



## Q3 2014 PRESENTATION

12.11.2014 | Ströer Media SE

**STRÖER**

# Agenda Q3 2014

- 1** Key developments - Udo Müller, CEO
- 2** Operational highlights - Christian Schmalzl, COO
- 3** Financials - Dr. Bernd Metzner, CFO
- 4** Summary & Outlook - Udo Müller, CEO

# Ströer Media SE 9M 2014 results

€MM		9M 2014	▲	Q3 2014	▲
Revenues	reported <sup>(1)</sup>	509.3	+18%	174.6	+18%
	organic <sup>(2)</sup>		+11%		+16%
Operational EBITDA		87.8	+30%	30.1	+48%
Op. EBITDA margin		16.9%	+1.5%pts	17.0%	+3.4%pts
EBIT (adj.) <sup>(3)</sup>		52.6	+50%	18.1	+83%
Net income (adj.) <sup>(4)</sup>		27.2	+108%	9.9	+204%
Free Cash Flow		34.1	+53EURm	27.4	+46EURm
Capex <sup>(5)</sup>		25.8	-3%	8.4	-19%
		<b>30 Sep 2014</b>		<b>31 Dec 2013</b>	
Net debt <sup>(6)</sup> / Leverage Ratio		303.6 / 2.2x		326.1 / 2.8x	

(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)

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

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

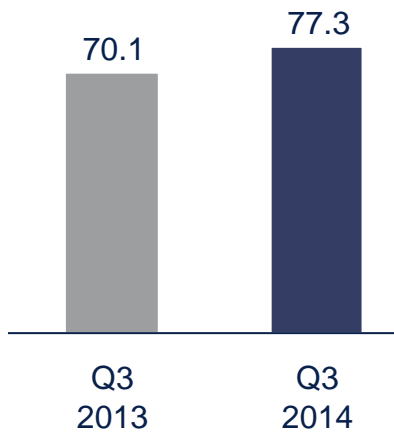
# 3<sup>rd</sup> Quarter 2014:

