

**STRÖER**

# Warburg Highlights

June 22, 2018 | Ströer SE & Co. KGaA



# INDEX



**01**

Strategic Update

**02**

Business Segments

**03**

Q1 Results

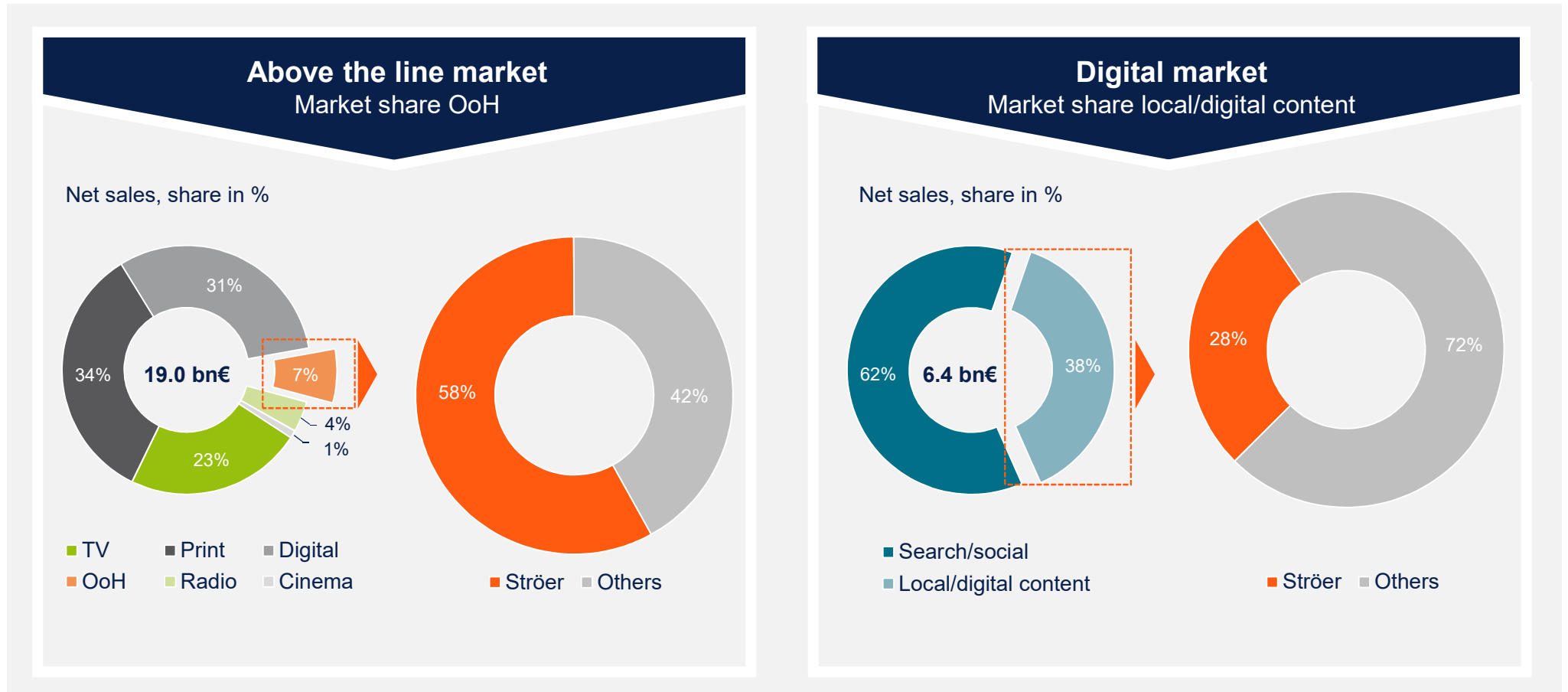
**04**

Outlook



**“The most customer-centric,  
multi-channel media company  
in/from Germany.”**

# Out-of-Home & Content Media: A strong Base Platform



# Consumer Access for Advertisers has changed dramatically

## Traditional value-chain business model

Linear and one way

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# Consumer Access for Advertisers has changed dramatically

