- Dedicated subscription models & SMBs marketing services
- Own e-commerce models and integrated shopping concepts

* Based on FY2016

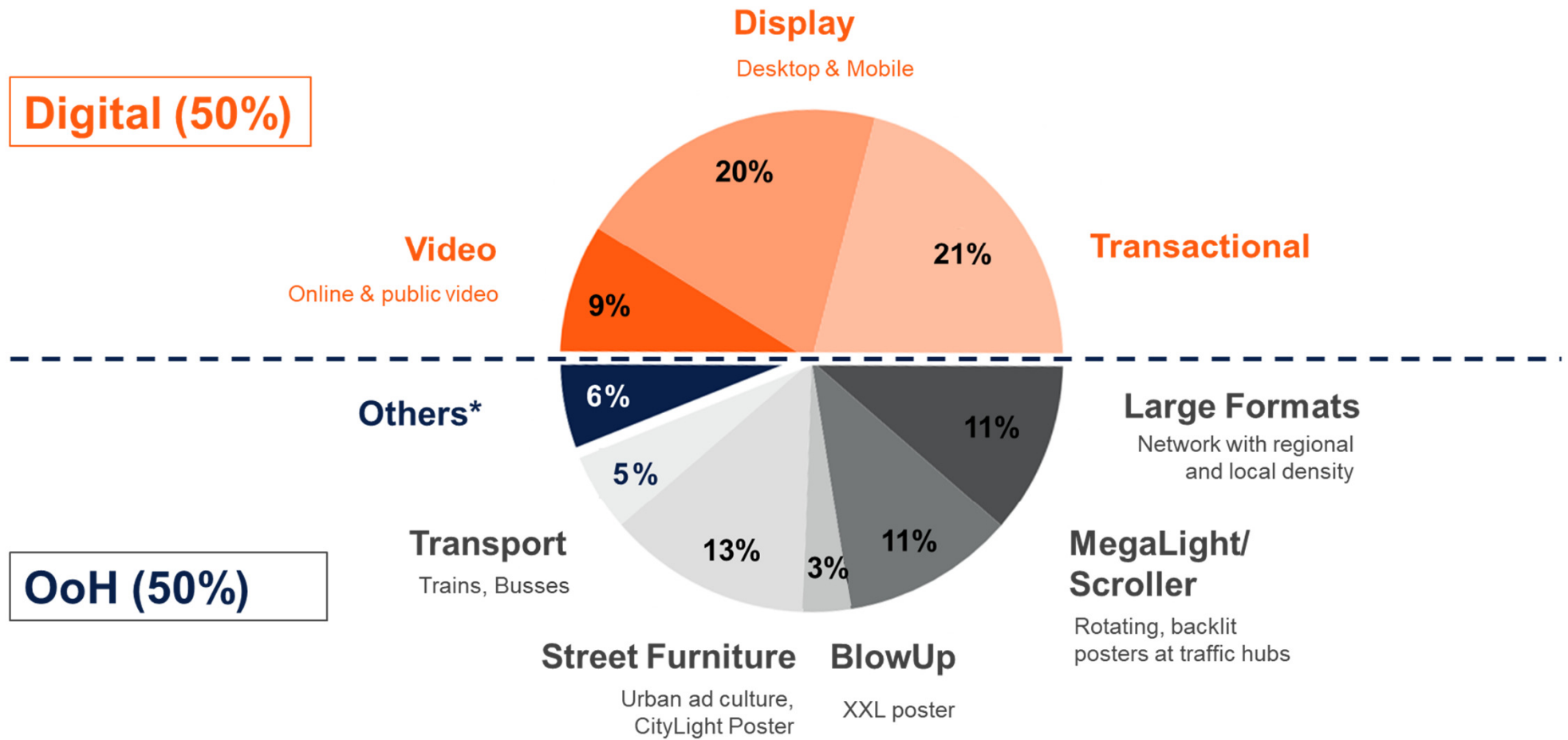
Ströer at a Glance – Segment „Out of Home Germany“

Out of Home: Location based Reach



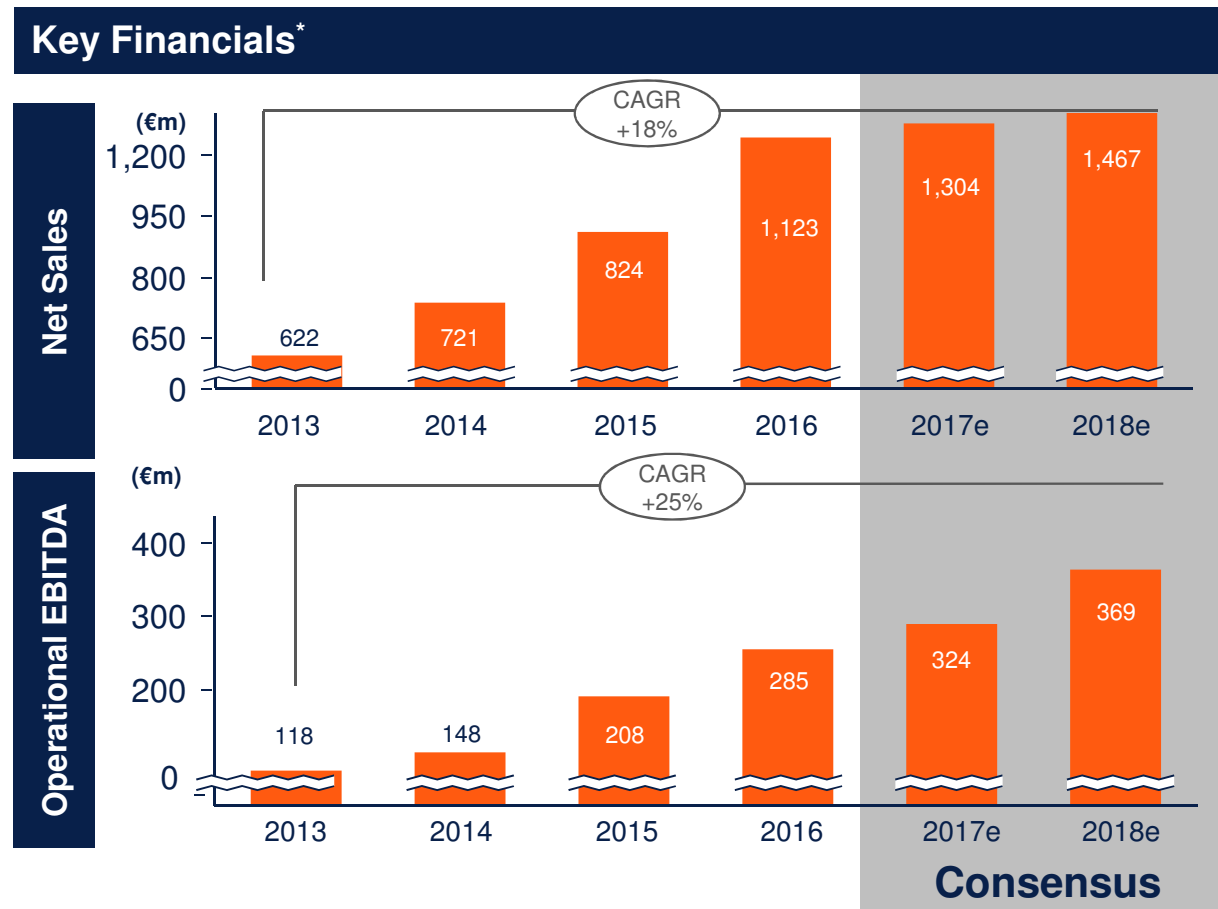
- #1 OoH in Germany (52% market share)
- Europe's largest ad market
- Over 25,000 individual long-term contracts on private & public ground as well as long-term partnerships with Deutsche Bahn (Stations) and ECE (malls)
- Unique monetisation model via national, regional, local as well as programmatic sales units allow outperforming any competition
- Merging both data management platforms and adtech solutions from digital with (increasingly digital) Out-of-Home

Well diversified Product Portfolio 2017 – Focus on Premium Products



*Directional Media, Production, etc.
 Source: Ströer Controlling based on H1/2017 revenues