## Double digit revenue growth in all product segments

### BILLBOARD

€MM

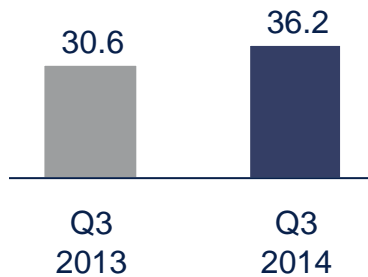
Reported % + 10.2%



### STREET FURNITURE

€MM

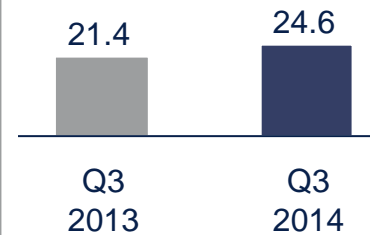
Reported % + 18.1%



### TRANSPORT

€MM

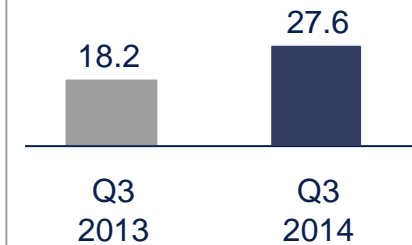
Reported % + 15.0%



### DIGITAL (ONLINE)

€MM

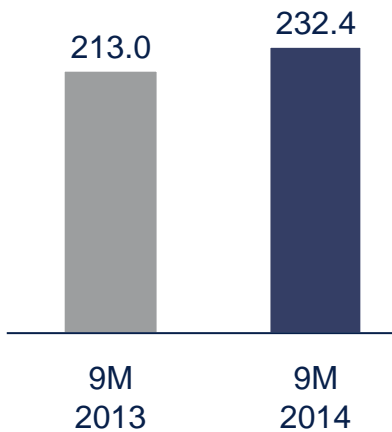
Reported % + 51.4%



# 9 months 2014: All product segments contributed to revenue growth

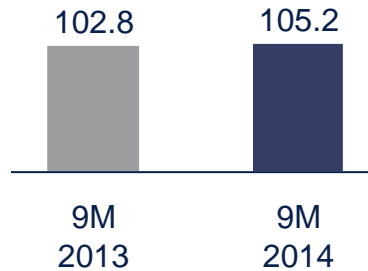
## BILLBOARD €MM

Reported % + 9.1%



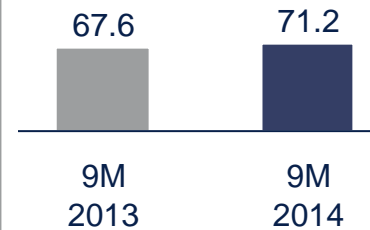
## STREET FURNITURE €MM

Reported % + 2.3%



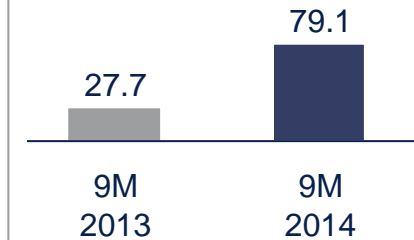
## TRANSPORT €MM

Reported % + 5.2%



## DIGITAL (ONLINE) €MM

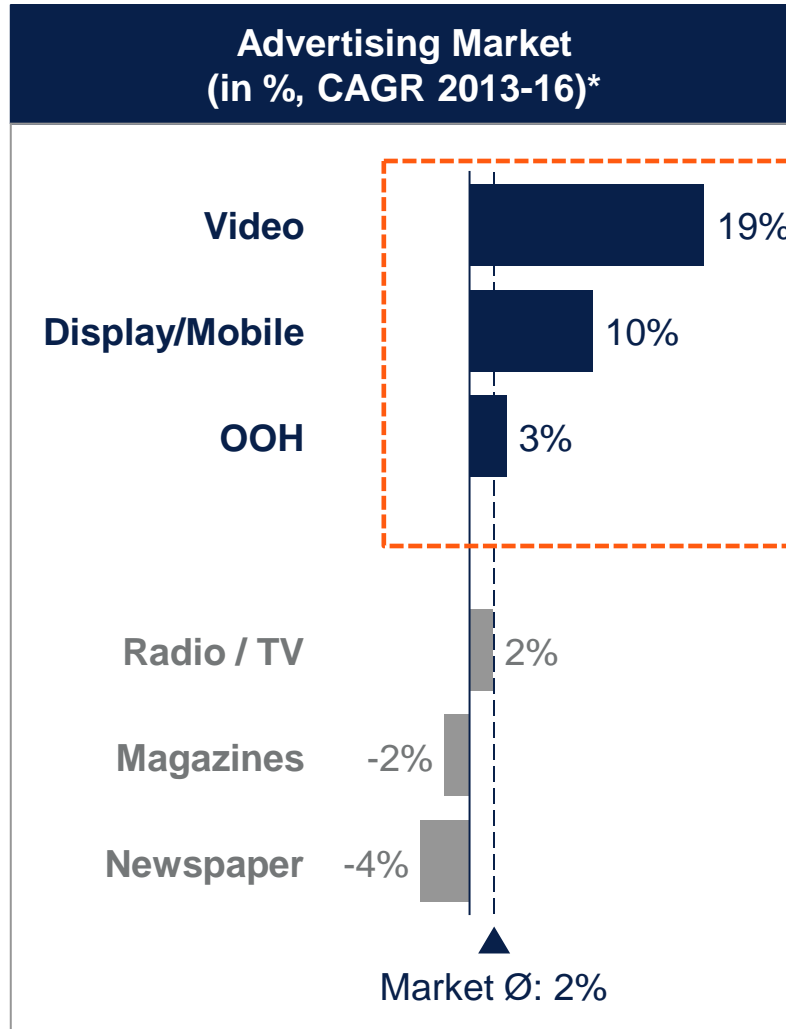
Reported % +185.6%



# Well ahead of our full-year targets 2014

Targets	Update
Mid to high single digit organic growth rate	At least 10% organic growth rate
Operational EBITDA of at least 135 EURm	Operational EBITDA of around 145 EURm
Leverage between 2.0 and 2.5	Leverage of at least 2.0
Increase of footprint in regional market	> 120 new sales people in place
Launch of innovative products	iBeacons & multiscreen Adserver
Successfully investing in high growth opportunities	Tube One Networks

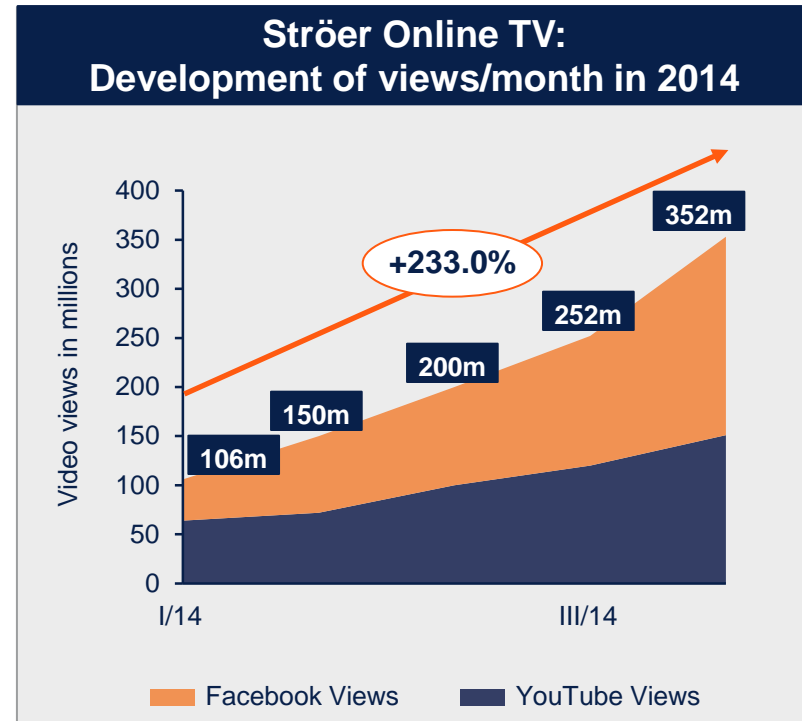
# Focus on highest growing ad subsegments



- Ströer's focus**
- **Video:**
    - TOP3 leading social video network
    - 352m video views per months
    - Leading public video network in Europe
  - **Display/Mobile**
    - # 3 marketer in Germany
    - 300-400 exclusive websites and access to around 5,000
    - Leading hyper local targeting technology
  - **OOH**
    - # 1 marketer in Germany
    - 230,000 advertising faces
    - 4000 digital displays

# Ströer Online TV (tubeone networks): Next generation tv for urban opinion leaders

- **Leading Online TV Group** in Germany with more than **352m monthly views**
  - **No. 1 Social Media MCN** in Germany with more than **200m monthly Facebook Video views**
  - **No. 2 YouTube MCN** in Germany with more than **152m monthly YouTube Video views**
- **Next generation TV:** 83% of viewers are younger than 35 years hosting more than 50% of the Top 30 German social media stars for Entertainment, Tech & Gaming and Lifestyle
- **Diversified revenue streams:** Branded Content, AdSense, Performance Marketing.
  - tubeone is the market leader in Branded Content



**352 million  
video views**

**1 billion+  
gross contacts**

500m+ minutes watched  
75m+ user interactions  
27m subscribers & fans



## Summary: Ströer 3.0 pays off

- ✓ Good start into Q4 underlines trading momentum for the full-year
- ✓ Reassuring positive feedback from annual client meetings for 2015
- ✓ Strong consumer confidence underlines positive trends in the ad market
- ✓ Further expansion for regional salesforce ongoing
- ✓ Strong topline to free cash flow conversion and profit growth

