



Ströer Out-of-Home Media AG

Company Presentation

Deutsche Bank European TMT Conference

September 6 2012, London

Underlying market trends supportive of outdoor performance

Structural growth fully intact driven by DIGITALISATION

Structural winners



ONLINE



OOH



TV



RADIO

Structural loser



PRINT

but temporarily impacted twofold by...

company dynamics

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out of home media

ramp-up mode for
future growth

cautious approach by
national customers

market dynamics



soft advertising
market

social media
hype

Digitalisation results in two different target groups

Digital immigrants



Not able to digest information flood with conventional ways of thinking. Result: strong focus on selected pieces of information at the expense of others.

Listening



Orientation

Digital natives



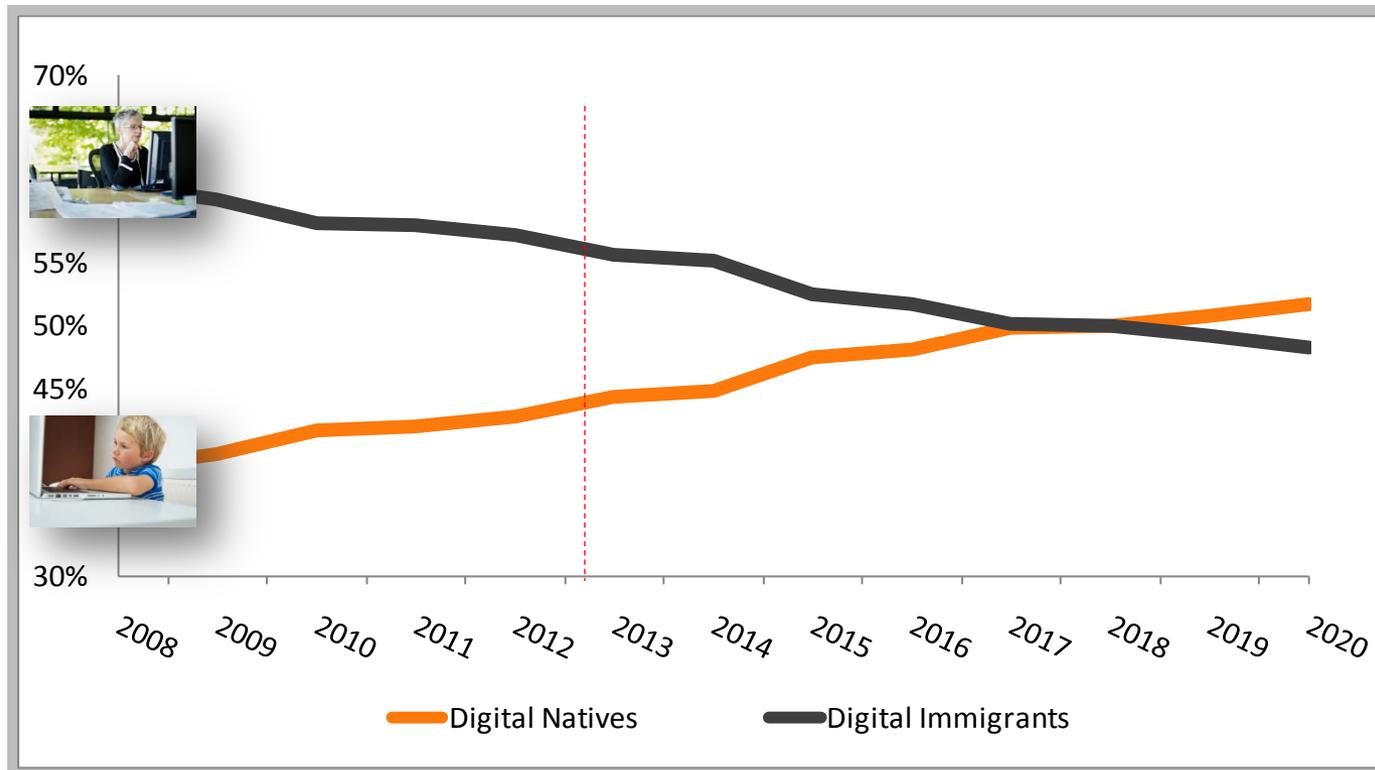
Enthusiastic about submerging in the variety of possibilities. Open for anything new. Always tries to do many things at the same time. Easily learns to distinguish between relevant and irrelevant information.