Strong Growth Path Top and Bottom Line



* Financials for 2013-2016 actuals; 2017-2018 consensus

Comments

Ströer Group on a sustaining growth path:

- Revenue increase of 18% on average from 2013 to 2018
- Organic and acquired growth stemming from digital segment as well as robust development in German OOH business

Optimistic outlook for 2018

- Significant revenue increase driven by digital diversification and dynamic sales activities in regional/local OoH business
- Stable operational EBITDA margin due to investments in growth projects

Clear Strategic Focus: Investing in Our Core Capabilities

Do's

- 1 Accelerate digitization of location based reach inventory
- 2 Leverage growing local sales force
- 3 Strengthen dialog & performance marketing
- 4 Integrated & dovetailed product portfolio, no stand alone solutions

Don'ts

- 1 OoH international in competitive market
- 2 e-Commerce beyond our core business
- 3 Unsustainable arbitrage & pure intermediate models
- 4 Stand-alone or pure international adtech investments

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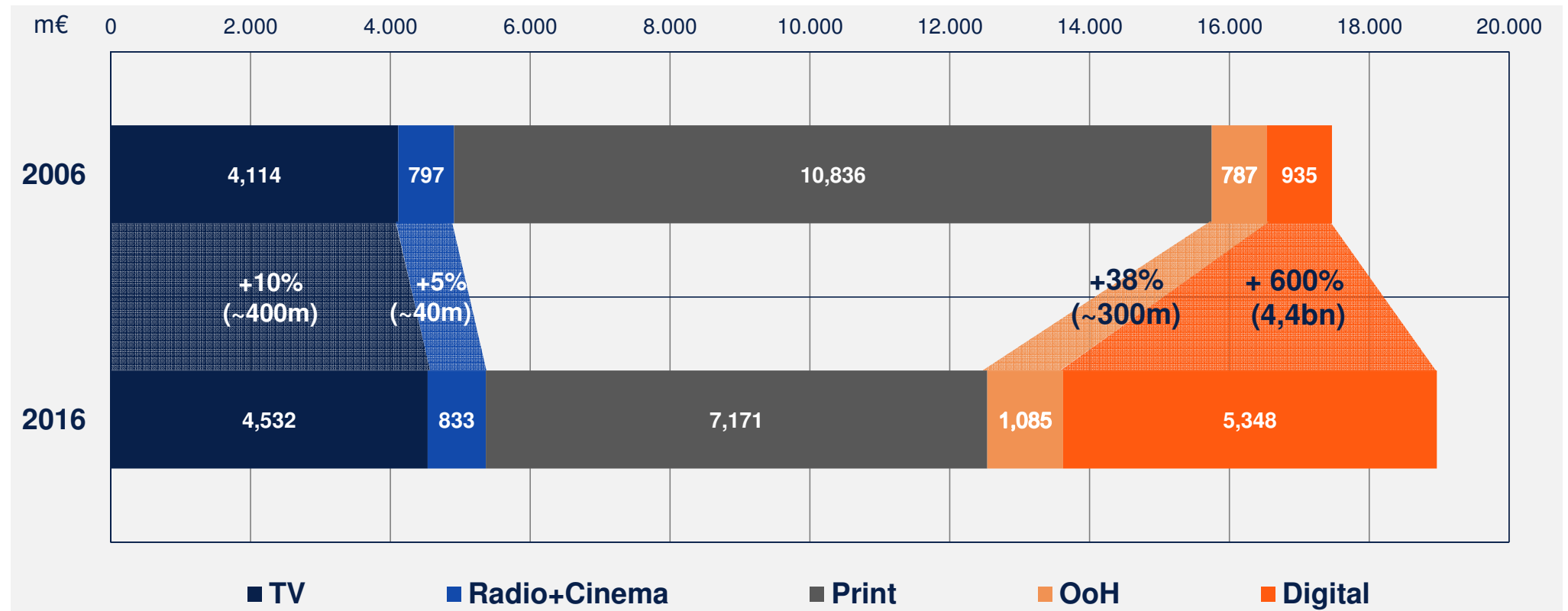
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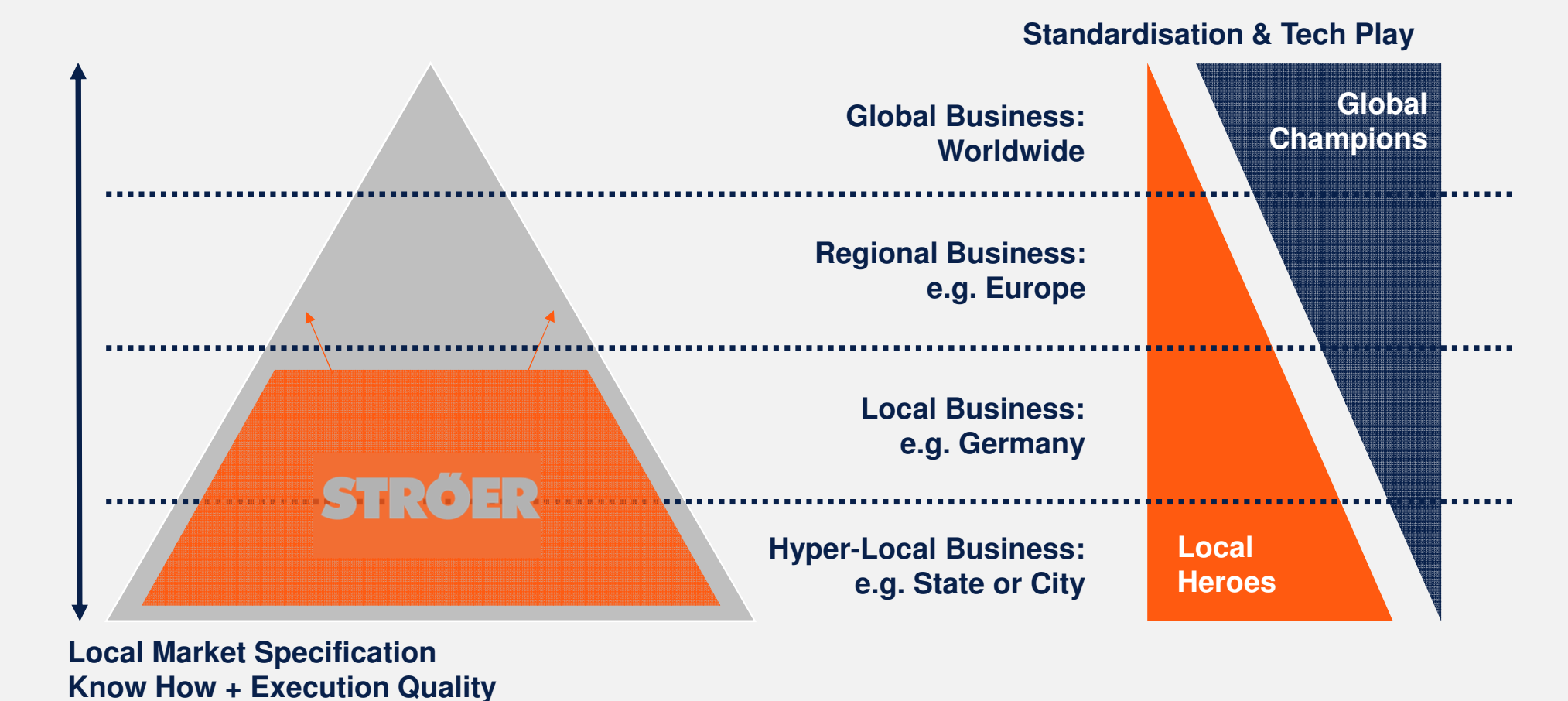
Tectonic Changes within the German Advertising Landscape

Net Revenues per ATL Medium in m€ - Basis: ZAW Annual Report (incl. projections for 2016)