# Operational Highlights Q3 2014



# Extending client portfolio across all industries and market categories

## New clients (examples)\*

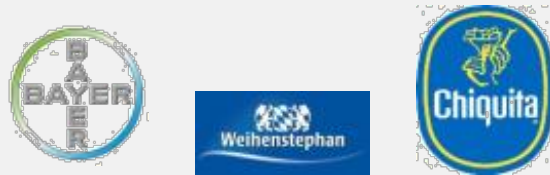
### Finance



### Fashion and Retail



### Pharmaceuticals / FMCG



### Media and Entertainment



Broadening Footprint of OoH in  
“new” categories

Deepening customer base in  
“traditionally strong” categories

# Strengthening Out of Home share within existing client portfolio

Clients with growth > 50%

## Telecommunication



## Fashion and Retail



## Automotive



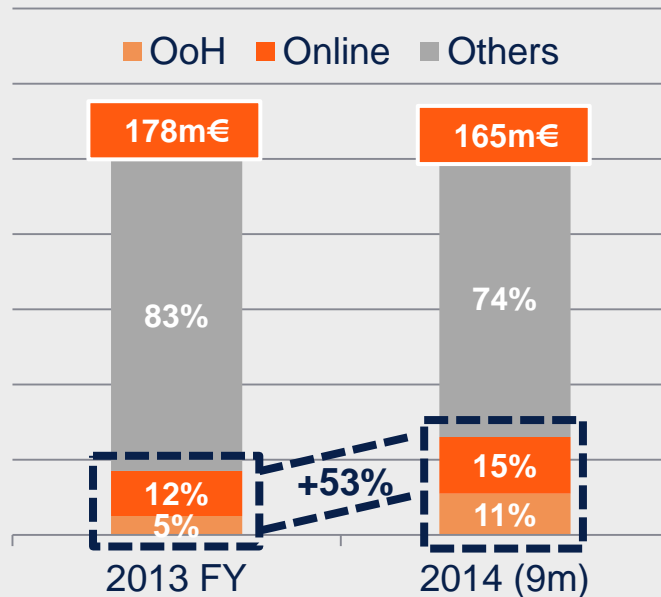
## Food and Beverages



Pushing strategic relevance of OoH within existing media strategy!

# Leveraging overall market position through online and outdoor

## Example Vodafone



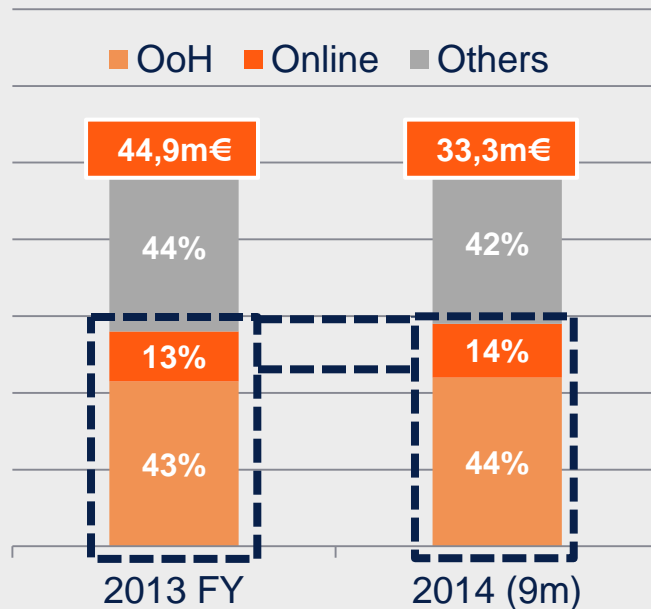
## Top Saleshouse Partners 2014

	Saleshouse	k€	Media
1	IP Deutschland	67.699	TV / Online
2	Sevenone Media	37.929	TV / Online
3	<b>Ströer Media SE</b>	<b>10.384</b>	<b>OoH / Online</b>
4	Springer Axel SE	10.317	Print / Online
5	RMS	5.955	Radio
6	El Cartel Media	5.730	TV
7	ARD Sales & Service	3.506	TV / Radio
8	Tomorrow Focus Media	1.930	Print / Online
9	Gruner + Jahr	1.292	Print / Online
10	IQ Digital Media	1.107	Print / Online

**New amongst Top 3 partners: Doubling OoH-Relevance and overproportional share of growing digital spend**

# Leveraging overall market position through online and outdoor

Example H & M



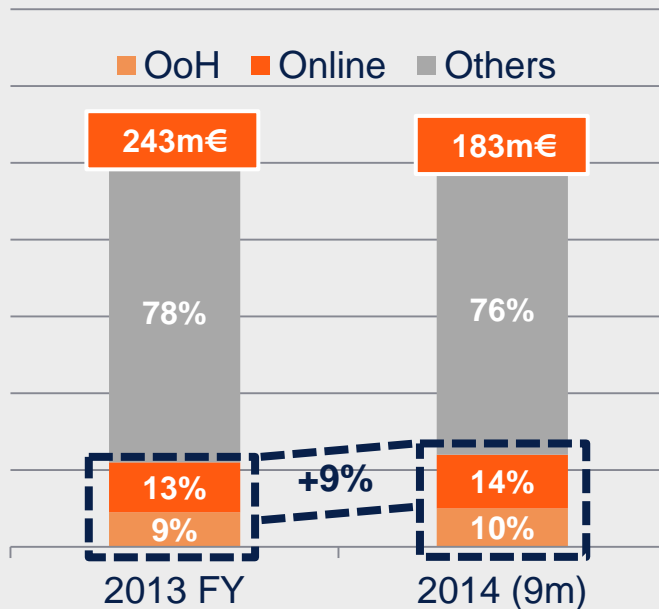
Top Saleshouse Partners 2014

	Saleshouse	k€	Media
1	Ströer Media SE	5.043	OoH / Online
2	Sevenone Media	4.710	TV / Online
3	IP Deutschland	3.570	TV / Online
4	United Internet Media	2.973	Online
5	Bauer Advertising	723	Print
6	Conde Nast Verlag	648	Print
7	El Cartel Media	630	TV
8	Burda Verlag	588	Print
9	Interactive Media	517	Online
10	RMS	354	Radio

