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## Ströer Out-of-Home Media AG

Investor Presentation

Morgan Stanley Roadshow New York

24<sup>th</sup> - 25<sup>th</sup> May 2012



- Mixed market environment dominated by short booking behavior and very low visibility
- Group organic growth at -2.9 % in a generally lower weighted quarter
- Regional sales development in Germany and Turkey ahead of national businesses
- German street furniture sales with low single digit growth in Q1
- Margin mainly impacted by unfavorable sales mix and contract ramp-up costs in Istanbul
- Slight improvement in reported EPS due to positive exchange rate development
- Strengthening of German contract portfolio with tender win in Braunschweig & Salzgitter



# Group financials at a glance:

## Soft revenue and profit generation in low-visibility markets

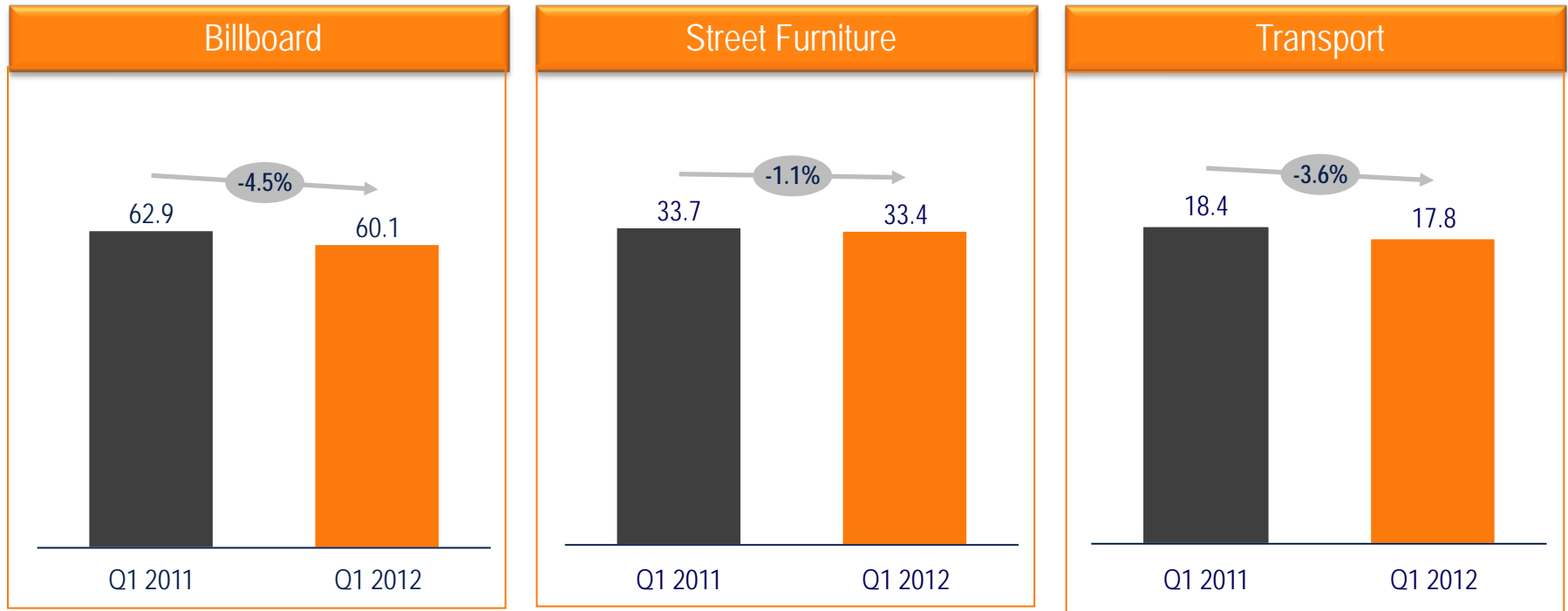
€ MM	Q1 2012	Q1 2011	Change
Revenue	118.6	122.9	-3.5%
Organic growth <sup>(1)</sup>	-2.9%	9.7%	
Operational EBITDA	9.3	16.2	-42.6%
Net adjusted income <sup>(2)</sup>	-6.2	-1.2	<-100%
Investments <sup>(3)</sup>	8.0	12.0	-33.2%
Free cash flow <sup>(4)</sup>	-23.9	-22.0	-8.5%
	31.03.2012	31.03.2011	Change
Net debt <sup>(5)</sup>	332.3	347.8	-4.5%
Leverage ratio	2.7x	2.7x	-3.3%