## Traditional value-chain business model

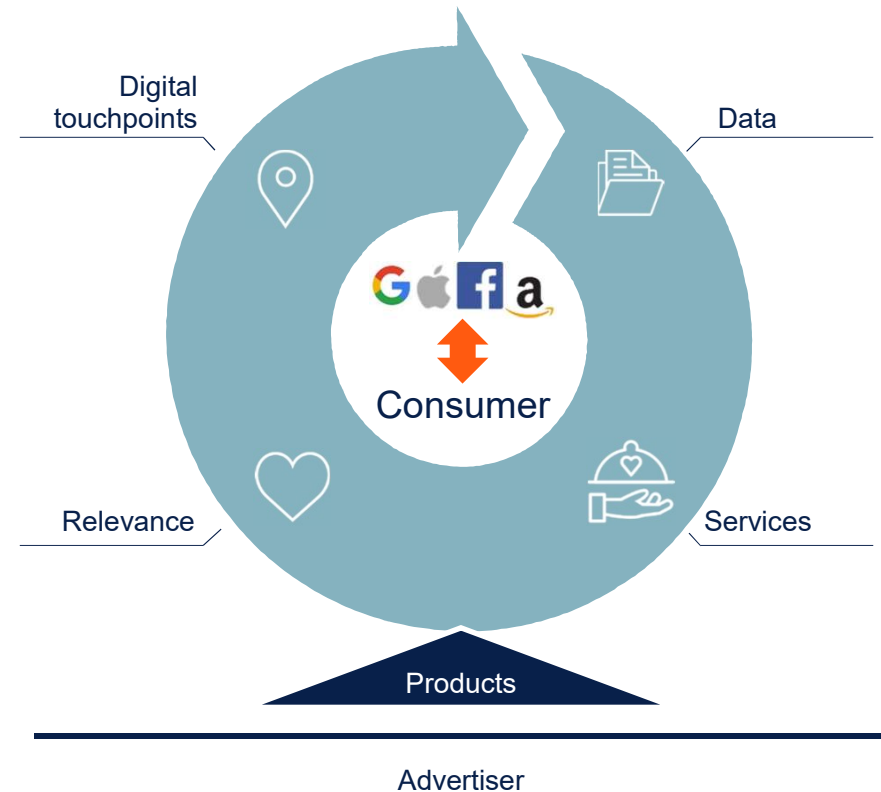
Linear and one way



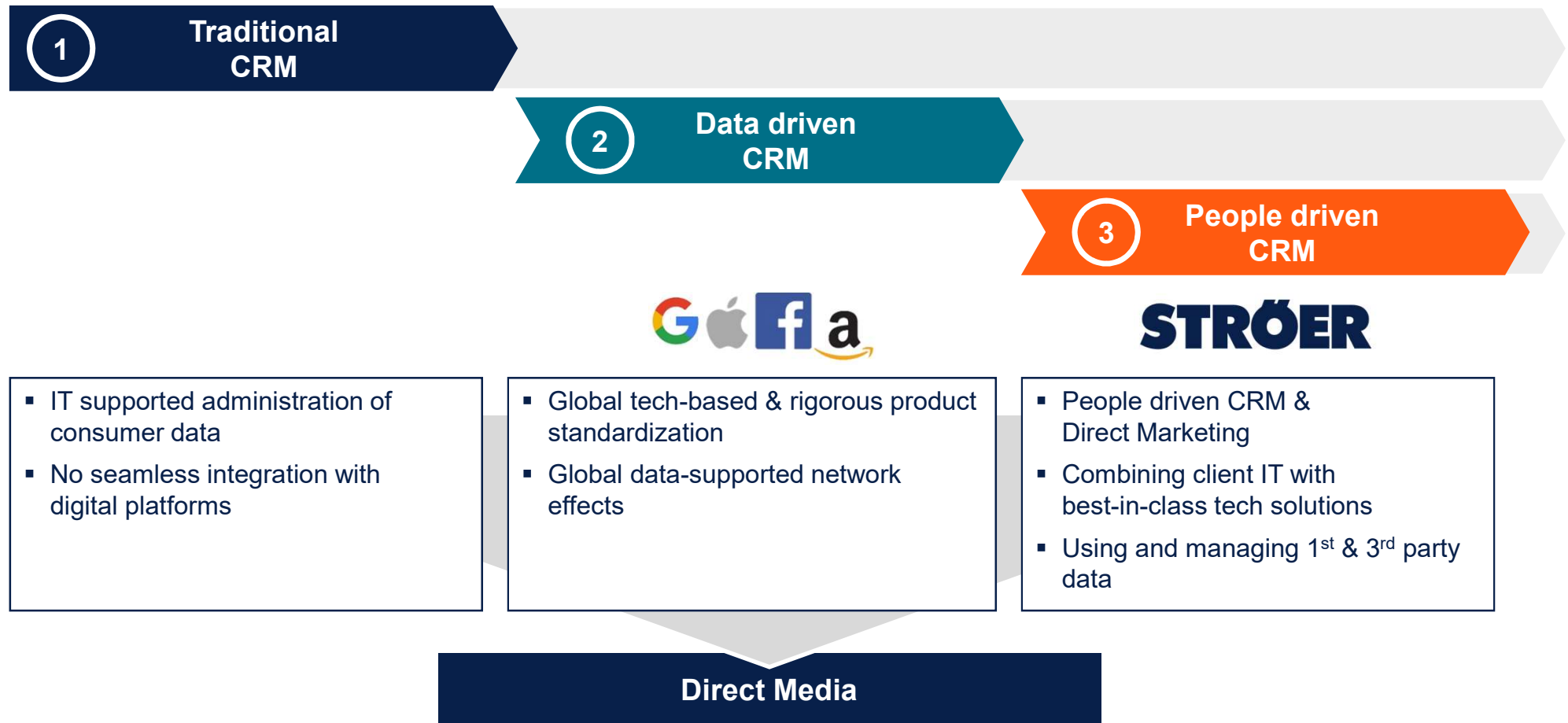
Value-chain disruption

## Data/platform driven CRM business model

Two way and continuous



# Clients have a growing Demand for alternative CRM Models

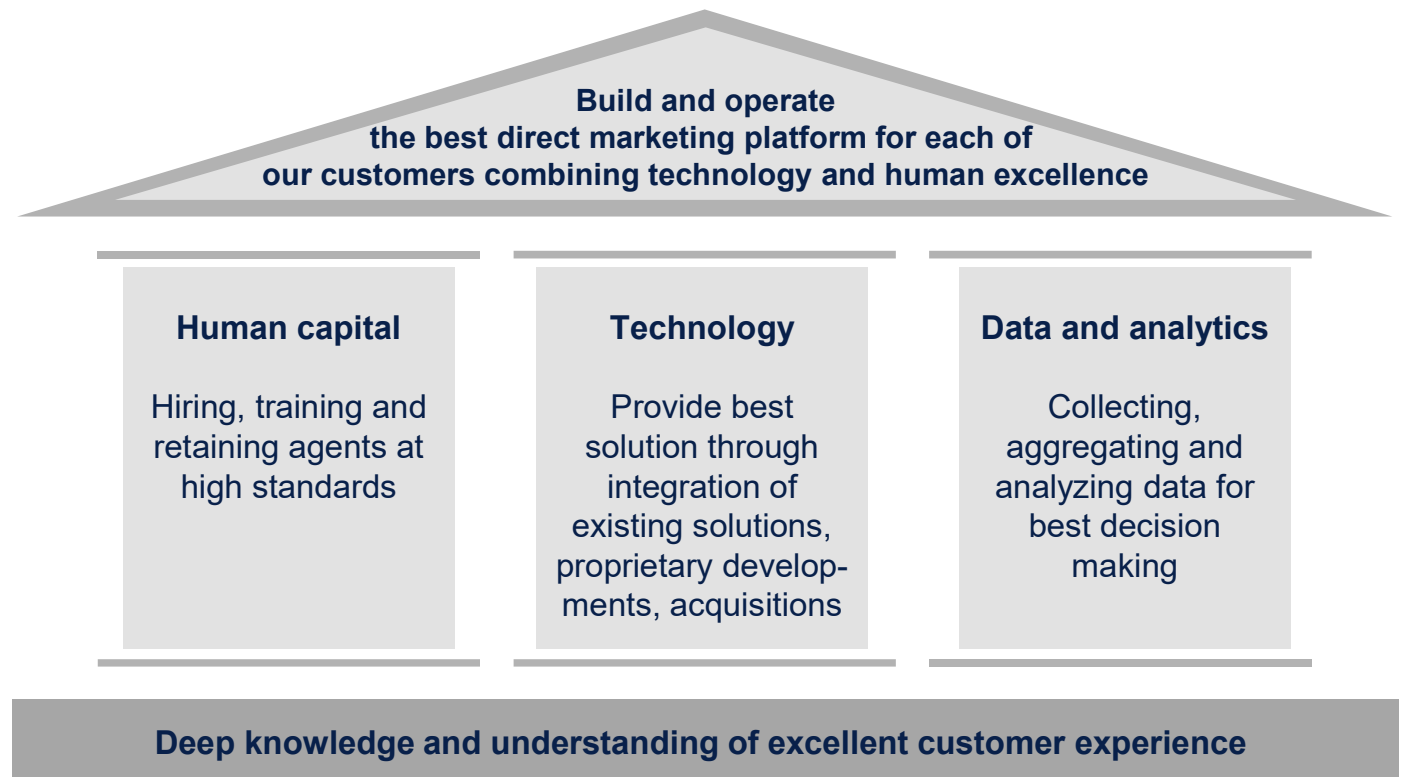


# Trusted Partner to operate Direct Marketing in the digital Age

## Customer demands

- Many customers struggle to master the trend of digitization due to lack of knowledge
- They are hesitant to invest in people and technology to ramp-up capabilities in fear of complexity and potential damage
- They prefer to have a trusted partner to support them in navigating the CRM digitization

