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Italien verabschiedet europäischen Fiskalpakt  
Personalmangel an Kindertagesstätten

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**Ströer Out-of-Home Media AG**  
Company Presentation  
Citigroup Global Markets Roadshow  
14 September 2012, New York



1990 – Foundation of Ströer City Marketing GmbH



# # 1 player in underpenetrated and attractive growth markets



#1 in GERMANY  
Europe's largest ad. market



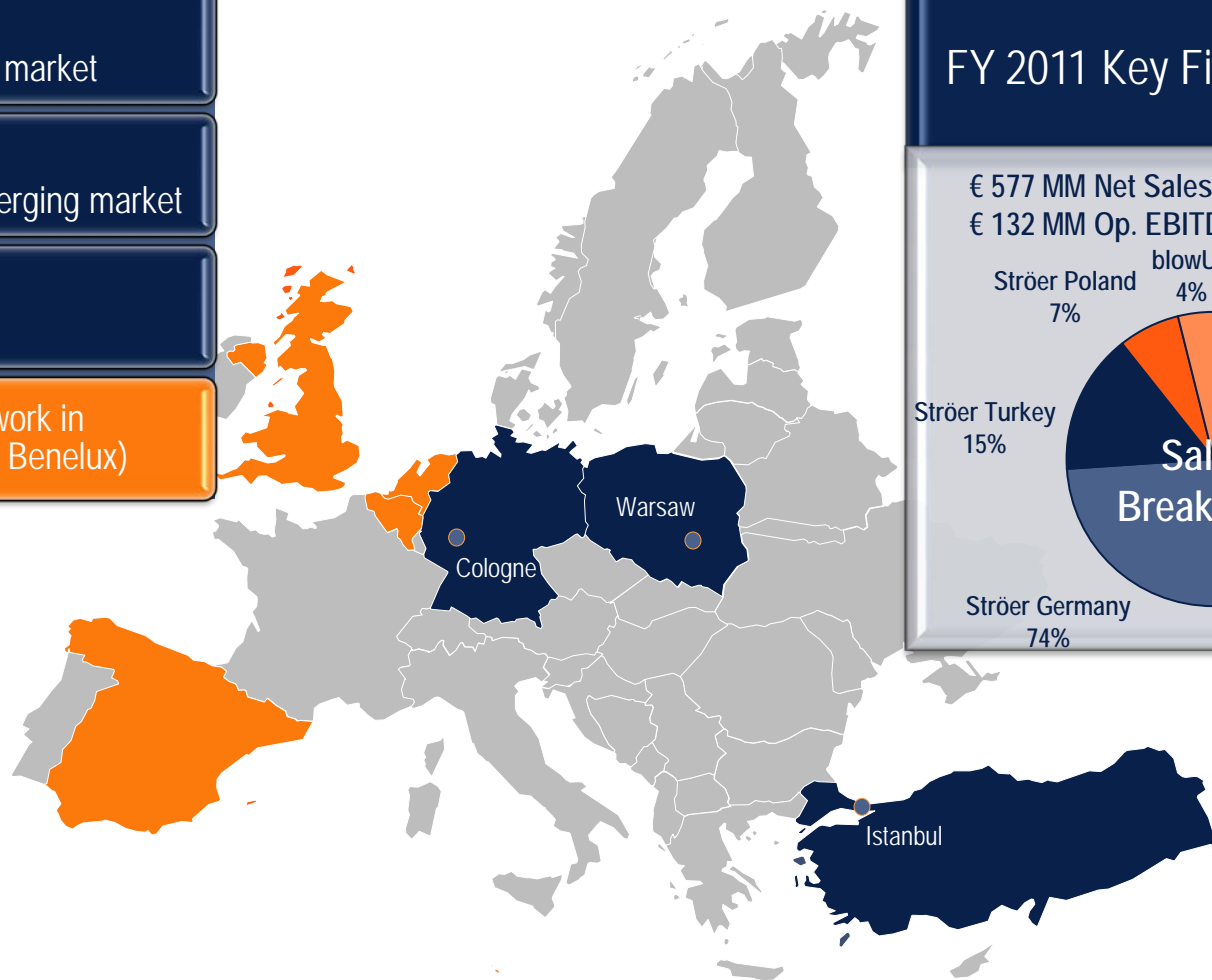
#1 in TURKEY  
Europe's largest emerging market