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 flows from investing activities excluding M&A; (4) Free cash flow = cash flows from operating activities less cash flows from investing activities; (5) Net debt = financial liabilities less cash (excl. hedge liabilities)



# Product group performance: Street Furniture holds up while other lines lag prior year

€ MM



- Growth in regional BB business not sufficient to offset soft national demand
- Street furniture with almost flat development thanks to positive German CLP business
- Transport mainly reflects lower momentum in German Infoscreen business





Market & Portfolio



# Ad market experts citing a mixed picture in German media\*



"TV is currently gaining market share relative to other segments..., mainly due to a more aggressive deal strategy by large TV marketing companies."

"Up to now, customers have almost been a little overcautious with budget increases."

"The index is likely to be at around 95 in the first few months [of 2012]. ... Budgets are flat or falling. Growth [in one segment] is being generated by shifting spending from other segments."



"Despite a slight increase in budgets in the second half of the year, the trend will reverse somewhat so that posters will clearly remain at the prior-year market share. Print/radio will continue to lose out slightly."

"The picture in Q1 will probably reflect the entire year."

"[We are currently seeing] realignments within spending strategies in individual advertising budgets."

\* The quotes were obtained from executives and top managers of leading national and international media agencies and consulting companies and are thus from third-party sources, which are independent from Stroer. The quotes do not necessarily form the basis of or reflect the opinion of Stroer. Stroer has neither commissioned nor requested the content contained in the quotes nor does Stroer accept responsibility for the content, or accuracy thereof, or liability therefrom.

# Continued execution of digital strategy: Roll-out focus now on ECE shopping centers



- Further upgrade of digital inventory
- Roll-out of >150 OCs in 15 centers in addition to existing portfolio (total >1.000 units)
- Ongoing scouting process for further locations
- Out-of-Home Channels (OC) fully synchronized with existing ECE flat screen inventory
- Combined time-slot-based marketing of mall and station OCs from mid 2012 onwards







