STRÖER

Q1 2017

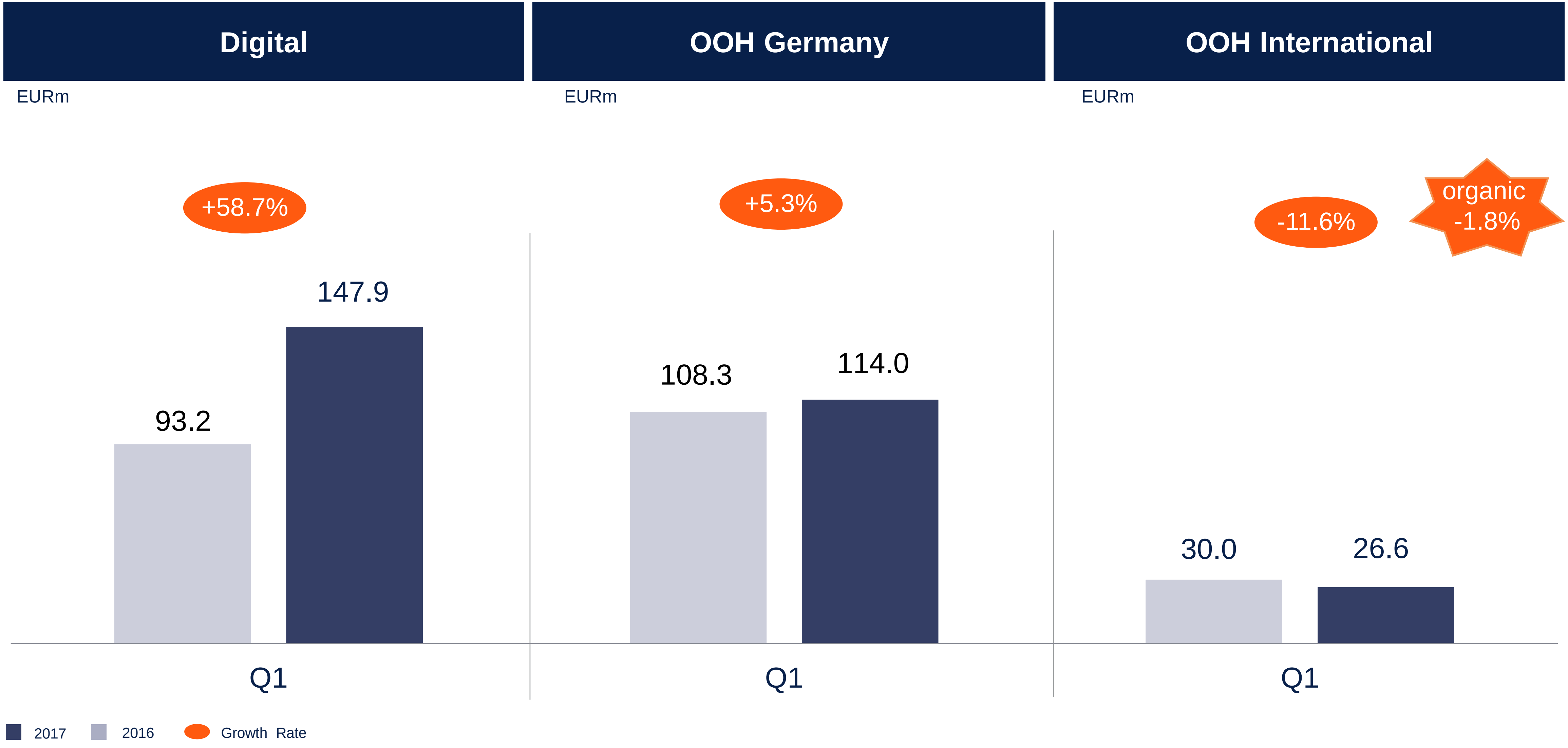
11th May 2017 | Ströer SE & Co. KGaA

Results Q1 2017

EURm		Q1 2017	Q1 2016	▲
Revenues	Reported (1)	281.2	226.2	+24%
	Organic (2)	8.8%	11.5%	-2.6%pts
Operational EBITDA		55.6	46.2	+20%
Operational EBITDA margin		19.5%	20.1%	-0.6%pts
EBIT (adjusted) (3)		31.3	26.8	+17%
Net income (adjusted) (4)		24.7	20.8	+18%
Operating cash flow		7.6	29.3	-74%
Capex (5)		31.0	26.8	+16%
		31 Mar 2017	**31 Mar 2016**	
Net Debt / Leverage Ratio		368.4 / 1.3	314.0 / 1.4	

(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 (net-)investments in PPE and intangible assets

2017 Q1: Segment Perspective – Ongoing Growth in Core Segments



Recap from our CMD: Massive changes in the Media Industry

Digitisation & Globalisation will drive massive further Change

Start of the digital media age	Halftime	The Endgame
		
Yesterday (2006) ✓	**Today (2016)** ✓	**Tomorrow (2026)** ?
▪ Separate media silos & and distribution of content linked to physical media channels ▪ Online media still driven locally, search as only global platform	▪ Accelerating digital distribution of content breaks up physical silos ▪ Growing dominance of global (tech) platforms with strong network effects	▪ Global tech & data based companies dominating the global media market ▪ Local heroes dominating local media markets

Two Key Business Approaches with a very different Profile

LOCAL HEROES

VS

GLOBAL CHAMPIONS

- Local market specification know-how
- Local execution quality
- Local do-it-for-you solutions with strong local client access

Strong barrier to entry

- Global tech-based standardisation
- Global premium content rights
- Global data-supported network effects

Strong barrier to entry

Our business segments have a clear & consistent local hero profile:

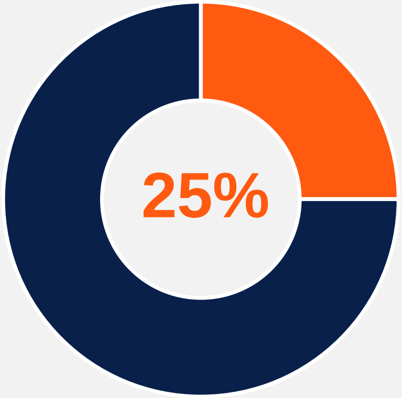
- **Local market know-how is absolutely key**
- **Execution-quality & do-it-for-you focus**
- **Diversified rights portfolio**
- **High market entry barriers**

Ströer‘s strategy is addressing market challenges

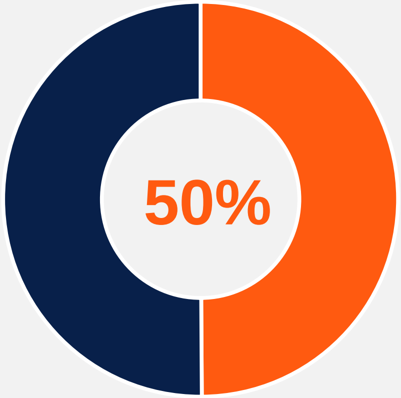
1. **Leveraging the incremental potential of digitisation for OoH**
2. **Online: consolidation of 1st & 3rd party inventory + integration at public media reach**
3. **Do-it-for-you services for SMB only national Sales Force for local ad products**
4. **Smart and focused digital niches**