**New as No. 1 partner: Protecting and evolving strong OoH Share and pushing digital developments!**

# Leveraging overall market position through online and outdoor

## Example Volkswagen



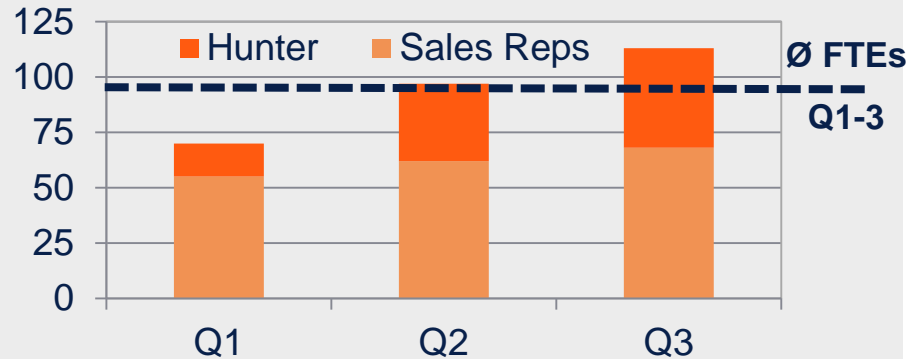
## Top Saleshouse Partners 2014

	Saleshouse	k€	Media
1	Springer Axel SE	35.961	Print / Online
2	Sevenone Media	26.580	TV / Online
3	IP Deutschland	14.006	TV / Online
4	ARD Sales & Service	9.478	TV / Radio
5	<b>Ströer Media SE</b>	<b>9.055</b>	<b>OoH / Online</b>
6	RMS	7.791	Radio
7	Funke Mediengruppe	4.465	Print
8	Ebay Advertising Group	2.616	Online
9	Gruner + Jahr	2.590	Print / Online
10	Burda Verlag	2.425	Print / Online

**New amongst Top 5 partners: Pushing OoH relevance and overproportional share of growing digital spend**

# Incremental local sales development: Current performance fully on track

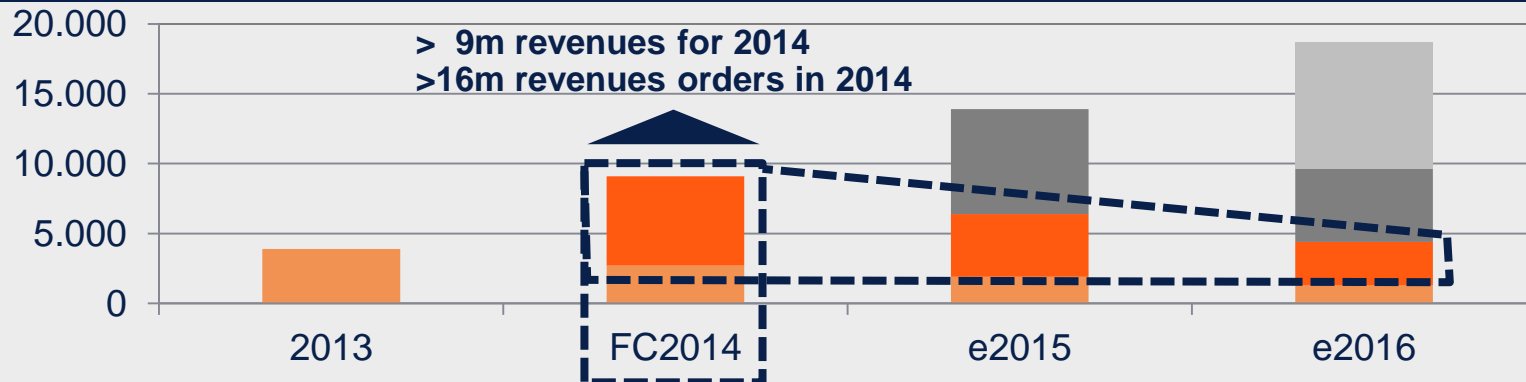
Dedicated new business headcount: Local sales