## XL LCD Screens



# New large format LCD screens: best ad location nationwide



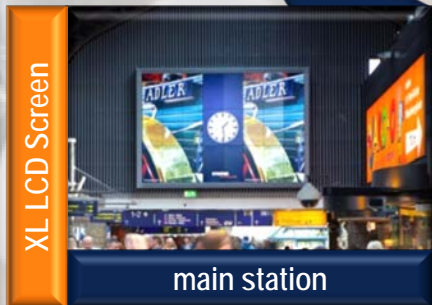
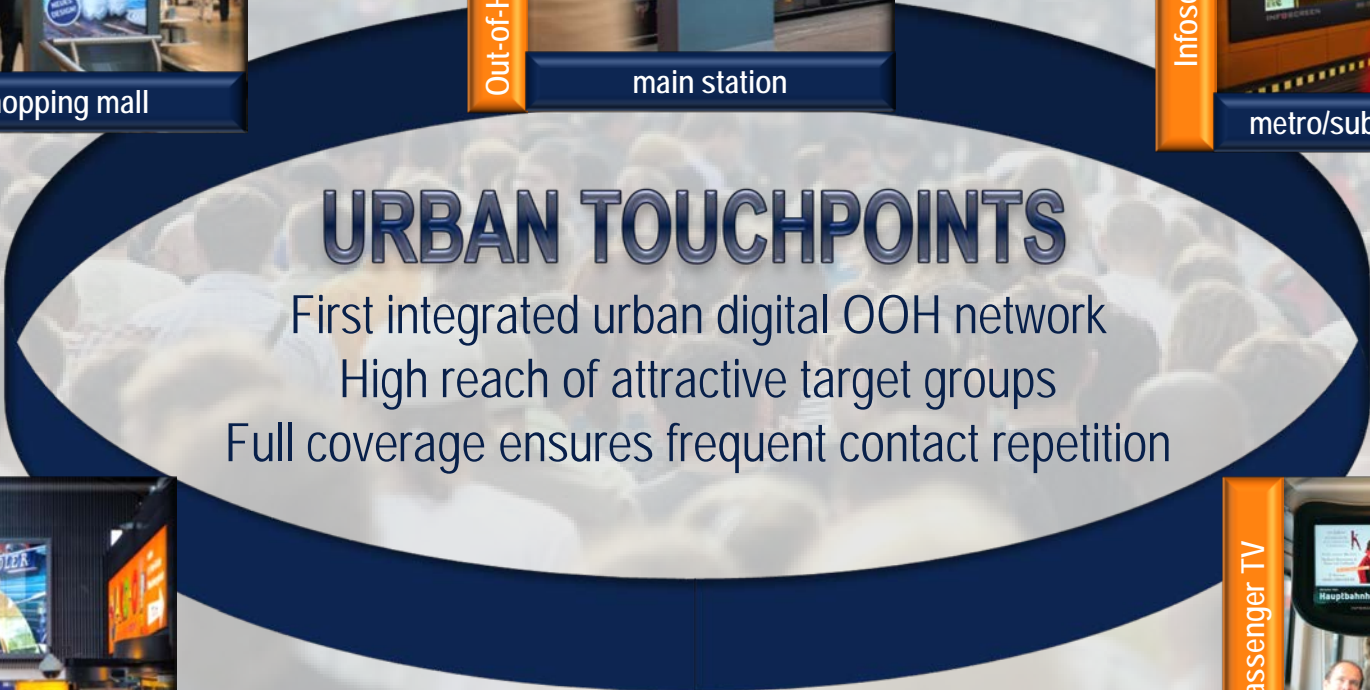
- Introduction of 6 large format LCDs in Hamburg (2 x 24 m<sup>2</sup>) & Düsseldorf (4 x 16 m<sup>2</sup>)
- Synchronized with OC program
- Hamburg LCDs most attractive nationwide ad location:
  - most frequented German train station with 450,000 visitors / day
  - exceeding peak time frequencies of busiest high streets\*

Source: Frequenzatlas of Fraunhofer Institute for Intelligent Analysis and Information Systems IAIS

\*Comparison with most frequented shopping streets according to Jones Lang LaSalle., e.g. Germany's most visited shopping street, Schildergasse is visited by 13,280 people in peak hour on Saturday morning ; according to Frequenzatlas most frequented road in Germany (Elbe bridges in Hamburg) are frequented by 10,000 people per hour (in total 140,000 people per day according to standard formula)



