

STRÖER

Preliminary Figures FY 2015

23 February 2016 | Ströer SE



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

- Segment Perspective
- Financial Highlights

Dr. Bernd Metzner

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Summary

- Summary 2015
- Priorities for 2016

Udo Müller

Preliminary Results FY 2015

EURm		FY 2015 ▲		Q4 2015 ▲	
Revenues	Reported ⁽¹⁾	823.7	+14%	270.5	+28%
	Organic ⁽²⁾		+10%		+13%
Operational EBITDA		207.5	+40%	85.7	+42%
Operational EBITDA margin		24.8%	+4.6%pts	31.3%	+3.3%pts
EBIT (adjusted) ⁽³⁾		135.7	+38%	65.4	+42%
Net income (adjusted) ⁽⁴⁾		106.2	+89%	53.2	+83%
Operating cash flow		190.3	+54%	103.6	+100%
Capex ⁽⁵⁾		76.3	+69%	25.8	+33%
		31 Dec 2015		31 Dec 2014	
Net Debt / Leverage Ratio		231.0/1.1x		275.4 / 1.9x	

(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 (32.5% tax rate in 2014 and 15,8% in 2015)

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

FY 2015: Segment Perspective – Strong growth in Core Segments

OOH Germany Digital OOH International



■ 2015 ■ 2014 ● Organic growth rate

Well ahead of our Full-Year Targets

(Latest) Targets 2015	Actuals
High single digit organic growth	10% Organic Growth
Operational EBITDA slightly more than 200 EURm	208 EURm operational EBITDA
Net Income (adj) of up to 100 EURm	Net Income (adj) of 106 EURm
Free Cash Flow of up to 100 EURm	Free Cash Flow before M&A of 114 EURm
Leverage 1.5	Leverage 1.1

Finalisation of three year cost reduction program „Shape“ more than 20 EURm savings yearly

Implementation of measures in 2013/2014 and 2015 with sustainable almost full effect in 2015

More than 20 EURm cost savings realised with impact on all earning levels annually