Always on



Distinctive features important

Both target groups will soon be of similar size and relevance



What do both target groups have in common?



Increasing MOBILITY



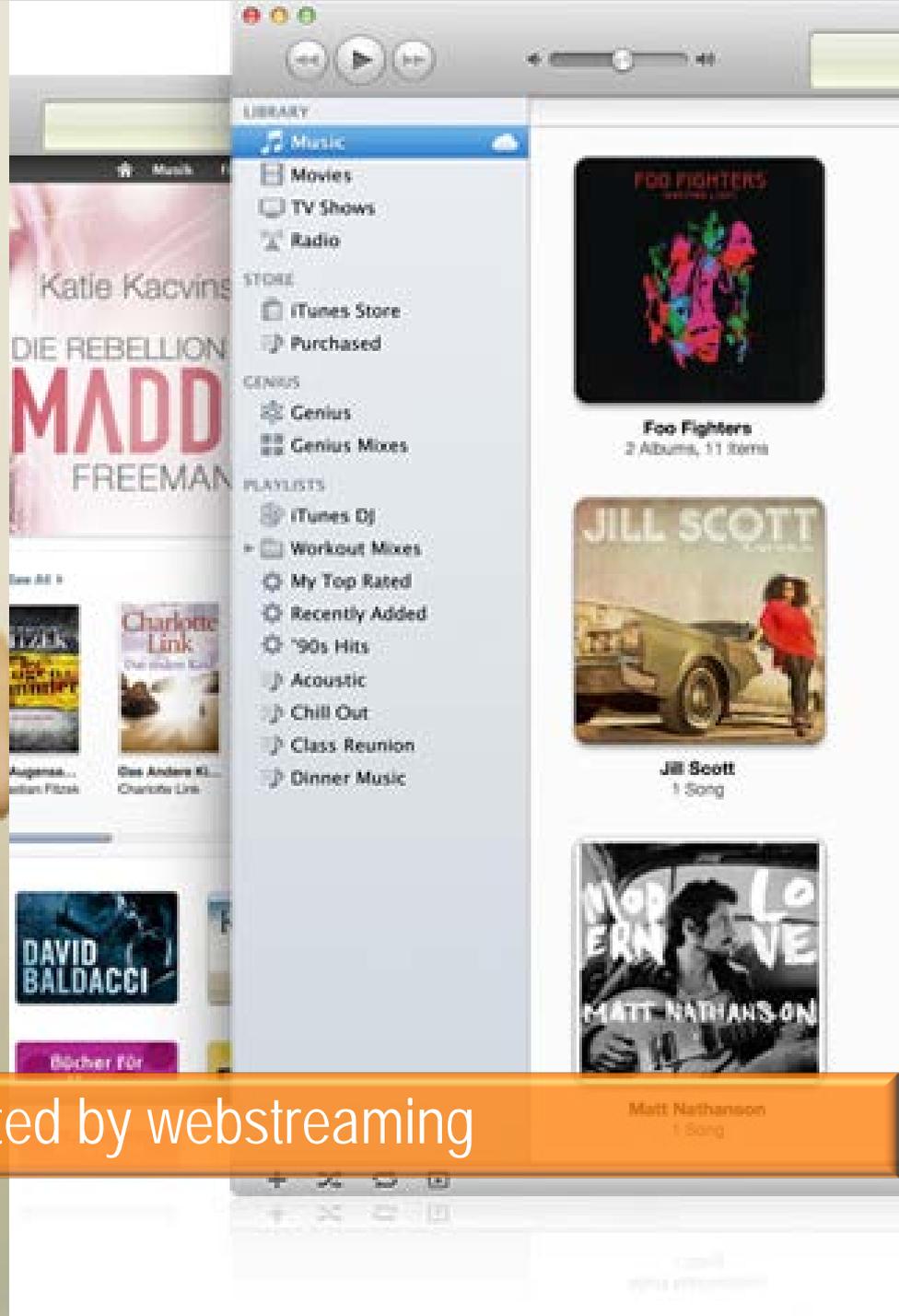
Outdoor is INEVITABLE – for both digital immigrants and digital natives



