

**STRÖER**



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## HALF YEAR/Q2 2014 PRESENTATION

20th August 2014 | **Ströer Media AG**

# Agenda H1/Q2 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 AG H1 2014 results

€MM		H1 2014	▲ %	Q2 2014	▲ %
Revenues	reported <sup>(1)</sup>	334.7	+19%	189.0	+18%
	organic <sup>(2)</sup>		+8%		+11%
Operational EBITDA		57.8	+22%	41.3	+22%
Op. EBITDA margin		16.9%	+0.5%pts	21.5%	+0.8%pts
EBIT (adj.)		34.5	+37%	29.5	+30%
Net income (adj.) <sup>(3)</sup>		17.3	+76%	17.2	+45%
Investments <sup>(4)</sup>		24.5	-17%	15.4	-34%
		<b>30 June 2014</b>		<b>31 Dec 2013</b>	
Net debt <sup>(5)</sup> / Leverage Ratio		325.3 / 2.5x		326.1 / 2.8x	

Notes:

(1) Adjusted by IFRS 11

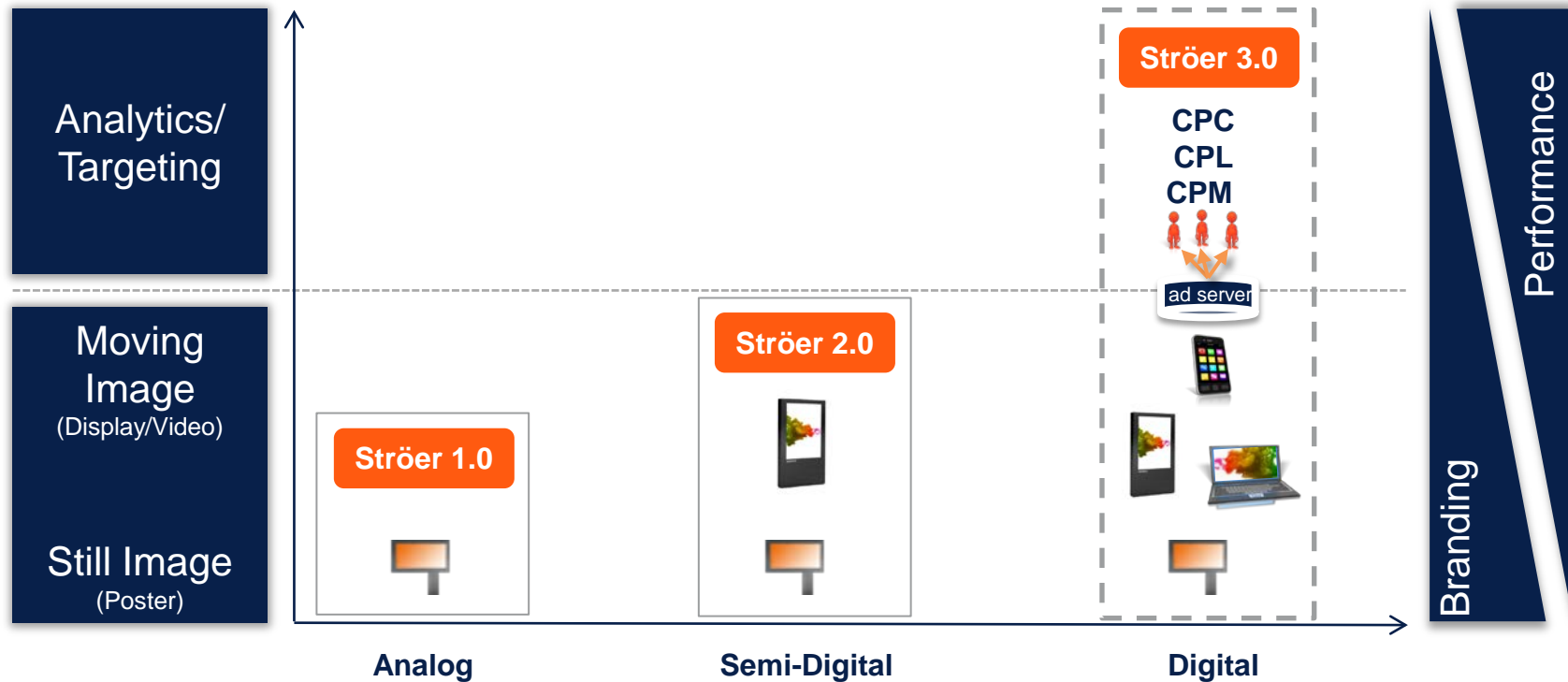
(2) Organic growth = excluding exchange rate effects and effects from the (de)consolidation and discontinuation of operations;