1 Delivery against our 4 Year Target* of +1,000 Premium Screens?

time gone*



target delivery

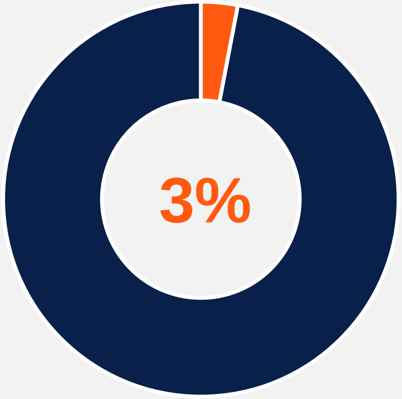


Location		May 2016	May 2017	FC Q4/2017
Stations		1,052	+97	+80
Malls		2,137	+198	+80
Public Transport		303	+86	+120
Roadside		7	+119	+80
TOTAL		3,499	+499	+420

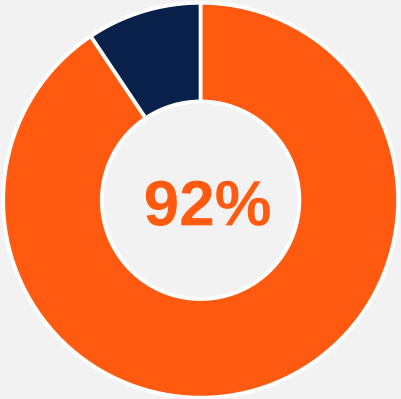
* Announced at the CMD 2016 end of April 2016

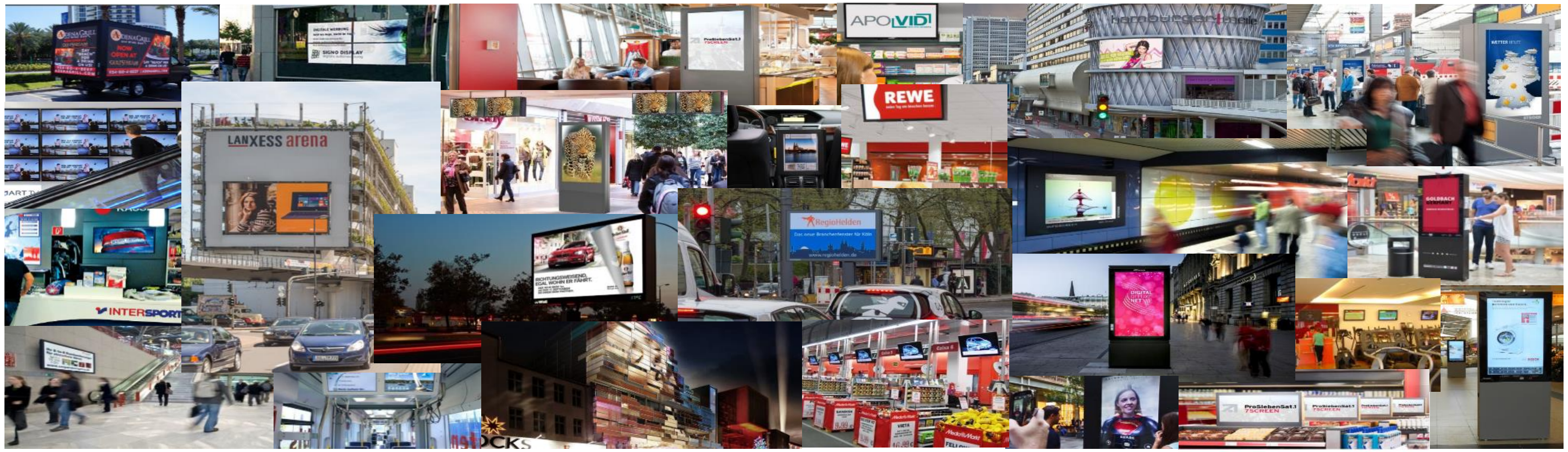
1 Ströer DOoH/Public Video Market Shares: Only Premium works

Share of Screens*



Share of AdSpend**





- Train Station
- Street & Inner City
- Fast Food Restaurant
- Cinema
- Consumer Electronics Market
- School & University
- Shopping Mall
- Public Transport
- Airports
- Pharmacy & Surgery
- Super-market
- Gym

Source: * Invidis (2015); ** FAW (2015), exkluding “WKZ” (Advertising Subsidy)

❶ Shopping Mall No. 100: “Mall of Berlin”

Top Class Location since January 2017, 39 Screens, Duration of Stay 1.5 hours; 60 & 70 inch premium Products

2 Our Online Consolidation Strategy is constantly evolving

Further Inventory Consolidation in Q1/2017

1 January – from Axel Springer: aufeminin Group

e.g.

Onmeda.de Für meine Gesundheit aufeminin

8.2m UUs, strengthening women and health vertical

2 February – from Funke Group: Funke Digital Assets

e.g.

Hamburger Abendblatt Berliner Morgenpost WAZ BRAUNSCHWEIGER ZEITUNG DERWESTEN

4.9m UUs, strengthening news & local products

3 March – from Bauer Group Bauer Xcel Assets

e.g.

BRAVO COSMOPOLITAN Auto Zeitung TV Movie WUNDERWEIB GRAZIA

14.3 UUs, strengthening women & car vertical

4 April – Data Joint Venture with Otto Group Media

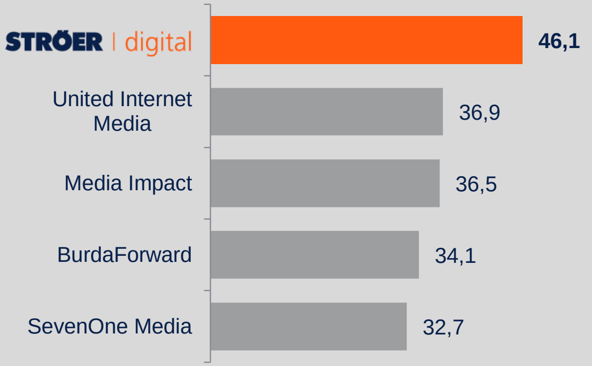
Over 60 e-commerce platforms, e.g.

OTTO myToys limango ABOUT YOU SportScheck LASCANA Crate&Barrel sheego bonprix privileg Hermes BAUR I'm walking neckermann.de QUELLE heine mirapodo Schwab cnouch WITT weiden 3 PAGEN Ackermann Schlafwelt

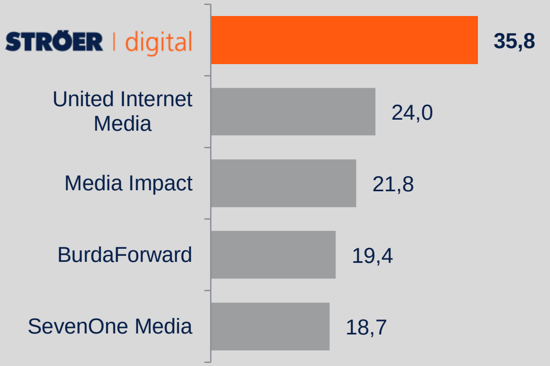
- Combining the largest digital sales house (>45m UUs) and the largest data provider (>25m CRM profiles)
- Kick-off with 10 lifestyle segments in combination with age, gender, shopping habits and price sensitivity
- High impact branding formats in brand safe context („made in Germany")