## Ströer's supply





# Ströer – Already a strong Player in Direct Marketing



141 locations  
in Germany

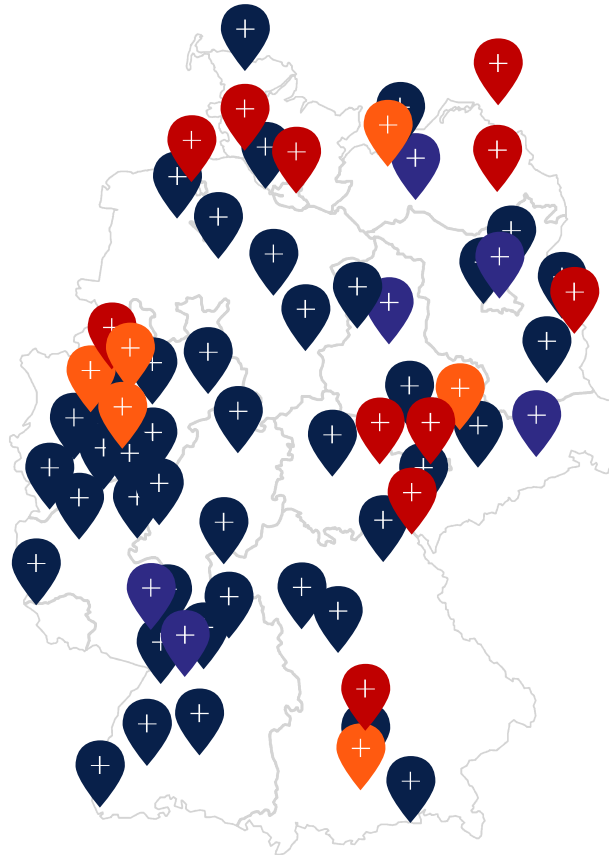
213

#2 in call center  
ranking



Sales  
focus

Avedo



DV-COM  
als vollqualifizierte Mitarbeiter

RANGER



~ 300 m€\*  
revenue



Client  
diversification

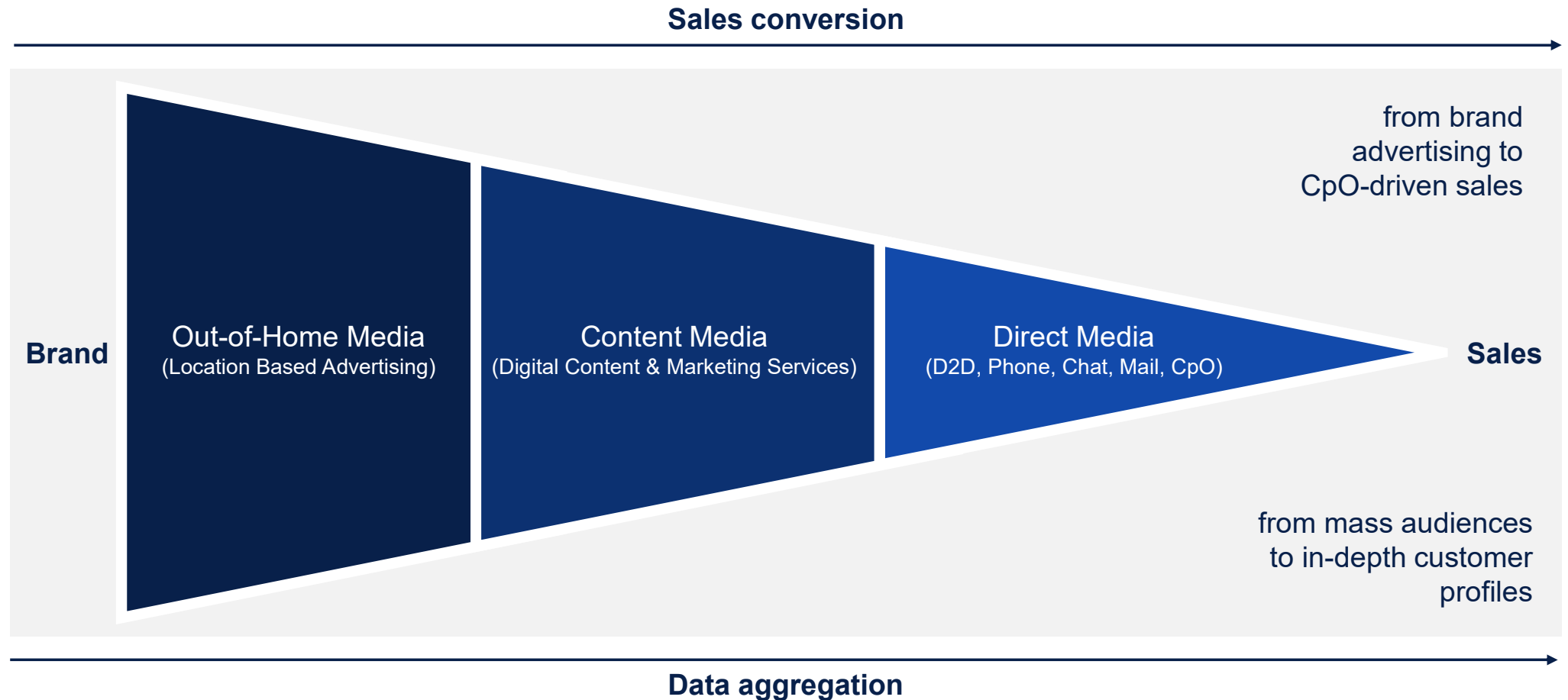


Synergies in  
client access & costs

D+S360  
IHR INNOVATIVER PARTNER  
FÜR 360° KUNDENSERVICE

\*Full 12 month annualized

# Complementing integrated Brand-Performance-Sales Funnel



# Customer centric Strategy leads to increasing