(3) EBIT (adj.) net of the financial result adjusted for exceptional items, amortization of acquired intangible advertising concessions and the normalized tax expense (32.5% tax rate)

(4) Cash paid for investments in PPE and intangible assets as well as for acquisition of consolidated entities

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

# Our focus in the last 18 months: Developing a fully integrated sales house



# Ströer's new strategy 3.0 pays off

**New structure  
Outdoor/Digital  
creates synergies  
from the start**

**Increased relevance  
to customers and  
agencies**

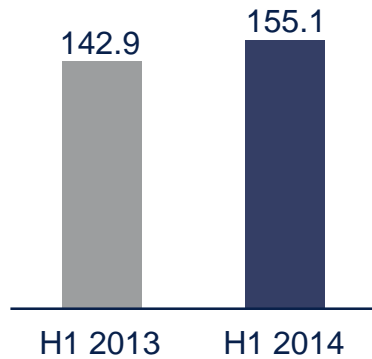
**Strong focus on  
regional  
development  
Outdoor/Digital**

**National sales under  
direct leadership of  
Board/COO**

# Fivefold revenue increase in Digital

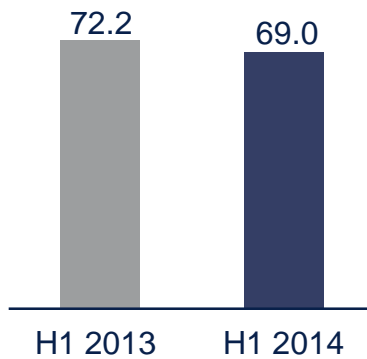
## BILLBOARD €MM

Reported % **+ 8.5%**



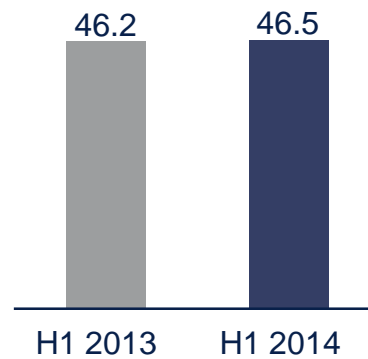
## STREET FURNITURE €MM

Reported % **- 4.4%**



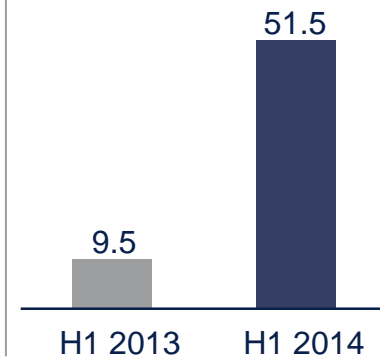
## TRANSPORT €MM

Reported % **+ 0.6%**



## DIGITAL (ONLINE) €MM

Reported % **x 5.5**



# Key drivers for the billboard product segment

- 2,000 unutilized network spaces released for selective location booking
- Doubling regional sales force to 200
- New agreements for third party sales/new contract wins
- Strong growth in giant poster business (BlowUp)



# Building a strong platform for future digital growth

 50.4%	B2B marketer of SME, business and finance portals
 100%	Strong independent marketer of premium channels
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 97%	Important German ad exchange platform
 100% <i>(asset deal)</i>	Pioneer in location based advertising
 62.3%	International online marketer with presence in Turkey and Poland
 79.1%	Technology leader in precise target group identification
 70%	Leading marketer of in-game advertising in Germany
 51%	Leading German online video channel Network
	Agreement for exclusive Sales & Marketing of advertising products

Top 3 digital marketer straight from the start

Integration well on track

Fivefold revenue increase

58% organic revenue growth yoy

~ EUR120m revenues p.a. expected



# Operational Highlights Q2/H1



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La Crema  
Kaffee & Co.