# Next generation of Outdoor advertising: Digital integration of urban touchpoints in Hamburg







# Financials

# Ströer Group Q1 2012 P&L management view

## High prior year comparables dampen start into 2012

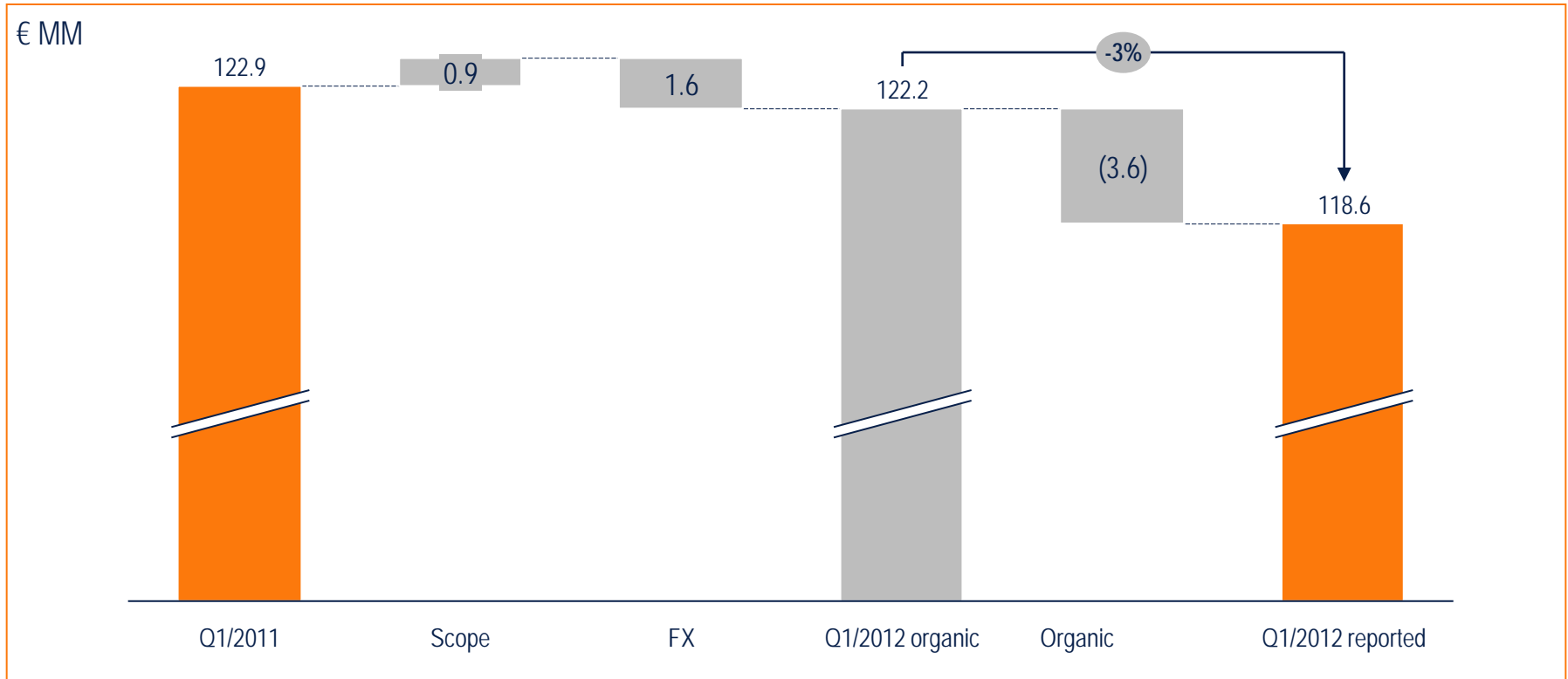


€ MM	Q1 2012	Q1 2011	Change
<b>Revenue</b>	<b>118.6</b>	<b>122.9</b>	<b>-3%</b>
Direct costs	-73.9	-71.6	-3%
SG&A	-36.3	-36.1	0%
Other operating result	0.9	1.0	-14%
<b>Operational EBITDA</b>	<b>9.3</b>	<b>16.2</b>	<b>-43%</b>
<i>Margin %</i>	<i>7.8</i>	<i>13.2</i>	
Depreciation	-9.1	-8.9	-3%
Amortisation	-7.1	-7.0	-2%
Exceptional items	-0.8	-1.0	+20%
<b>EBIT</b>	<b>-7.8</b>	<b>-0.7</b>	<b>&lt;-100%</b>
Net financial result	-4.0	-9.8	+59%
Income taxes	5.6	3.9	+46%
<b>Net income</b>	<b>-6.2</b>	<b>-6.7</b>	<b>+8%</b>
<b>Net adjusted income</b>	<b>-6.2</b>	<b>-1.2</b>	<b>&lt;-100%</b>