#1 in POLAND  
Largest CEE market

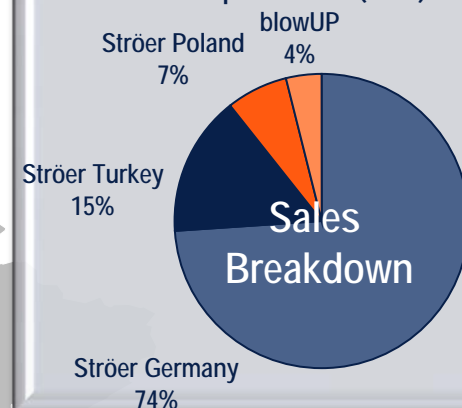


#1 Giant Poster network in  
EUROPE (D, UK, E, Benelux)



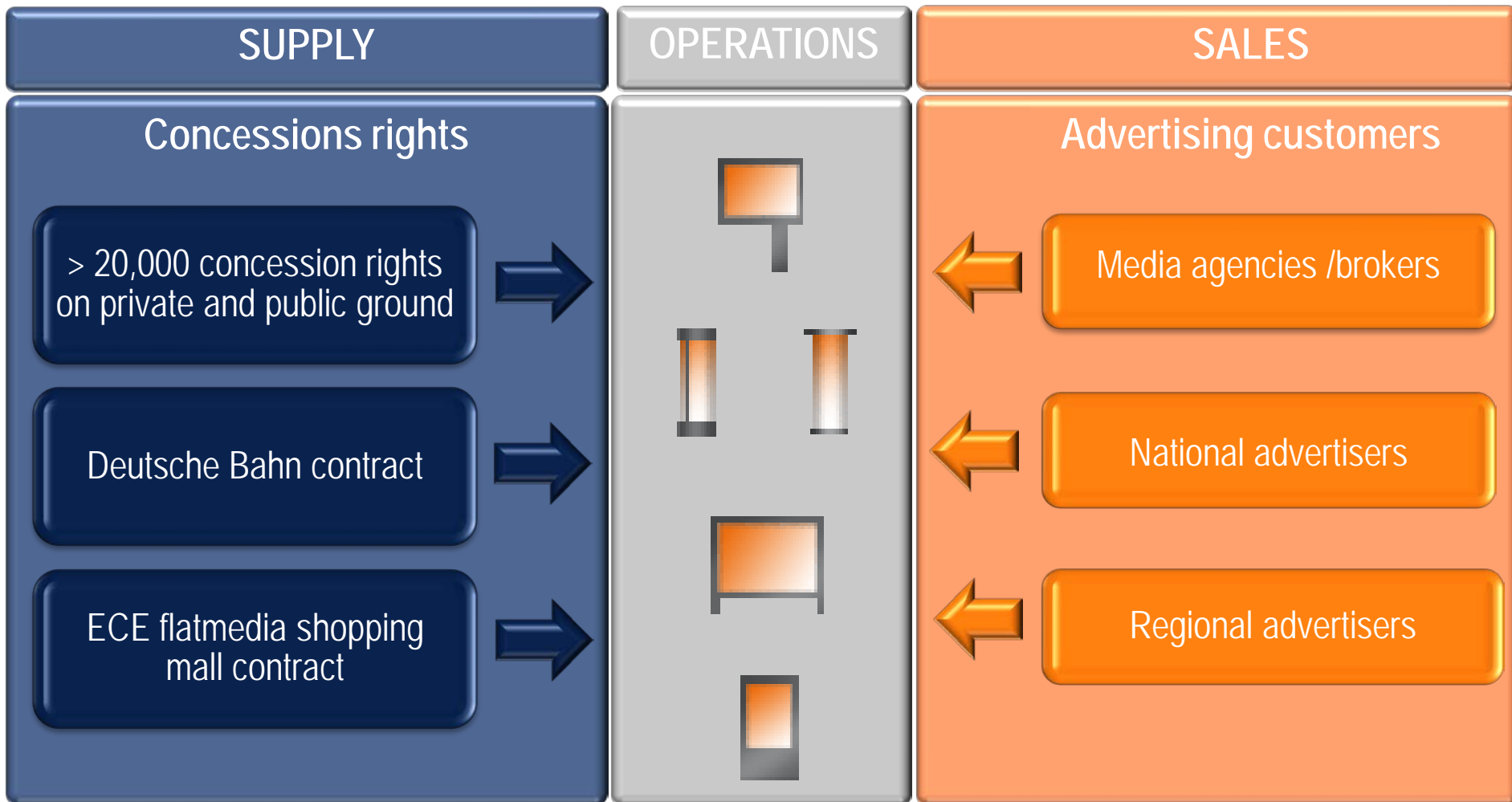
## FY 2011 Key Financials

€ 577 MM Net Sales (+9%)  
€ 132 MM Op. EBITDA (+4%)



~90% of revenues from markets where we are at least double the size of no. 2

# Ströer's source of business in a nutshell



# Ströer's well-diversified product portfolio - Billboards



Traditional Billboard



Mega Light

## Billboards

2011 Revenue:

€302 MM

52% share

- large ad format (> 9m<sup>2</sup>)
- located at arterial roads or in inner city areas
- premium focus
- incl. giant posters

● = margin intensity

◐ = capex intensity



Premium Billboard



blowUP

# Ströer's well-diversified product portfolio – Street Furniture



City-Light-Poster