Split of campaign & signage revenues

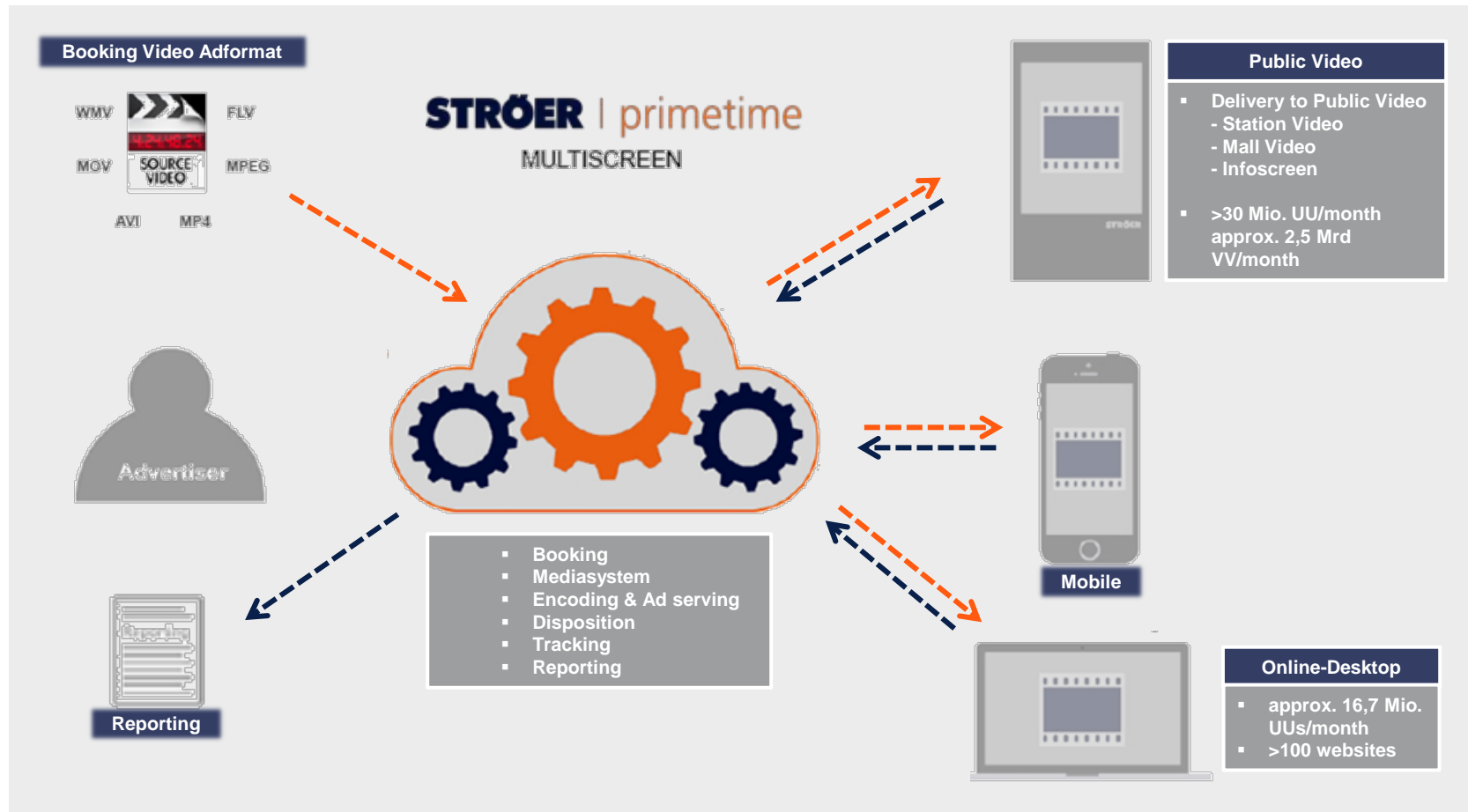


Revenue development: Currently 70% retention rate yoy through high signage share!





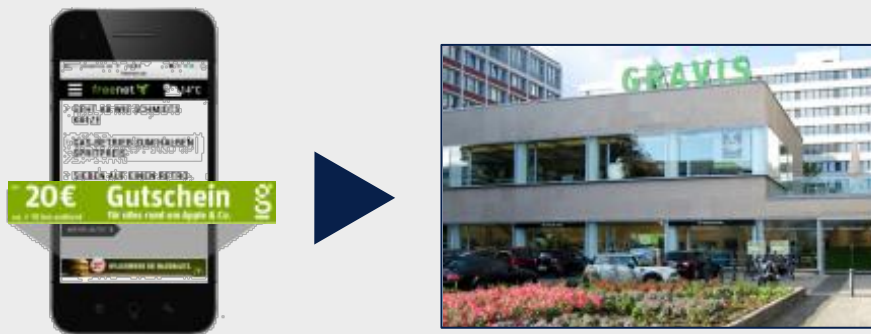
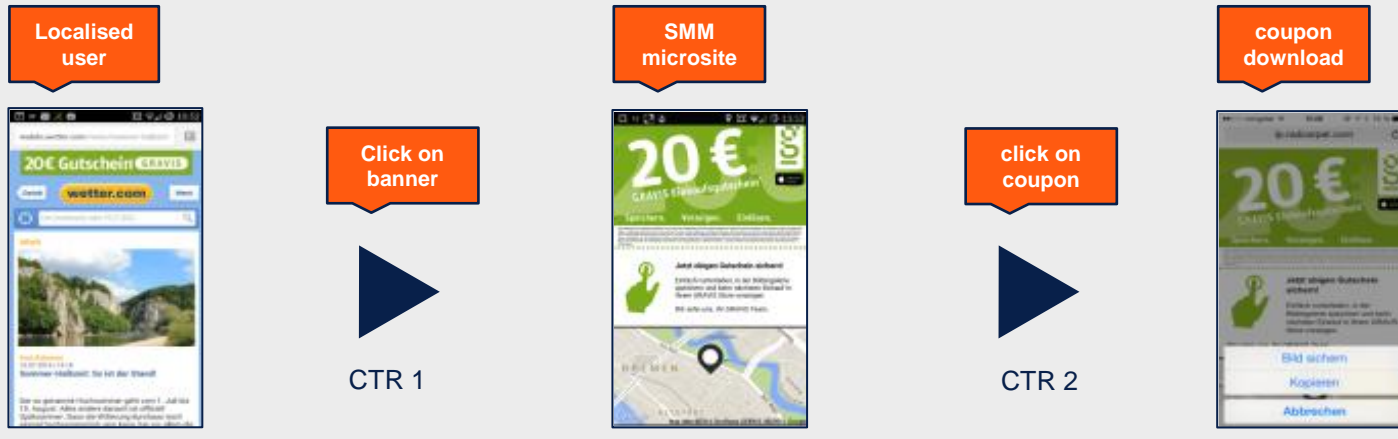
# Fully integrated multiscreen product in place: Video share from 4% to 14% within Online segment



- > Clients adserver delivers ad format to the Ströer Adserver, from where the distribution to the different media channels (Online, Mobile & Public Video) follows
- <--- Reporting Data is being delivered in realtime back to the clients adserver

# Best in class Location based Advertising product: Mobile share from 2% to 8% within Online segment

Can mobile marketing lead clients to the store?



Results:

# 2,6%

Conversion rate to POS

# Orchestrated digital performance: Integrated and innovative product launch for Philips

<b>Public Portal</b>		<b>11,3 Mio. Contacts</b>
<b>Online</b>		<b>8,1 Mio. AdImpressions</b>
<b>Mobile</b>		<b>3,2 Mio. AdImpressions</b>
<b>Word of Mouth</b>		



**Ströer**  
**One – Stop – Media – Shop**



# Driving market innovation and connecting digital and Out of Home: Beacon open playground project

## Key Facts:

- Düsseldorf main station advertising infrastructure fully equipped with Beacon infrastructure
- Initiation of Open Playground for agencies & clients at the dmexco
- More than 80 registrations and SDK downloads to experiment with mobile marketing and digital Out of Home solutions