# Group organic revenue growth bridge: Without scope and FX effects revenue trails € 3.6m behind last year

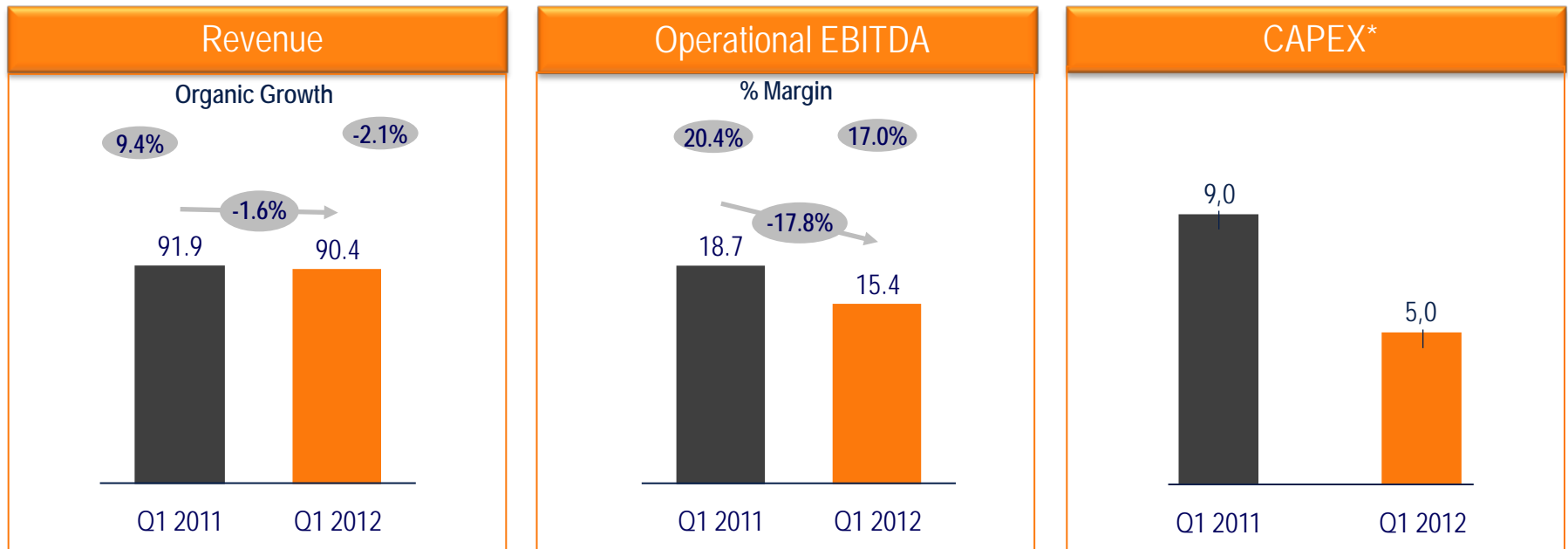


- Germany (€ -1.9m) and Turkey (€ -0.9m) were main contributors to change in organic revenue
- Scope effects relate to ECE flatmedia in Germany and small bolt-on take-over in Turkey
- Ströer Poland with positive organic growth not sufficient to offset adverse sentiment in giant posters

# Ströer Germany: Moderate revenue decline as result of cautious client bookings



€ MM



- Higher volume from growth projects cannot mitigate revenue decline in other business lines
- Regional trading outperforms business with national clients impacting the sales mix
- Change in volume and less attractive mix of sales main driver for shortfall in operational Ebitda