City-Light-Column

## Street Furniture

2011 Revenue:

€151 MM

26% share

- small ad format (~ 2m<sup>2</sup> - 4m<sup>2</sup>)
- located in city centers
- partly built-in structures (e.g. bus stops)

● = margin intensity

● = capex intensity



City-Light-Poster at bus shelter



Traditional Column

# Ströer's well-diversified product portfolio - Transport



Station Media



Infoscreen



## Transport

2011 Revenue:

€89 MM

15% share

- Ads attached to public transport vehicles
- Traditional & digital ads at transport hubs

 = margin intensity  
 = capex intensity



Train/ Bus



Out-of-Home Channel (mall & station)

# Megatrends driving out-of-home advertising



Digitalization



Mobility



Urbanization





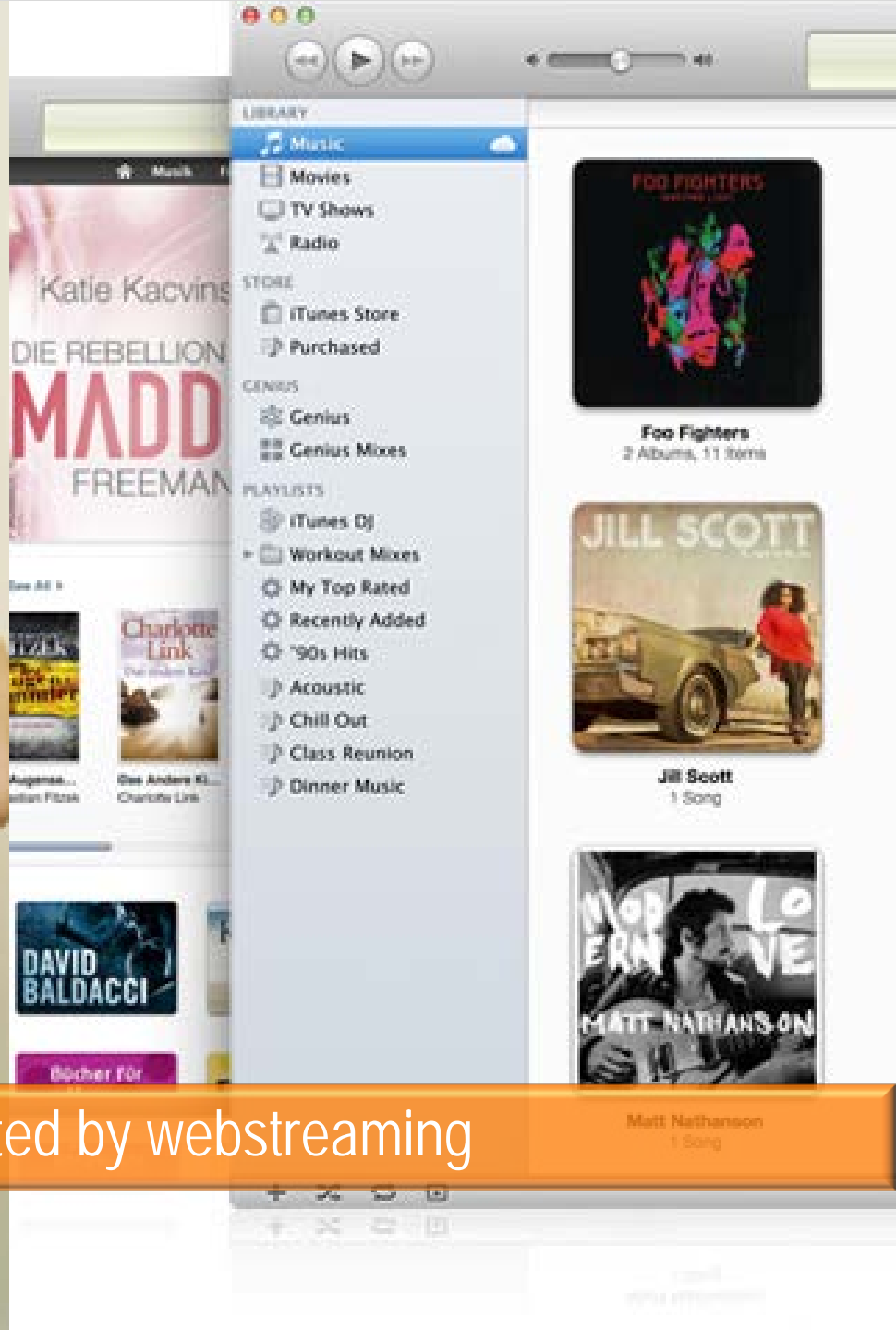
Fragmentation prevents efficient mass communication