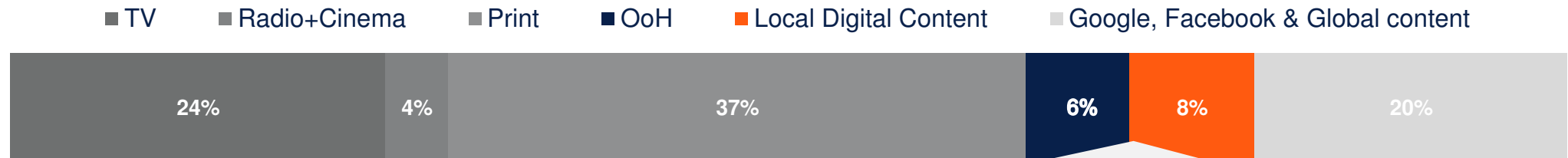
Sources: ZAW, BVDW/OVK, Statista/ZenithOptimedia, Schickler, PWC

Digitisation & Globalisation re-structuring the complete Media Market



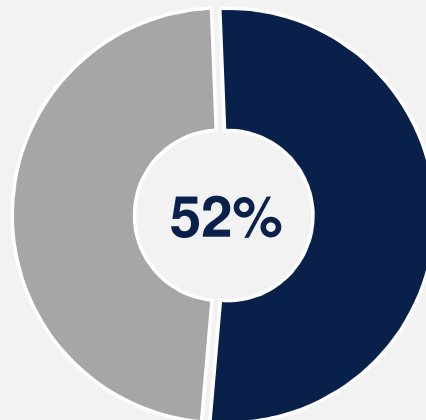
Successful Execution of our Strategy in Above the Line Media

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

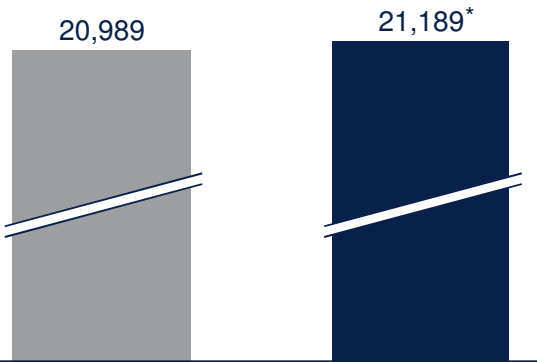
*Status Q2/2017

Ströer Outperforming OoH & Total Ad Market

Advertising market



EURbn



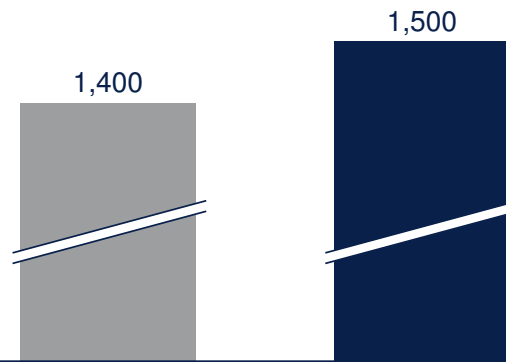
2016 Jan - Sep

2017 Jan - Sep

OoH market**



EURbn



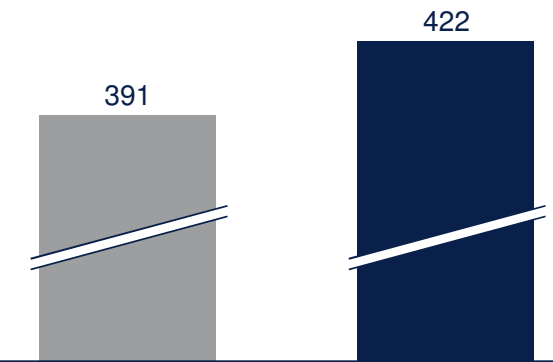
2016 Jan - Sep

2017 Jan - Sep

Ströer location based reach (OoH)



EURm



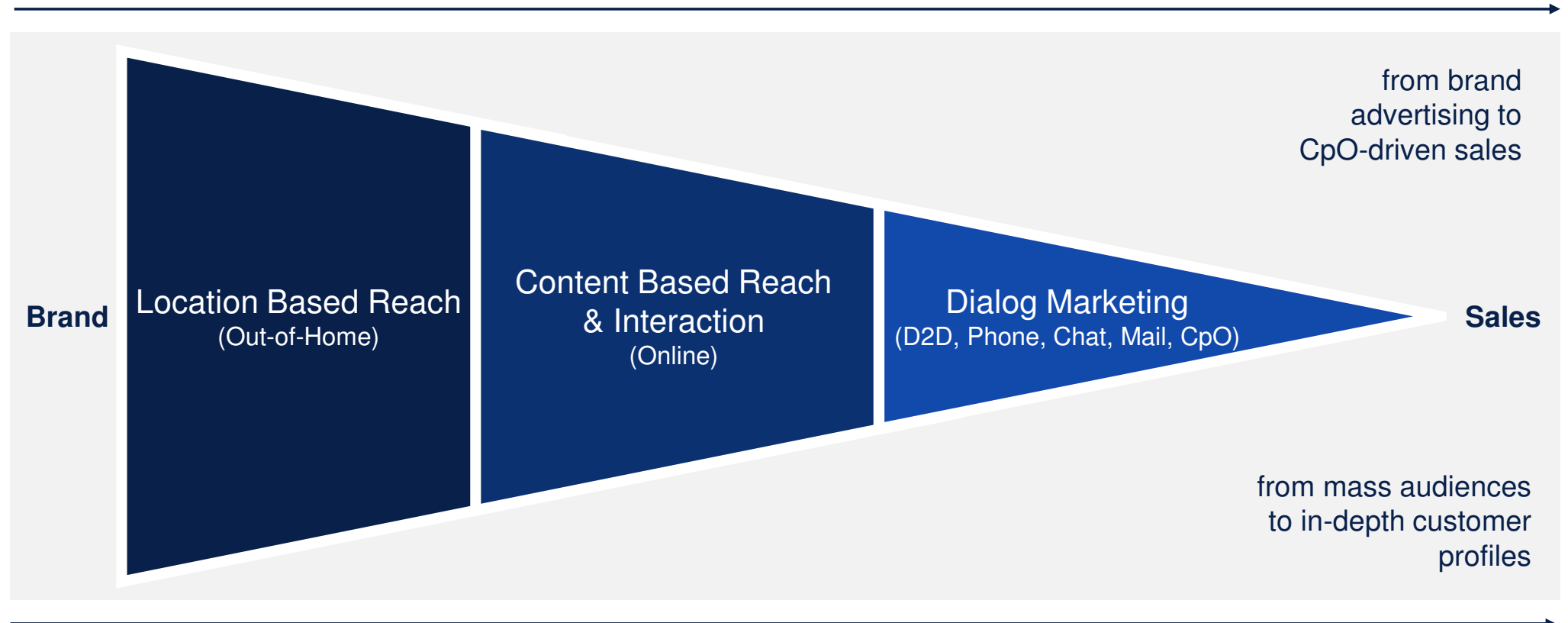
2016 Jan - Sep

2017 Jan - Sep

Source: Nielsen Media Research, *Forecast 2017; **OoH market: Billboard, At-Retail-Media, Transport Media and Ambient Media, PV