Cut of group overhead costs/new group structure



Energy cost halved by investing program switching to LED lights



Reduction of maintenance and cleaning costs by customised cleaning cycles

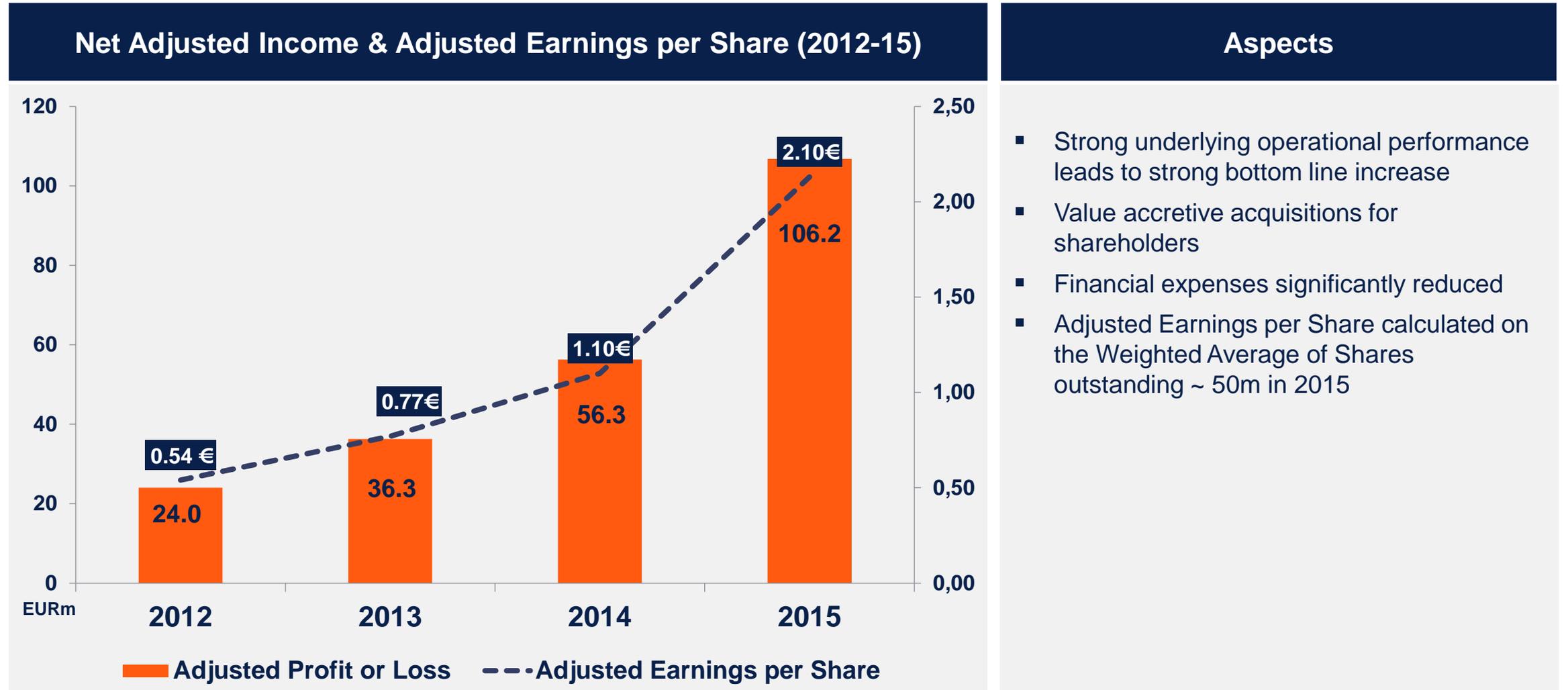


Reduction of rents in prolongation/new tenders



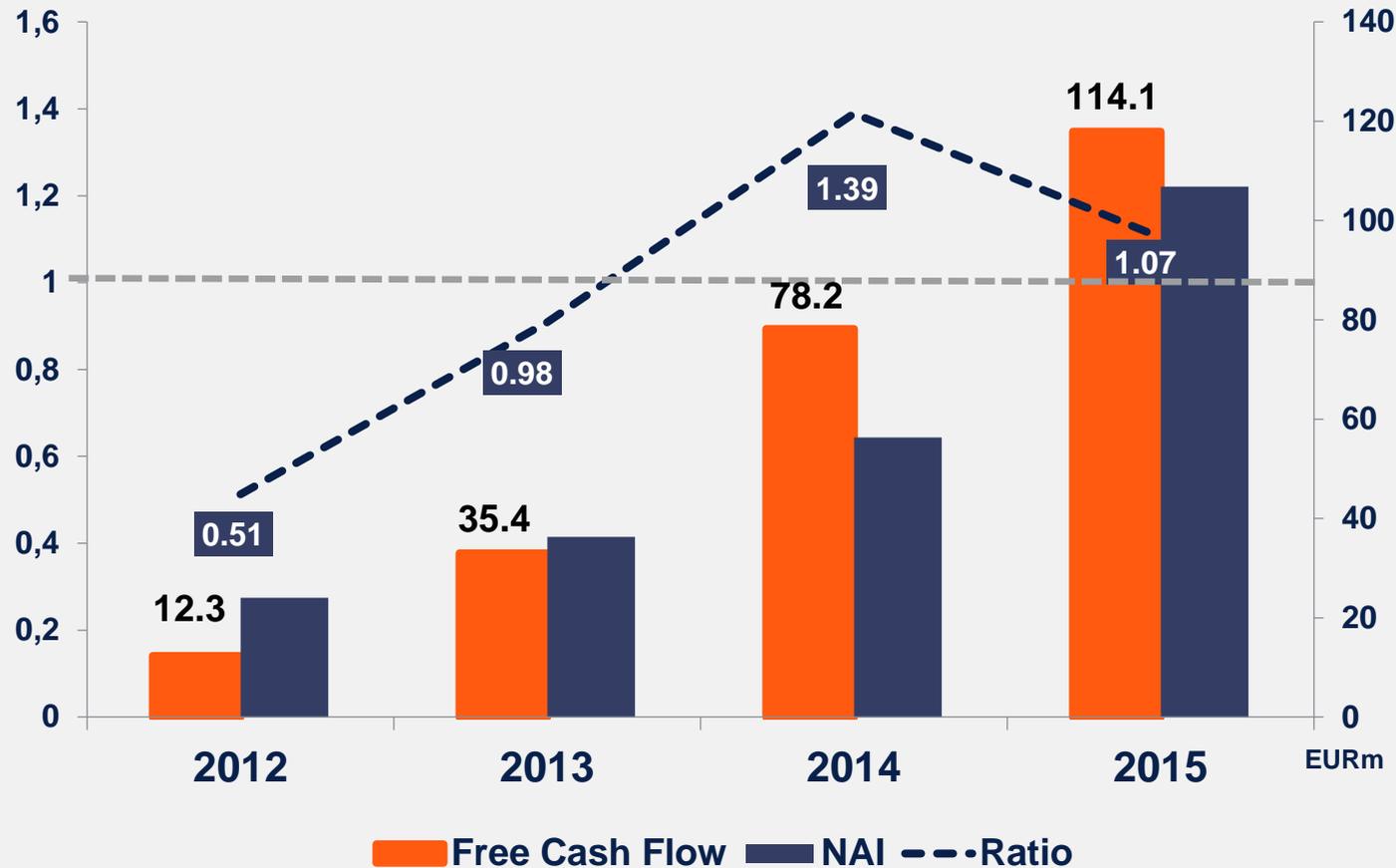
Others

Adjusted Earnings per Share almost tripled since 2013



Free Cash Flow more than tripled since 2013

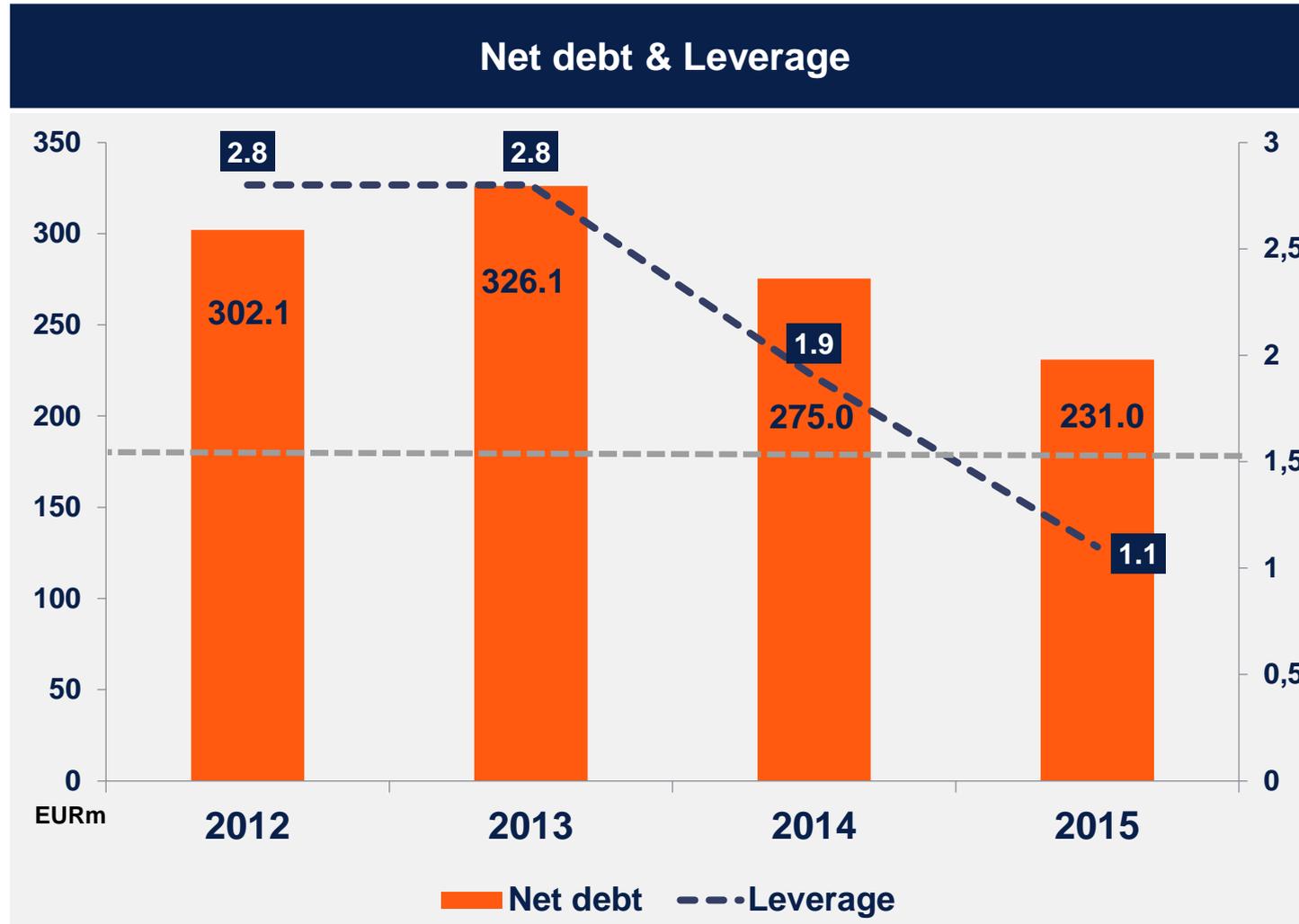
After 2013 cash conversion rate of above 1.0



Aspects

- Strong operational performance translates into strong earnings growth as well as free cash flow growth
- Free cash flow growth which expands stronger than net adjusted income
 - Free Cash Flow: CAGR 2013-15: ~ 80%
 - Net Income (adjusted): CAGR 2013 - 15: ~ 71 %
- Cash Flow is the central KPI of the Management Board

Financial Leverage 2013 to 2015: From 2.8 to 1.1



- ### Aspects
- Since 2013 around 228 EURm Free Cash Flow generation
 - Net debt decreased by around 95 EURm since 2013 despite
 - ~ 73 EURm cash-acquisitions
 - ~ 24 EURm dividend distribution to Ströer SE shareholders
 - End of 2015: With 231 EURm Net Debt and leverage ratio of 1.1

Transformation into a Digital Multi-Channel Media Company 2015

Strong M&A activities* in 2015 with a focus on our Five Key Growth Areas

OOH

MaxiPoster

Leading Autobahn
Poster provider in GER

Local

RegioHelden

Provider of regional
online adnetwork

OMNEA

Online registry in apps,
social, maps etc.

Content

T-Online.de

One of the leading
online portals in DE

Contentfleet

Data-based publishing
and content provider

Statista**

Leading provider of
online statistics

National

OMS

Saleshouse of regional
newspapers in GER

InteractiveMedia

Exclusive marketer of
TOL and e.g. kicker

Ventures

Conexus

Leading provider data
analytics education



~430 EURm spent on material M&A



■ TOL/IAM & STATISTA

■ 6 transactions

Around 85 % of material M&A
transaction value relates to
TOL/IAM & Statista

*Includes only material acquisitions, eg. acquisitions with either a transaction value above 5 EURm or goodwill above 5 EURm

** Signed 2015, but closed in the first quarter of 2016

Broadened new Management Team according to Business Segments expansion

Board of Management
 Udo Müller CEO | Christian Schmalzl COO | Bernd Metzner CFO

OOH	Local markets	Content	National Sales	Ventures
Alexander Stotz	Alexander Stotz	Marc Schmitz	Robert Bosch	Board of Management
Expansion of Digital Public Advertising	Accelerating regional/local business (+ 100 to 200 sales people p/a)	Integration & further build up of existing content portfolio	Strengthening of our market position	Watch out for opportunistic M&A-deals

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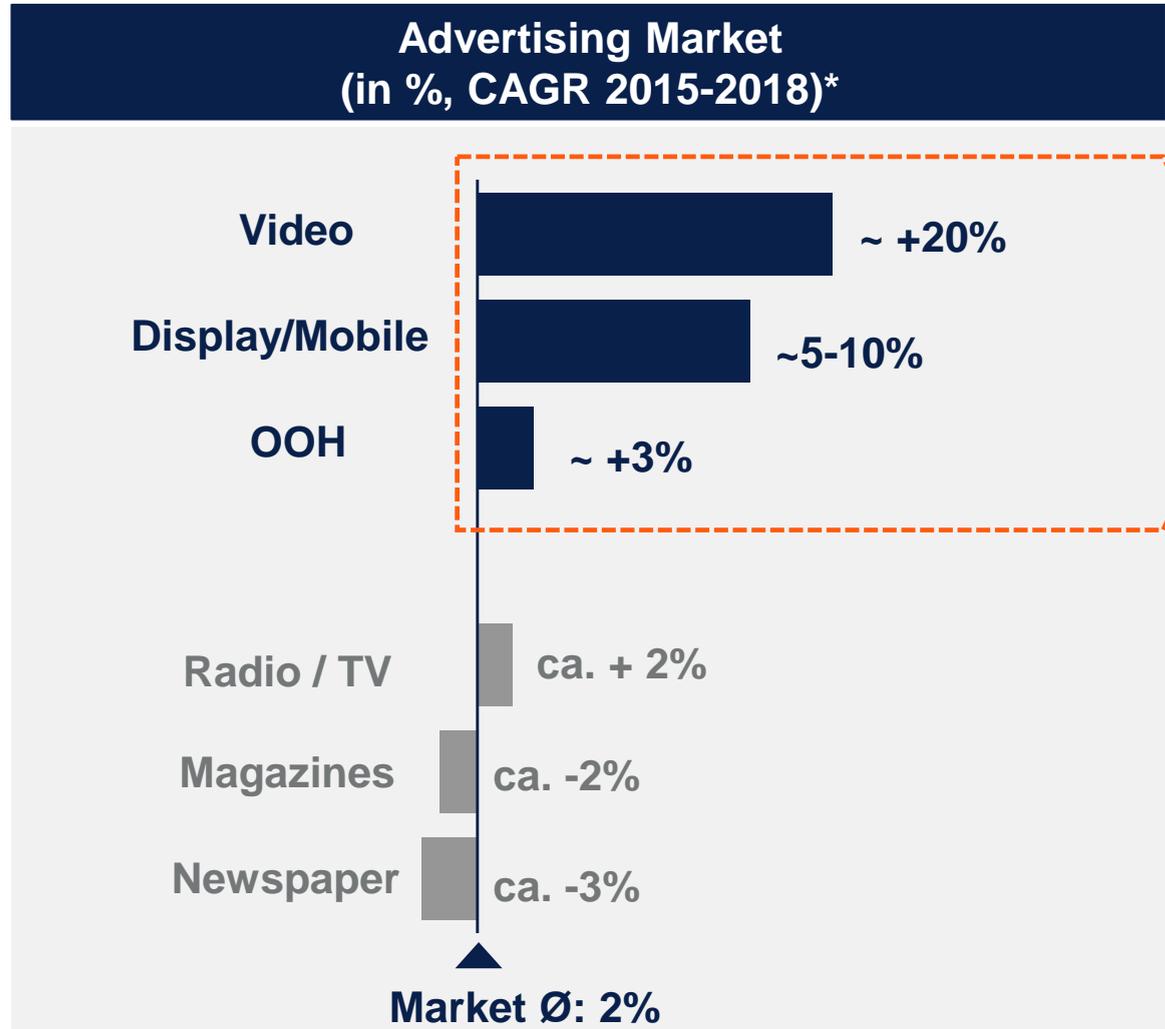
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Focus on highest growing Ad Subsegments



- Ströer's focus**
- **Video**
 - **TOP3 WEB TV** with 650m video views (incl. social media)
 - **Leading public video network** in Europe with 3bn views per month

 - **Display/Mobile**
 - **# 1 marketer in Germany**
(>600 exclusive websites and access to around 5,000 more in extended Network, 30 - 40% of revenues are based on own digital publisher websites)

 - **Transactional**
 - Leading statistics portal worldwide - Statista
 - Various leading subscription revenue models

 - **OOH**
 - **# 1 marketer in Germany**
 - 230,000 advertising faces
 - ~50% market share

*Source: Video, Display/Mobile – PwC; OOH, Radio, TV, Magazines, Newspaper – Zenith OptiMedia

Three Digital Product Segments with clear Growth Strategies & Levers



Display (Desktop & Mobile) 50% of revenue

- Further market consolidation (organically/un-organically)
- Massive mobile growth
- Tech stack for programmatic and data driven advertising
- Local sales: huge potential of small and mid-sized clients



Video (Multiscreen) 20% of revenue

- Strong structural growth of video products across all our platforms
- Unique multiscreen approach including integrated ad-serving
- Focussed video strategy for own content assets as well as strong growth of MCN TubeOne