Print is compensated by tablets and smartphones



TV is compensated by VoD



Radio is compensated by webstreaming

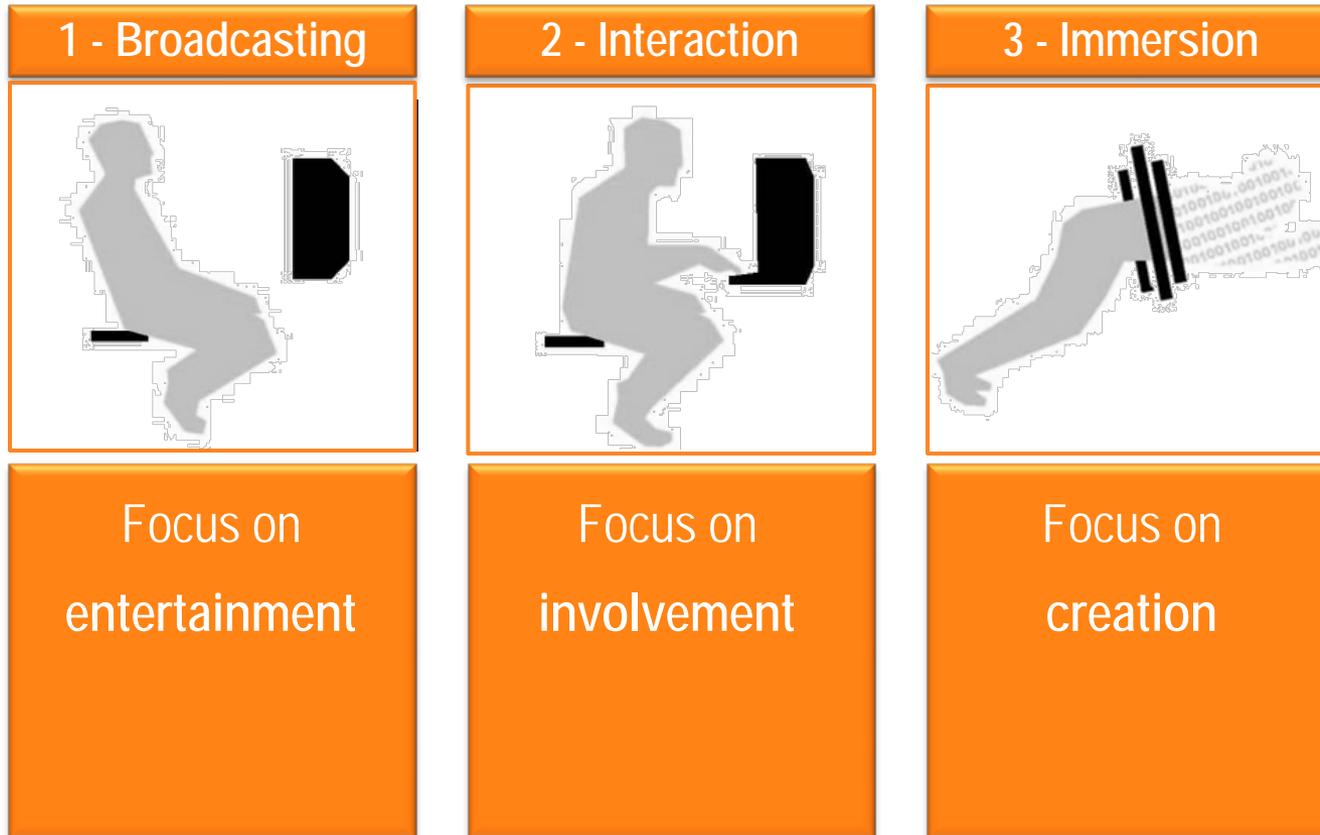
A large billboard stands in a vast, open field under a blue sky with scattered white clouds. The billboard is white with a thin black border and is supported by three wooden posts. The text on the billboard is centered and reads "STRÖER" in a large, bold, black sans-serif font, with "out of home media" in a smaller, orange sans-serif font directly below it. The field is filled with dry, yellowish-brown grass and some green shrubs. A fence line is visible in the distance.