❷ Strong Market Position: Our Audience Coverage vs. Competition

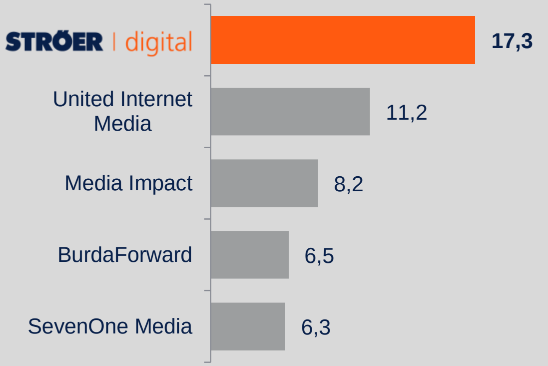
Monthly Reach
+25% vs. No. 2, +26% vs. No.3



Weekly Reach
+49% vs. No. 2, +64% vs. No. 3



Daily Reach
+55% vs. No. 2, +109% vs. No. 3

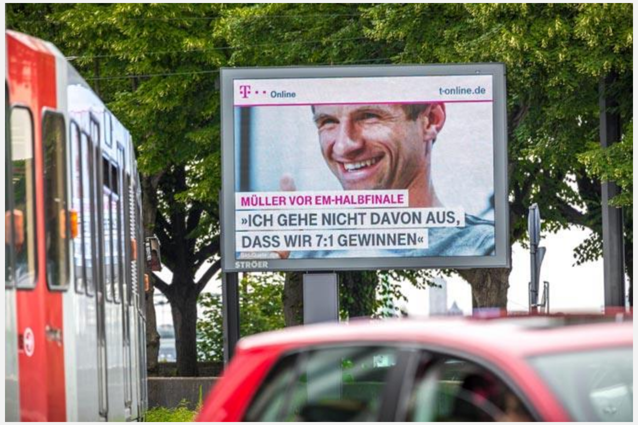


Source: AGOF12/2016; Unique Users in million (adults 14+) across all devices (Desktop&Mobile), Ströer Digital incl. Bauer XCEL

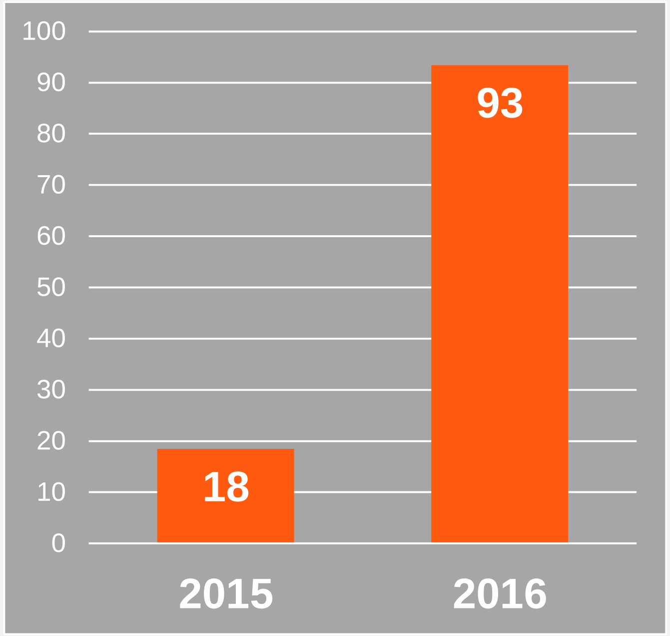
❷ T-Online: Smart Traffic Growth Hacking

Public Video
40m Uniques/month

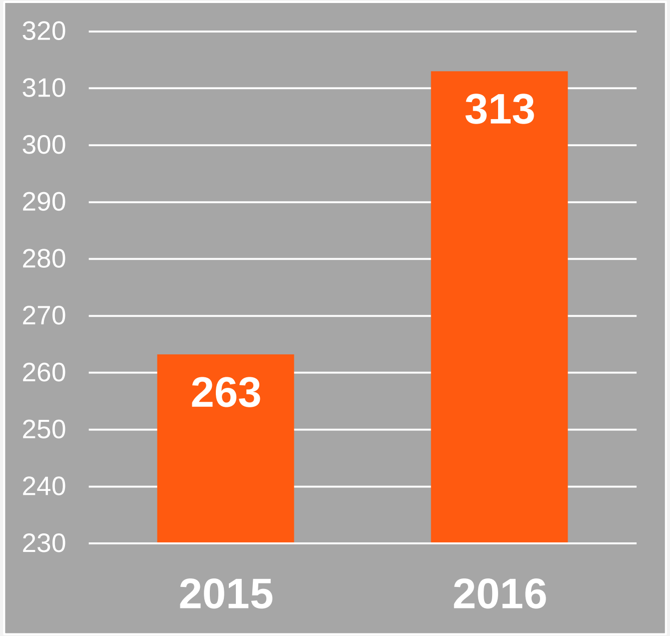
- T-Online content & brand presence since Q2/2016 on Public Video
- Massive marketing effect supporting homepage traffic



Social-driven Visits (million)
406% YoY growth



SEO-driven Visits (million)
19% YoY growth



3 Our Ad Sales Units accelerate Cross Media Integration

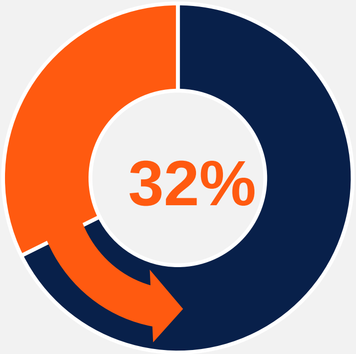
Ströer SMB Group

Local Media Services

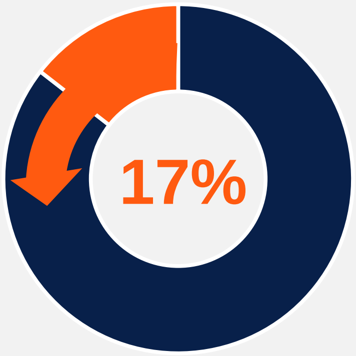
Ströer Sales Group

National Media Sales

Share of small local clients (“signage & subscription”) vs. regional clients (“campaigns & services”)



Share of digital services and ad revenues vs. out-of-home media and production revenues



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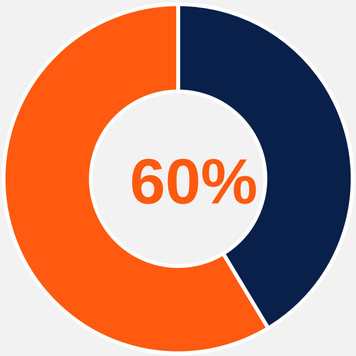
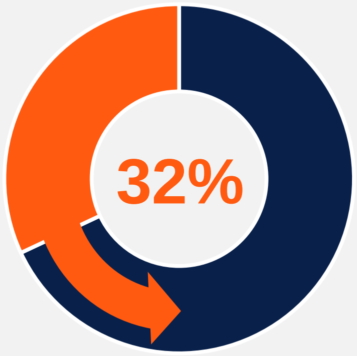