Print is compensated by tablets and smartphones



TV is compensated by video on demand



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.

**STRÖER**

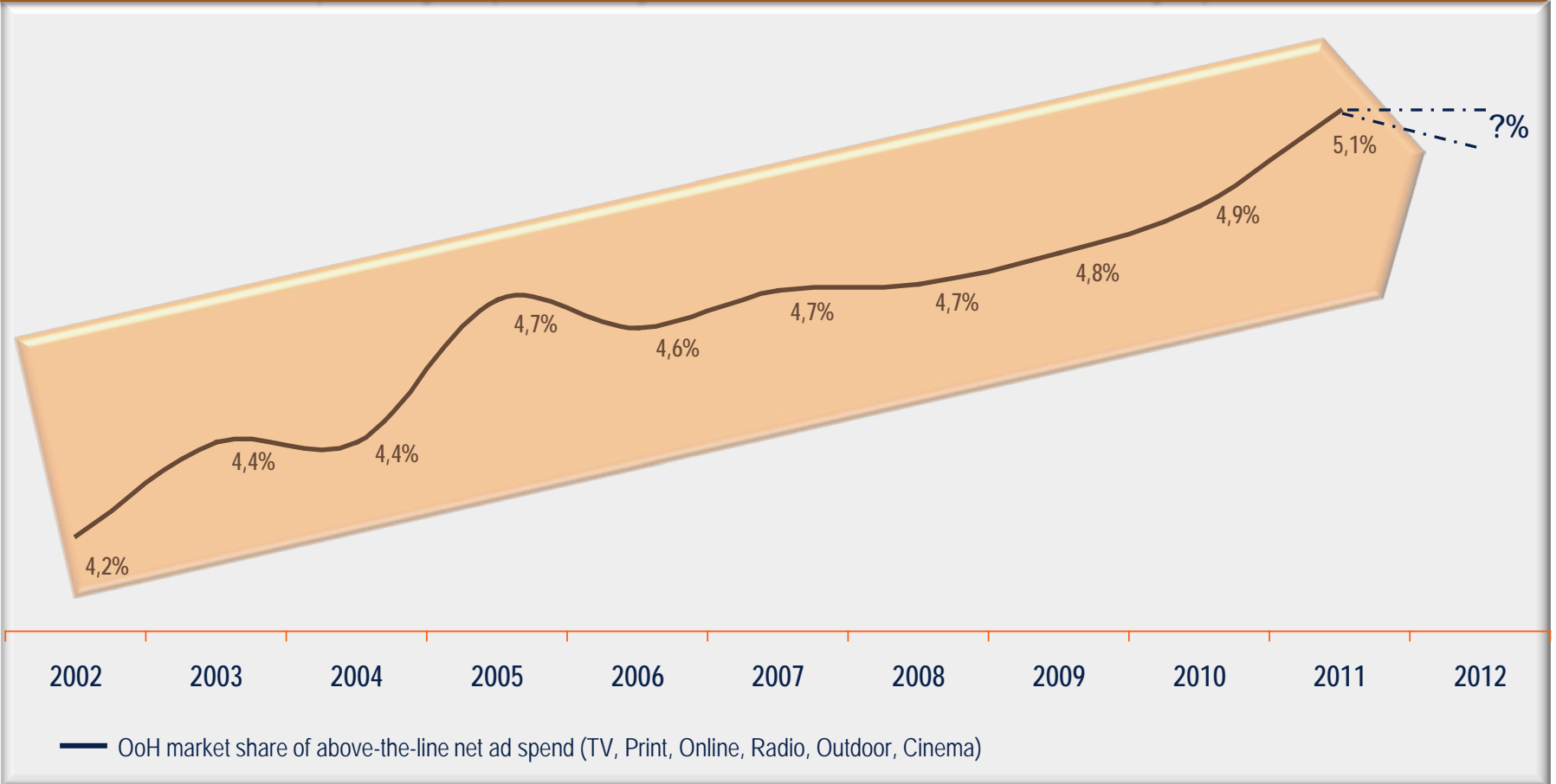
out of home media

Outdoor is the only mass medium with consistently large images

# 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



## Foundation for Growth

# OC Station & OC Mall now with combined network marketing



- Some 1,200 screens in stations and malls nationwide
- Launch of marketing activities for OC Mall
- High-impact exposure for brands, impressive ad visuals
- Available in 59 shopping malls run by ECE in Germany