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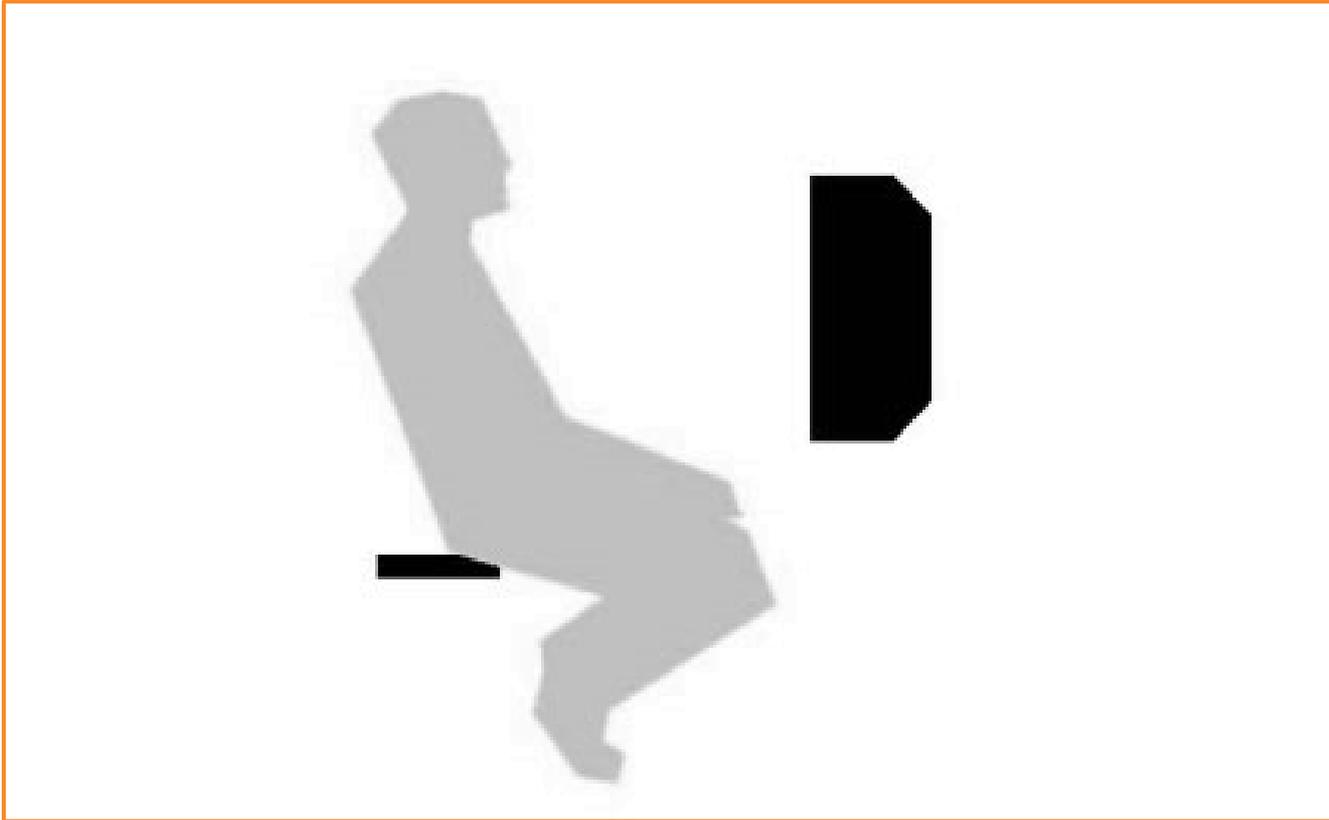
out of home media

Outdoor is the only mass medium with consistently large images

The 3 stages of digitalisation



Digitalisation - stage 1: Broadcasting



How does advertising work?



Unfamiliar

vs.

Familiar

Attention

Interest

Desire

Action



Classical above-the-line advertising



Below-the-line advertising



Internet focuses on Action



Investment in Attention and Interest is vital for long-term brand health

Too much focus on Action leaves your brand capital at risk



Outdoor is the perfect driver of Attention and Interest



...and can also drive Action



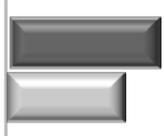
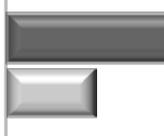
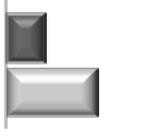
Der Golf unter den Cabrios.
Das neue Golf Cabriolet.



Das Auto.