Transaction & Subscription 30% of revenue

- Monetization of traffic of own assets via e-commerce models
- Rollout of subscription business with e.g. Statista
- Strong growth of digital marketing services for small and mid-sized clients (locally)

Five Strategic Development Sectors

1

Out-of-Home

digitalization of our infrastructure:
LED, LCD, beacons, small cells



2

Content

disruptive, tech and performance based digital business models



3

Local Sales

only nation-wide sales organization for local marketing & digital ad products



4

National Market

building the biggest, data-driven non-TV media sales house



5

Ventures

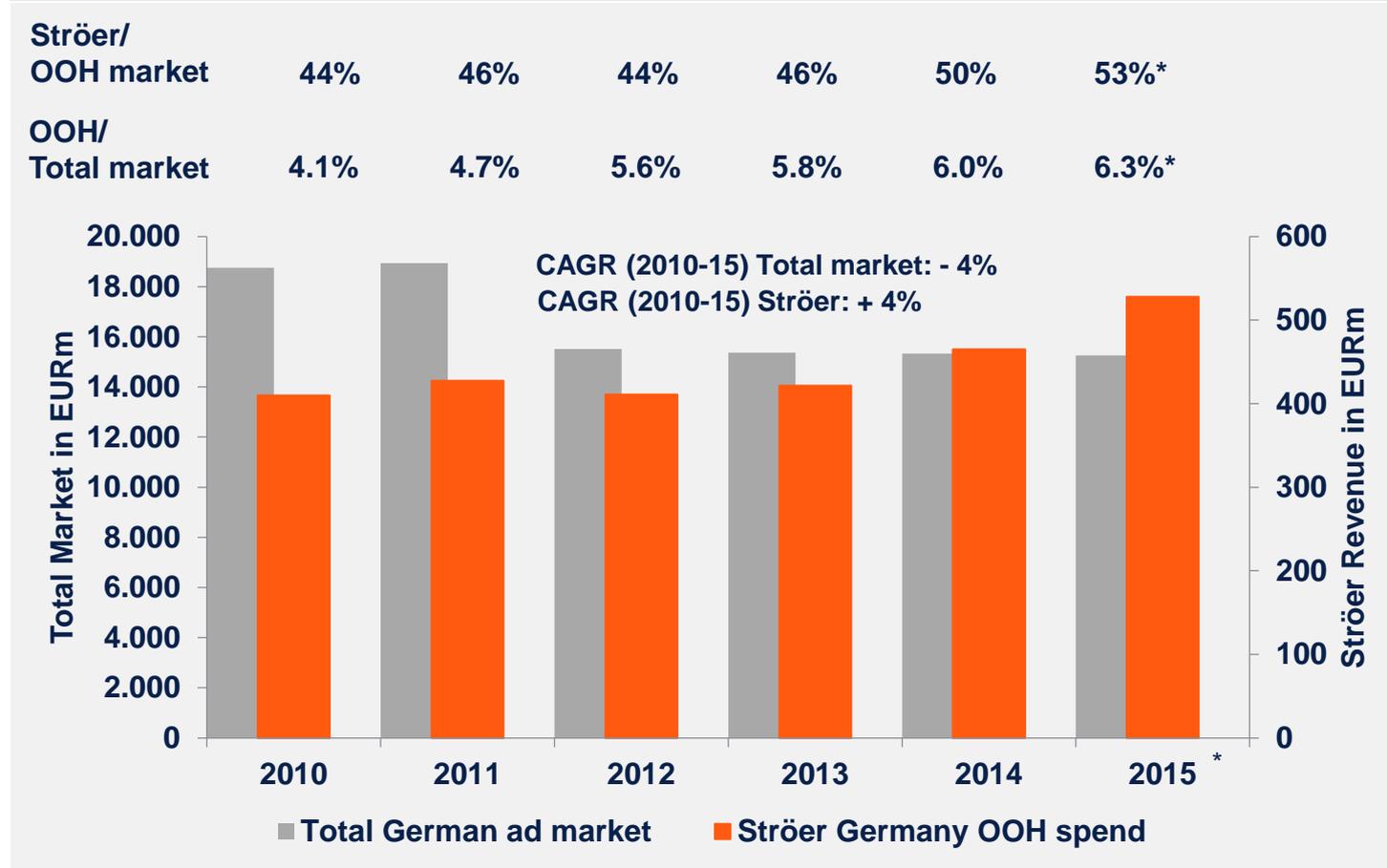
M&A around disruptive, data-driven and digital business models



Ströer outperformed the total ad market & OOH market

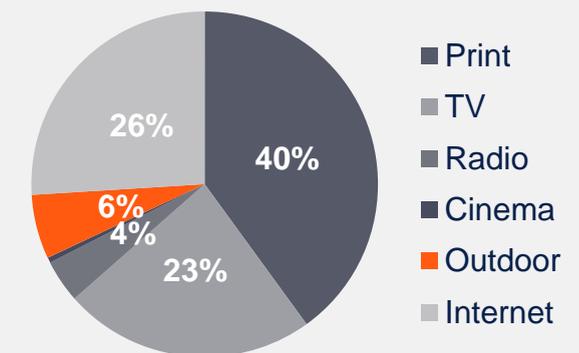


Ströer's OoH Market Share beyond 50%



Media Market Breakdown

- Print market share (magazines and newspapers) is constantly declining
- Out of Home market share is continuously growing, in 2015 exceeds radio advertising spendings for the first time
- Online is still showing massive growth in advertising spendings



Source: Nielsen, ZAW, FAW,

*2015 is an estimate

Leveraging OoH Infrastructure via Smart Data and Small Cells

OOH

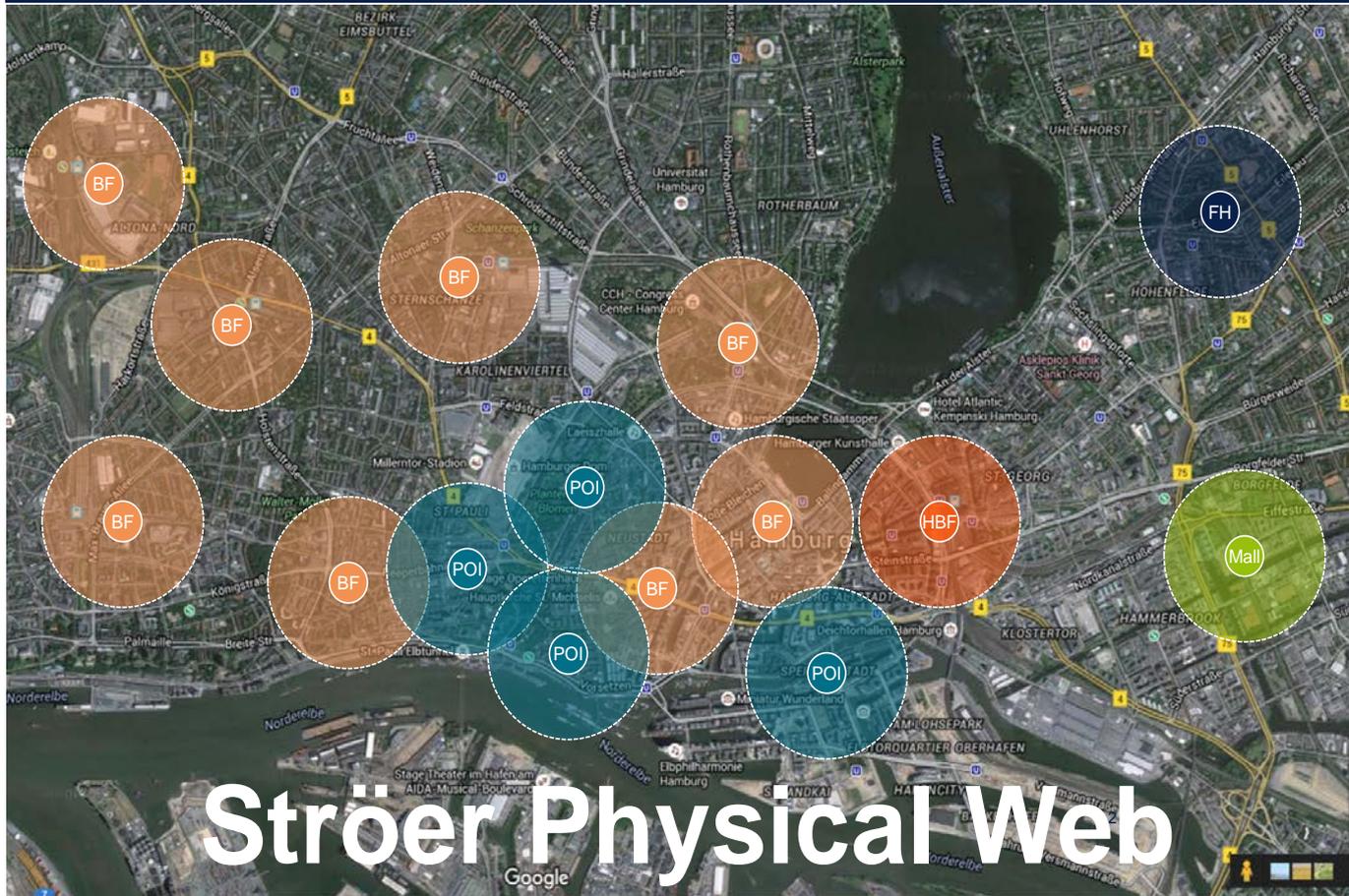
2

3

4

5

OoH Infrastructure becomes “Physical Web”



Incremental Digital Revenue Streams

Beacons

1

- Rollout of 50k Beacons nationwide; 20k installed by beginning of Q2/2016
- Smart integration of owned and marketed apps (via responsive SDKs)
- Potential of 1.5 billion contacts per month
- Geo-based infrastructure for IoT applications and services

Small Cells (& WIFI)

2

- First test: installment of 64 small cells in Munich and Frankfurt for Vodafone
- Small cells increase strength and capacity of Vodafone LTE network
- Spectrum range of small cells is up to two kilometers around the advertising media; also due to be made available for public WIFI purposes