## Strong Partners:



## Innovation Prototypes:



# Financials



# Ströer Media SE 9M 2014 results

(€MM)	9M 2014	9M 2013	Δ
<b>Revenues (reported) <sup>(1)</sup></b>	<b>509.3</b>	<b>430.1</b>	<b>+18%</b>
Adjustments (IFRS 11)	9.0	9.2	-3%
Direct costs	-317.6	-265.3	-20%
SG&A	-118.0	-110.2	-7%
Other operating result	5.1	3.9	+32%
<b>Operational EBITDA</b>	<b>87.8</b>	<b>67.7</b>	<b>+30%</b>
Margin %	16.9	15.4	+153bps
Depreciation	-29.1	-28.8	-1%
Amortisation	-28.1	-25.6	-10%
Exceptional items	-6.0	-5.3	-14%
<b>EBIT (adjusted) <sup>(2)</sup></b>	<b>52.6</b>	<b>35.2</b>	<b>+50%</b>
<b>Net income (adjusted) <sup>(3)</sup></b>	<b>27.2</b>	<b>13.1</b>	<b>+108%</b>
<b>Net income</b>	<b>5.8</b>	<b>-8.3</b>	<b>+14EURm</b>

(1) According to IFRS 11

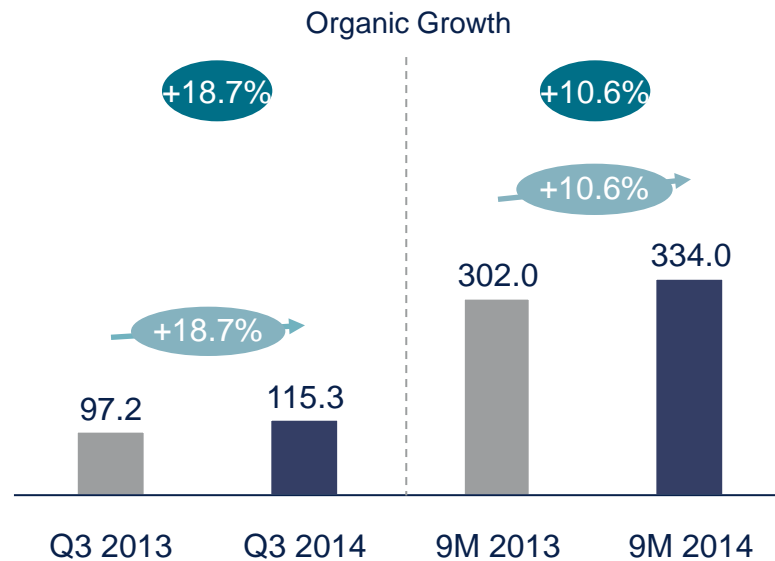
(2) EBIT adjusted for exceptional items, amortization of acquired advertising concessions and impairment losses on intangible assets (Joint ventures are consolidated proportional)

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

# Ströer Germany: Strong growth in a stable market environment

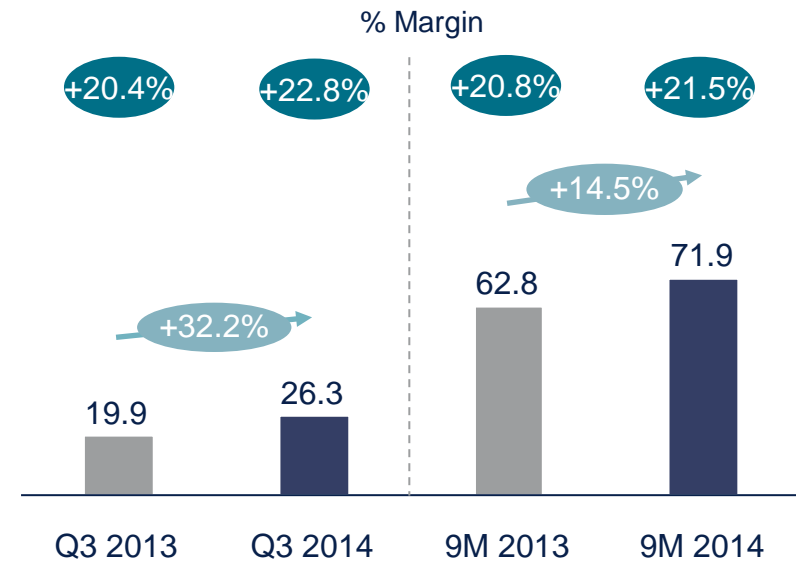
## REVENUES

€MM



## OPERATIONAL EBITDA

€MM

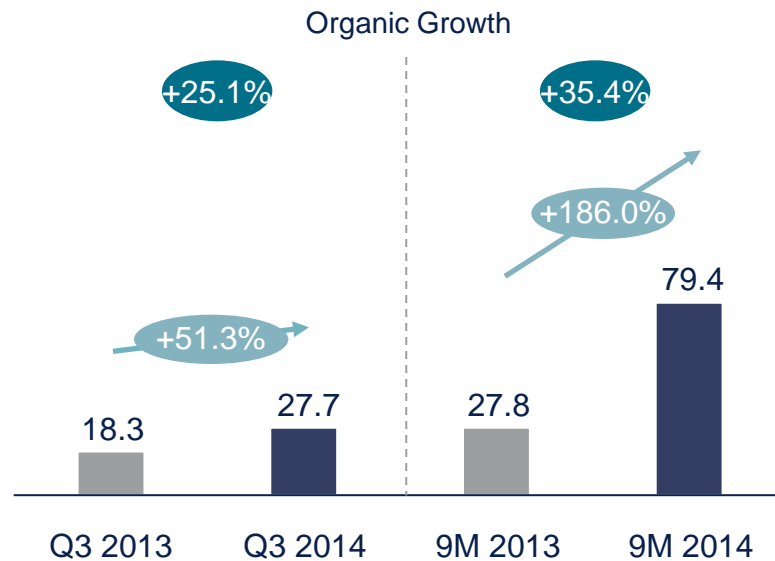


- Revenue growth along all product segments in overall stable market environment
- Positive sentiment both in regional and national sales
- Slight improvement of operational EBITDA margin