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In combination with search ads, outdoor is the most efficient medium in terms of sales impact per additional € invested in advertising

				Efficiency ratio Impact / media spend	ROI
TV spots incl. search		Share of media spend Share of ad impact	 41% 33%	0.8	3 €
Outdoor incl. search		Share of media spend Share of ad impact	 3.4% 17%	5.0	19 €
Print incl. search		Share of media spend Share of ad impact	 48% 25%	0.5	2 €
Online incl. search		Share of media spend Share of ad impact	 9.4% 24%	2.6	10 €

Source: Marketing consultants Trommsdorff+Drüner, Berlin 2012, Volkswagen / Google study

How do advertisers stimulate

ATTENTION
INTEREST
DESIRE

Achtung Sicherheitshinweis! Lassen sie Ihr Gepäck
Attention security advice! Do not leave your bag

Abfahrtsort	Zugnummer	Abfahrtszeit
Backnang	19927	18:41
Crailsheim		18:45
Nürnberg		18:50



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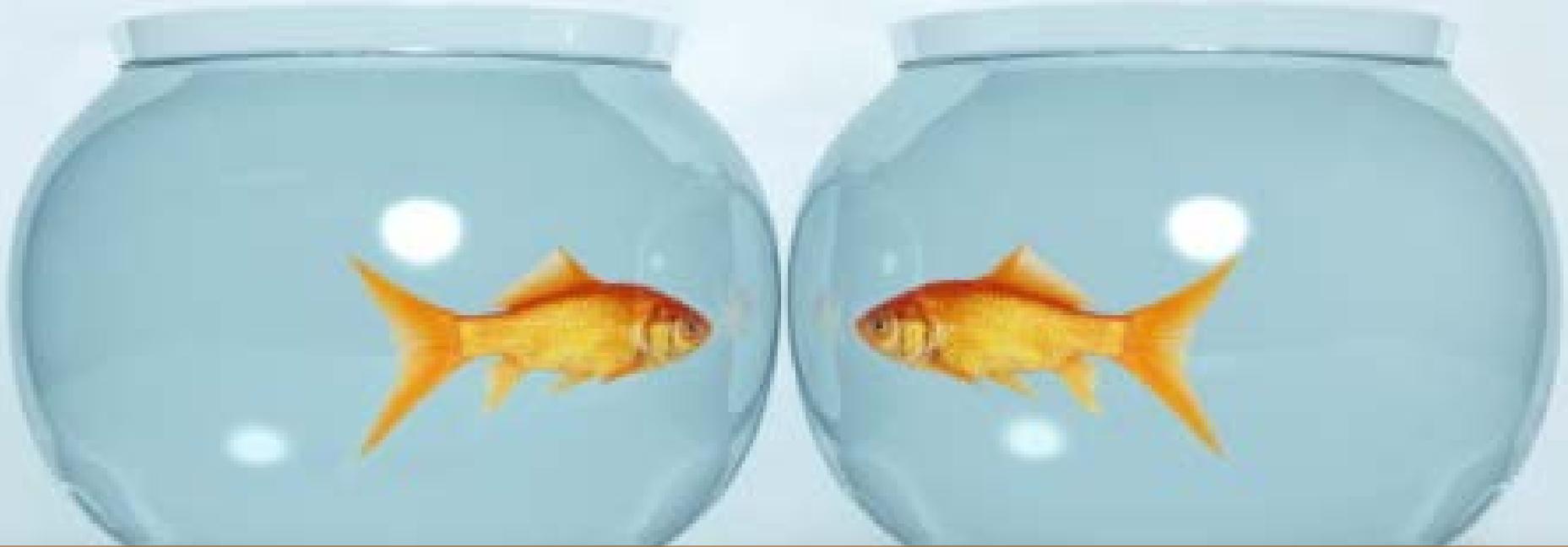
11 Hauptbahnhof
12 Hauptbahnhof
Gleich 3