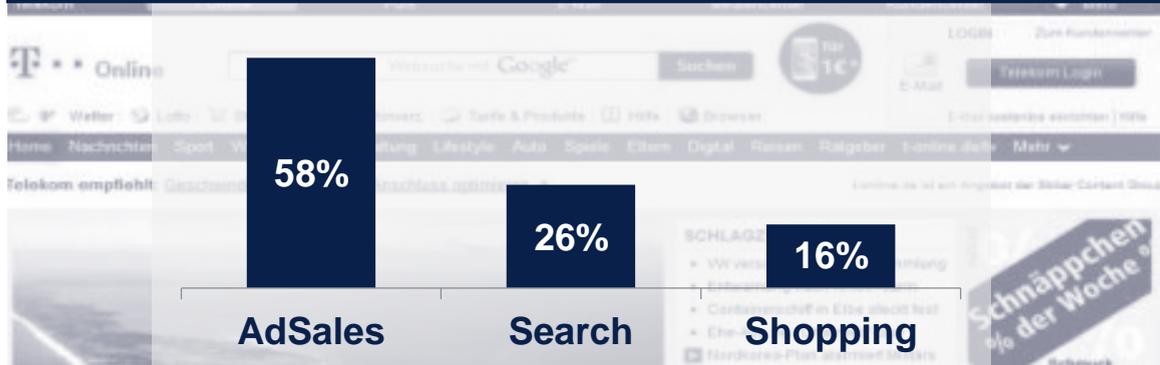
Strategic Integration and Development of t-online.de

- 1
- Content
- 3
- 4
- 5

Quality Content and Commerce Backbone

- #3 Email-Provider with 8.5m unique active users. 90% of users check their account at least every three days
- #1 news portal, #1 real-estate/interior portal, #3 sports portal, #3 business portal, #3 entertainment/celebrity portal
- #4 search provider – very close to Yahoo’s position in Germany (using Google technology)
- 94% of top 50 online marketing spenders in Germany have advertised on TOL in 2015 to benefit from the 22m UUs*

Revenue & Product Mix today



Leveraging Public Video to boost Portal Traffic

Leveraging Ströer Content Group & Sales Synergies

#1 Online Saleshouse	Social Traffic (Faceadnet)	Ecosystem with Ströer Verticals
Multiscreen-Packaging	Tech Stack (Content Fleet)	E-Commerce Spin-offs

* Source: AGOF, Nielsen

Diversification of Revenues beyond Advertising: Example GIGA

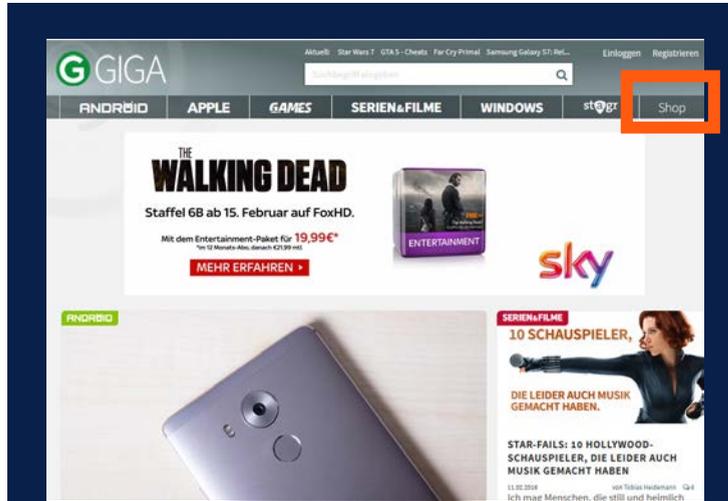
1

Content

3

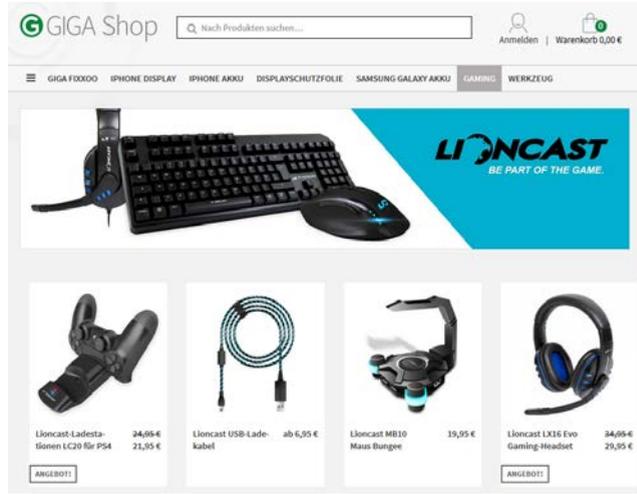
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5



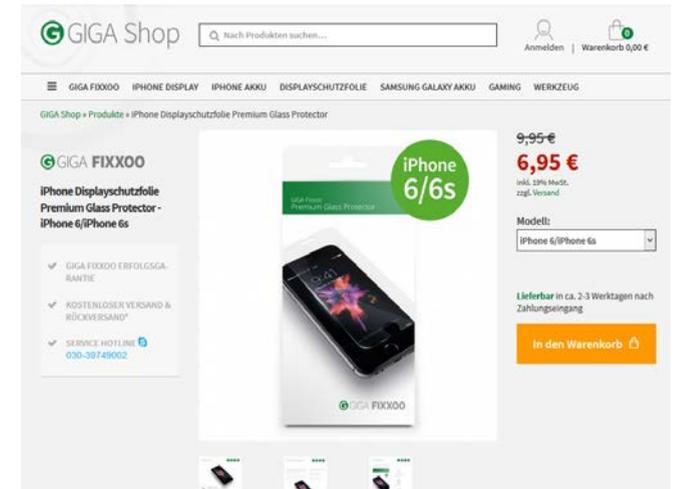
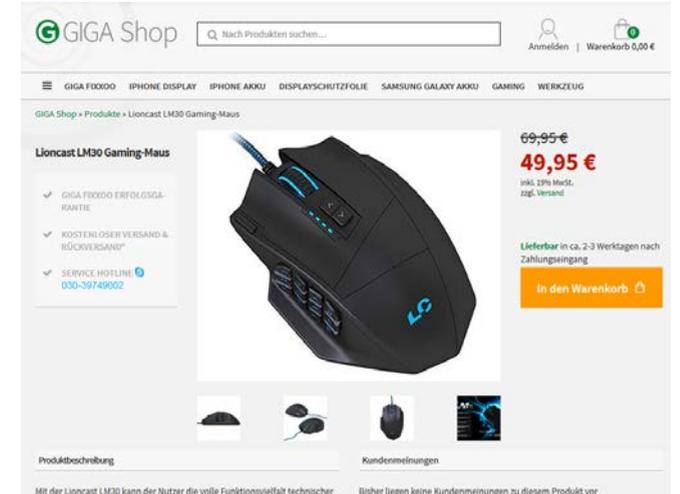
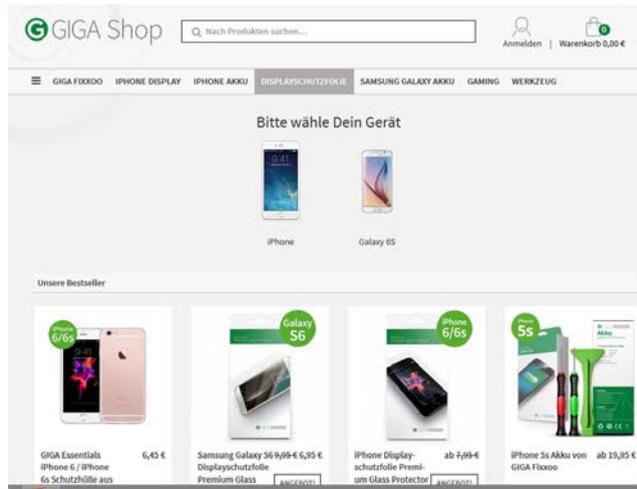
Gaming Accessories

LIONCAST



Mobile Phone Accessories

FIXXOO



Statista – Developing strong Opportunities in the Big Data Sector

1

Content

3

4

5

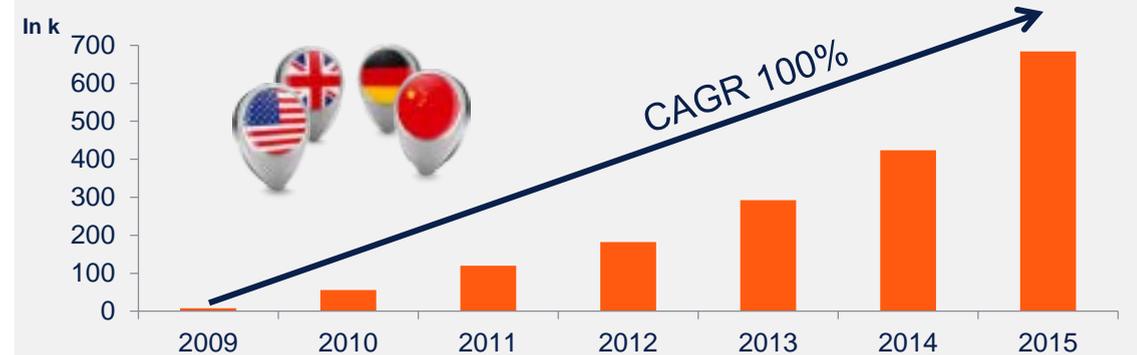
Leading Statistics Portal worldwide

- Category leader among market research companies
- Traffic of 3.9 million sessions/month
- Over 600k registered users
- Continuously expanding content, >250k statistics online, 350 new statistics per day
- Access to more than 18,000 resources

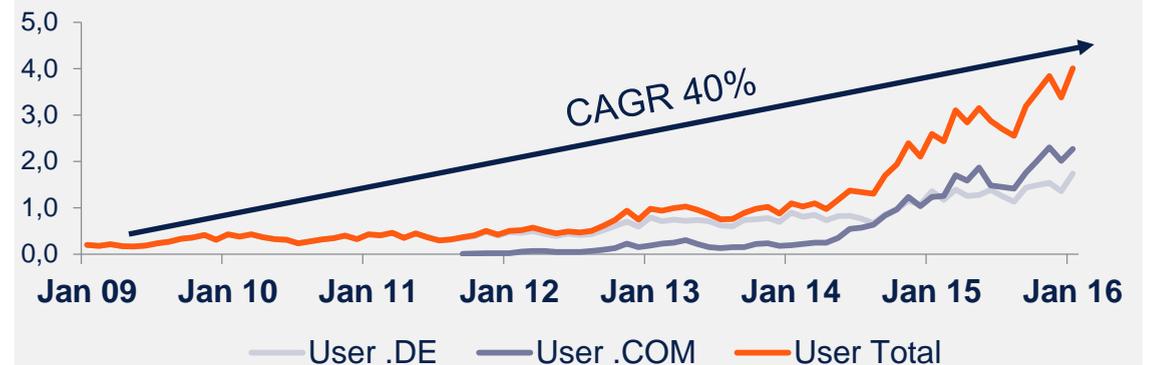
Good Fit to current Ströer Portfolio

- Scalable subscription business (e20 EURm revenues in 2016)
- Expansion of Ströer digital publishing to statistical content and infographics
- Research & analysis service rounds up Ströer publishing (content creation/marketing/selling) portfolio in particular
- Existing media co-operations and client portfolio give way to extended publishing possibilities in website network