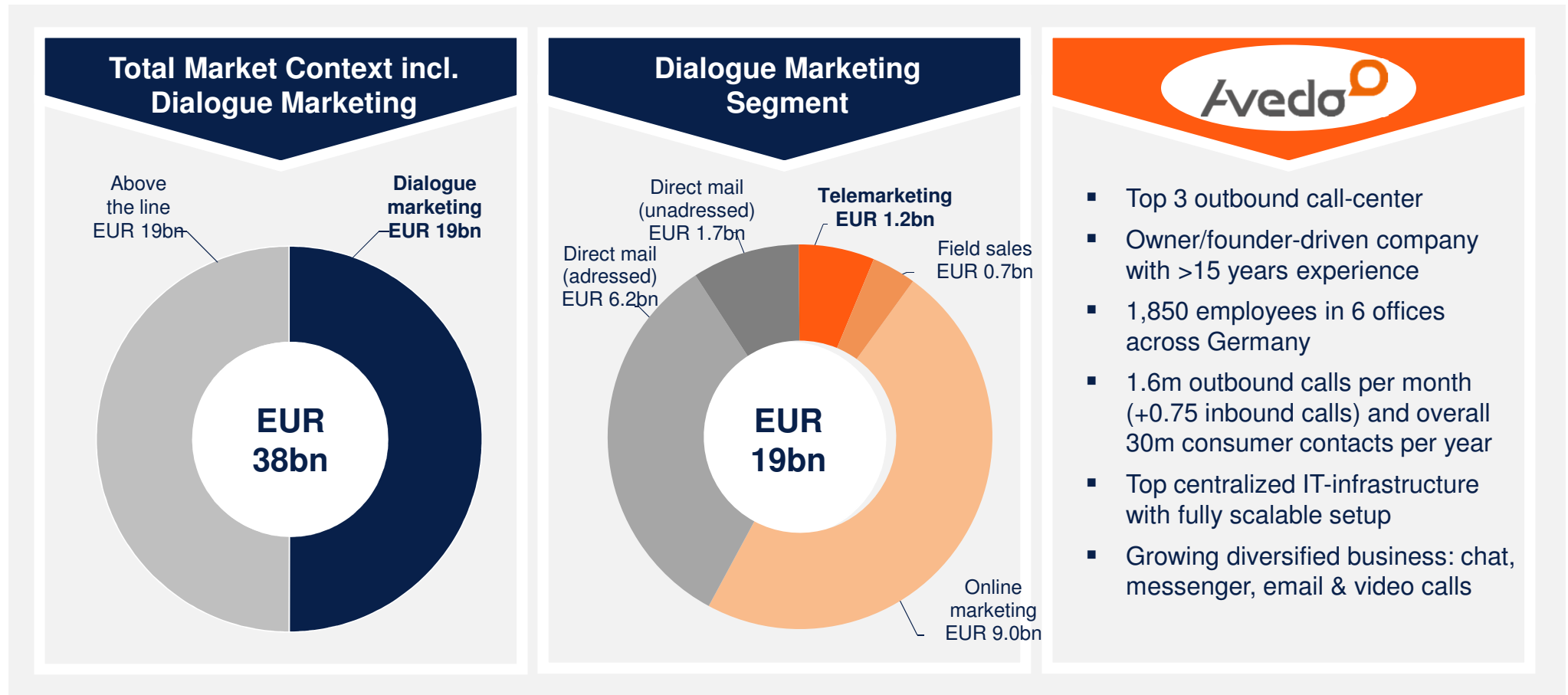
Complementing Integrated Brand-Performance-Sales Funnel

Sales conversion



Data aggregation

Acquisition of Avedo Opens Up new Strategic Business Segment



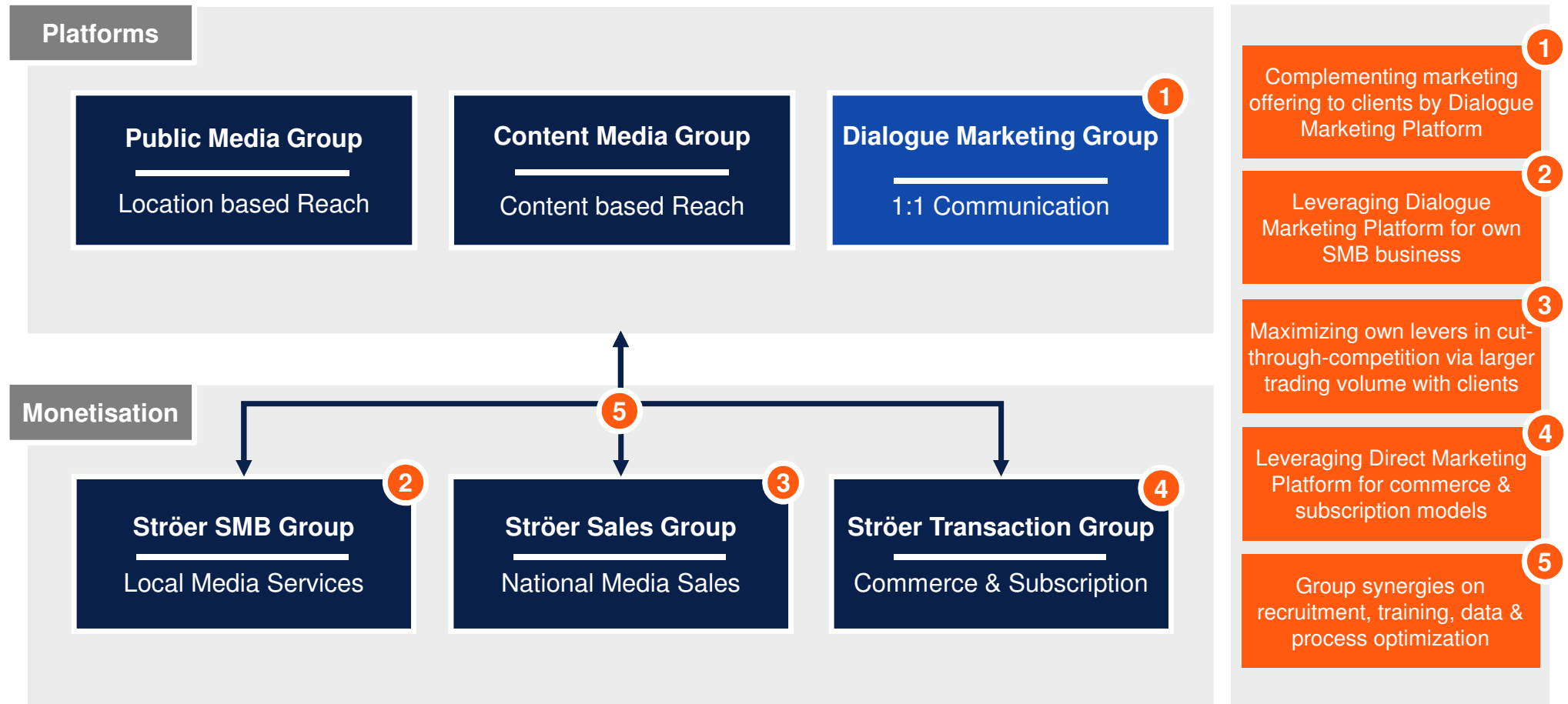
Sources: Total Market - ZAW, PWC, Statista; Dialogue Marketing – Deutsche Post Dialogmonitor, Genesys, Statista.

Robust & Sustainable Growth Drivers in all Key Segments

Location Based Reach (Out-of-Home)	Content Based Reach & Interaction (Online)	Dialog Marketing (D2D, Phone, Chat, Mail, CpO)
Key logics:		
<ol style="list-style-type: none"> 1. Slightly growing and robust portfolio market share with growing audience through urbanization and mobility 2. 53%* of revenues coming from local and regional business (vs. 47% national ad market) 3. Digitization is driving both inventory value, monetization potential and yield optimization 	<ol style="list-style-type: none"> 1. Meanwhile dominant market leader amongst German players and consolidation opportunities beyond 30%** market share 2. 49%*** of revenues coming from direct client relationships and direct programmatic sources 3. Strong & highly profitable own assets in combination with 344**** of the top 700 German websites 	<ol style="list-style-type: none"> 1. Growing clients' demand to manage & drive direct consumer contacts when GAFA is more and more controlling access channels 2. Market fragmentation and lack of professionalization & scale is offering strategic opportunities 3. Massive digitisation opportunities in combination with group synergies & 360° sales channels

* 9M/2017; ** Source OVK: 9M/2017; *** 9M/2017; **** Source AGOF: 9M/2017

Strong Synergy Potential with Ströer Multi-Channel Ecosystem



Ströer – Competitive Position of the three Platforms

Multichannel media sales house

Location based Reach

OoH Germany

- #1 OoH in Germany
- 52% market share
- 230,000 ad faces
- Europe's largest ad market

OoH International

- #1 OoH in Turkey
- #1 OoH in Poland
- #1 European giant poster network

Content based Reach

Digital – Display (mobile/desktop)

- #1 Online Saleshouse
- #1 Online Portal with T-Online

Digital – Video

- ~ 4,000 Video Screens
- ~ 40m Unique Users Reach pm

Digital – Transaction

- Subscription models (Statista,...)