1-2 s
↑
1-2 s
↑
1-2 s
↑



Digitalisation - stage 2: Interaction





The power of Interaction is Involvement

Interaction - the early days



Previous methods have not been hugely successful



Bluetooth



QR codes



visual
recognition



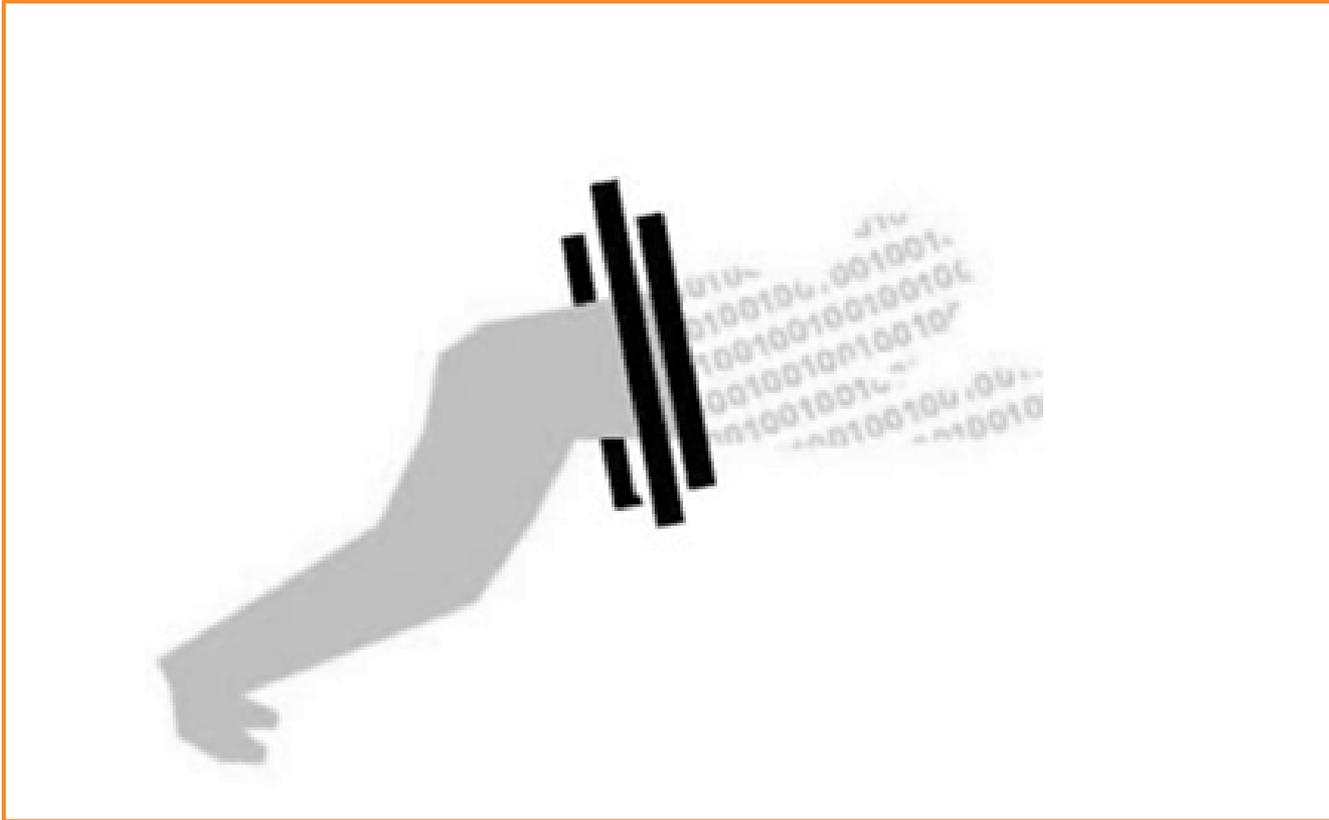
LBA / NFC

← too many barriers for seamless interaction →

Seamless interaction



Digitalisation - stage 3: Immersion



How does advertising work?

INTERACTION PRODUCES CREATION.

CREATION IS RELEVANT CONTENT.

THIS RESULTS IN IMMERSION.

The Quicar case – perfect immersion



Outdoor 2025



Global market share of outdoor



Digital share



Number of outdoor locations



Substantial increase in quality of locations



Substantial decrease in time-to-market



New creative & innovative ad concepts



New customers



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Every virtual campaign needs a real-life anchor



- Organic rev. down (H1 -4.9%, Q2 -6.5%) due to challenging environment & single customer effect
- Increased revenues from ~1.200 OCs running at mid-single-digit million € amount in H1
- >1,500 additional BB units in marketing under new Istanbul contract & PBB installation started
- Lower H1 overheads despite increased FX rates due to first effects from cost savings program
- Op. EBITDA impacted by sales decline & Istanbul ramp-up
- H1 Group net income € 1m ahead of PY on the back of FX improvements
- Q2 net debt € 18m lower vs. Q1 2012 leading to almost unchanged leverage ratio of 2.8x
- New long-term financing with more favorable terms signed in July
- Tender prolongation and additional win of street furniture business in Ingolstadt



Group financials at a glance:

Lower top and bottom line in challenging market environment

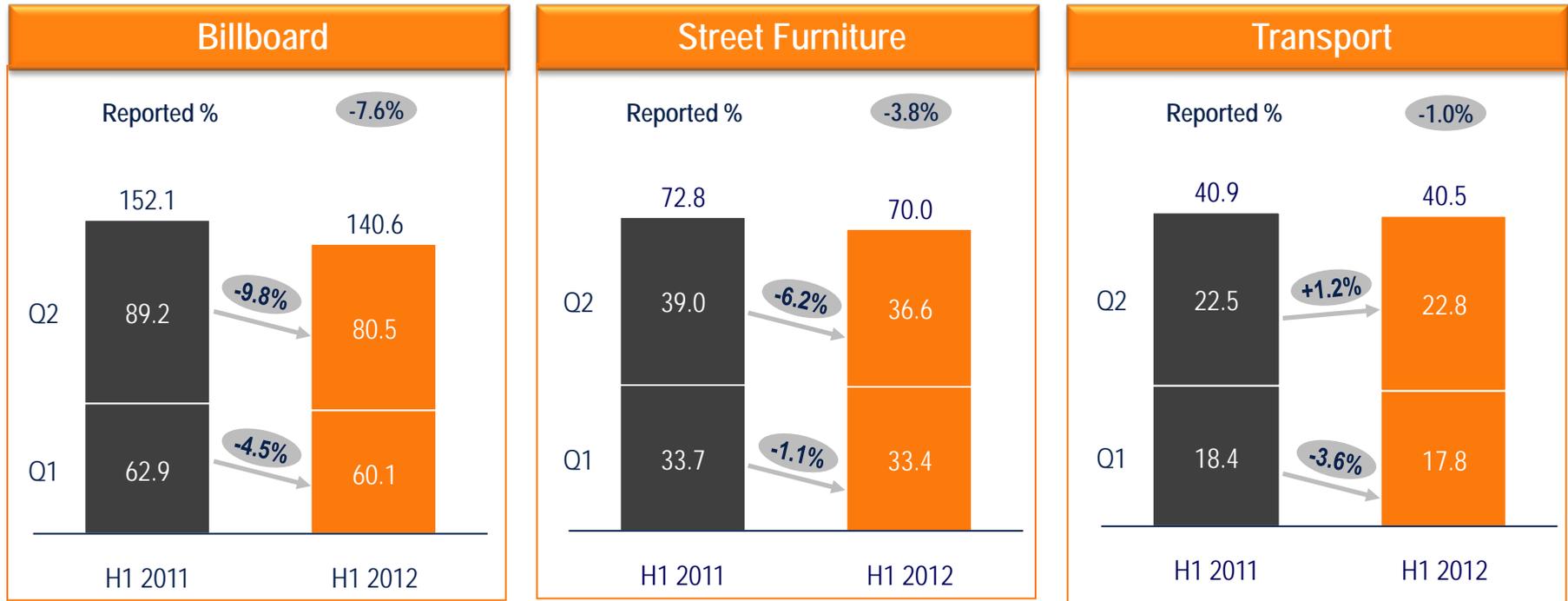
€ MM	H1 2012	H1 2011	Change
Revenue	267.4	282.3	-5.3%
Organic growth ⁽¹⁾	-4.9%	7.3%	
Operational EBITDA	40.8	59.8	-31.8%
Net adjusted income ⁽²⁾	2.9	16.5	-82.3%
Investments ⁽³⁾	20.5	22.5	-8.8%
Free cash flow ⁽⁴⁾	-12.1	1.7	n.d.
	30.06.201	30.06.2011	Change
Net debt ⁽⁵⁾	314.0	319.3	-1.7%
Leverage ratio	2.8x	2.4x	+17.3%

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 paid for investments in PPE and intangible assets; (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: Fewer national campaigns impacting Billboards & Street Furniture