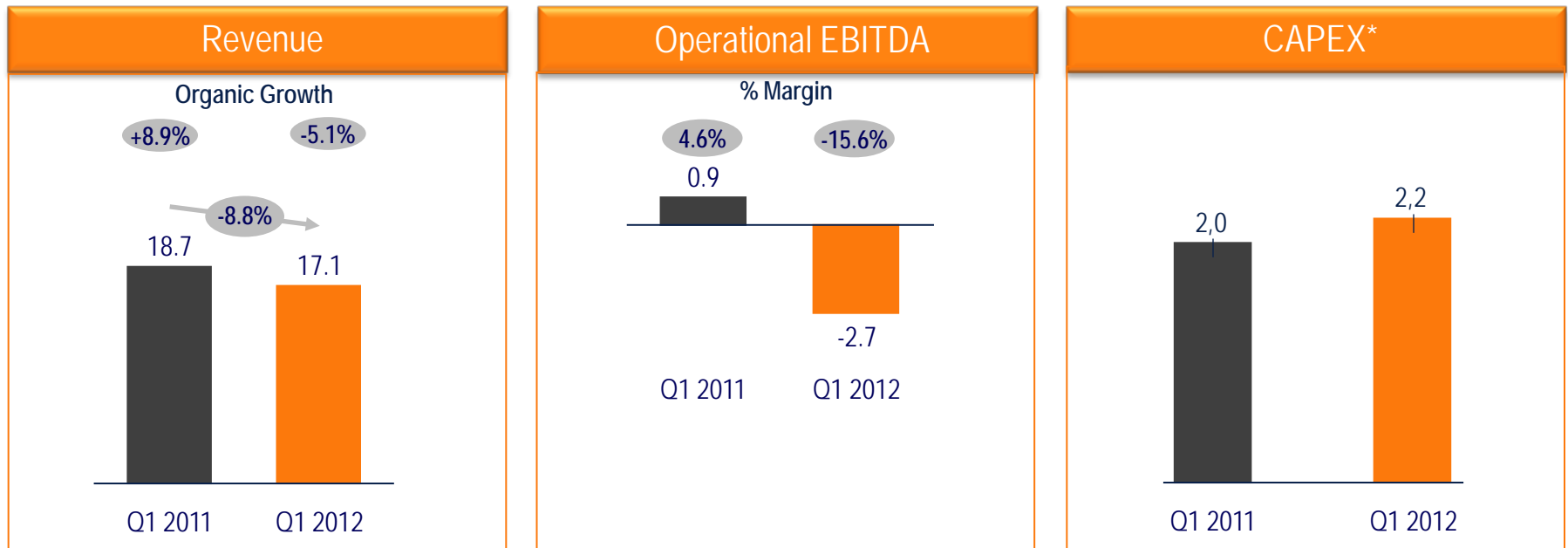
\* w/o acquisitions



# Ströer Turkey: Softer business with key accounts plus Istanbul ramp-up effects



€ MM



- Flat organic revenue development when adjusting for 3rd party sales contracts terminated last year
- Physical roll-out of new Istanbul inventory gradually underway but not yet commissioned
- Margins mainly affected by incremental Istanbul BB rent payments and rent inflation adjustments

\* w/o acquisitions

# Ströer Rest of Europe\*:

## Positive sentiment in Poland while Giant Posters deliver slow start



€ MM



- Polish sales performance ahead of market trend leading to margin improvements
- blowUP's top- and bottom line impacted by fewer cross-border campaign business
- Limited upside from mega sport events (Olympics, Euro football championship)

\* blowUP Media Group and Ströer Poland  
\*\* w/o acquisitions





# Group cash flow and cash position: Development of free cash flow comparable to last year

€ MM

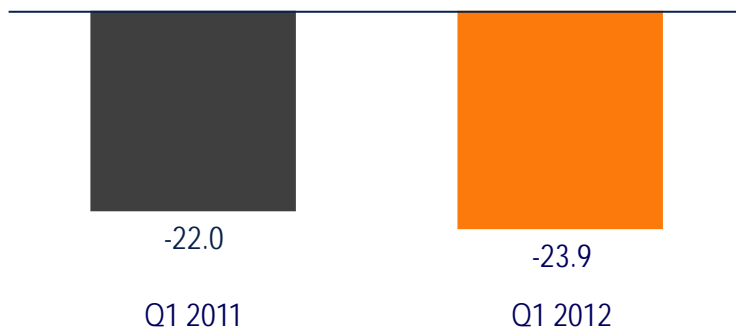
## Cash flow from operations



## Cash flows from investing activities



## Free cash flow



## Comments

- Declining operational cash flow mirrors movement in underlying profit development
- Investing cash flow down on last year given lower cash-out for new inventory
- Free cash flow development similar to last year
- Cash balance runs at €115m allowing 2.7x financial leverage (Q1 PY: 2.7x)

The current media market remains soft and difficult to predict as the sentiment and booking behavior of our national clients is still very short term and volatile. In this challenging environment, Ströer's management expects an organic revenue decline in the range of a mid or even high single digit percentage rate for Q2 2012, depending on the level of bookings in the remainder of this quarter. This is caused by lower trading especially in Germany, while our Turkish operations may achieve a similar underlying revenue performance as reported in the second quarter of last year.

Irrespective of the current difficulties in our trading environment, we are still convinced that our outstanding market position and quality product offering will give us the strength to benefit from the ongoing structural change in the media markets.

**STRÖER**

**out of home media**

# Disclaimer

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