# Strong performance of Public Video: World cup campaign for adidas

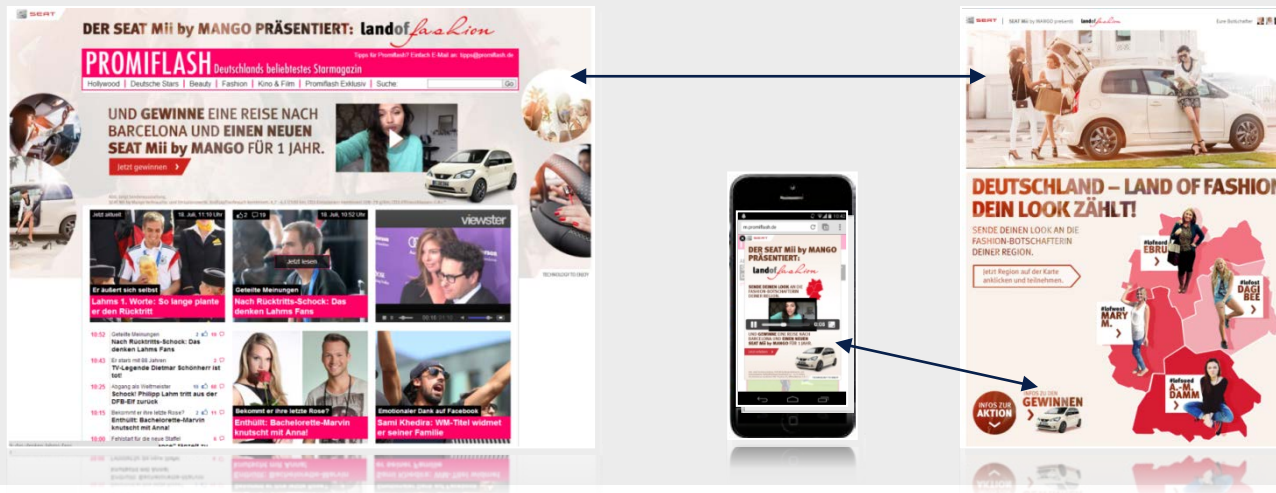
- Reactive video content ads right after matches of the German team
- 30 sec teaser campaign
- More than 30 different copies



- Flexible copy switch daily at 5.30am
- Leveraging high frequently spots at stations & underground
- Fully integrated element of a broader OoH campaign

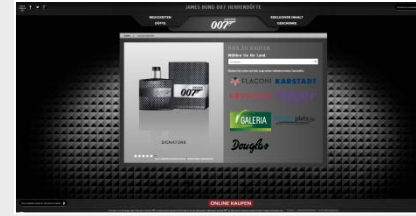
# Growing number of integrated digital concepts: Advertorial video campaign for Seat by Mango

- Regional styling contest to activate customers for Mango & Seat
- Integrated bundling of: Online video advertising; our youtube multichannel network tubeone; advertorials with Promiflash and mobile marketing
- Modular set up allows smart scaling for other clients



# Next level premium online display sales: 360° ad campaign for Procter & Gamble

## Men's Health Style Guide presented by James Bond 007



- 5 months cooperation
- Integration of advertorials
- Raffles: targeting and performance elements
- Sponsoring ads
- Mobile advertising package