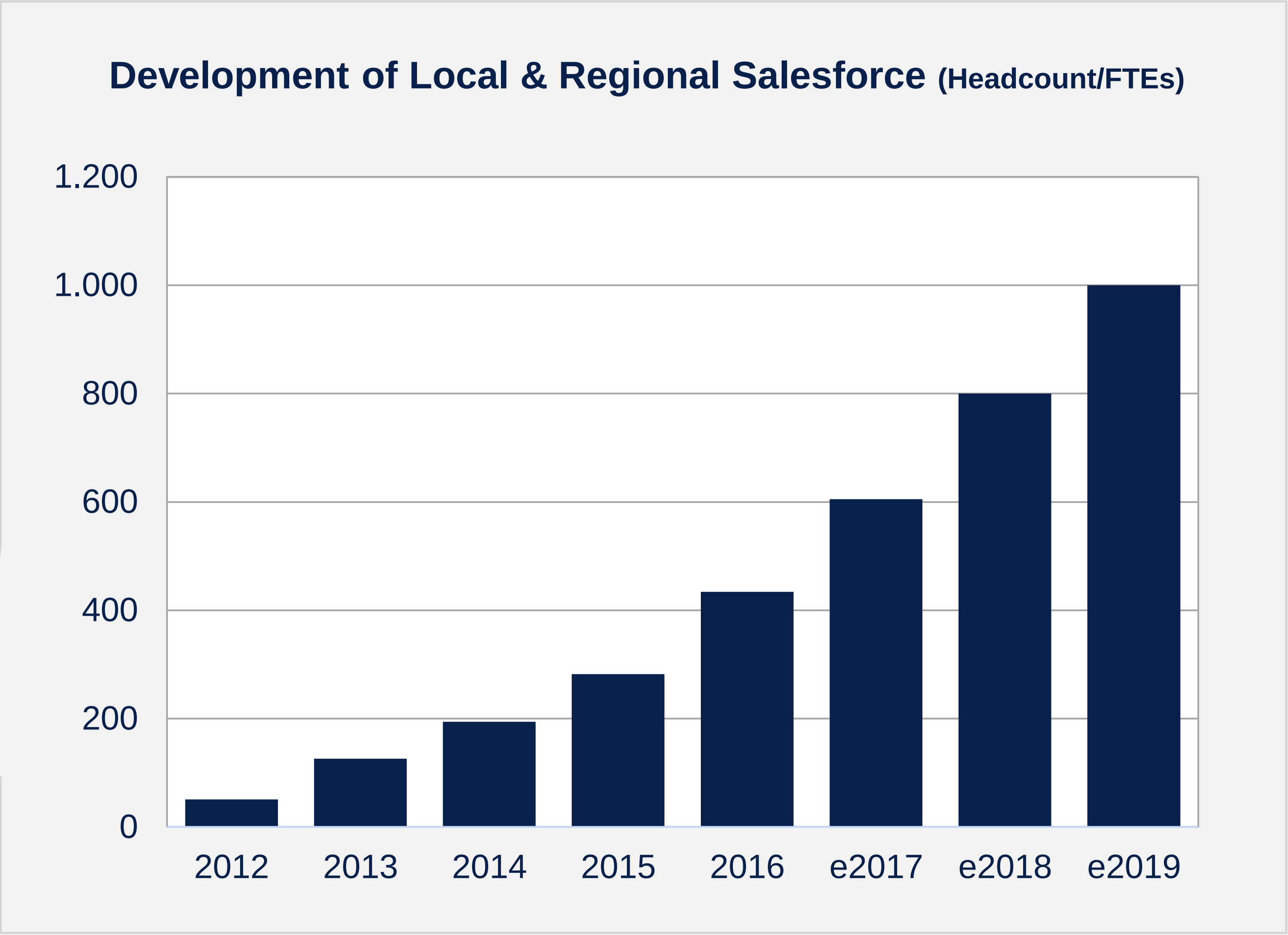
Share of direct client deals and relationships vs. revenues managed by media agencies/intermediates



Revenue mix/structure on the basis of German market (e2017).

3 Our Recruitement Funnel for Local & Regional Sales is on track

1. **Recruitement Plaforms & Screening of Candidates** — **>10,000 p.a.**
2. **Two-step Selection & Hiring Process** — **>250 p.a.**
3. **On-boarding, Training and Delivery against Minimum KPIs** — **>200 p.a.**
4. **Longterm Employees beyond first six months** — **>150 p.a.**



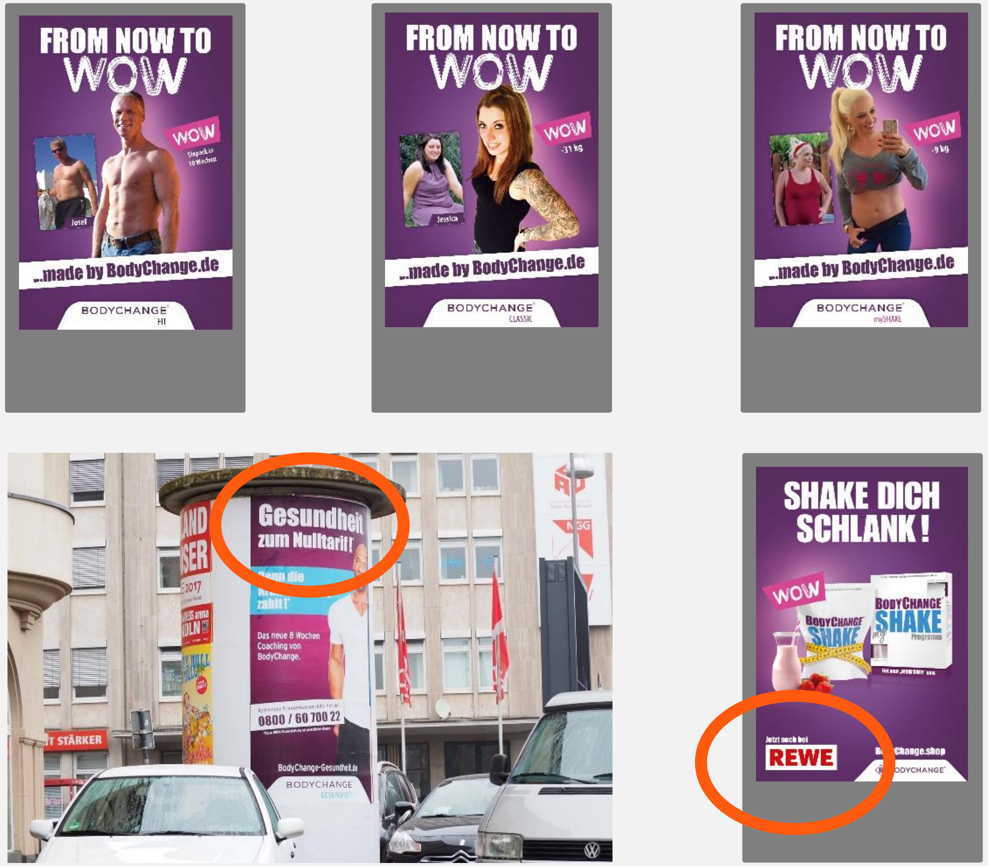
Current annual run rates (∅ 2015/2016)