- Network comprises more than 1,000 flat screens and 140 Out-of-Home-Channels
- OC target group reach
- OC Station: 23 million ad media contacts per week\*
- OC Mall: 15 million ad media contacts per week\*\*
- Upgrade of infotainment broadcasts with new partners Tagesschau and Sky Sport



\* Based on full network capacity; 10 sec. spot during one week, population 14+, Source: ENIGMA GfK Medien- und Marketingforschung GmbH, June 2012

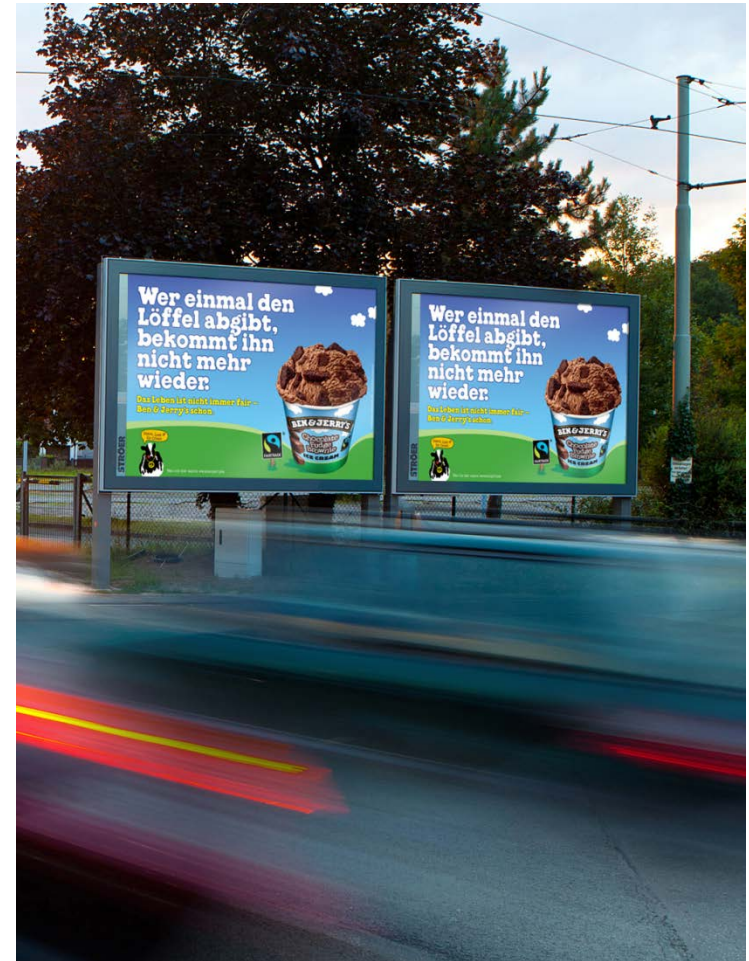
\*\* Based on ECE center frequency measure, Visitor Frequencies, ECE Projektmanagement G.m.b.H. & Co. KG, 2009