Dialogue Marketing (since 2017)

Avedo Acquisition

- #3 outbound call center
- 1.6m outbound calls monthly
- 0.75m inbound calls monthly

Ranger Acquisition

- One of Europe's leading personalized customer services
- >1m direct customer contacts per month
- >12,000 phone contacts per day

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Results 9M 2017

EURm		9M 2017	9M 2016	▲
Revenues	Reported ⁽¹⁾	909.5	765.7	+19%
	Organic ⁽²⁾	8.5%	7.4%	+1.1%pts
Operational EBITDA		208.9	177.8	+18%
Operational EBITDA margin		22.7%	22.9%	-0.2%pts
EBIT (adjusted) ⁽³⁾		133.0	113.0	+18%
Net income (adjusted) ⁽⁴⁾		107.1	89.3	+20%
Operating cash flow		127.5	124.1	+3%
Capex ⁽⁵⁾		87.1	71.7	+22%
		30 Sep 2017	30 Sep 2016	
Net Debt ⁽⁶⁾ / Leverage Ratio		541.2 / 1.72	405.6 / 1.53	

(1) According to IFRS 11

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

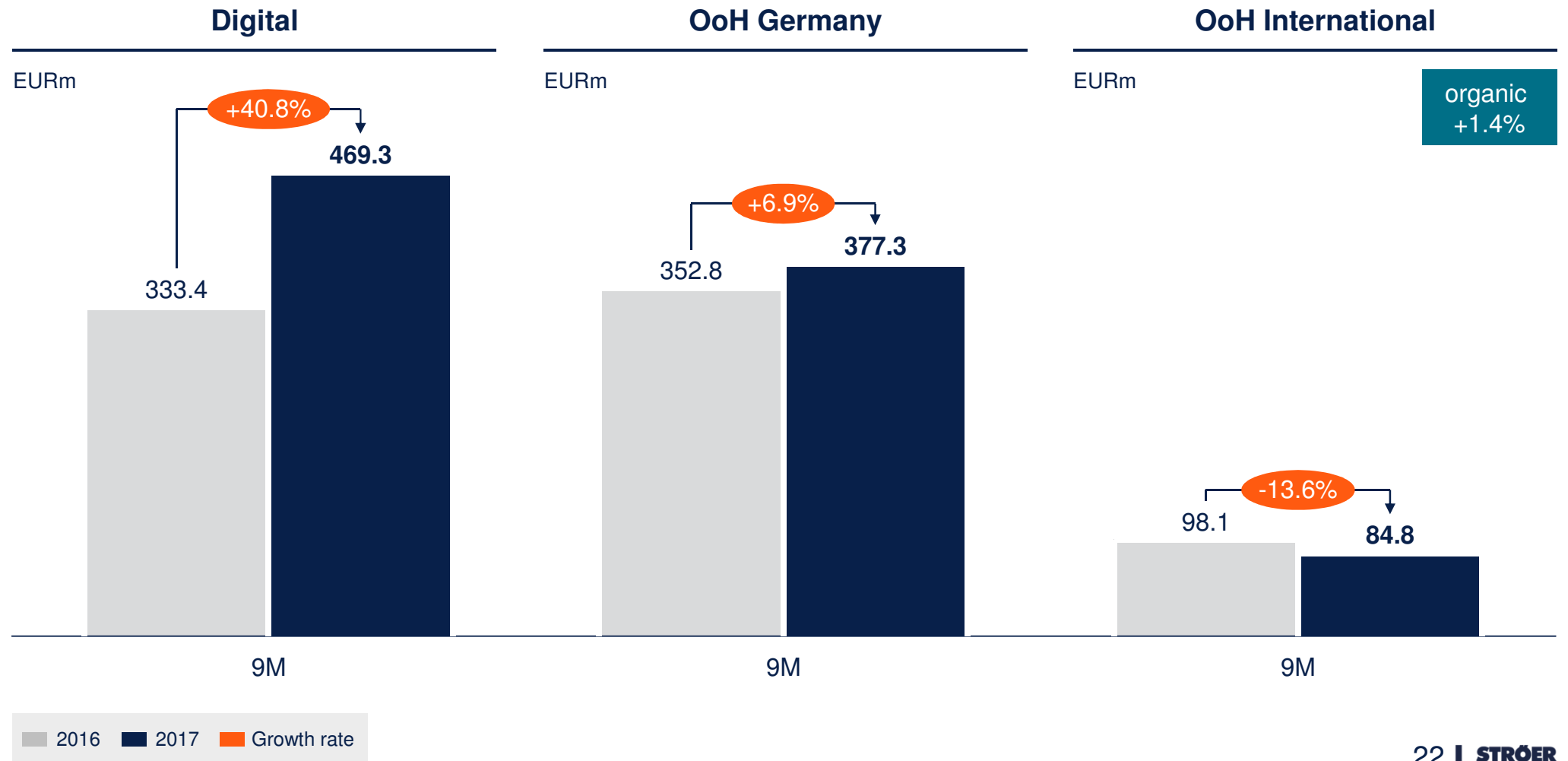
(3) EBIT adjusted for exceptional items, amortization of acquired advertising concessions and impairment losses on intangible assets (Joint ventures are consolidated proportional)

(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

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

9M 2017: Segment Perspective – Ongoing Growth in Core Segments



Our Targets for 2017: Unchanged KPIs & Sustainable Performance

Our KPIs and Guidance Statements

1	Total Revenues	~ 1.3 bn€
2	Organic Growth	mid to high single digit
3	EBITDA	320 to 330 m€
4	Free Cash Flow	~ 145 m€
5	Net Income Adj.	> 175 m€

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Ströer Group's Key Performance Indicators – Guidance 2018*

Key KPIs	Guidance 2017	Guidance 2018
1 Total Revenues	~ 1.3 bn€	~ 1.5 bn€
2 Organic Growth	mid to high single digit	mid to high single digit
3 EBITDA	320 - 330 m€	~ 370 m€

* Before application of IFRS 11 and IFRS 16

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Profit and Loss Statement Q3 2017

EURm	Q3 2017	Q3 2016	▲ %	Analysis
Revenues (reported)⁽¹⁾	312.1	263.3	+19%	↑ Expansion driven by 10.1% organic growth and M&A
Adjustments (IFRS 11)	3.2	3.1	+3%	
Revenues (Management View)	315.4	266.4	+18%	
Operational EBITDA	73.0	62.4	+17%	↑ Op. EBITDA performance overall in line with growth
Exceptionals	-5.5	-5.4	-2%	→ On PY level; material M&A and integration expenses
IFRS 11 adjustment	-1.2	-1.0	-14%	
EBITDA	66.4	56.0	+18%	
Depreciation & Amortization	-41.0	-41.8	+2%	→ Stable D&A
EBIT	25.3	14.2	+79%	
Financial result	-2.5	-2.5	-3%	
Tax result	-3.6	-1.3	<-100%	
Net Income	19.2	10.4	+85%	
Adjustment ⁽²⁾	17.8	17.6	+1%	
Net income (adjusted)	37.0	28.0	+32%	↑ Strong growth – 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 (+ 14.3 EURm), Tax Adjustment (-2.7 EURm)

Profit and Loss Statement 9M 2017

EURm	9M 2017	9M 2016	▲ %	Analysis
Revenues (reported)⁽¹⁾	909.5	765.7	+19%	 Expansion driven by 8.5% organic growth and M&A
Adjustments (IFRS 11)	9.7	9.8	-1%	
Revenues (Management View)	919.3	775.5	+19%	
Operational EBITDA	208.9	177.8	+18%	 Op. EBITDA performance overall in line with growth
Exceptionals	-16.3	-16.3	0%	 On PY level; material M&A and integration expenses
IFRS 11 adjustment	-3.6	-3.1	-17%	
EBITDA	189.1	158.4	+19%	
Depreciation & Amortization	-121.7	-110.2	-10%	 Larger consolidation scope and PPA depreciations
EBIT	67.4	48.2	+40%	
Financial result	-6.1	-7.5	+19%	
Tax result	-8.5	-4.4	-94%	
Net Income	52.7	36.2	+45%	
Adjustment ⁽²⁾	54.4	53.1	+3%	
Net income (adjusted)	107.1	89.3	+20%	 Growing Net Income – adjusted and non-adjusted