Relevance and strengthens Partnerships with major Brands



# Top Clients – Overall enhanced Opportunities



● High    ◐ Medium    ◑ Low

📺 OoH Media    📺 Content Media    📞 Direct Media    ⚙️ Integrated

# INDEX

**01**

Strategic Update

**02**

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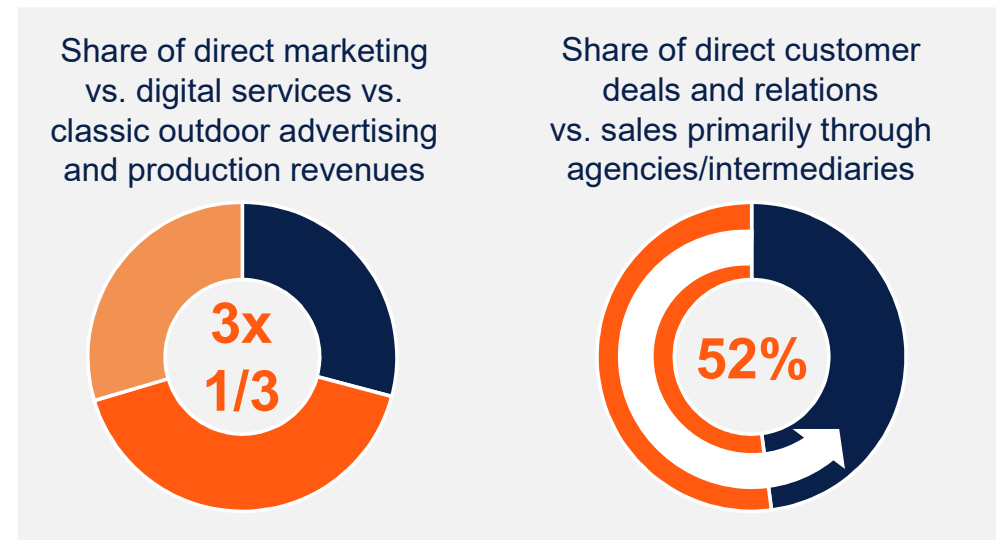
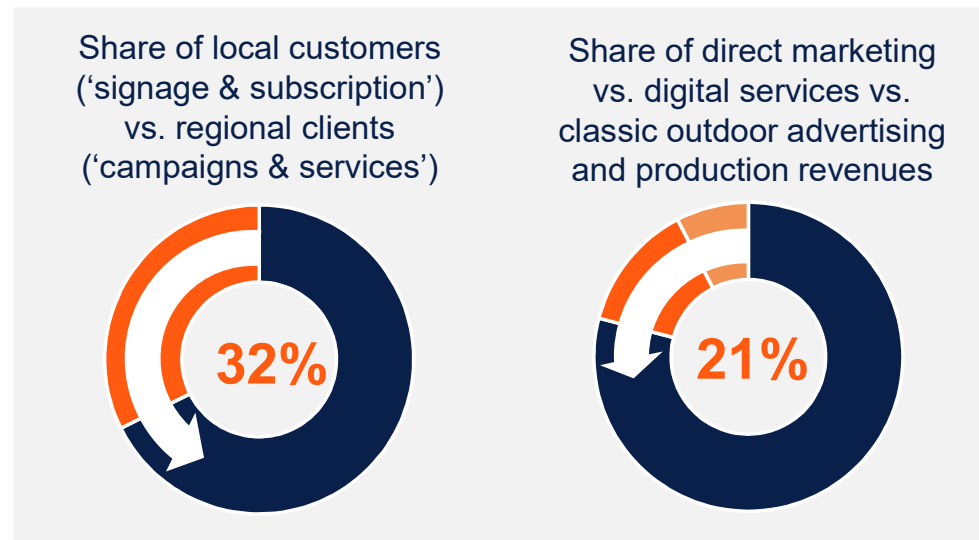
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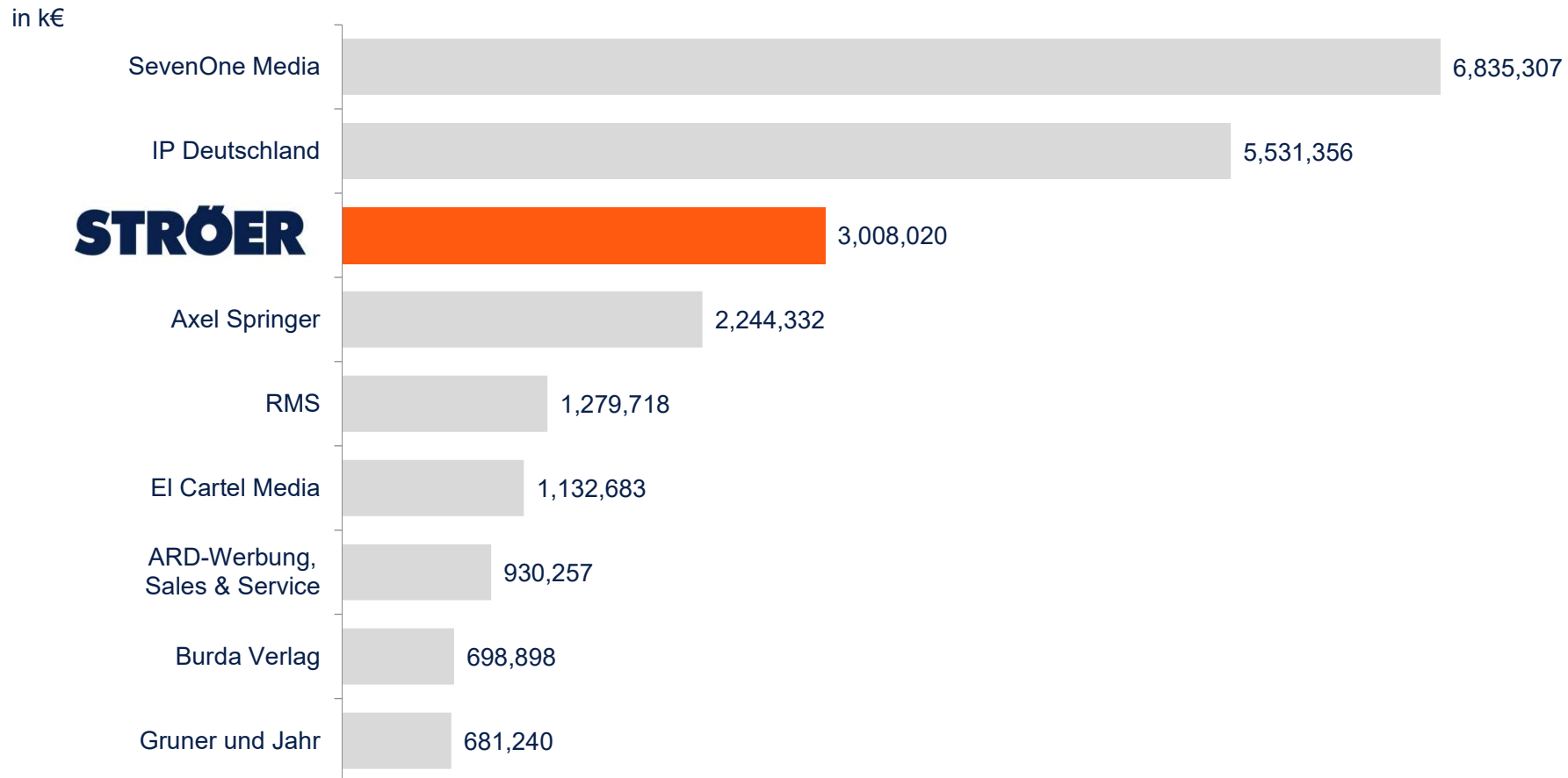
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# Customer Centricity: Customized for SMBs and large Customers