# Premium billboard rollout



- ~5,000 scrolling backlit displays in 9m<sup>2</sup> format to be set up by 2015
- Focus on prime locations in major metropolitan cities
- Rising number of new locations in addition to upgrade of traditional boards
- Super-size locations with up to 3 displays in a row allowing new creative concepts
- Increasing number of customers upgrading campaigns with premium billboards





# Capacity Expansion Turkey: Installation of first Premium Billboards in Istanbul

- Start of set-up in August with currently >50 units installed.
- 300-500 units planned until end 2012
- Marketing mainly in combination with BB network to add premium feature
- Pre-marketing customer response very positive
- Mobile telco operator Avea as first pilot customer





# Q2/H1 2012 Highlights & Financials

# New long-term Group financing secured in July 2012

- Total loan package EUR 500m (EUR 275m term loan + EUR 225m revolving credit facility); no collateral requirement
- 5 year term until July 2017 provides stable financial foundation; separates any refinancing effort from potential turbulence in the financial markets 2013/2014
- Despite the improvements and more flexible loan documentation, credit margins only slightly above favorable conditions secured during 2011 amendment
- Lower interest charges going forward due to a more flexible loan structure (savings of low single digit million EUR amount from 2013)
- Targeted leverage ratio remains in comfort zone of 2.0 - 2.5 x
- “Club deal” syndicate consists of ten major national and international banks



- 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

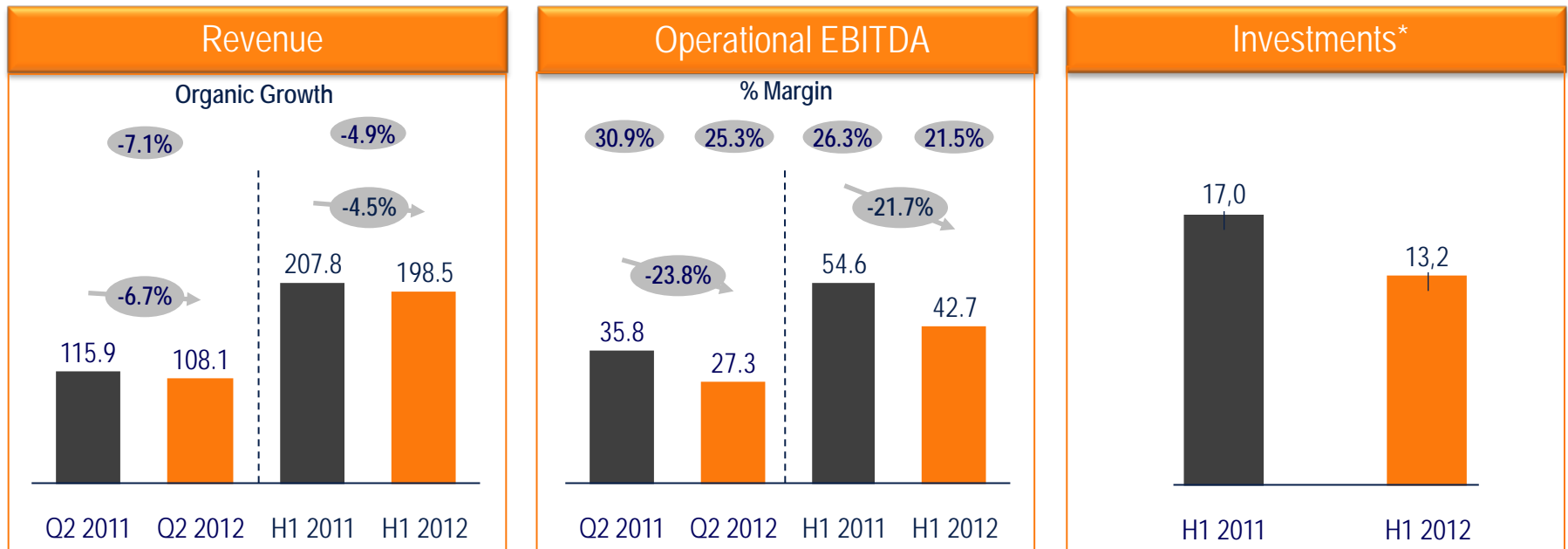
€ MM	H1 2012	H1 2011	Change
Revenue	267.4	282.3	-5.3%
Organic growth <sup>(1)</sup>	-4.9%	7.3%	
Operational EBITDA	40.8	59.8	-31.8%
Net adjusted income <sup>(2)</sup>	2.9	16.5	-82.3%
Investments <sup>(3)</sup>	20.5	22.5	-8.8%
Free cash flow <sup>(4)</sup>	-12.1	1.7	n.d.
	30.06.2012	30.06.2011	Change
Net debt <sup>(5)</sup>	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)