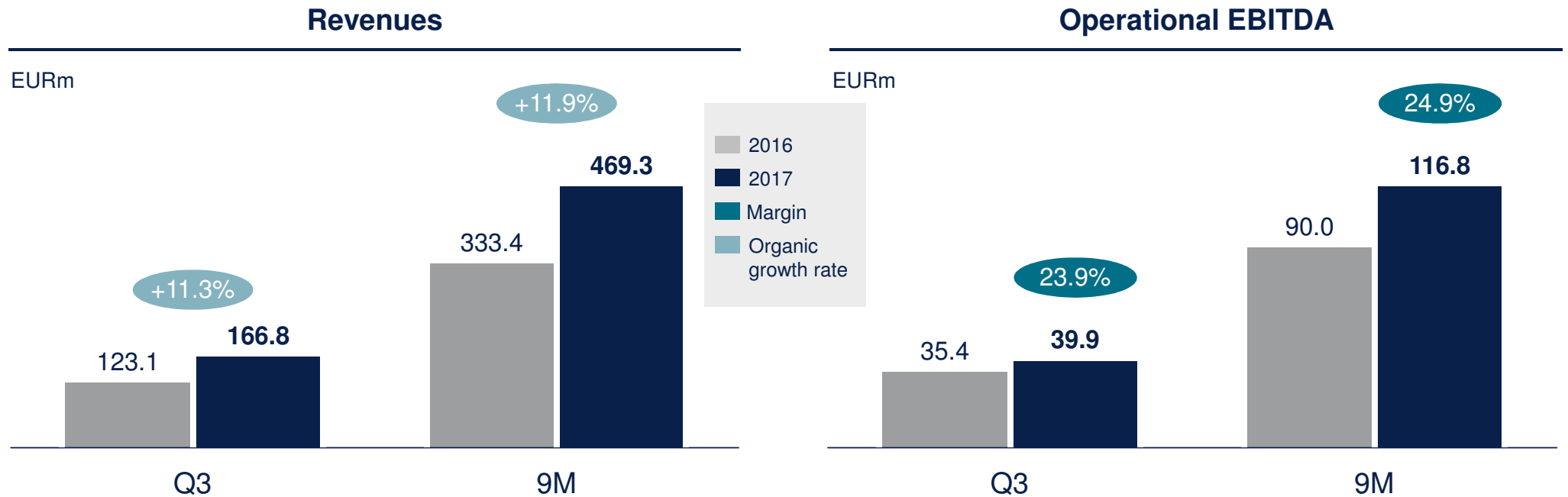
(1) According to IFRS

(2) Adjustment for exceptional items (+16.7 EURm) including adjustments of the financial result, amortization of acquired advertising concessions & impairment losses on intangible assets (+ 47.3 EURm), Tax Adjustment (-9.6 EURm)

Overview on Growth Rates 9M 2017

	Group	Digital	OoH Germany	OoH International
YTD Reported Growth	+18.5%	+40.8%	+6.9%	-13.6%
YTD Organic Growth → including organic growth of 12M M&A	+8.5%	+11.9%	+6.9%	+1.4%
YTD Organic Growth → w/o revenues of 12M M&A	+8.1%	+11.5%	+6.9%	+3.3%

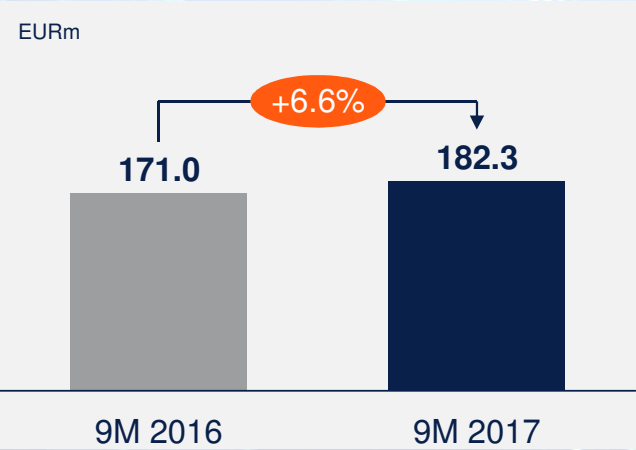
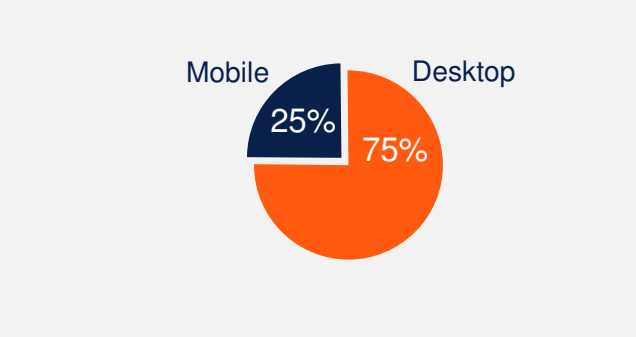
Digital: Continuously Strong Profitable Growth in 9M 2017



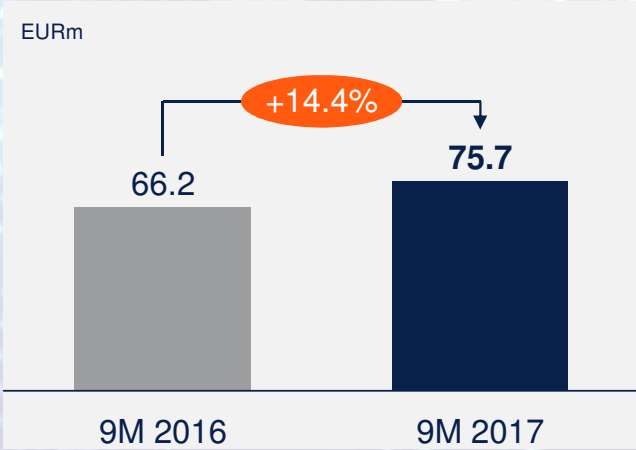
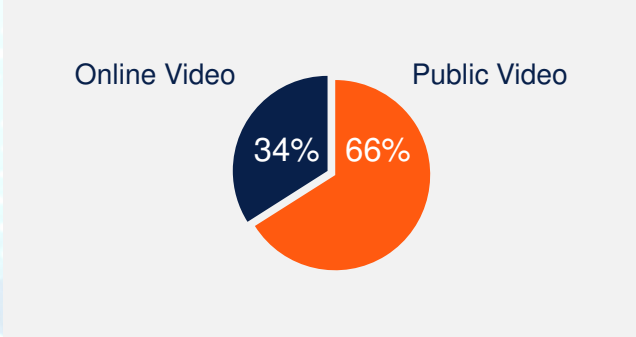
- Strong digital growth, both organically as well as scope effects
- Increase in revenues and EBITDA was strongly driven by our transactional services
- Ongoing integration efforts around the group (e.g. unifying digital sales houses and combining office space)

Digital Segment Revenues: Product Group Development 9M 2017

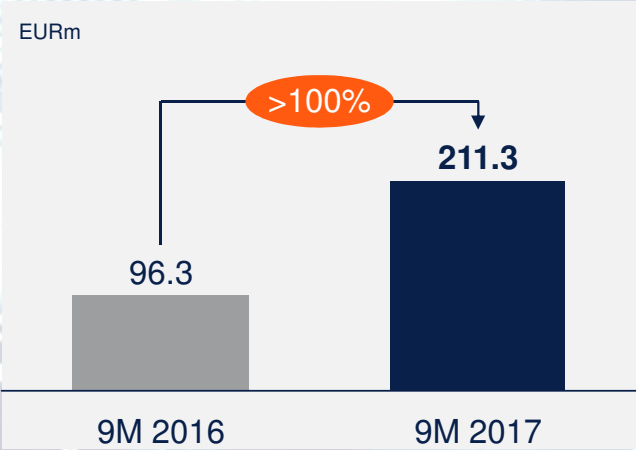
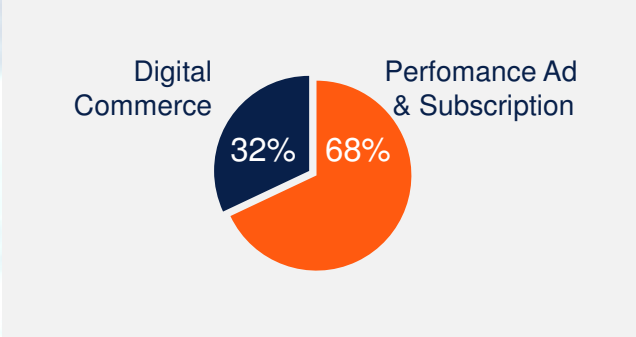
Display