# Unique mobile click-through optimization: Local activation campaign for T-Mobile

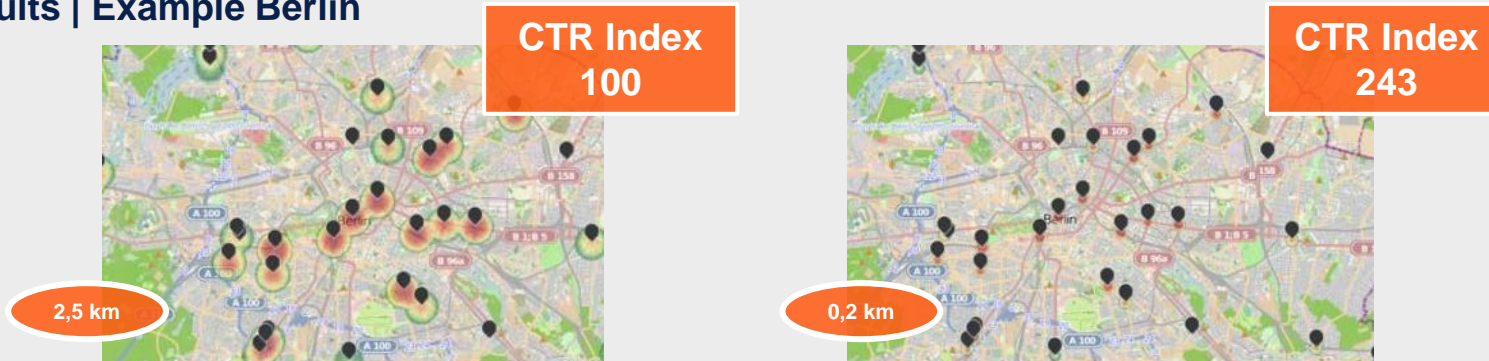
## Campaign mechanics

**1** Localised User

**2** Localised landing page

**3** Pushing store traffic

## Results | Example Berlin



# Leveraging client portfolio across OoH markets: Successful enhancement of HRS for Turkey

## OoH campaign Germany



- Cross market & cross country deal with key customer
- OoH as key launch medium for HRS market entry in Turkey
- Based on client deal structure: 100 per cent share with Ströer

## HRS Launch campaign Turkey



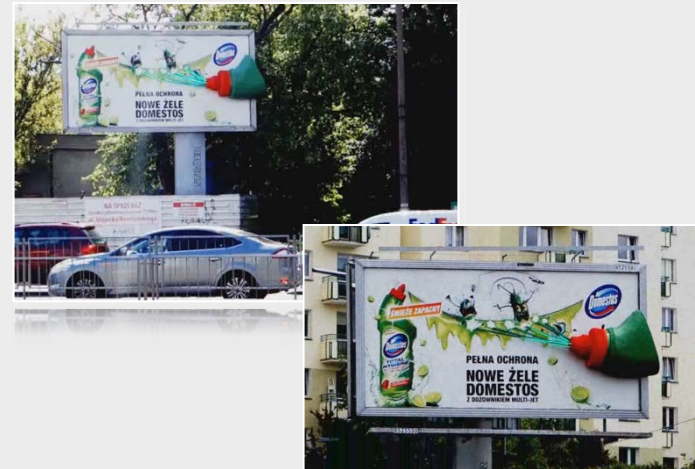
# Re-energizing sales activities in Poland: Exemplary cases for Costa Coffee & Unilever

## Talk of the Town Campaign



Pushing best-in-class cases for marketing of OoH media

## Special ad installation



Broadening customer base through dedicated new business activities (FMCG)

# Strong development across all BlowUp markets: Broadening customer base in UK and Germany



- Berlin Kurfürstendamm
- adidas presented Bastian Schweinsteiger and his football boot in May in Berlin
- Size: 901 m<sup>2</sup>



- London, Birmingham, Liverpool, Glasgow, Coventry
- Virgin Media used multiple locations to attract attention in the UK
- Size: 61 to 490 m<sup>2</sup>



# Financials



# Ströer Media AG H1 2014 results

(€MM)	H1 2014	H1 2013	Change (%)
<b>Revenues (reported)*</b>	<b>334.7</b>	<b>282.4</b>	<b>+19</b>
Adjustments (IFRS 11)	6.2	6.6	-6
Direct costs	-207.4	-171.8	-21
SG&A	-80.0	-72.4	-11
Other operating result	4.2	2.6	+64
<b>Operational EBITDA</b>	<b>57.8</b>	<b>47.4</b>	<b>+22</b>
Margin %	16.9	16.4	
Depreciation	-19.7	-20.0	+1
Amortisation	-17.6	-15.9	-10
Exceptional items	-3.5	-4.0	+11
<b>EBIT (adjusted)</b>	<b>34.5</b>	<b>25.3</b>	<b>+37</b>
<b>Net income (adjusted) <sup>(1)</sup></b>	<b>17.3</b>	<b>9.8</b>	<b>+76</b>
<b>Net income*</b>	<b>3.4</b>	<b>-1.7</b>	<b>n.d.</b>