# Ströer Germany: Revenues down due to reduced national campaigning & single customer effect



€ MM



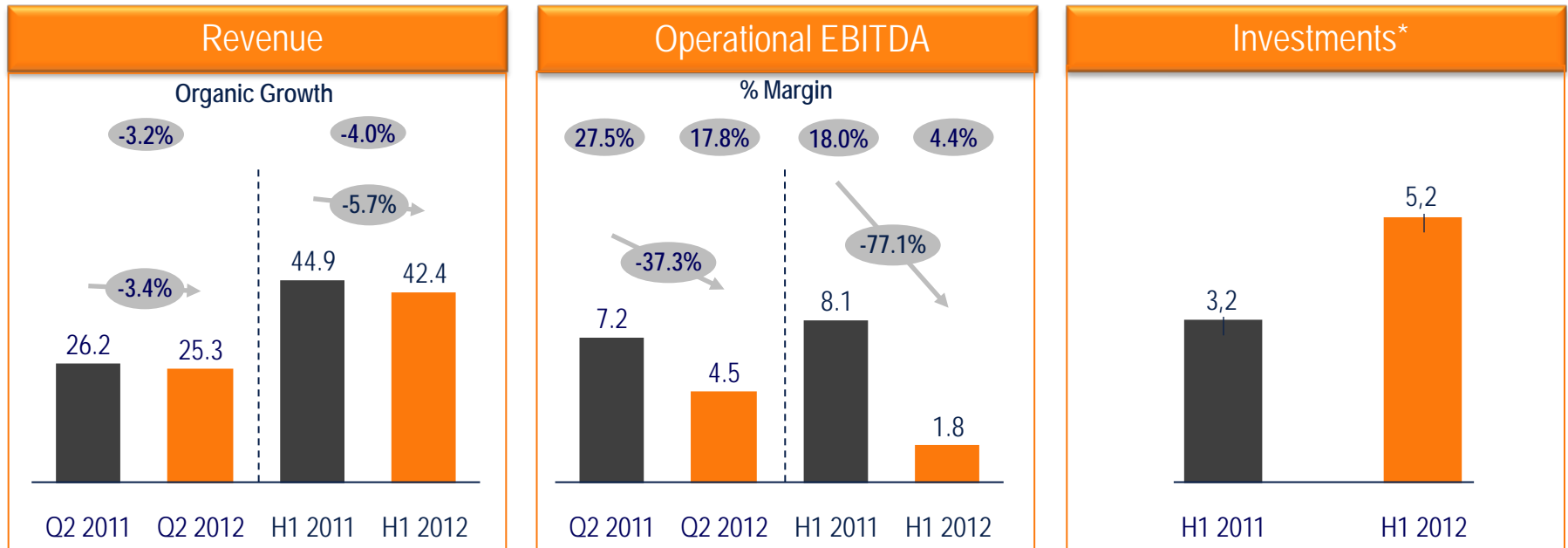
- Underlying H1 organic revenue growth excluding temporarily inactive Telco account just -0.8%
- H1 revenue from ~1.200 Out-of-Home Channels at mid-single-digit million € amount
- Op. EBITDA margin impacted by lower share of high margin products (fewer national campaigns)