❸ Crossmedia Sales - Example Mondelez: Valentine's Day 2017

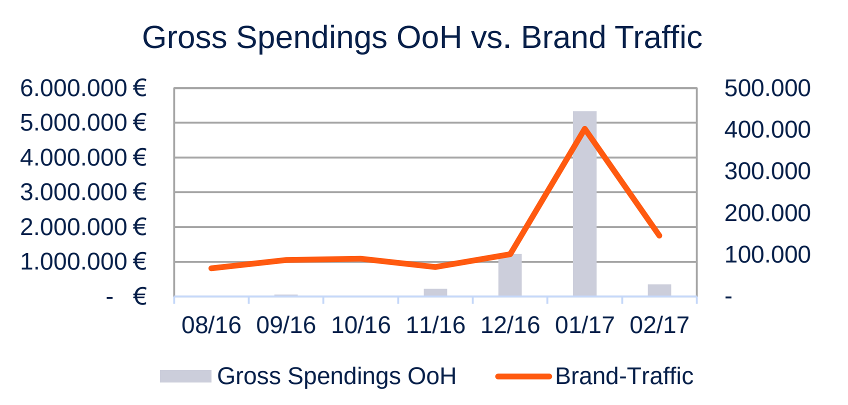
Quelle: Ströer Zahlen

4 Marketing Case Bodychange: OoH drives Brand & Direct Traffic

OoH Campaigns – for Brand & REWE Coop



Boost for Direct Traffic



Multi-Channel Model

- Leveraging group relationship with REWE for roll-out of multi-channel presence; in combination with strong local OoH campaign to push sale
- Co-operation with health insurances regarding health protection: Bodychange as licenced partner allows clients to get subscription funded and subsidized by health insurances
- Network effects between online-/offline media as well as different sales channels

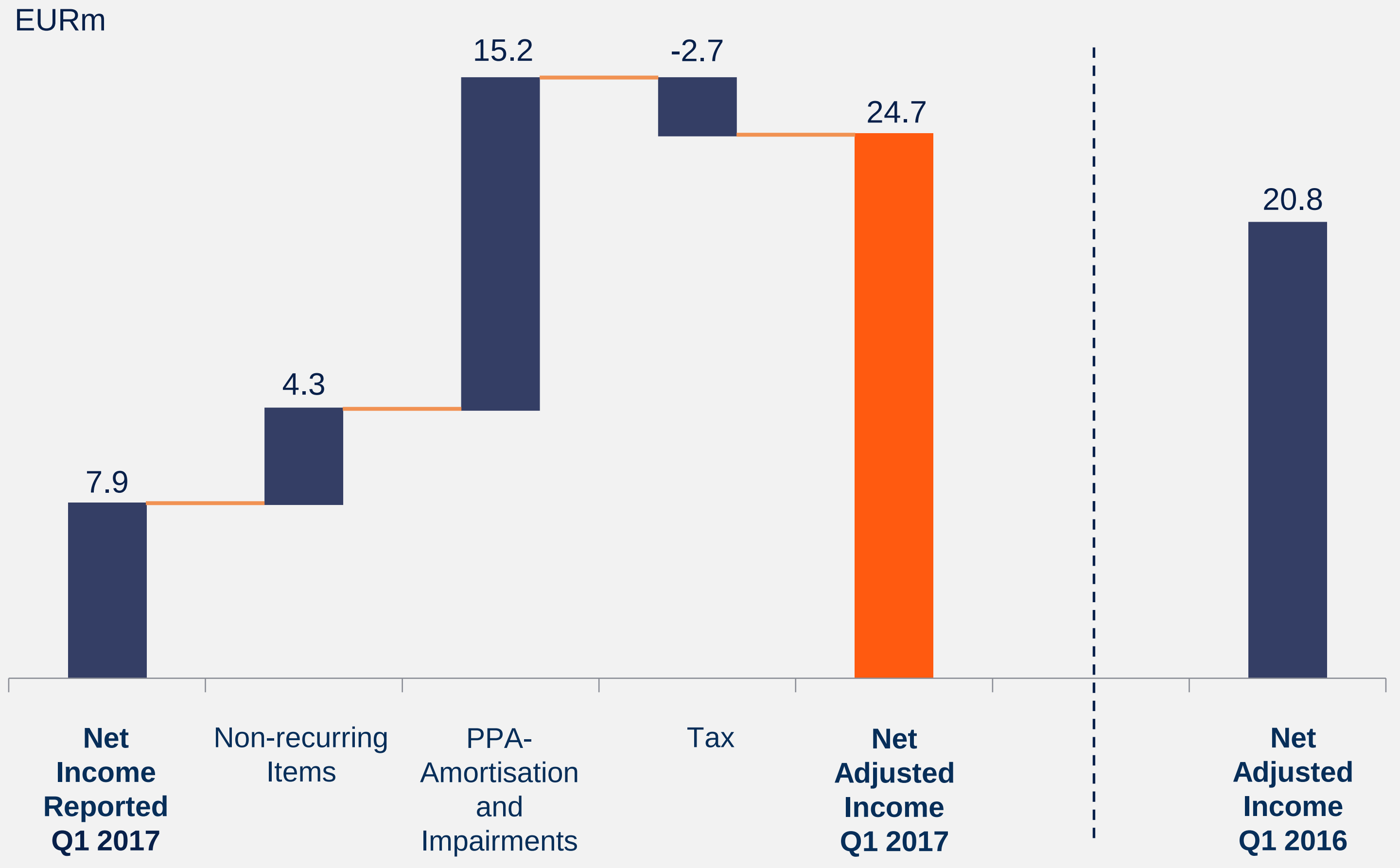
Profit and Loss Statement Q1 2017

EURm	Q1 2017	Q1 2016	▲ %	Analysis
Revenues (reported) [(1)]	281.2	226.2	+24%	Expansion driven by 8.8% organic growth and M&A
Adjustments (IFRS 11)	3.3	3.3	-1%	
Revenues (Management View)	284.5	229.4	+24%	
Operational EBITDA	55.6	46.2	+20%	Op. EBITDA performance in line with growth
Exceptionals	-4.8	-5.4	+11%	Lower Restructuring and Integration expenses
IFRS 11 adjustment	-1.2	-1.0	-25%	
EBITDA	49.5	39.8	+24%	
Depreciation & Amortization	-38.9	-33.7	-15%	Increase in D&A due to larger consolidation scope
EBIT	10.6	6.0	+75%	
Financial result	-1.5	-1.7	+14%	
Tax result	-1.2	-0.3	>100%	
Net Income	7.9	4.0	+99%	
Adjustment	16.8	16.9	-1%	
Net income (adjusted)	24.7	20.8	+18%	Growing Net Income – adjusted and non-adjusted

(1) According to IFRS

Transition of Net Income to Net Income Adjusted Q1 2017

Development of Net Income Adjusted



Analysis

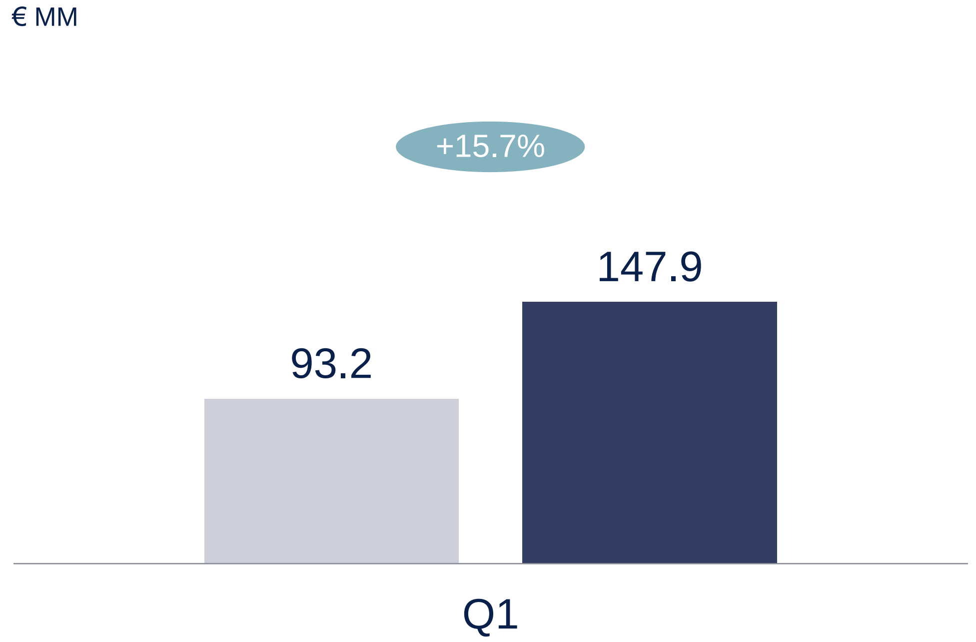
- Net income adjusted is central parameter of our dividend policy
- Material D&A of M&A related revaluations (PPA effect)
- Higher tax base of EBT adjusted leads to tax adjustment