Notes

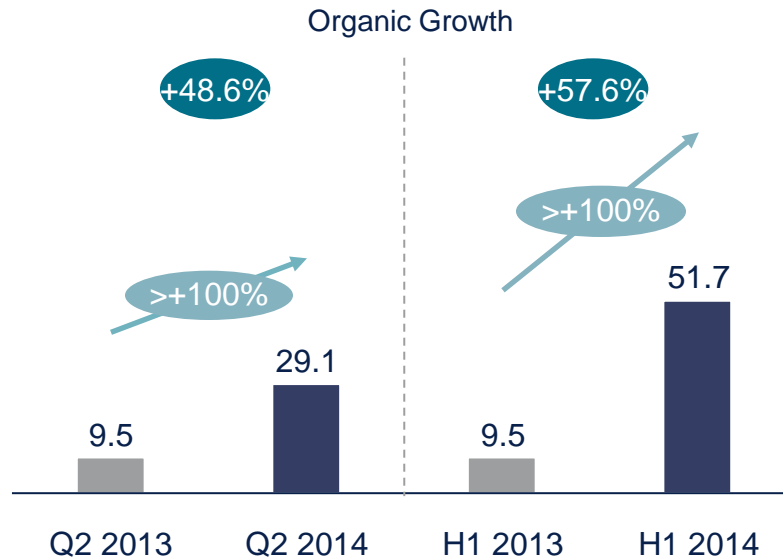
(1) Net Income mainly adjusted for EUR 14.0m relating to the non-cash amortization of hidden reserves from advertising concessions which were recognized in connection with earlier acquisitions