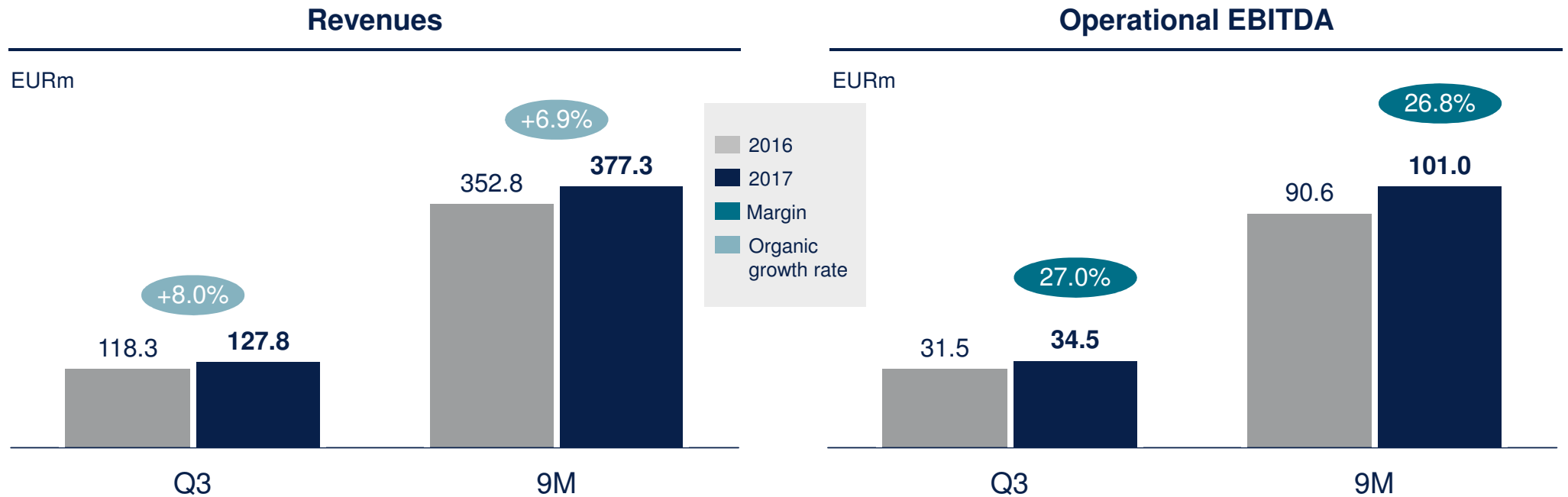
Video



Transactional

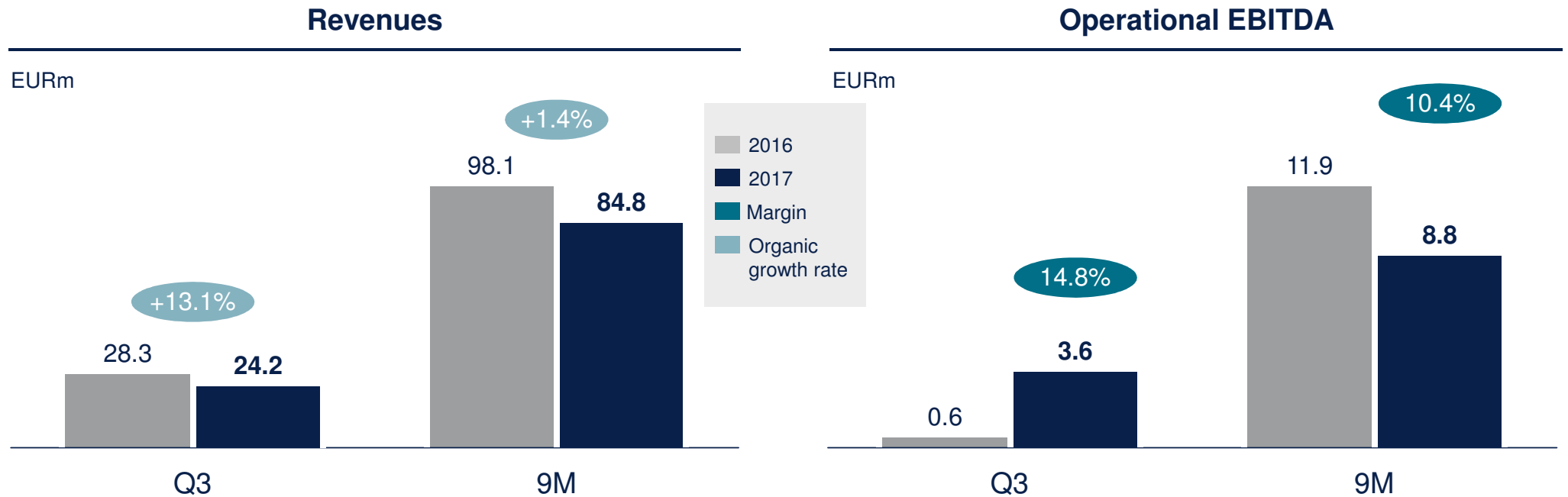


OoH Germany: Sustainable Growth Performance in 2017



- Another quarter with significant ad market outperformance with an organic growth of 8.0%
- Growth in revenues driven by robust demand by regional and local sales initiatives supported by national sales
- Slight Operational EBITDA margin improvement benefitting from high drop through rate

OoH International: Top Performance in Challenging Market Environment



- Strong Q3 with 3.6 m EBITDA contribution
- 9M still suffering from soft Turkish economy and ad market as well as negative fx effects; disposal of non-profitable Istanbul contract
- Ongoing growth of international blowUP business

Free Cash Flow Perspective Q3 2017

EURm	Q3 2017	Q3 2016
Op. EBITDA	73.0	62.4
- Interest (paid)	-0.9	-1.5
-/+ Tax (paid/received)	-5.8	-10.4
-/+ WC	-9.9	-0.3
- Others	-9.3	-9.4
Operating Cash Flow	47.1	40.7
Investments (before M&A)	-26.4	-29.0
Free Cash Flow (before M&A)	20.7	11.8

Analysis

- Low interest payments based on solid debt financing structure
- Phasing effects for taxes and working capital
- Lower, but sustainable high investments in digitalization, software and other intangibles
- On track to deliver free cash flow guidance of “around 145”