Key Growth Driver: International Subscribers



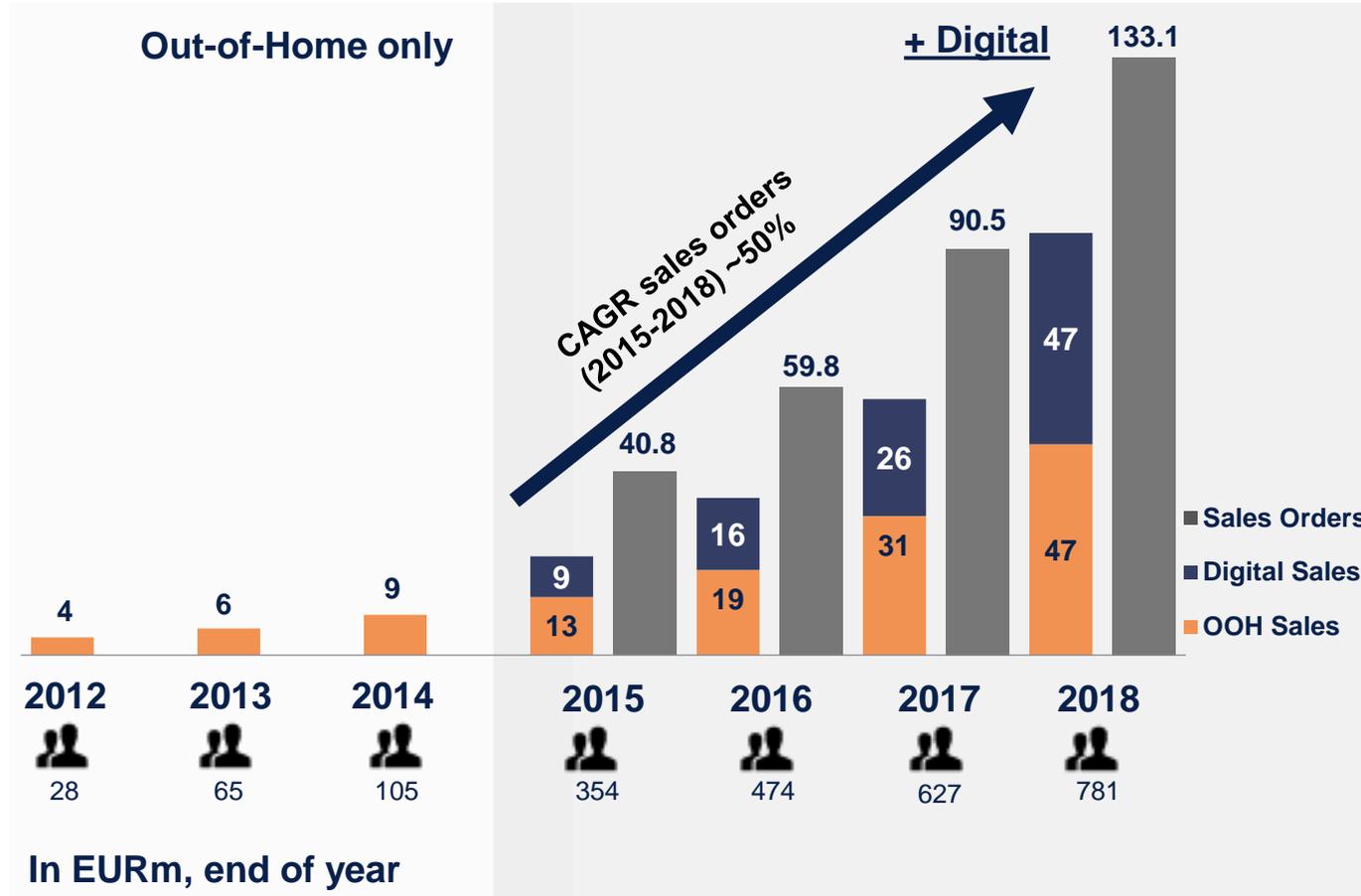
January 2016: Traffic > 4 Million



Broadening Local Digital Product Portfolio: RegioHelden and Omnea

- 1
- 2
- Local
- 4
- 5

Development of headcount and order book



Marketing Services for SMBs


1

Visibility

Active management of shop presence in directories, local portals, apps, maps and navigation systems


2

Performance

Creation of marketing websites, Google adwords, display performance and SEO services


3

Branding Campaigns

Active management of locally targeted display, mobile and video Campaigns via the number 1 saleshouse inventory

Clear German Market Leader in both Display & Mobile (1/2)

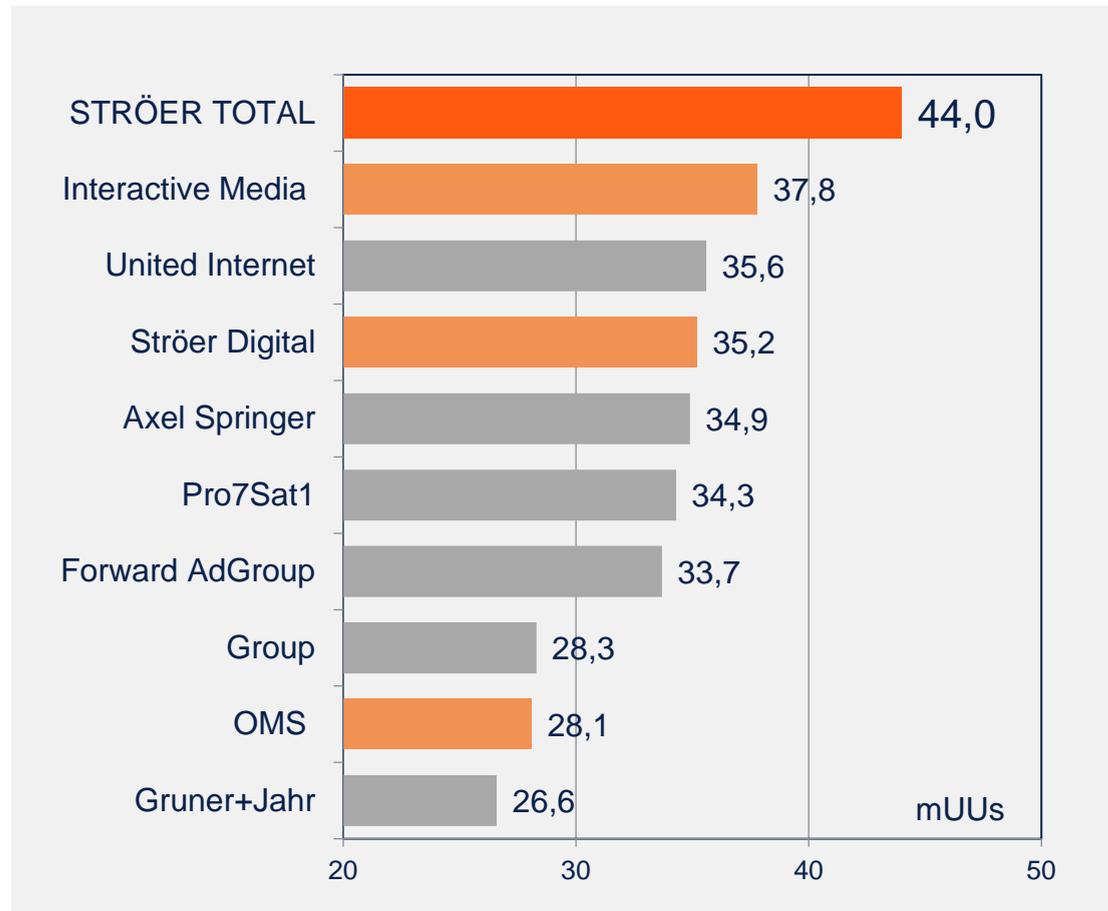
- 1
- 2
- 3
- National
- 5



Clear German Market Leader in both Display & Mobile (2/2)

- 1
- 2
- 3
- National
- 5

Monthly Net Reach of 83,4%* ✓



Portfolio Quality

- # 1 for both mobile and display (>600 websites) ✓
- 17 Channels of websites with strongest and most consistent premium portfolio in the market (examples)



Tech & Data

- Market share of roughly 17% of total German Display/Mobile/Video Market** allows full leverage of tech acquisitions ✓
- Fully developed own tech stack to monetize own and 3rd party inventory out of one hand:
- Adserver, DMP, DSP, SSP – in integrated ecosystem
- Continuously improving data depth and quality from sales house, own content assets as well as E-commerce and subscription business

* AGOF digital facts 2015-07; Basis: Adults, 14+, Unique Users (Online-User); ** Basis: OVK