\* Adjusted by IFRS 11

# Ströer Digital: Reported revenues increased fivefold

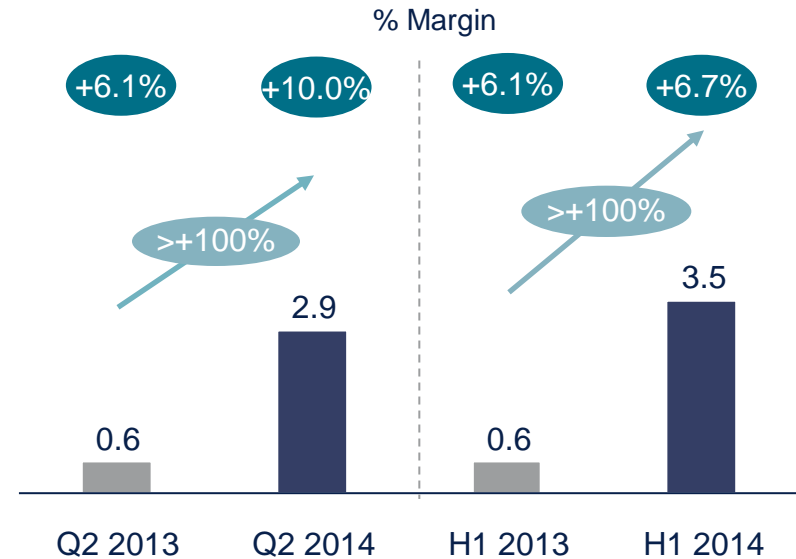
## REVENUES

€ MM



## OPERATIONAL EBITDA

€ MM

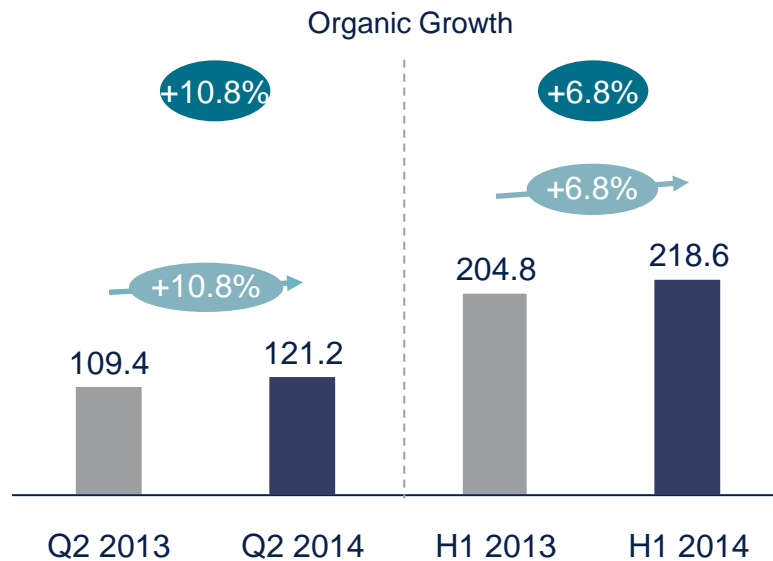


- Fivefold revenue increase to 51.7 € MM
- Organic growth at 58% yoy
- Operational EBITDA in line with expectation