\*Cash paid for investments in PPE and intangible assets

# Ströer Turkey: Istanbul ramp-up leads to temporary decline in profitability



€ MM



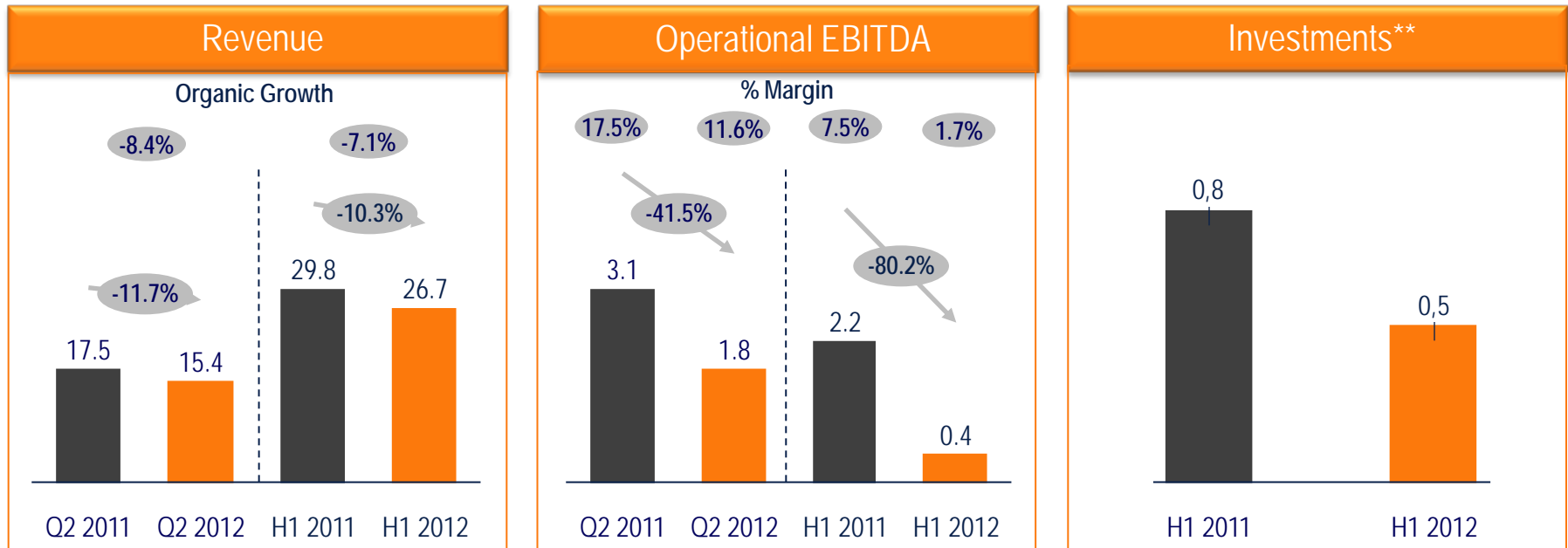
- H1 organic rev. growth w/o effect from terminated low margin sales contract in Q4 11 runs at +0,6%
- Margins affected by incremental Istanbul BB fixed rents and underlying rent inflation adjustments
- Capex increase reflects capacity uplift program in Istanbul (>2000 incremental BB/PBB units)

\* Cash paid for investments in PPE and intangible assets



# Ströer Rest of Europe\*: Unfavourable ad activity affecting both Poland and Giant Posters

€ MM



- blowUP top- and bottom line down on grounds of fewer international cross-country campaigns
- Cost improvement measures leading to margin uplift in Poland
- Adverse impact from Euro championship in PL

\* blowUP Media Group and Ströer Poland

\*\* Cash paid for investments in PPE and intangible assets

# 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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**out of home media**

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