# Strong #3 across all Media in Germany on a national Level



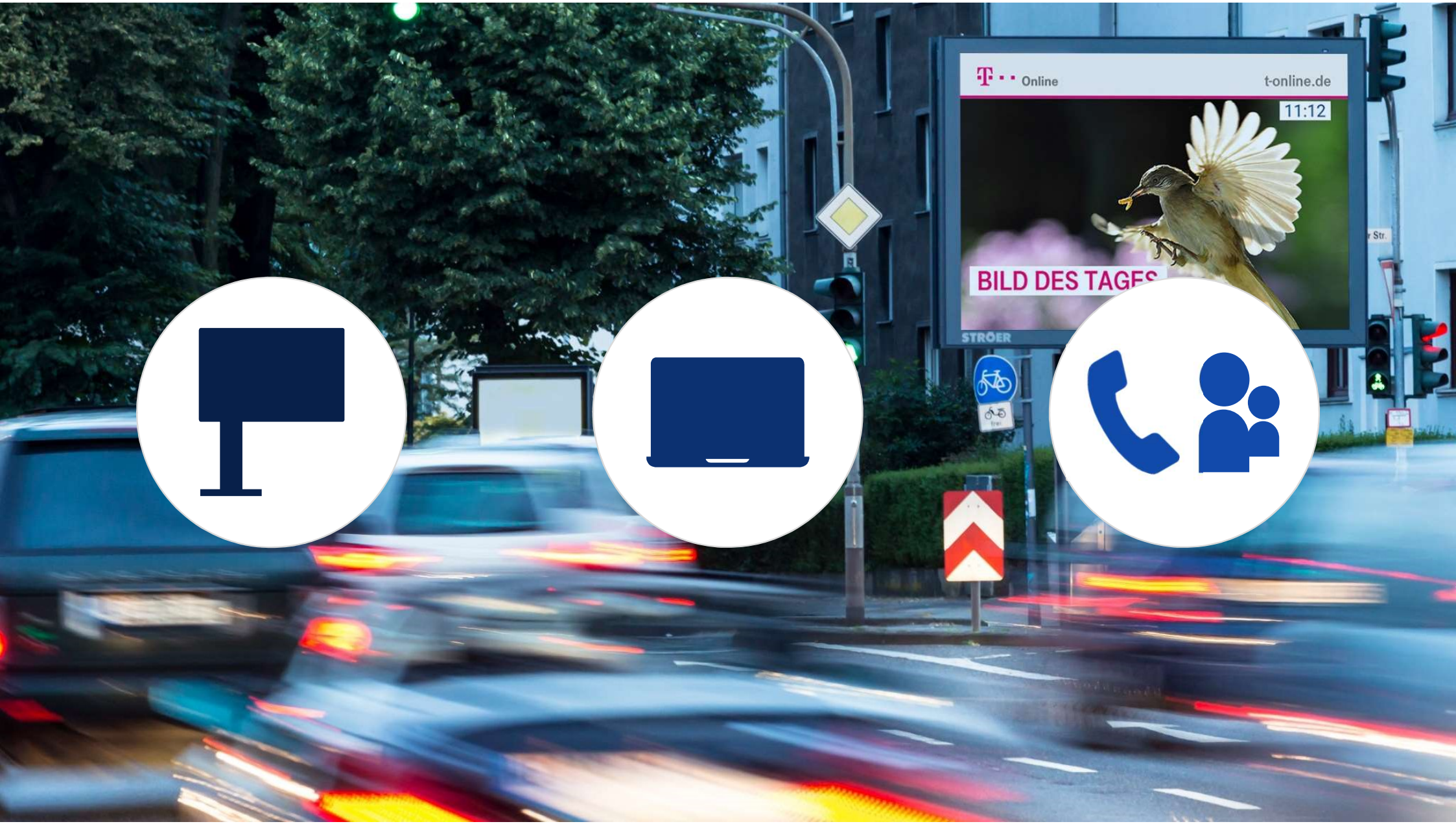
Sources: Nielsen Media Research Gross Advertising, full year 2017 (Germany); cons. gross sales Ströer: OoH Germany + all digital saleshouses of the Group

## Constantly growing regional and local Salesforce

For 2018: Optimizing regional consultants & call center + 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>





T... Online

t-online.de

11:12

BILD DES TAGES

STROER



# Out-of-Home Media – Summary

## Location Based Advertising



- 1** Strong position in structurally growing market
- 2** Strong in digital OoH already today
- 3** Clear digitization path and rollout plan for further leverage of existing assets
- 4** Smart and integrated solutions towards POS/online
- 5** Strong partner for development of smart cities and environments

# Out-of-Home Media is digitally transforming



Source: In-house, FAW, invidis \*excluding rights of promotion

# Digital OoH Portfolio Strategy



## Public Video Network (Premium traffic and shopping POIs)



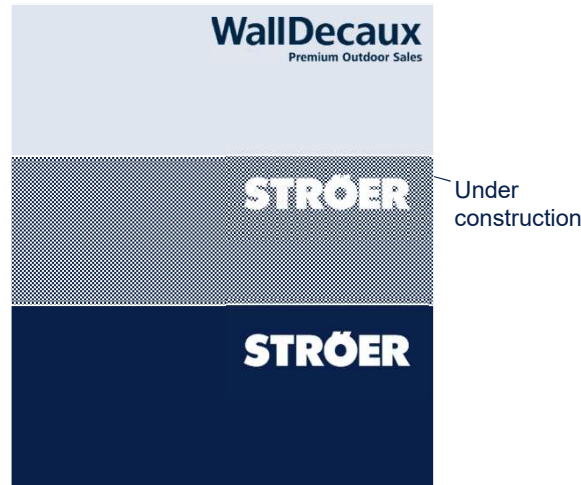
## Roadside Screens (RSS, DCLB, DCLP)



## POS / Digital Signage (Food & other channels)\*



Screens



Screens



Screens

Source: In-house, DMI – Digital Out of Home Standorte Screens 2018-02-15.1.pdf; \*excluding rights of promotion

# Roadside Screens – The Medium for each Client Cluster

The digital Window to local Businesses – As Campaign or long-term Advertising



Micro business

Event/cultural

Medium-sized

Regional key account

# Content Media – Summary

## Digital Content & Marketing Services

- 1** GAFA challenge opens up opportunities for further German market consolidation
- 2** Strong backbone of highly profitable owned assets
- 3** Sustainable & broad range of exclusive 3<sup>rd</sup> party inventory – with further growth potential
- 4** Strong product development team to embrace constant market changes (tech + content)
- 5** Proprietary tech stack with measurable results and clear path for GDPR compliant unique data solutions