# Ströer Germany: Strong growth in a stable market environment

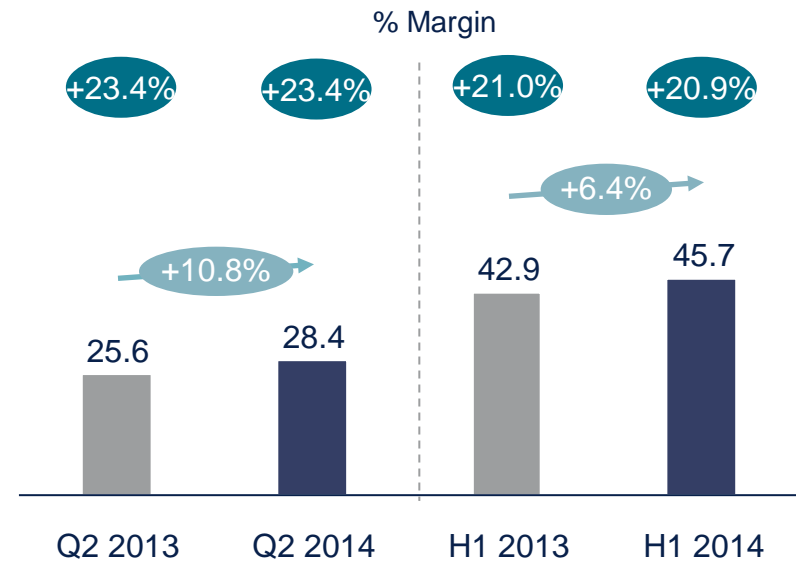
## REVENUES

€ MM



## OPERATIONAL EBITDA

€ MM

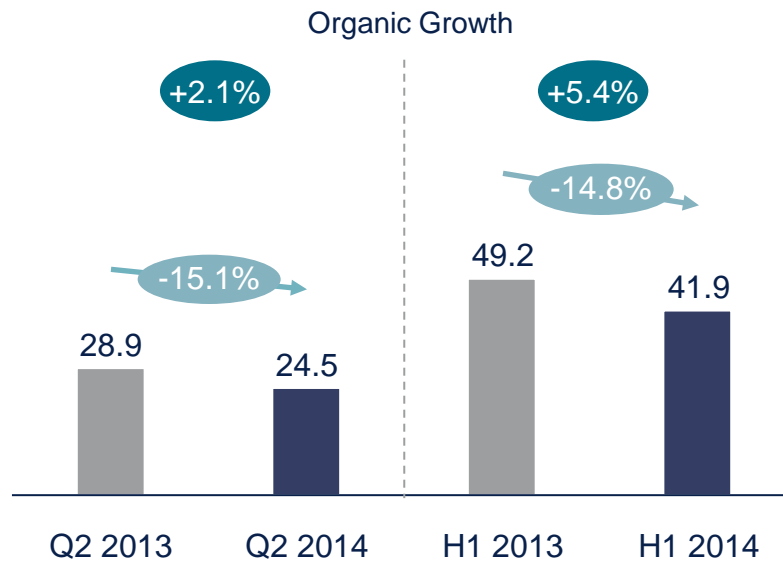


- Revenue Growth especially due to the billboard product segment

# Ströer Turkey: Solid organic growth

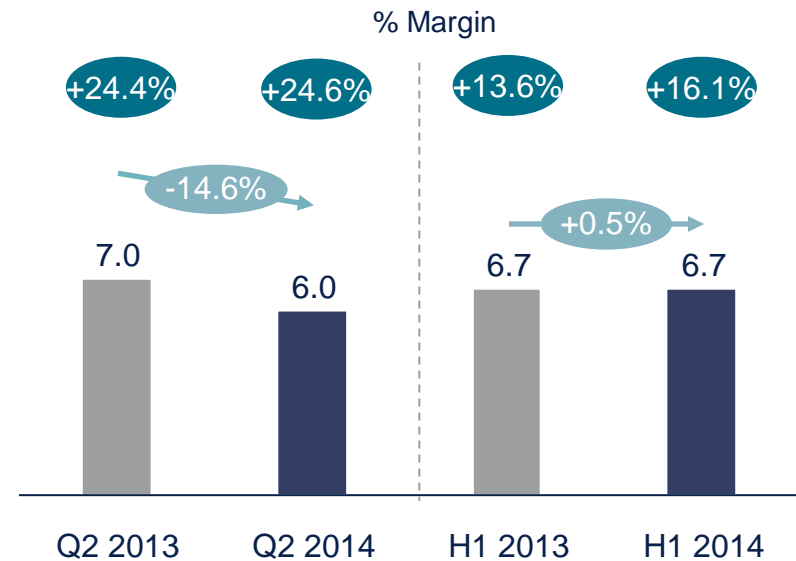
## REVENUES

€ MM



## OPERATIONAL EBITDA

€ MM

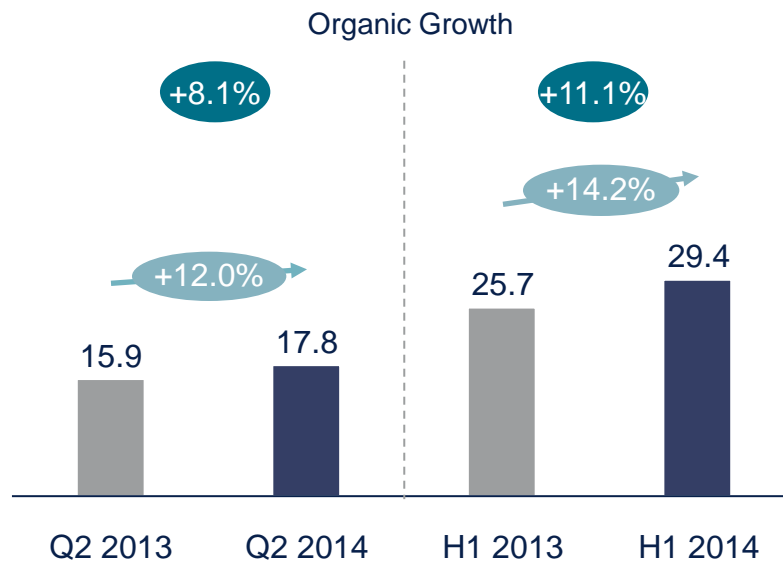


- Solid organic growth based on regional demand despite macro uncertainties
- Currency devaluation effects impaired reported revenue line by 14.8% in the first half of 2014, organic revenue up 5.4%