# Ströer Digital: Reported revenues increased threefold

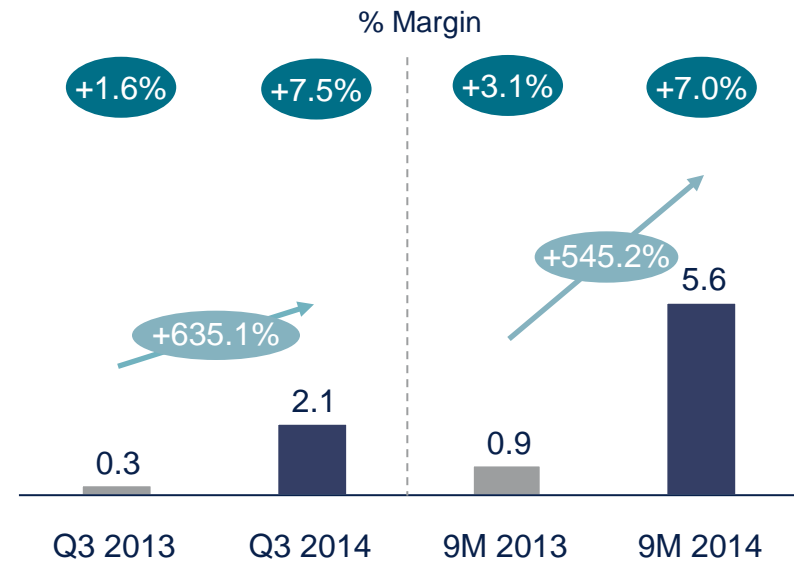
## REVENUES

€MM



## OPERATIONAL EBITDA

€MM



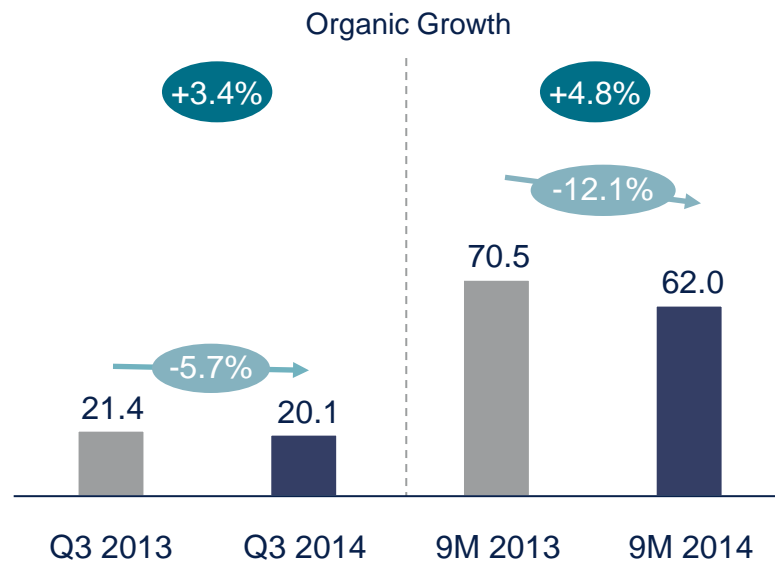
- Revenues tripled to 79.4 EURm fuelled by organic growth and enlarged scope
- Organic growth at 35% yoy
- Operational EBITDA in line with expectation



# Ströer Turkey: Solid organic and operational EBITDA growth

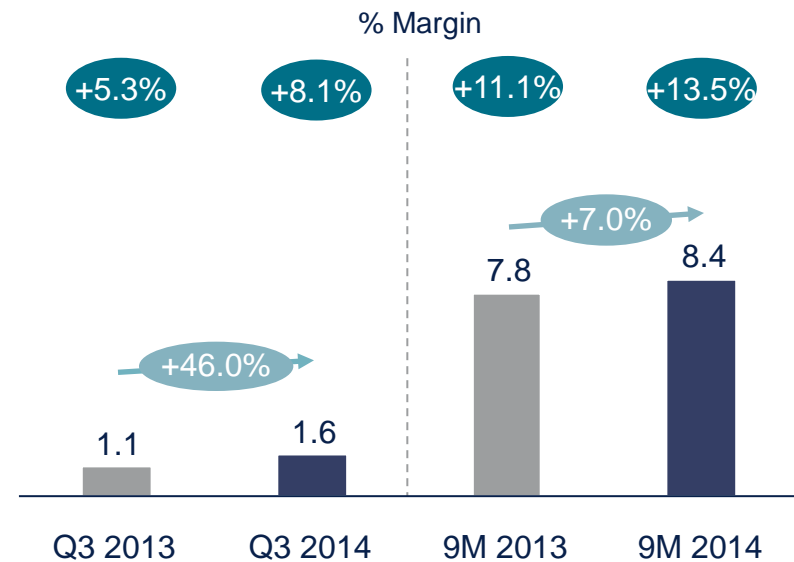
## REVENUES

€MM



## OPERATIONAL EBITDA

€MM

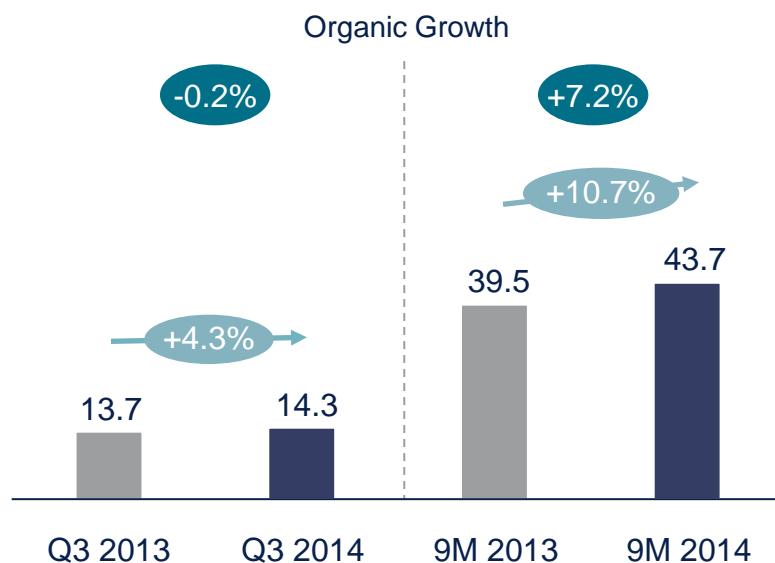


- Solid organic growth based on regional demand despite macro uncertainties
- Currency devaluation effects impaired reported revenue line
- Improved cost base leading to higher operational EBITDA