# Strong Market Position: Audience Coverage versus Competition

December 2017

**Monthly reach**

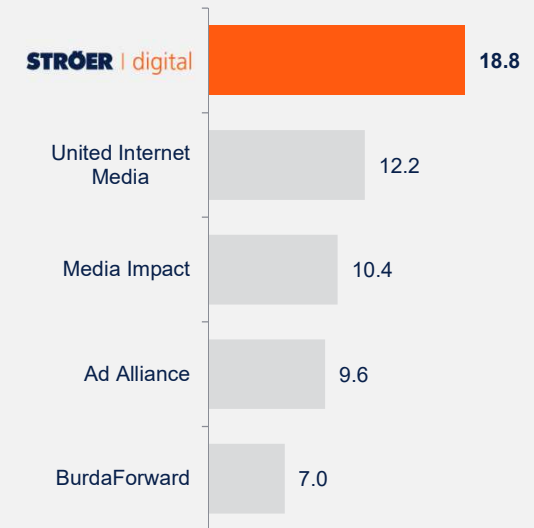
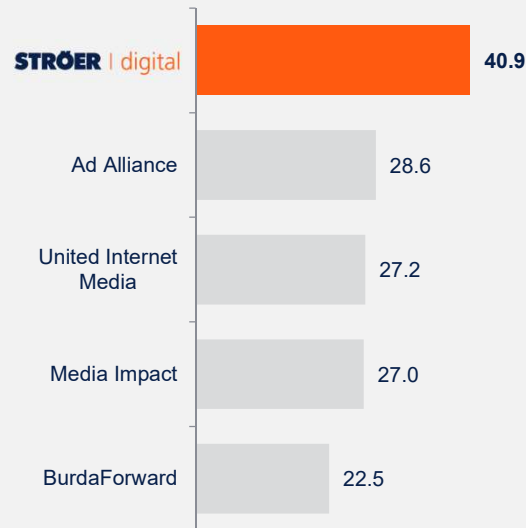
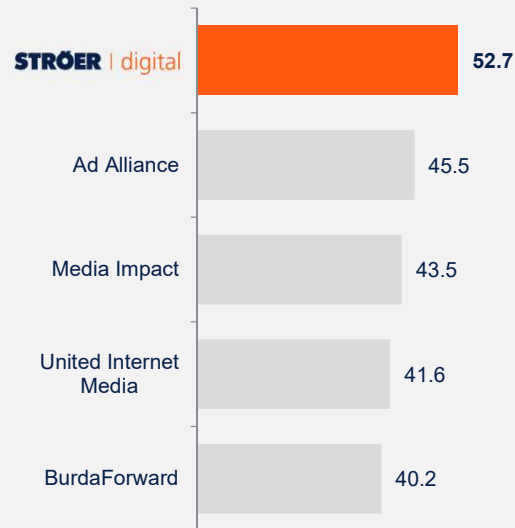
+16% vs. No. 2, +21% vs. No. 3