Overview on Growth Rates Q1 2017

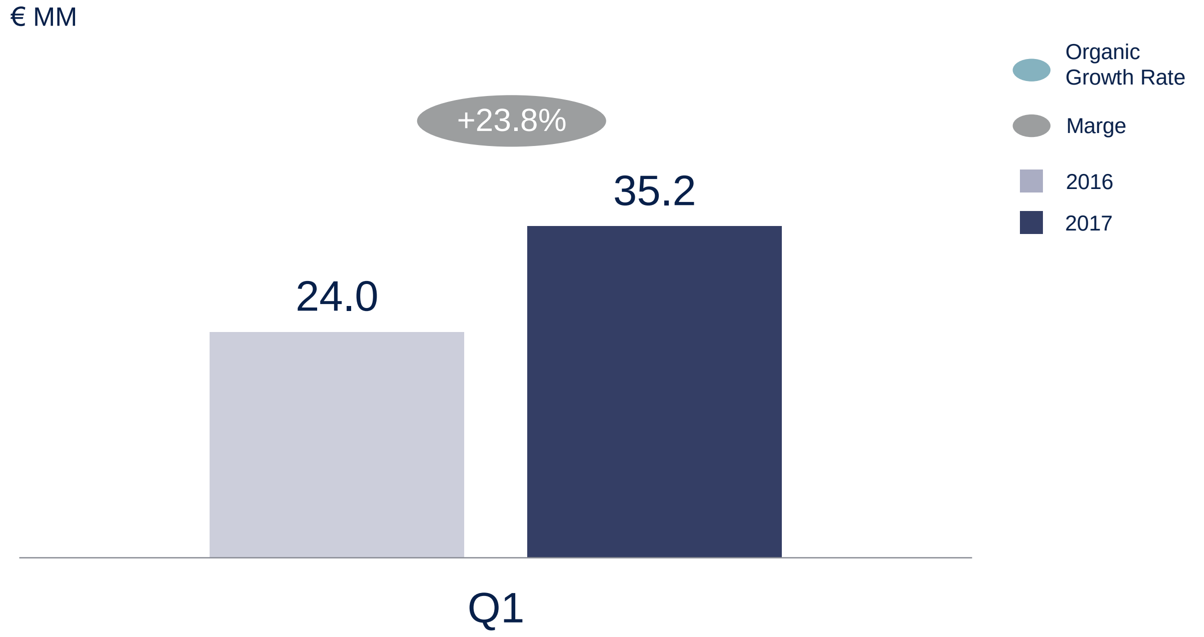
	Group	Digital	OOH Germany	OOH International
YTD Reported Growth	24.0%	58.7%	5.3%	-11.6%
YTD Organic Growth →including organic growth of 12M M&A	8.8%	15.7%	5.2%	-1.8%
YTD Organic Growth → w/o revenues of 12M M&A	9.3%	19.0%	5.3%	-1.7%

Digital: Very strong profitable growth in Q1 2017

Revenues



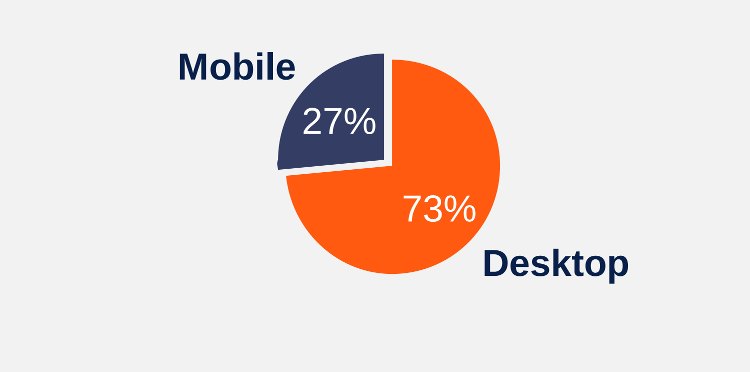
Operational EBITDA

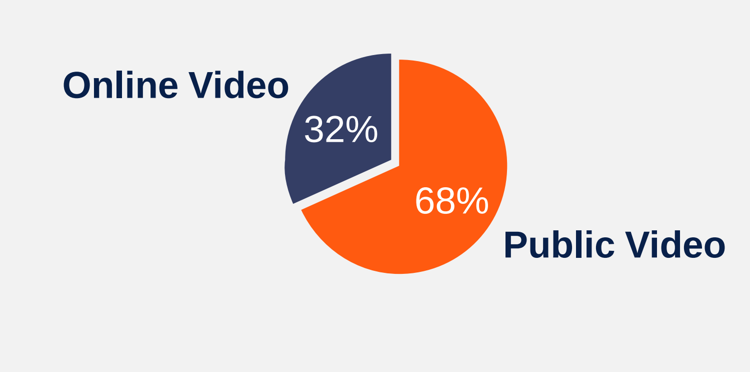


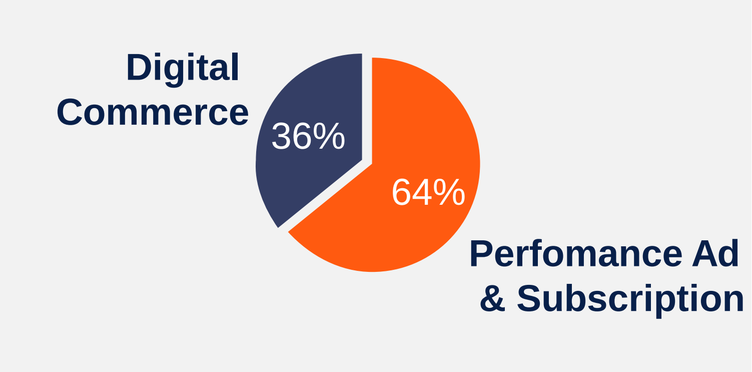
- Strong digital growth, both organically – video, mobile display, transactional – and as well as scope effects
- Op. EBITDA in line with revenues; investments in growth business models like Statista or Regiohelden
- Ongoing integration efforts and restructuring activities