# Ströer Other\*: Strong EBITDA from both BlowUP and Ströer Poland

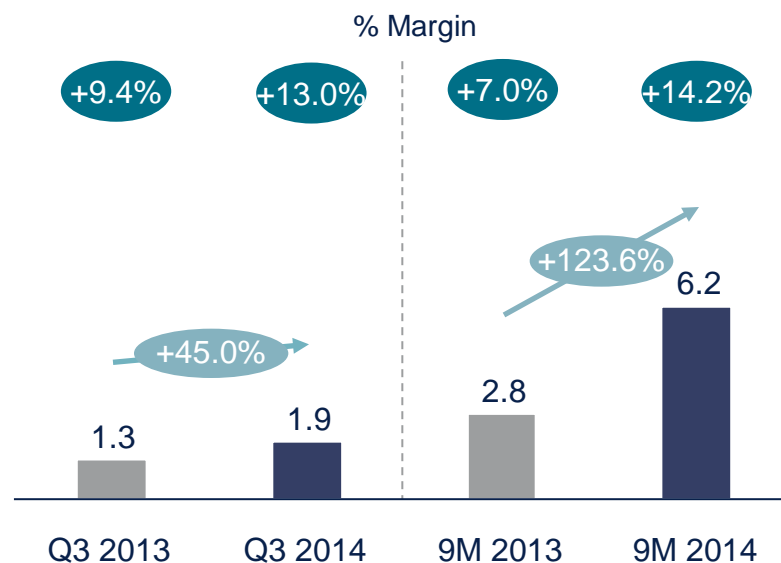
## REVENUES

€MM



## OPERATIONAL EBITDA

€MM

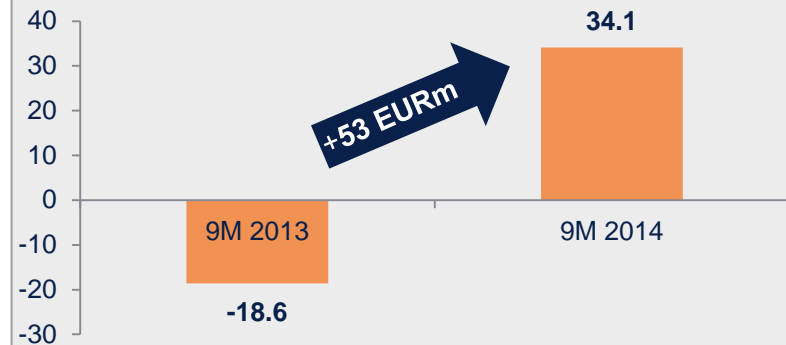


- BlowUP with strong topline and operational EBITDA performance
- In Poland, media markets still soft but continuously stabilizing
- Op. EBITDA of Ströer Poland benefitting from rigorous cost saving program

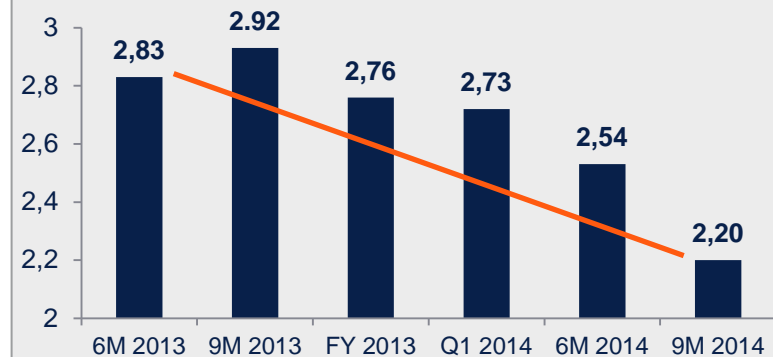
# Strong free cash flow & improving leverage ratio

- Higher free cash flow of 53 EURm compared to last year
- Improvement of net debt from 340 EURm in Sept13 to 304 EURm in Sept14
- Trailing 12 months operational EBITDA increased from 116 EURm in Sept13 to 138 EURm in Sept14
- Continuing consequent deleveraging

## Strong free cash flow generation



## Improving leverage ratio



# Cash flow analysis

<b>FREE CASH FLOW</b>	<b>9M 2014</b>	<b>9M 2013</b>	<b>▲</b>
<b>Op. EBITDA</b>	<b>87.8</b>	<b>67.7</b>	<b>30%</b>
- Interest (paid)	-12.4	-13.1	5%
- Tax (paid)	-8.1	-13.4	40%
-/+ Δ WC	16.2	12.4	30%
- Exceptionals	-6.0	-5.3	-14%
- Others	-5.9	-9.1	35%
<b>Operating Cash Flow</b>	<b>71.6</b>	<b>39.3</b>	<b>82%</b>
<b>Investing Cash Flow</b>	<b>-37.5</b>	<b>-57.9</b>	<b>35%</b>
<b>FREE CASH FLOW</b>	<b>34.1</b>	<b>-18.6</b>	<b>+53m</b>

- Better underlying performance leading to increase of operational EBITDA
- Continuous improvement of net interest cash out
- Tax in 2014 normalised
- 2013: extraordinary year for M&A activities (new Digital segment established)

**53 EURm free cash flow increase yoy**

# Summary & Outlook



## Summary: Ströer 3.0 pays off

- ✓ Revenue Growth by 18.4% to 509.3 EURm
- ✓ Operational EBITDA expanded by 29.7% to 87.8 EURm
- ✓ Net income (adj.) improved by 108% to 27 EURm
- ✓ Free Cash-Flow improved by 53 EURm to 34 EURm YTD
- ✓ Strong financial position, leverage ratio down to 2.2x EBITDA

**For the fourth quarter of 2014 we expect total group revenue growth from 10 to 15% with organic growth of at least 10%.**

**For the full year of 2014 we expect to increase our group revenue organically by at least 10% and raise the operational EBITDA-guidance to around 145 Million Euro.**

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