**Weekly reach**

+43% vs. No. 2, +51% vs. No. 3

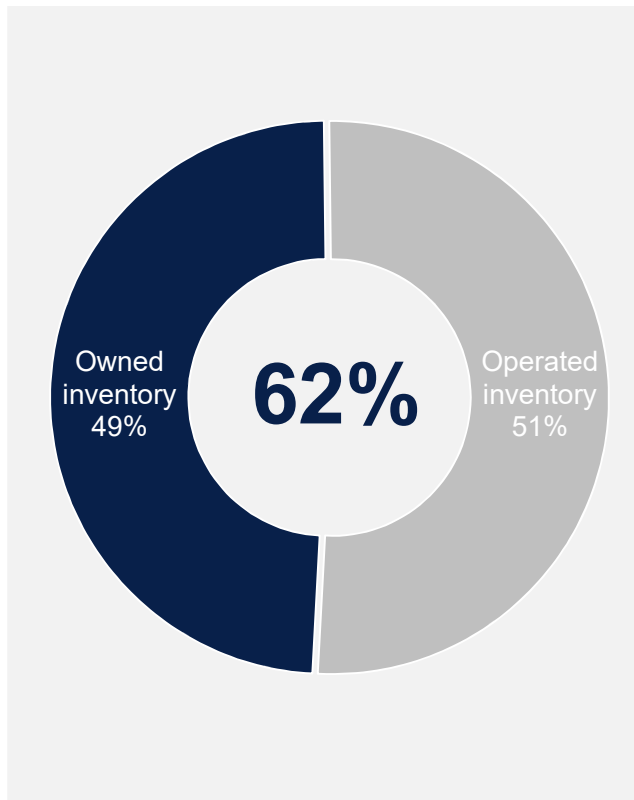
**Daily reach**

+54% vs. No. 2, +81% vs. No. 3

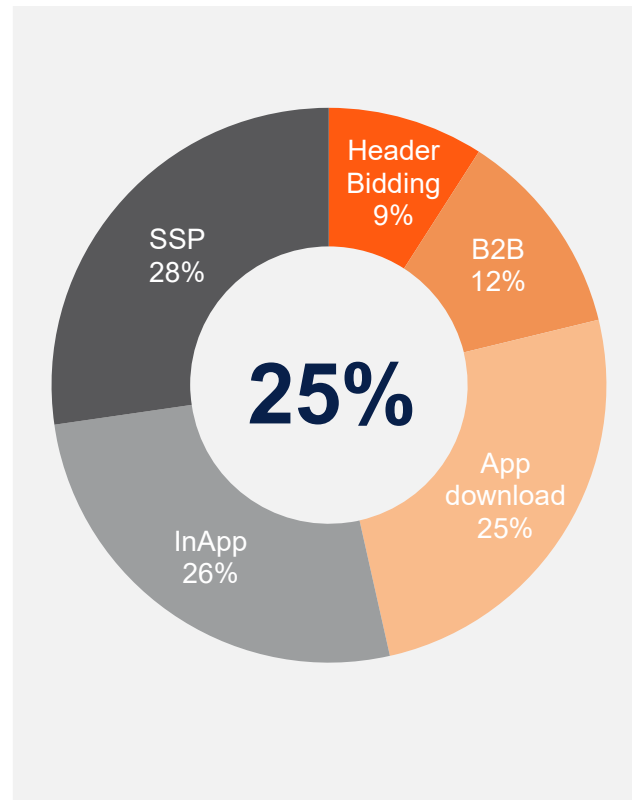


# Balanced, thus robust Product and Inventory Portfolio

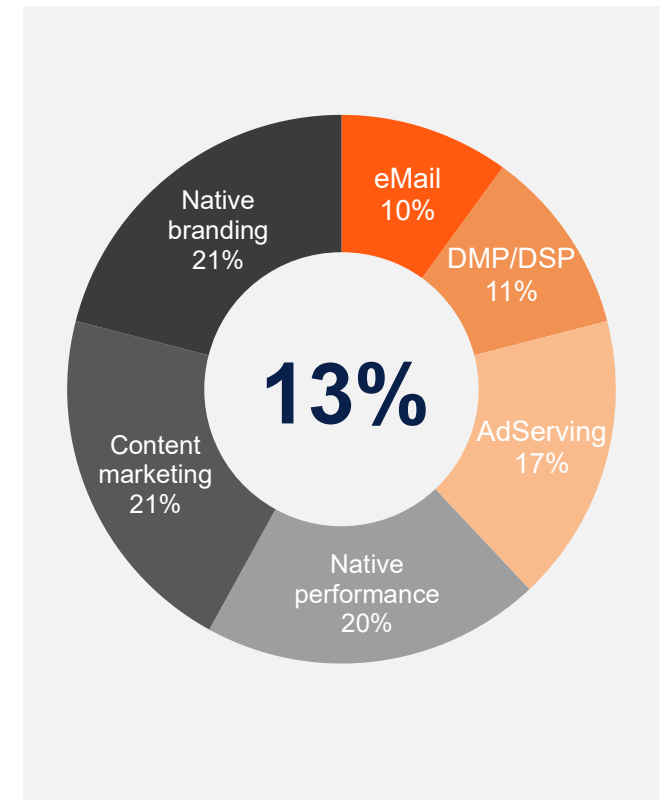
## Exclusive full service mandates



## Specialist sales services

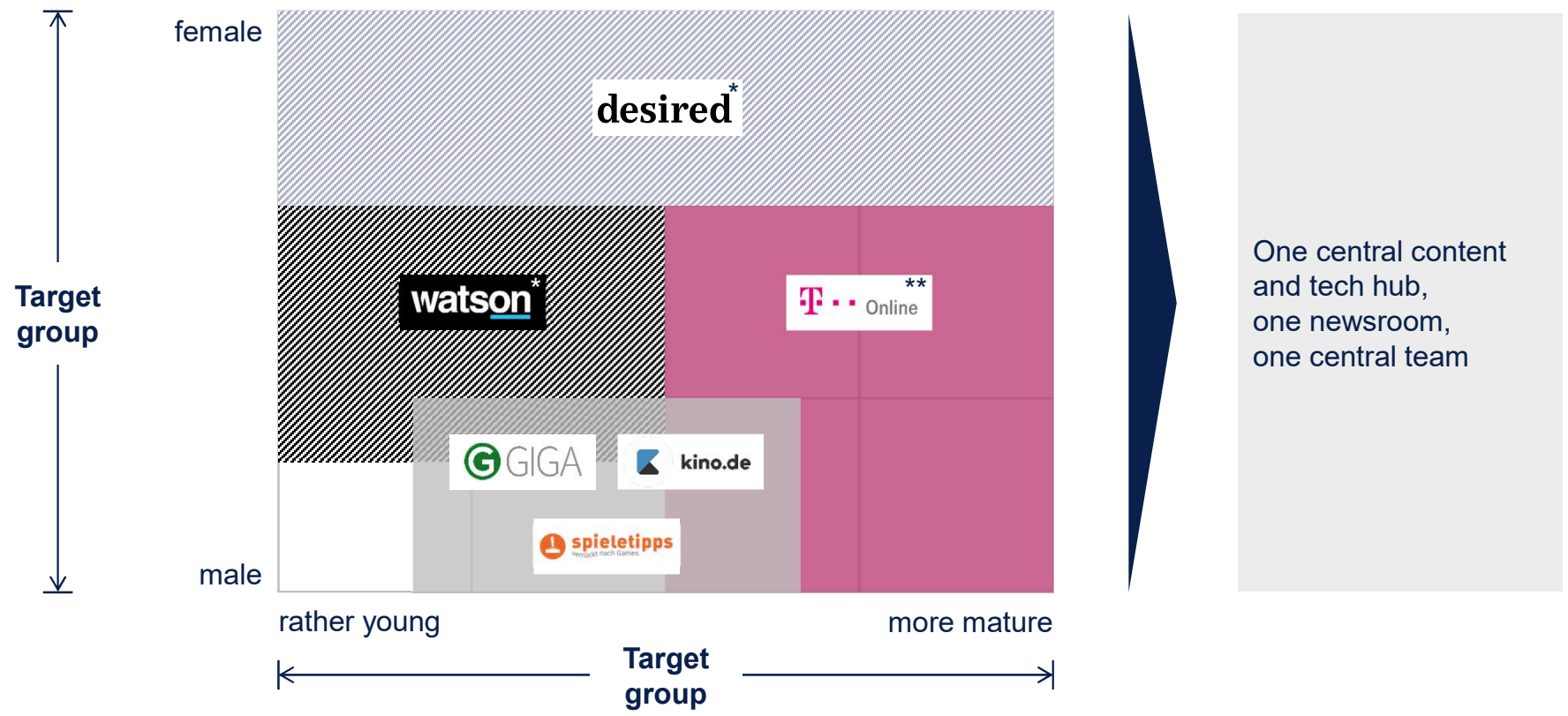


## AdTech & content services





# Strategic Portfolio Management of Ströer Content Group Assets



\*Relaunch Q1/Q2 2018; \*\*Relaunched Q3 2017

# T-Online Brand Reach: 80% of the digital Population in Germany

For comparison (uu in million)  
acc. AGOF only\*\*

T-Online.de	29.59
Bild.de	23.32
Spiegel Online	21.17



\*GfK Media and Communication Research – study unique user (2017): t-online.de desktop & mobile and Public Video;

\*\*AGOF digital facts 2018-03, unique user in million in March 2018, at the age of 10+, users of stationary and for mobile offers (61.58 mio.)



# Direct Media – Summary

## D2D, Phone, Chat, Mail, CpO

**1** Quickly reached significant relevant size and excellent position for further consolidation with Ströer Direct Media being No.2 in revenue in the market segment

**2** Huge potential for integrated solutions with clients already being leveraged

**3** Synergetic potential in the combined usage of resources between all our operation Direct Media centers already being leveraged

**4** By using bespoke technology future synergies will be exploited

**5** Currently looking to further consolidate industry segments



# Direct Marketing Ranking

2017

incl. international business

Rank	Company	Locations	Net Gross Income
1	Arvato CRM Solutions	28	1,309,430,00
2	Capita Europe	17	259,307,838
3	Bosch Service Solutions	13	247,700,000
4	Teleperformance Germany	19	175,000,000
5	Convergys/buw-Gruppe	19	165,590,014
6	regiocom GmbH	12	152,531,537
7	Ranger Marketing & Vertrieb*	150	90,973,167
8	D+S communication center	13	85,602,949
9	Swiss Post Solutions GmbH	7	78,578,000
10	Sykes Enterprises GmbH	10	72,000,000
11	walter services GmbH	7	60,542,757
12	Invitel Unternehmensgruppe	11	49,397,382
13	Avedo GmbH	6	47,252,517
14	KiKxxl GmbH	4	46,137,878
15	Arteria S.A.	9	42,595,000
16	DV-COM GmbH	7	42,321,367