Connecting OoH & Digital: Public Video now available for Programmatic

1

2

3

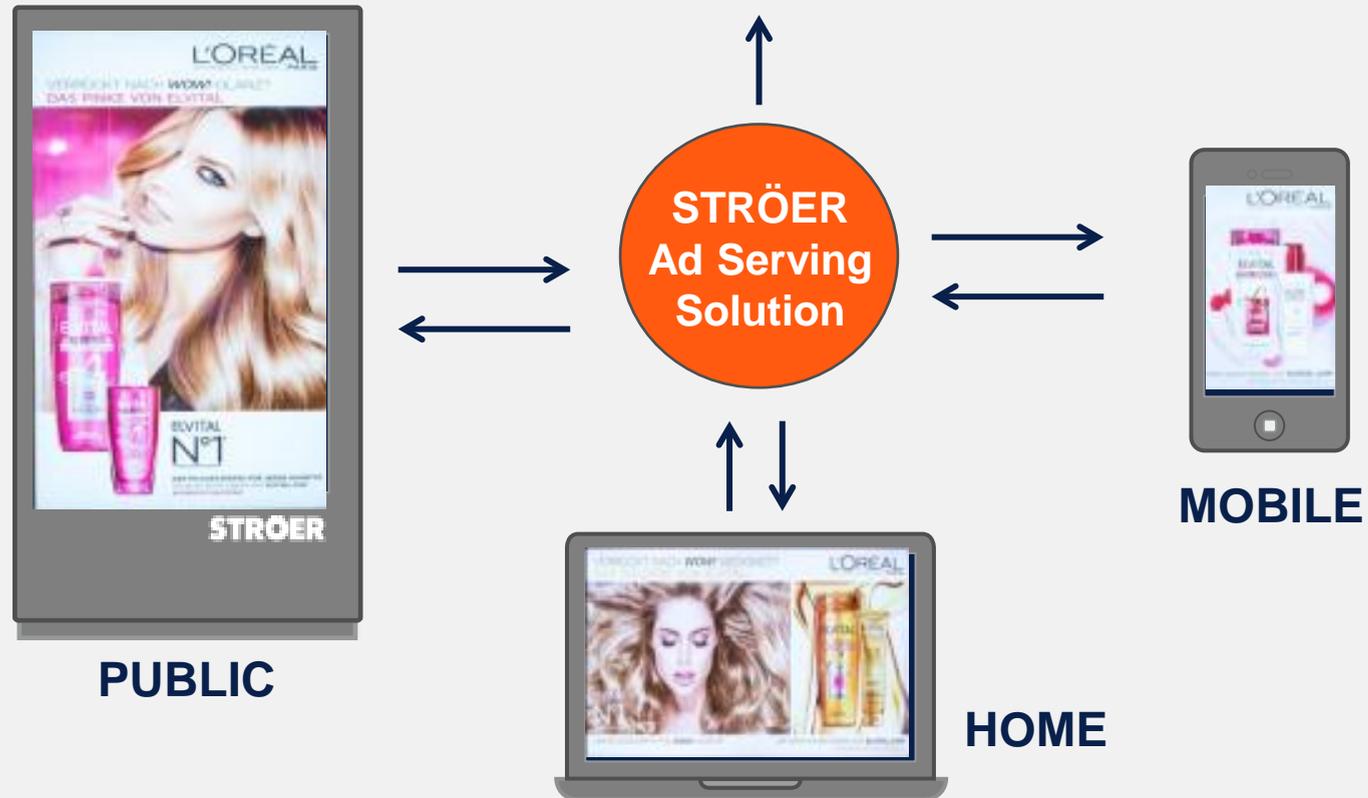
National

5

First three Agencies Trading Desks connected to Adserver

Multi-Screen Development

Realtime Reporting & Tracking



- Existing integrated aderving/SSP-setup within online saleshouse for display, mobile and video
- Additionally, Public Video campaigns can be integrated and serviced fully automated via proprietary aderving solution
- The Public Video portfolio of Ströer holds 3,500 advertising faces with a reach of more than 30 Mio. Unique Users and about 4 Bn. Monthly contacts (90% of DOoH premium market volume)
- Rollout of Beacon infrastructure will allow even more detailed and specific audience numbers – in real time
- Globally unique proposition: #1 online portfolio and #1 (D)OoH portfolio out of one hand with multiscreen data and aderving solutions

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Ströer SE FY 2015 Preliminary Results

EURm	FY 2015	FY 2014	▲
Revenues (reported) ⁽¹⁾	823.7	721.1	+14%
Adjustments (IFRS 11)	14.0	12.5	+12%
Direct costs	-468.6	-439.8	-7%
SG&A	-175.9	-161.5	-9%
Other operating result	14.3	15.7	-9%
Operational EBITDA	207.5	148.1	+40%
Margin %	24.8	20.2	+4.6%pts
Depreciation & Amortisation	-112.0	-83.7	-34%
Exceptional items	-15.2	-9.9	-54%
EBIT (adjusted) ⁽²⁾	135.7	98.5	+38%
Net income (adjusted) ⁽³⁾	106.2	56.3	+89%

(1) According to IFRS

(2) EBIT adj. for exceptional items, amortization of acquired advertising concessions&impairment losses on intangible assets (Joint ventures are consolidated proportional)

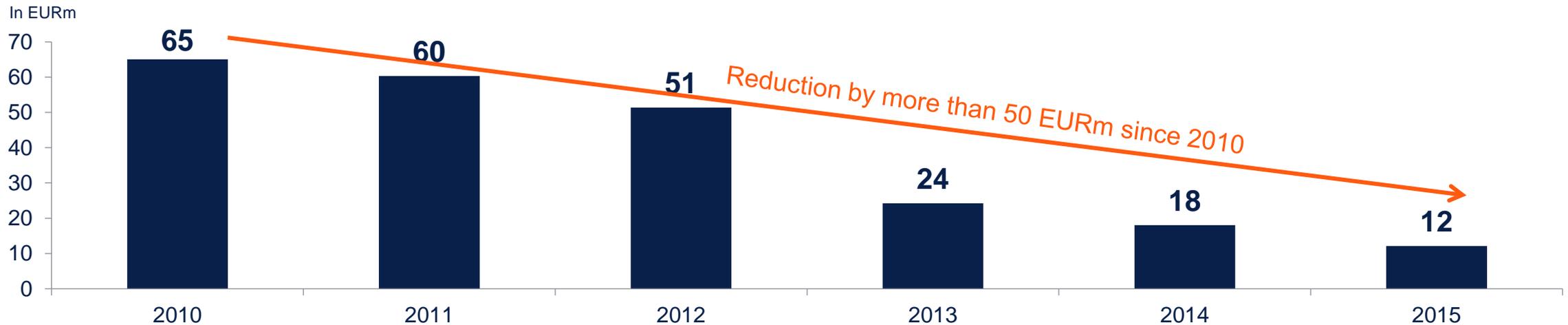
(3) EBIT (adj.) net of the financial result adjusted for exceptional items and the normalized tax expense (32.5% tax rate in 2014 and 15.8% in 2015)

Reduction of Financing costs by more than 50 EURm since 2010

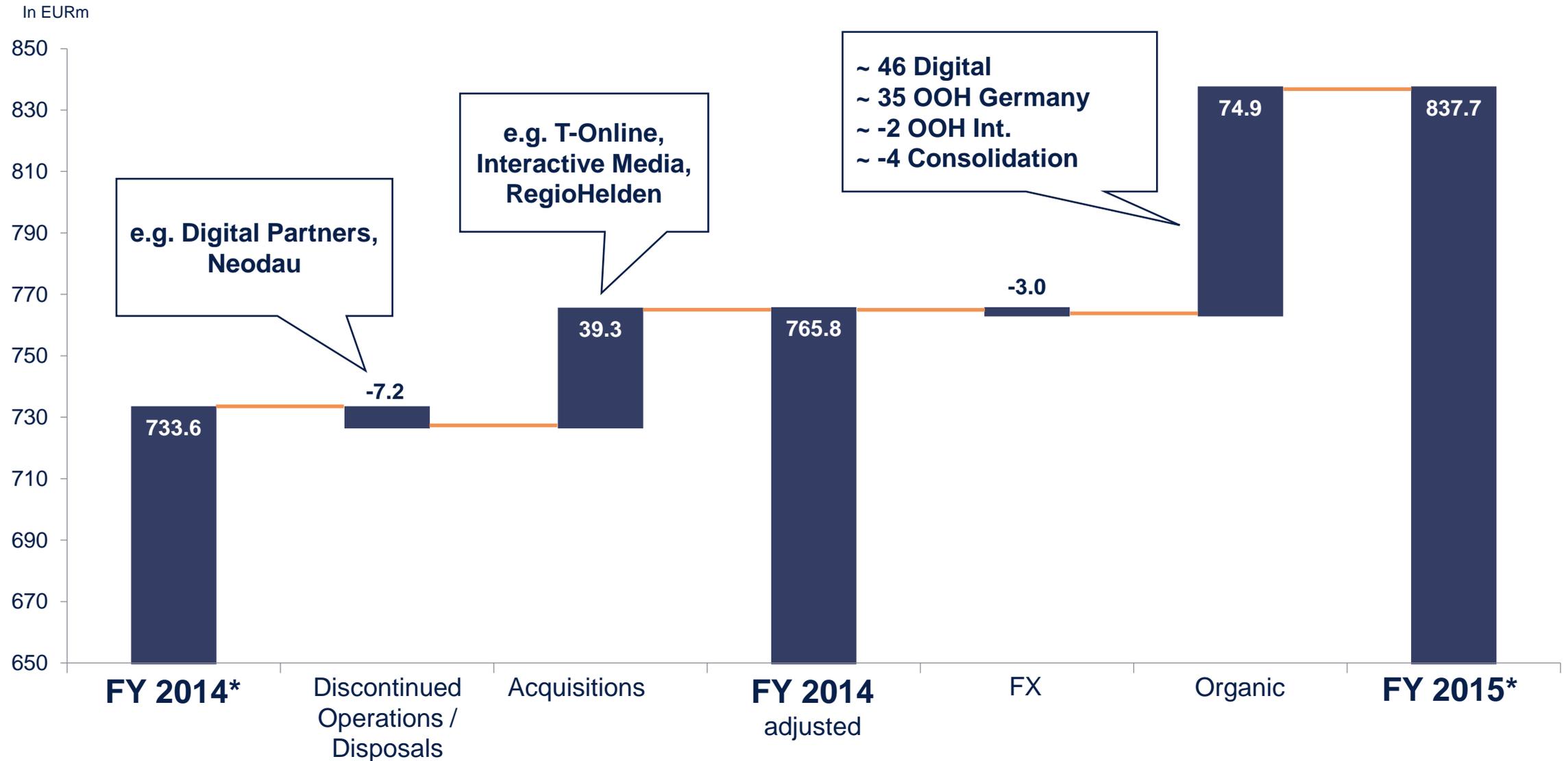
April 2015 - Latest refinancing

- Refinancing („amend and extend“)
- Cost savings: (~40bps and 2 EURm per year)
- Duration: 5 years
- Covenants: no change
- Slim and efficient process

	Tranche	Amount	Duration
April 2014	Loan	250	5 yrs
	Revolver	250	5 yrs
	Tranche	Amount	Duration
New: April 2015	Loan	200 (+100 optional)	5 yrs
	Revolver	250	5 yrs