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

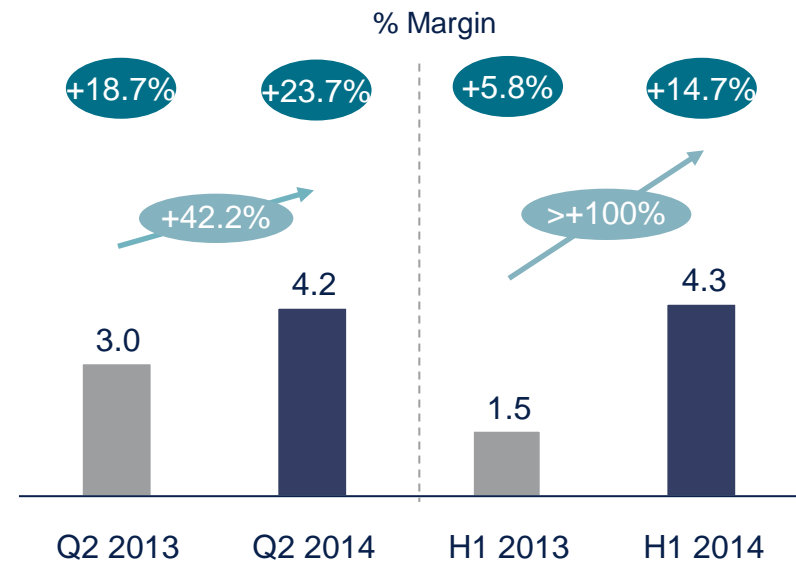
## REVENUES

€ MM



## OPERATIONAL EBITDA

€ MM

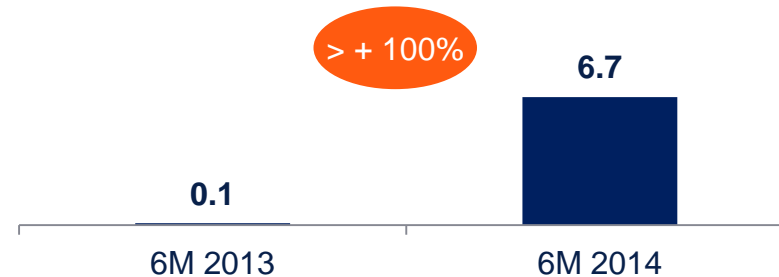


- BlowUP with strong topline and operational EBITDA performance
- In Poland, media markets still soft but continuously stabilizing
- Op. EBITDA of Ströer Poland benefitting from rigorous cost saving program

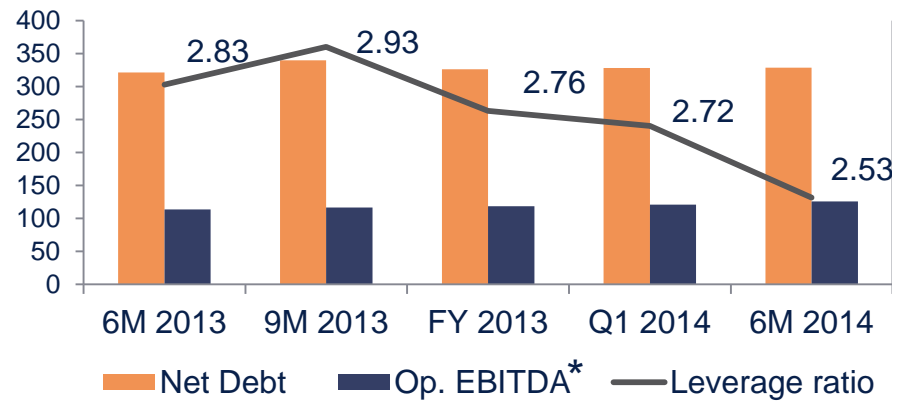
# Strong free cash flow & improving leverage

- Higher free cash flow driven by strong operational performance
- Improvement of net debt in spite of dividend payment in Q2
- Successful refinancing structure in place
- Continuing and consequent deleveraging

## Strong free cash flow generation



## Improving leverage



\*last 12 months

# Summary & Outlook





## Summary: Ströer 3.0 pays off

- ✓ Revenue Growth by 18.5% to 334.7 Million €
- ✓ Digital Business increased fivefold to 51.7 Million €
- ✓ Operational EBITDA expanded by 21.9% to 57.8 Million €
- ✓ Net income (adj.) grew by 76% to 17.3 Million €
- ✓ Strong financial position, leverage down to 2.5x EBITDA

**For the third quarter of 2014 we expect total group revenue growth from 10 to 15% with organic growth of around 10%**

**For the full year of 2014 we expect our total group revenue to grow at a high single digit organic growth rate compared to the previous year and operational EBITDA of at least EURm135**

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