€ MM

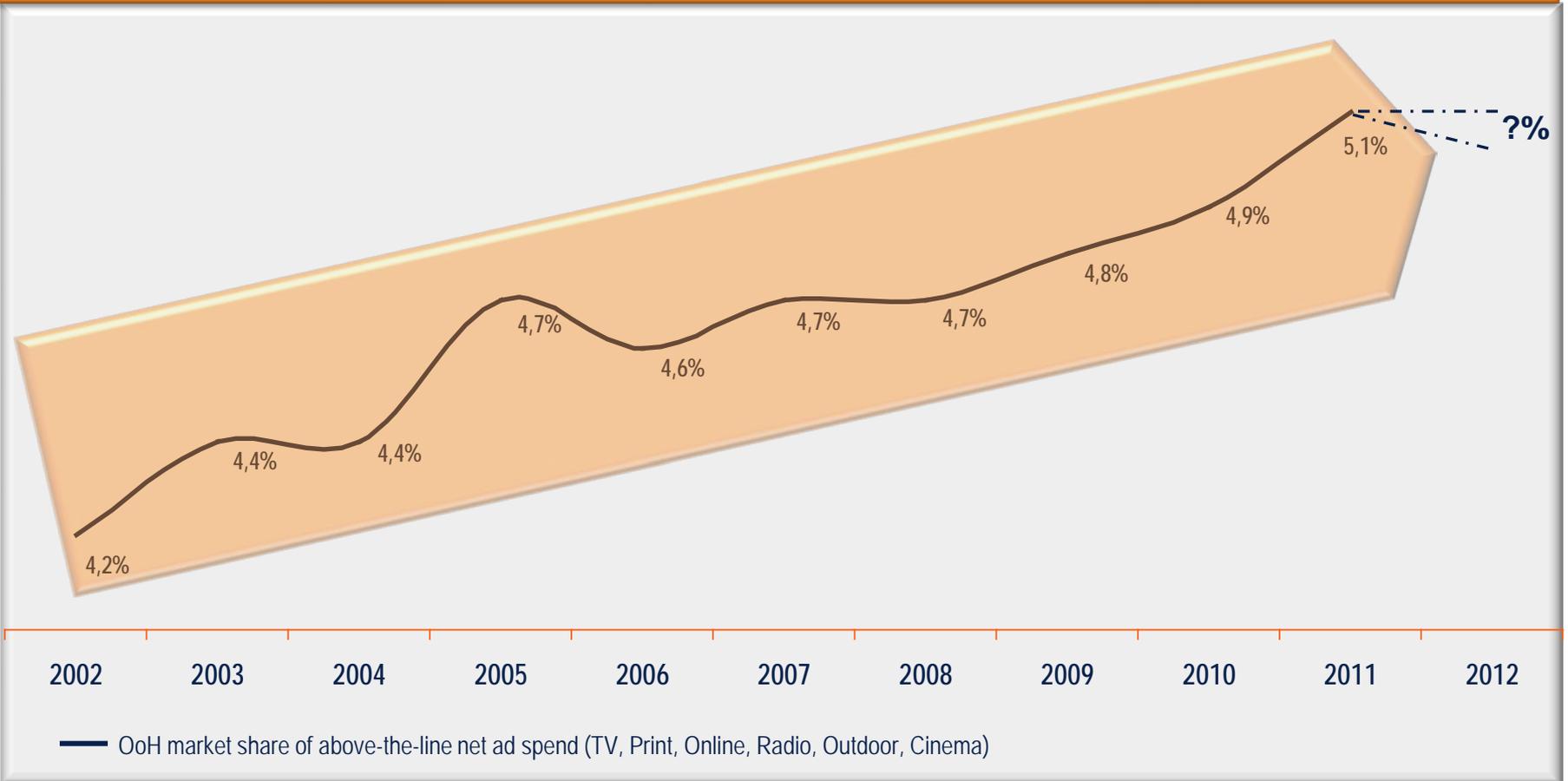


- Billboard performance notably affected by key customer loss in Germany (Telco operator)
- Street furniture development reflects lower campaigning of national accounts
- Flat transport revenues supported by growing German OC business

Latest ZAW net ad market data supports long-term structural growth of OoH



2012 temporarily impacted by soft overall ad market and key sport events



Source: ZAW; May 2012

Strategic response to current environment

-  Cost savings program initiated in Q2 with mid-single-digit million Euro effect in 2012 to achieve flat overheads yoy
-  Expected improvements in product mix leading to a better drop-through ratio in H2 compared to H1
-  New business initiative for H2 with focus on national accounts and digital operations
-  Extending regional sales coverage through development of new distribution channels
-  Increased utilization of Istanbul BB concession by reaping benefits from installation of 500 incremental PBB
-  Capex spending 2012 reduced from initially € 50-60m to around € 45m without sacrificing growth initiatives

Currently, we are not forecasting any macro or media market improvement in the third quarter of this year. Out-of-home advertising markets will continue to be affected by the uncertainty on the financial markets and temporary shifts in advertising budgets due to the Olympics. As a result, we expect the Group organic revenue growth rate in Q3 to be similar to that in the second quarter of this year.

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