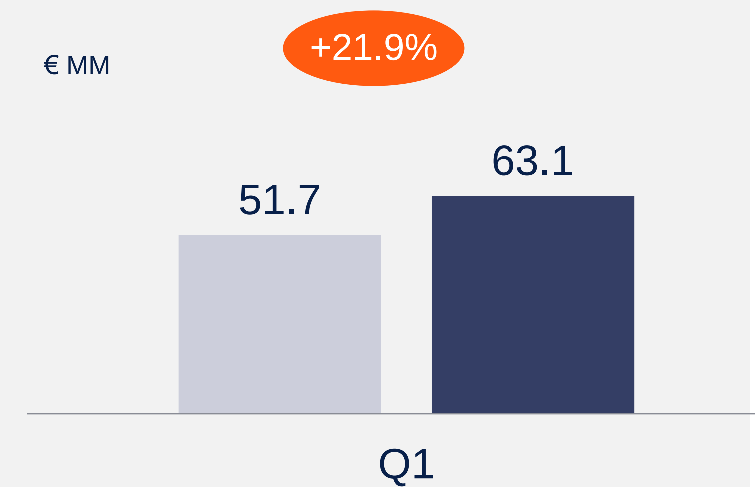
Details on Digital Segment Revenues: Product group development Q1 2017