Reported Organic Growth FY 2015



*Revenues correspond to management accounting pre IFRS11

Ströer Digital: Profitable Growth backed by Value Accretive Acquisitions

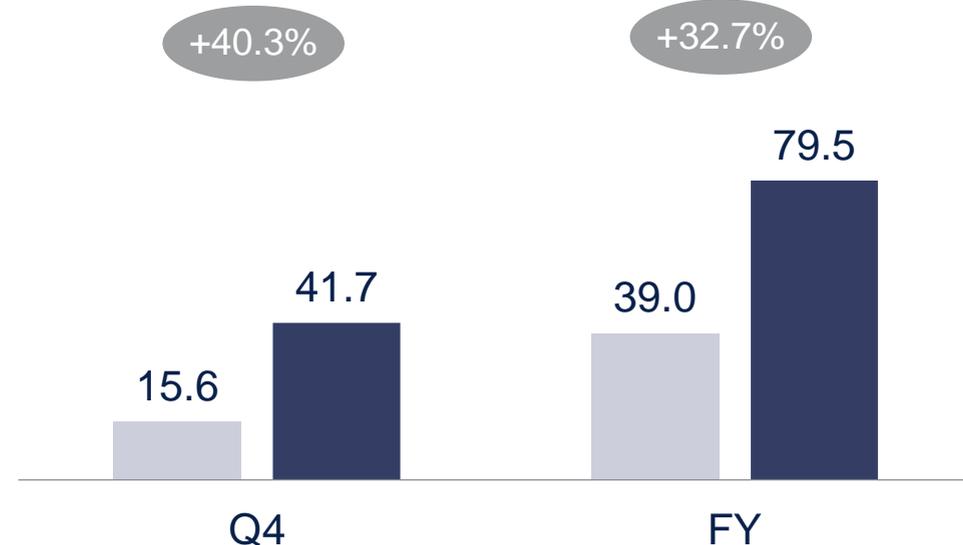
Revenues

EURm



Operational EBITDA

EURm



- Strong demand for Video Products as well as yield optimization
- In Q4 significant impact from acquisition of T-online / IAM assets above expectations (2 months November and December)

● Organic Growth Rate ● Margin ■ 2014 ■ 2015

Our Digital Product Segmentation



Display (Desktop & Mobile) 50% of revenue

- Further market consolidation (organically/un-organically)
- Massive mobile growth
- Tech stack for programmatic and data driven advertising
- Local sales: huge potential of small and mid-sized clients



Video (Multiscreen) 20% of revenue

- Strong structural growth of video products across all our platforms
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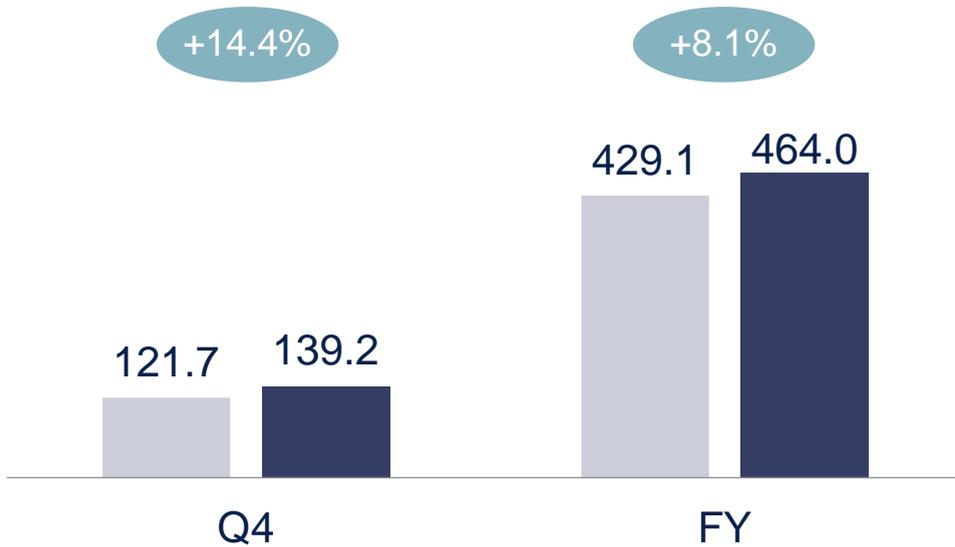
Transaction & Subscription 30% of revenue

- Monetization of traffic of own assets via e-commerce models
- Rollout of subscription business with e.g. Statista
- Strong growth of digital marketing services for small and mid-sized clients (locally)

Ströer OoH Germany: Steady and profitable Growth Path

Revenues

EURm



Operational EBITDA

EURm



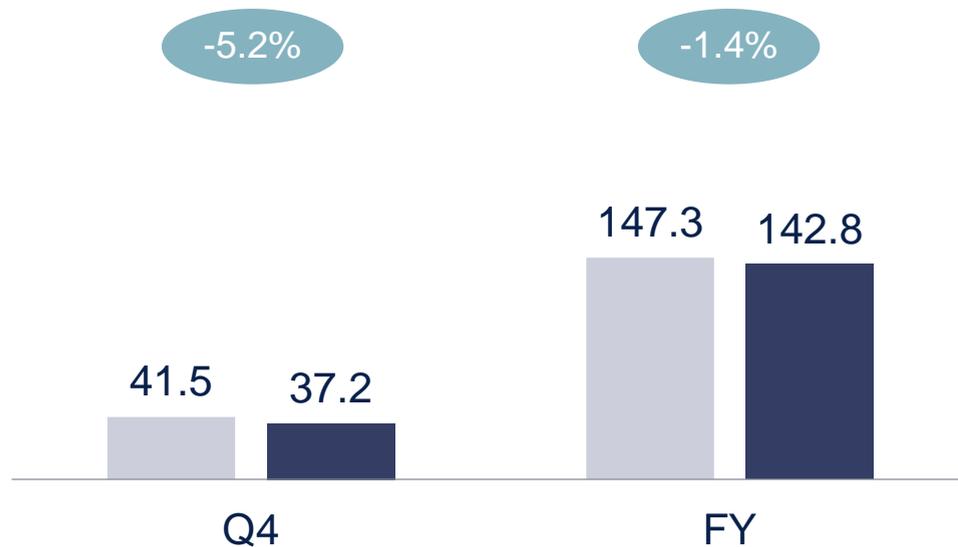
- Revenue growth driven by regional sales initiatives and national sales performance
- Significant EBITDA-contributions from the cost efficiency program
- Margin improvement backed by profitable product mix

● Organic Growth Rate ● Margin ■ 2014 ■ 2015

Ströer OoH International: Slightly improved profitability in challenging markets

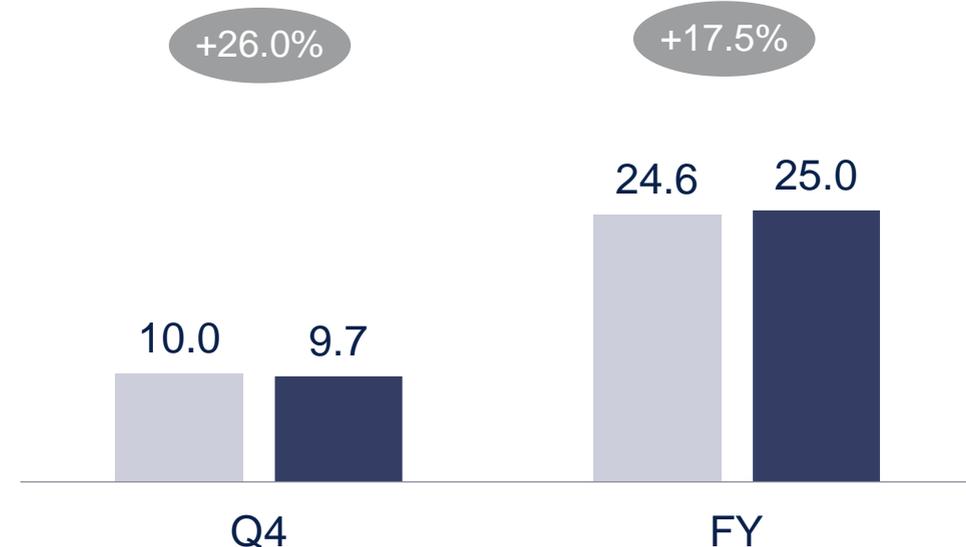
Revenues

EURm



Operational EBITDA

EURm

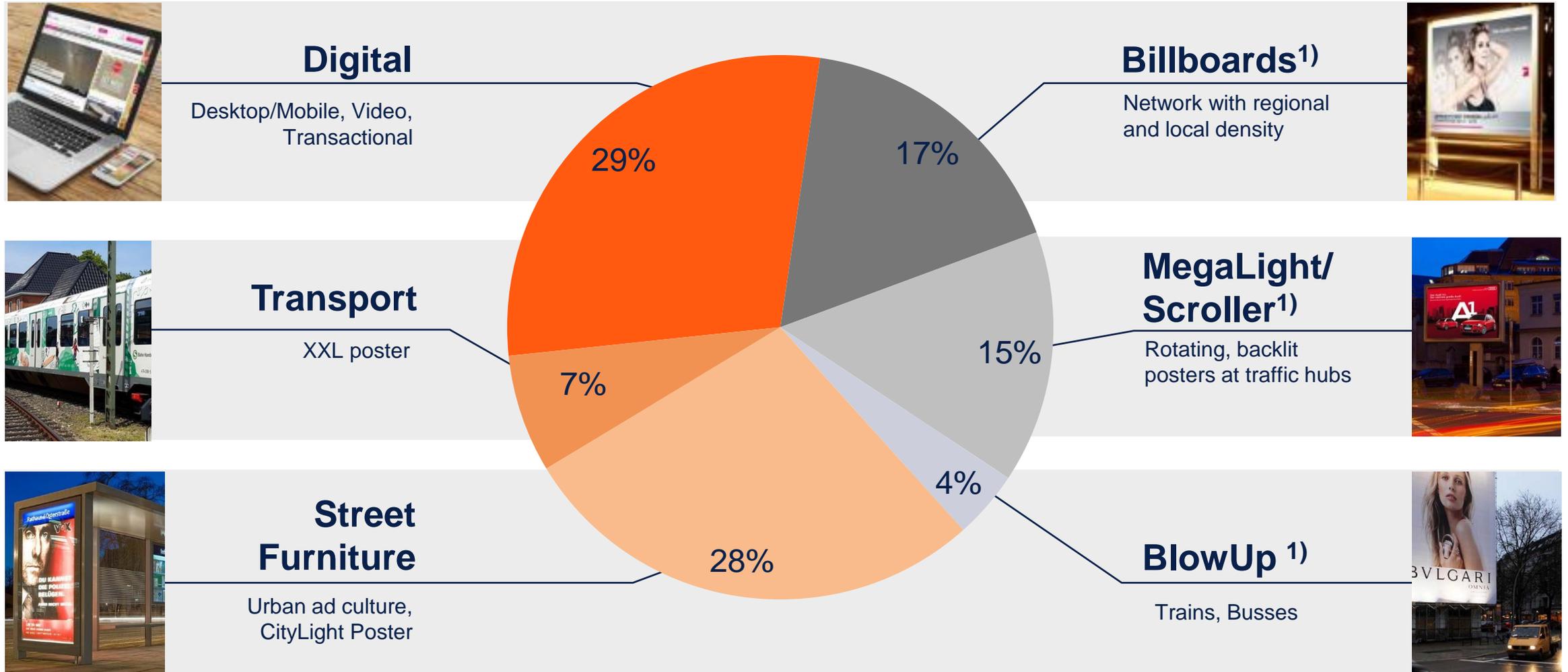


- Q4 revenues in Turkey affected by lack of market dynamics in challenging political macro environment
- blowUP business back on growth path in Q4
- Improved cost base leading to higher operational EBITDA y-o-y