2017 (as 2018): 2<sup>nd</sup> place

Rank	Company	Locations	Net Gross Income
1	Arvato CRM Solutions	28	~380,000,000
2	Ströer Group**	176	266,150,000
3	Capita Europe	17	259,307,838
4	Bosch Service Solutions	13	247,700,000
5	Teleperformance Germany	19	175,000,000
6	Convergys/buw-Gruppe	19	165,590,014
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12	KiKxxl GmbH	4	46,137,878
13	Arteria S.A.	9	42,595,000
14	gkk DialogGroup GmbH	4	37,844,422
15	BFS Baur Fulfillment	3	30,000,000
16	getaline GmbH	5	24,371,110

Source: CallCenter Ranking 2017, [www.callcenterprofi.de](http://www.callcenterprofi.de); Statista; \*Ranger included by Ströer \*\*incl. Ranger Marketing & Vertriebs GmbH

# Catalyzing to convert great Customer Experience into Growth





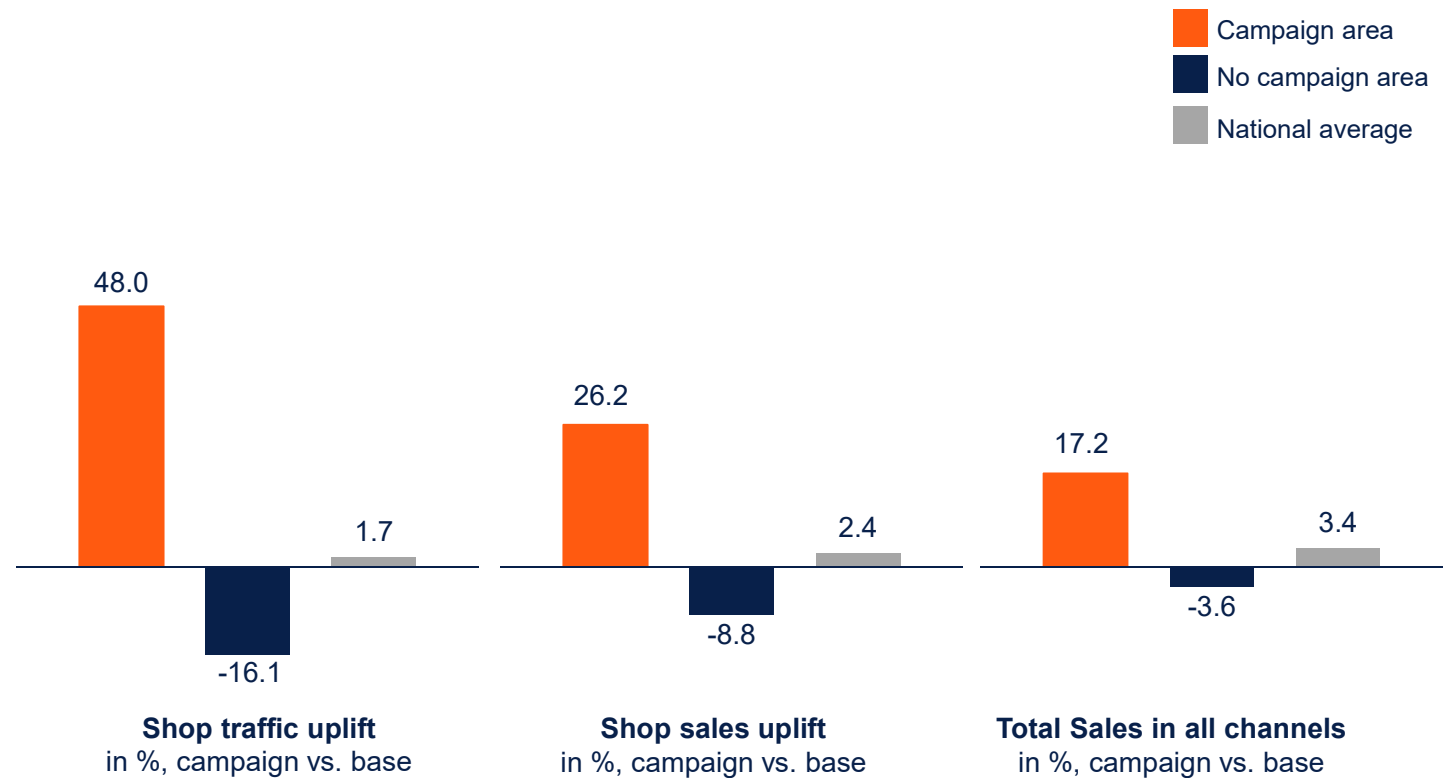
# Successful Implementation of integrated Campaigns

## Case: Telecommunication

### Campaign set-up

- Campaign for a telecommunication company
- Campaign duration four weeks from the end of January to February 18
- Comparison of relative KPI development in campaign vs. four weeks baseline before the campaign
- Channel set-up:
  - OoH: Mix of poster and Public Video formats
  - Online: Desktop display and mobile ads
  - Call center: Consulting and sales for calling customers

### Results



# INDEX

**01**

Strategic Update

**02**

Business Segments

**03**

Q1 Results

**04**

Outlook

# Results Q1 2018

m€		Q1 2018	Q1 2017 (pro forma) <sup>(1)</sup>	▲
Revenues	Reported	336.6	281.2	+20%
	Organic <sup>(2)</sup>	6.8%	8.8%	-2.0%pts
Operational EBITDA		109.8	94.7	+16%
Operational EBITDA margin		32.6%	33.7%	-1.1%pts
EBIT (adjusted) <sup>(3)</sup>		43.7	33.1	+32%
Net income (adjusted) <sup>(3)</sup>		29.2	20.5	+42%
Operating cash flow		77.7	59.0	+32%
Capex		34.2	31.0	+10%
		<b>31 Mar 2018</b>	<b>31 Dec 2017</b>	
Net Debt <sup>(4)</sup> / Leverage Ratio <sup>(5)</sup>		533.6 / 1.6x	463.3 / 1.4x	

(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)



# INDEX

**01**

Strategic Update

**02**

Business Segments

**03**

Q1 Results

**04**

Outlook

# Our Targets for 2018: Unchanged KPIs & Sustainable Performance

Key KPIs	Guidance 2018 w/o IFRS changes	Guidance 2018 incl. expected IFRS 11/16 effect
1 Total Revenues	~ 1.6 bn€	~ 1.6 bn€
2 Organic Growth	mid to high single digit	mid to high single digit
3 Op. EBITDA	~ 375 m€	~ 535 m€
4 Free Cash Flow*	~ 175 m€	~ 310 m€
5 Net Income Adj.	~ 215 m€	~ 200 m€

\*before M&A

## Outlook for Q2: Next Quarterly Results on August 9

1. **Similar to development of the last fifteen months: solid business across the entire group with expected growth for 2018 in line with annual guidance**
2. **Robust development of OoH Media business primarily fueled by regional sales and extended local sales**
3. **Content Media segment consistently on track regarding top line growth, market share development as well as consolidation and integration processes**
4. **Direct Media on track and in line with expectations – significant group synergies, cost cutting opportunities post merger**

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 person's hands and the background pattern to be visible through them.

**STRÖER**

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