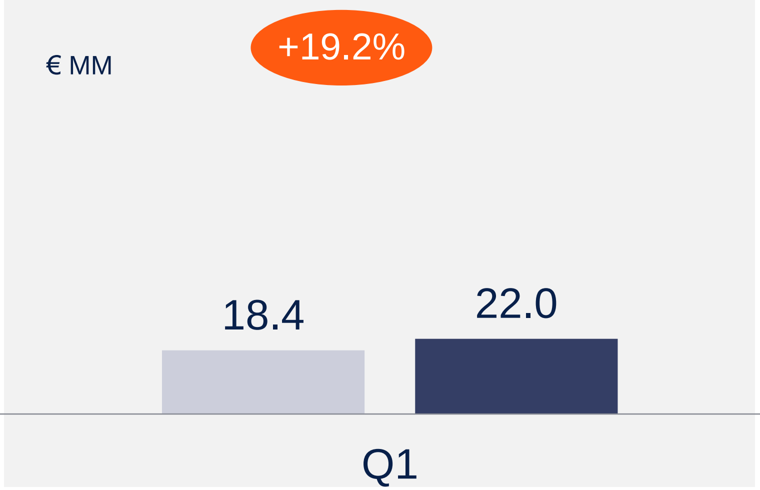
Display	Video	Transactional

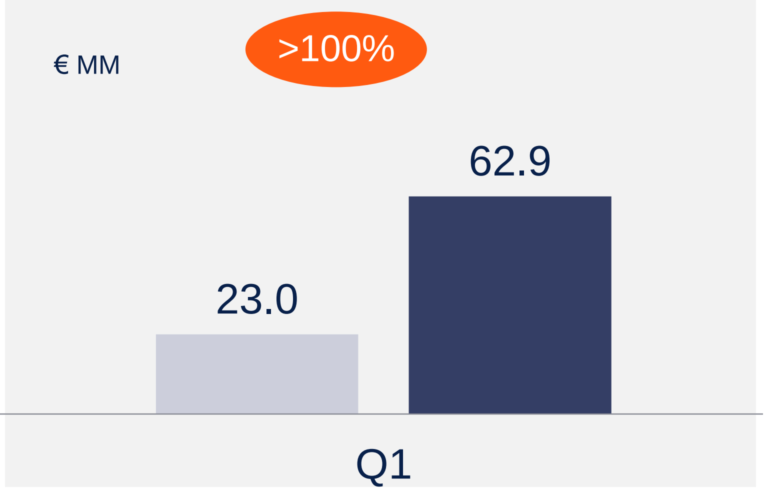








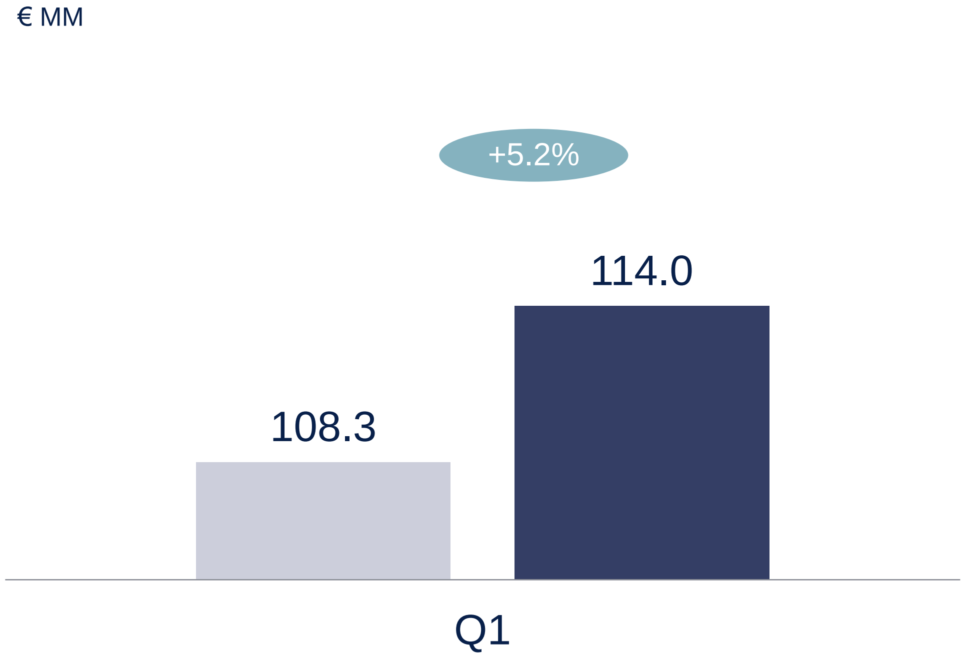




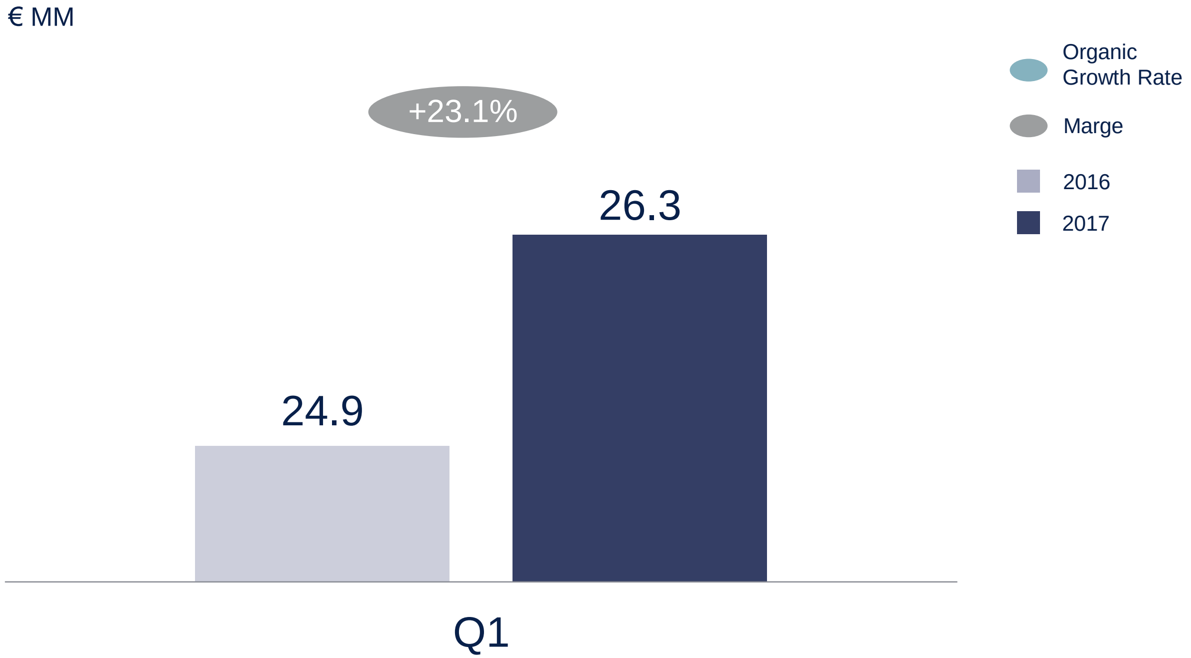
2017 2016 Growth Rate

OoH Germany: Successful start in 2017

Revenues



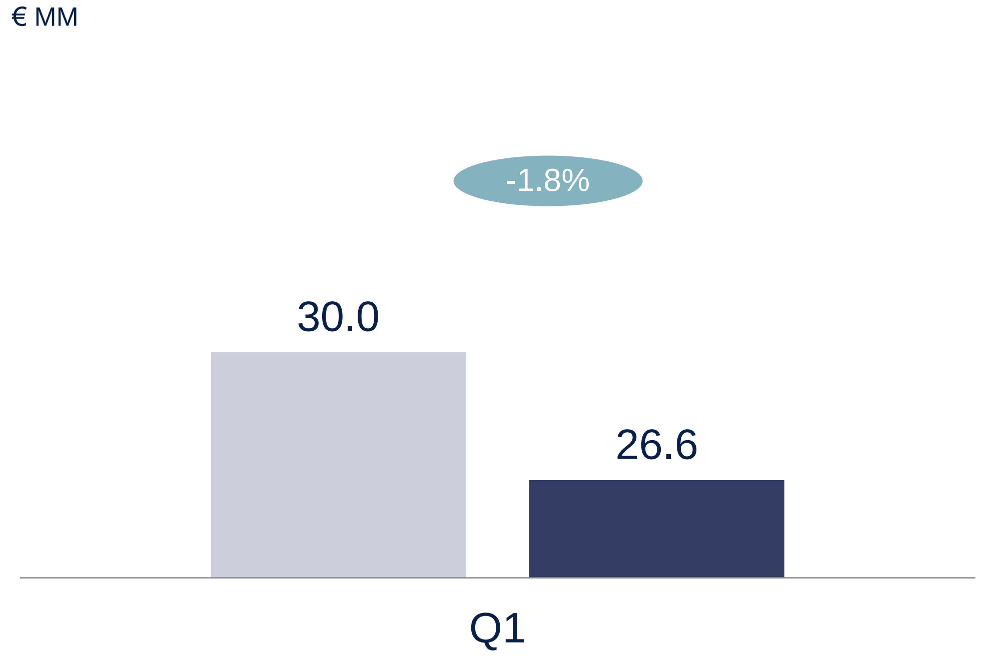
Operational EBITDA



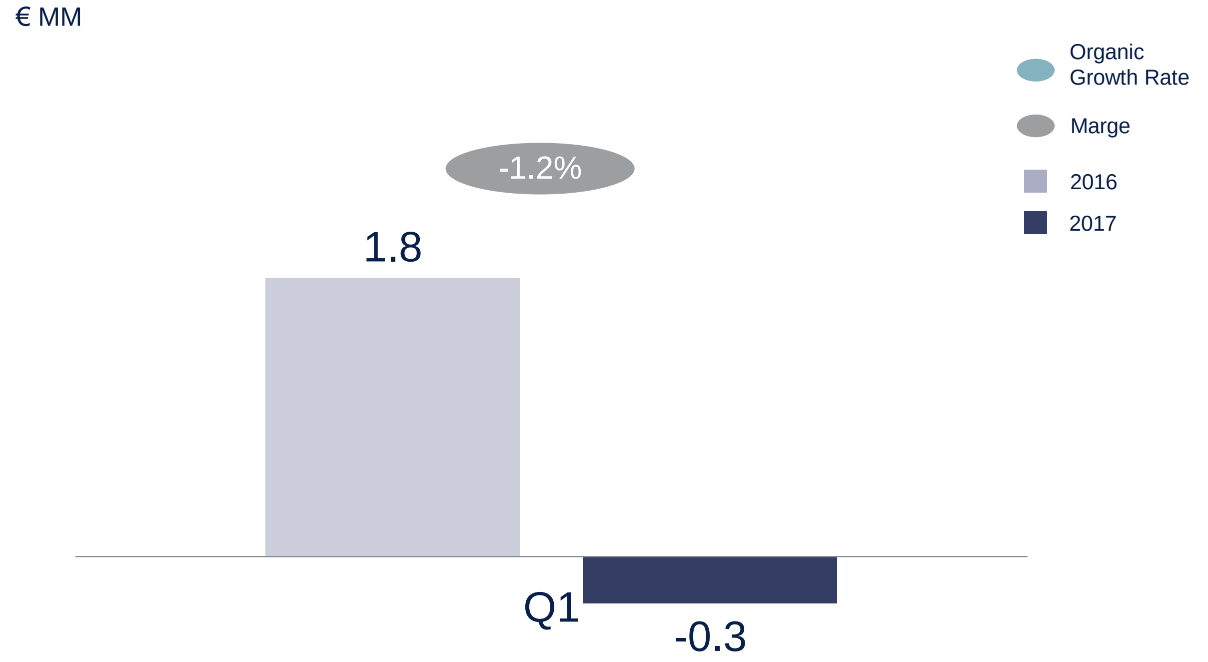
- Market outperformance with organic growth of 5.2% against strong Q1 2016 comparables
- Growth momentum in regional and local sales
- Stable Operational EBITDA margin despite continued investments in further expansion of local sales force

OoH International: A difficult start into the year

Revenues



Operational EBITDA



- Q1 suffering from soft Turkish economy and ad market as well as negative fx effects especially for TRY
- Good start for international blowUP business could overcompensate missing OoH market dynamics in Poland
- Outlook depending on speed of expected stabilization of Turkish economy

Free Cash Flow Perspective Q1 2017

Free Cash Flow	Q1 2017 EURm	Q1 2016 EURm
Op. EBITDA	**55.6**	**46.2**
- Interest (paid)	-0.9	-1.3
- Tax (paid)	-4.0	-0.7
-/+ WC	-26.7	-1.5
- Others	-16.4	-13.4
Operating Cash Flow	**7.6**	**29.3**
Investments (before M&A)	**-31.0**	**-26.8**
Free Cash Flow (before M&A)	**-23.4**	**2.5**

Analysis

- Q1 traditionally soft cashflow
- Lower interests benefitting from 2016 refinancing
- Higher tax pay-outs reflecting improved performance
- Operating Cash Flow vs Q1 16 affected by one time cash-out for T online restructuring in Q1 2017 and one time cash-in in Q1 2016 for compensation payment
- Higher Investments in Digitalization, Software and other intangibles

Our Targets for 2017: Unchanged KPIs & Sustainable Performance

Our Key KPIs and Guidance Statements

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

Outlook for Q2: Next Quarterly Results August 10

1. Similar to the development in the first three months: solid Easter business across the entire group with expected growth for Q2 fully in line with guidance
2. Strong momentum for OoH Germany fueled by both national sales and extended local salesforce activities
3. Digital segment consistently on growth track regarding top line growth, market share development as well as consolidation and integration processes
4. OoH International with still challenging macro environment but under control and without substantial group impact

Next Catalysts: Dates

General Shareholder Meeting 14th June 2017 ✓

Quarterly Report to be published on 10th August 2017 ✓