● Organic Growth Rate ● Margin ■ 2014 ■ 2015

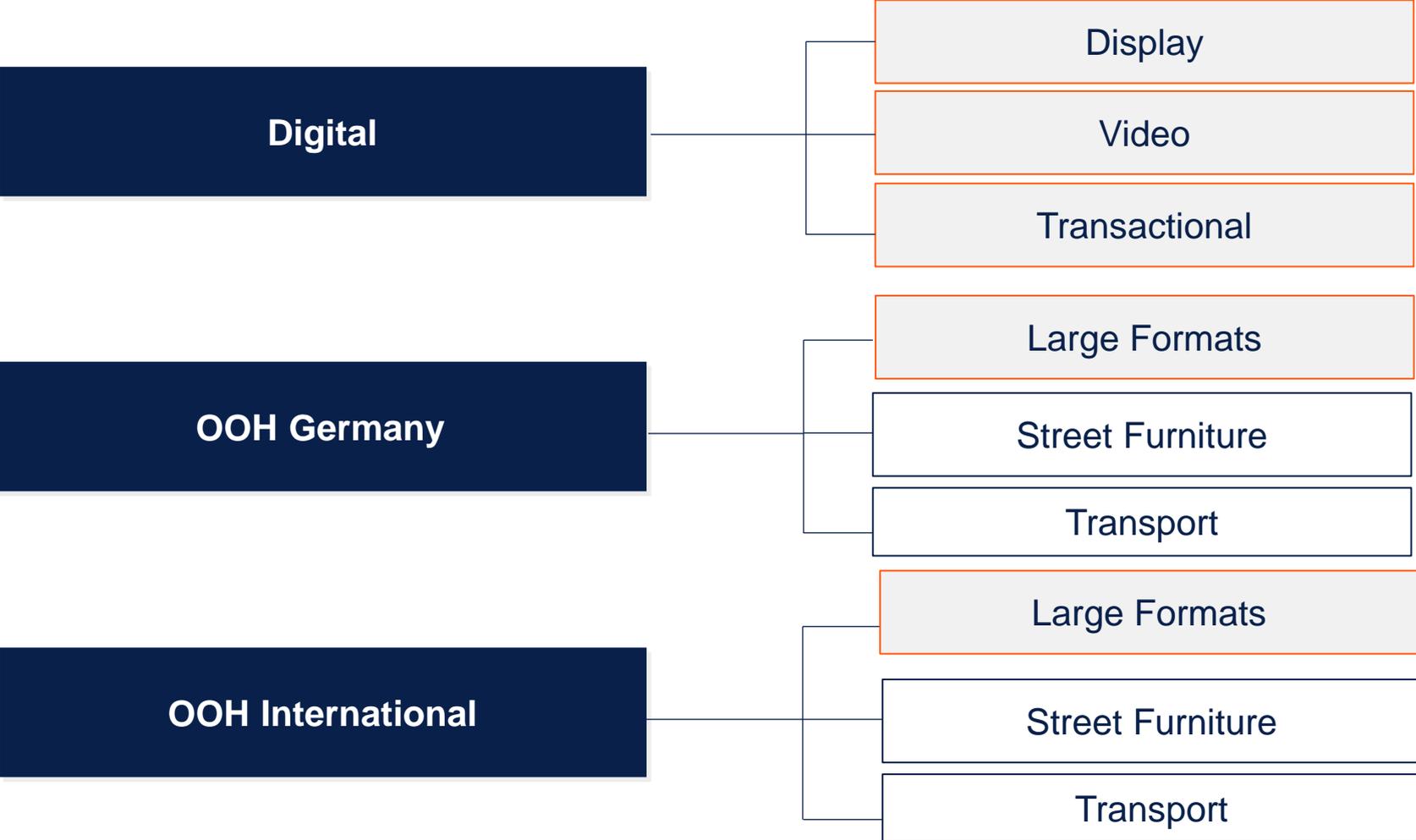
Well diversified product portfolio – with focus on premium products

Renaming Product Group „Billboards“ into „Large Formats“



1) Product segment Billboards (renamed into „Large Formats“)

New Product Reporting Structure starting Q1 2016



Free Cash Flow Perspective 2015

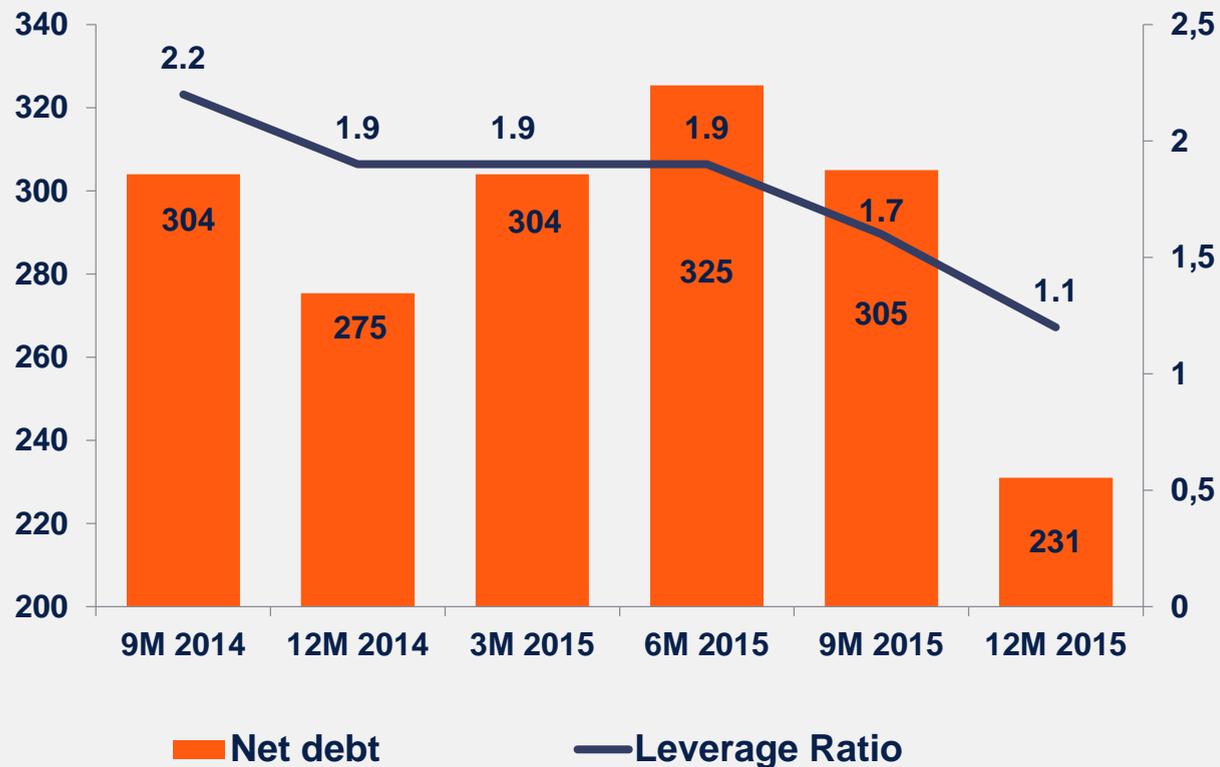
Free Cash Flow	2015 EURm	2014 EURm
Op. EBITDA	207.5	148.1
- Interest (paid)	-8.4	-14.4
- Tax (paid)	-5.9	-8.4
-/+ WC	+21.4	+15.0
- Others	-24.3	-16.8
Operating Cash Flow	190.3	123.4
Investments	-76.3	-45.2
Free Cash Flow (before M&A)	114.1	78.2

Free Cash Flow up by around 50%

- Strong operational cash generation in line with increased operational EBITDA
- Further reduced interest payments after successful refinancing in 2014 and 2015
- Positive tax effect
- Higher exceptionals due to M&A especially TOL/IAM
- Higher investments due to LED technology, public video, IT-infrastructure and various other projects

Financial Status and Outlook

Improving leverage ratio



Outlook 2016

- Free Cashflow before M&A around 125 EURm
- Refinancing at lower costs

Long term financial outlook

- Maintaining a solid financial profile is a key element of our growth strategy
- Dividend pay-out ratio: 25 – 50%
- Acquisition strategy: smaller/larger bolt-on investments

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Summary: Excellent Financial Year 2015

Total revenue growth by 14%



Operational EBITDA expanded by 40% to 207.5 EURm



Adjusted EPS doubled from 1.1 to 2.1



Leverage Ratio at 1.1 times operational EBITDA



FCF before M&A up 46 % to 114 EURm



Priorities for 2016

Expansion of Digital Public Advertising

Integration & further built up of existing content portfolio

Accelerating regional/local business (+ 100 to 200 sales people p/a)

Watch out for opportunistic M&A-deals

Guidance Statement 2016: Confirmed

For 2016 we expect total revenue between 1.1 and 1.2 billion Euro, and an operational EBITDA of 270 to 280 Million Euro (with 50% coming from Digital)

For the first quarter of 2016 we expect organic growth for up to 10 %

NEXT CATALYSTS: DATES

Annual Report to be published 22nd March 2016



Capital Markets Day on 29th April 2016 (London)



Quarterly Report to be published on 12th May 2016