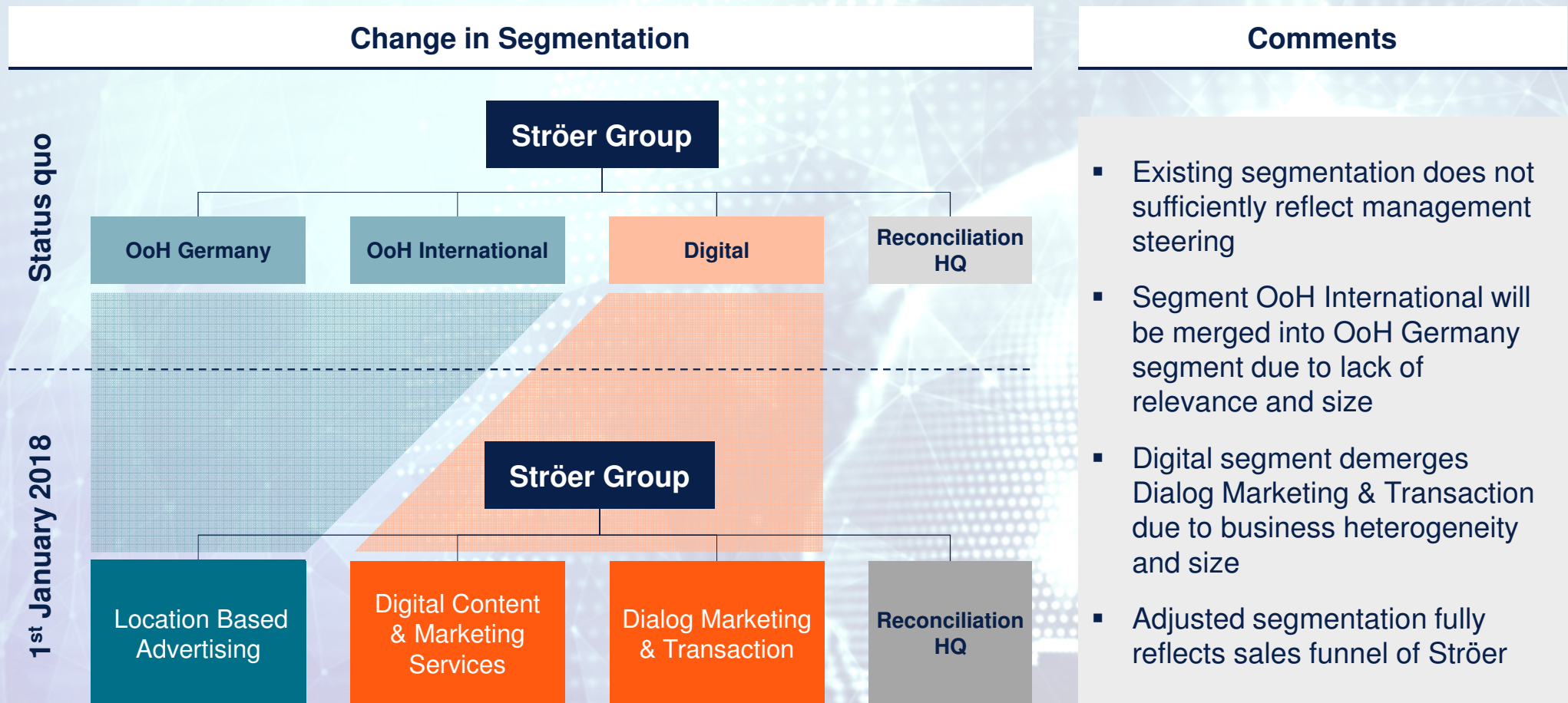
Successful 350 m€ Promissory Note Issuance in October

- Strong investor interest for Ströer Promissory Note ('Schuldschein')
- Significant oversubscription
- Increased deal volume to 350 m€ (after announced volume of 150 m€)

- ✓ Make use of excellent market conditions and log-in low rate environment
- ✓ Extent maturity profile by issuing tenors of up to 7 years
- ✓ Further diversify lender base via a broad variety of domestic and international investors participating
- ✓ Annual savings of around 1 m€
- ✓ Proceeds were used to repay the existing drawing of the syndicated loan facility

HSBC, Landesbank Baden-Württemberg and UniCredit acted as Joint Arranger on this transaction

1st January 2018: Adjusted Segmentation to Reflect New Reality



(Upcoming) Changes in Financial Reporting

1st January 2016

- Differentiated organic growth presentation
- 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

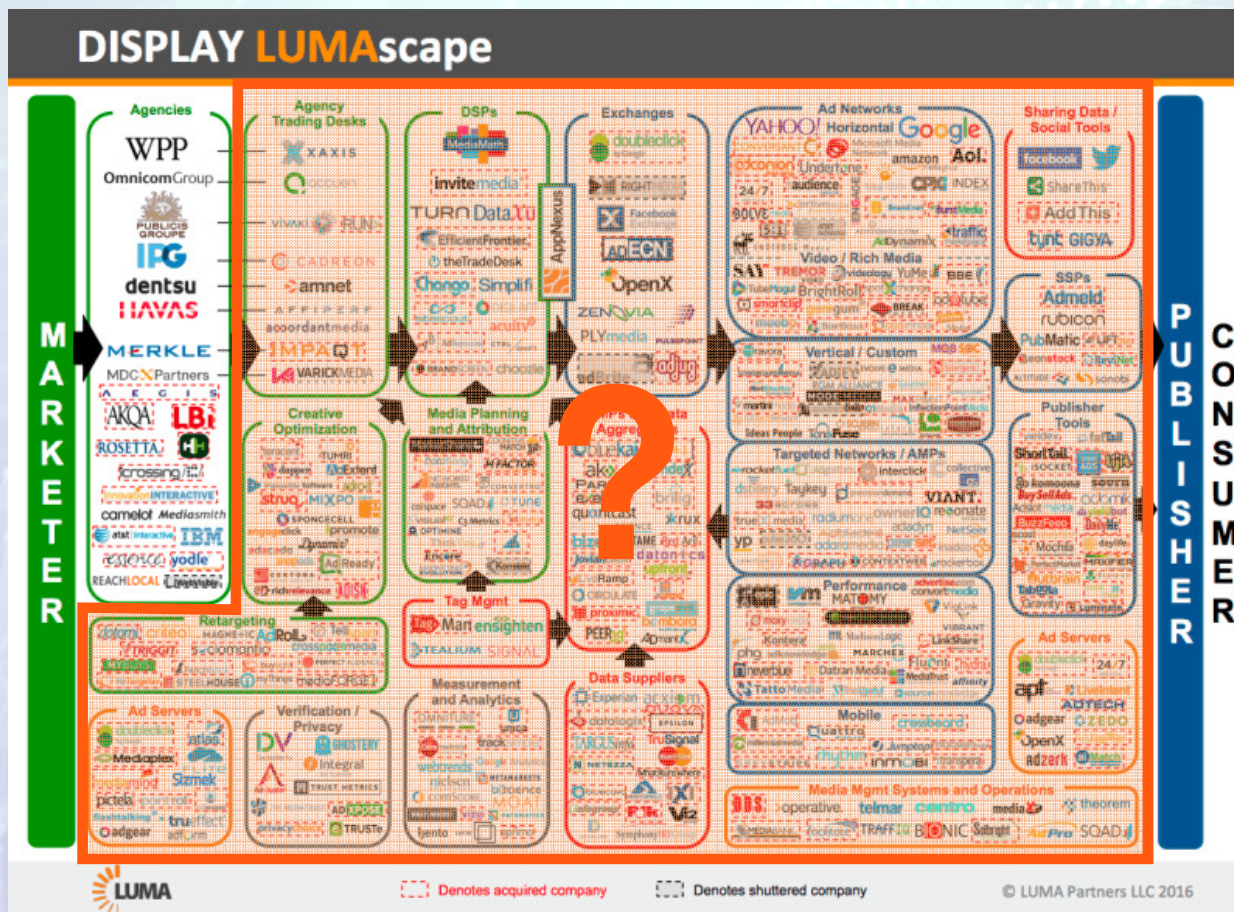
1st January 2018 (planned)

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

Ströer To Apply IFRS 16 From 2018 Onwards

IFRS 16 framework	Comments
<ul style="list-style-type: none">▪ Replaces the previous standard IAS 17 – Leases▪ Can come effective earliest 1st January 2018	<ul style="list-style-type: none">▪ Ströer among the first companies applying IFRS 16 – early adopter▪ Effects higher than originally anticipated (since also public contracts are affected as well as new contracts)▪ Ströer using chance of IFRS 16 application to eliminate previous IFRS 11 adjustments as well
<p>Application at Ströer</p> <ul style="list-style-type: none">▪ Advertising contracts with private and public lessors need to be classified as „leases“ in the future▪ Capitalisation of the „right of use“ by recognizing present value of the future lease payments as intangible assets▪ Recognition of the obligation to make future lease payments as financial liabilities	

ePrivacy: The Market is Developing the Way We Expected It



- Even if ePrivacy rules and execution are unclear: best prepared to win market share when pure intermediate business gets under growing pressure
- Strong direct client access via industry key accounts will ensure best access to potentially changing budget allocation
- Investment in own/integrated tech and proprietary 1st party data (including co-operations) ensures maximum independence from 3rd party tracking
- Focus on owned and operated inventory (ca. 35-40%) in combination with exclusive 1st party premium inventory where Ströer acts as outsourced marketing sales department

Financial Calendar 2018

Q1

Q2

Q3

Q4

- 22.02.2018
Preliminary yearly figures 2017
- 27.03.2018
Annual results 2017
- 27.04.2018 Capital Market Day
- 15.05.2018
Publication quarterly statement
(call-date Q1)
- 09.08.2018
Publication quarterly statement
(call-date Q2)
- 13.11.2018
Publication quarterly statement
(call-date Q3)

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