



# Ströer Out-of-Home Media AG

Company Presentation

Morgan Stanley

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# Ströer developments in Q3 2012



- Group organic revenue growth rate at -5.4%
- Sales increase in German digital operations across product range year-on-year
- National client weakness partly offset by low single digit revenue growth of German regional business
- Roll-out of Istanbul capacity expansion on track with over 2,000 incremental units until year end
- Growth in blowUP's top-line mainly driven by international business and Olympics
- On track with achieving full year capex target of ~45m Euro
- Overheads slightly below prior year and in line with savings target
- Further strengthening of public contract portfolio in Germany and Turkey (bolt-on style)



# Group financials at a glance:

## Softer trading reflecting continuous market uncertainties

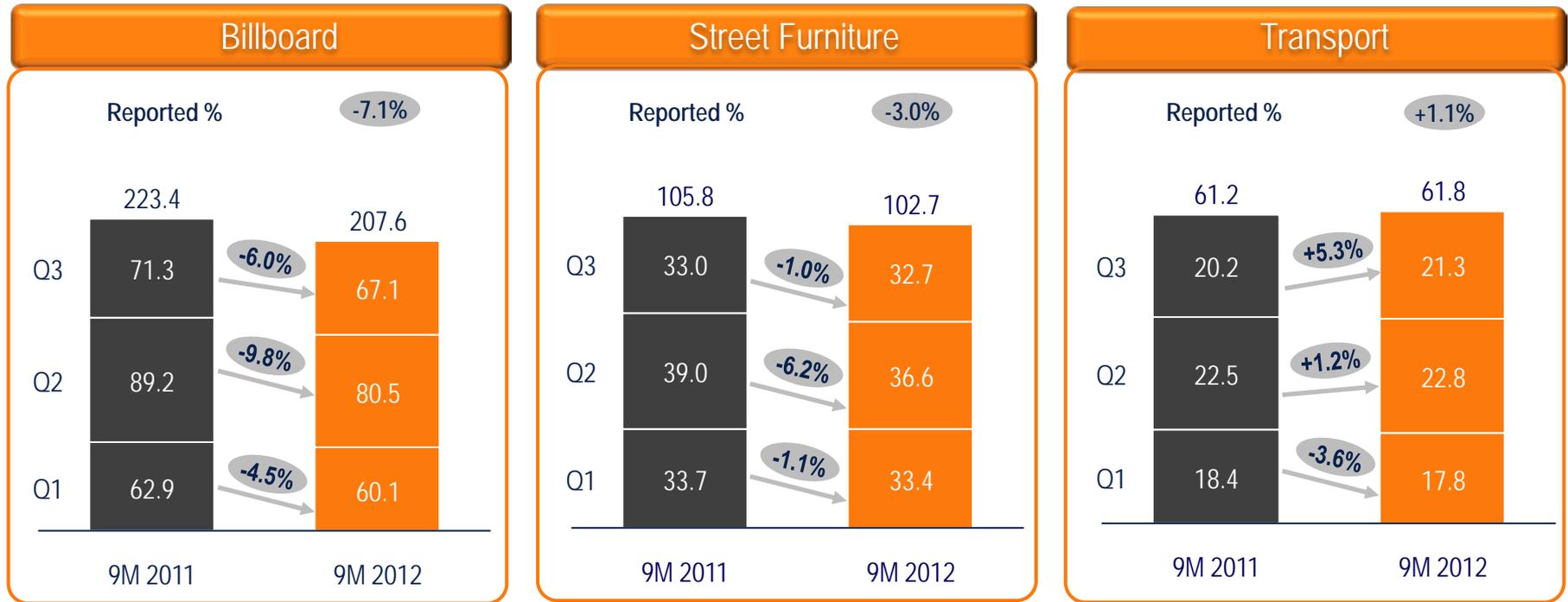
€ MM	9M 2012	9M 2011	Change
Revenue	397.4	416.3	-4.5%
Organic growth <sup>(1)</sup>	-5.1%	5.8%	
Operational EBITDA	58.5	84.0	-30.4%
Net adjusted income <sup>(2)</sup>	2.8	21.1	-86.9%
Investments <sup>(3)</sup>	30.1	36.0	-16.5%
Free cash flow <sup>(4)</sup>	-10.9	18.8	n.d.
	30.09.2012	30.09.2011	Change
Net debt <sup>(5)</sup>	317.5	312.3	+1.7%
Leverage ratio	2.97x	2.29x	+29.8%

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)
- Softer trading in Street furniture reflects lower national client business
- Improved transport revenues especially in Q3 backed by growing digital business



Attractive sales & marketing offers

# Key marketing features of OC Station & OC Mall



- With >2,200 screens one of the worlds largest digital moving picture networks with national reach
- OC sales volume increased with high double digit % rate over prior year
- Recent national Motorola product launch (RAZR i) included OC in the relevant set for moving picture mediums
- Digital networks unlock ad budgets previously spent in other media:

**LAVAZZA**

**RWE**

**acer**

new clients:



unitymedia



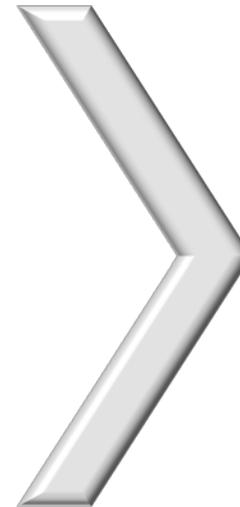
monster worldwide

# Multiplying Study – proof of higher net reach



**multiplying research <sup>1)</sup> shows**

- increase in net reach when combining TV, Online and OC
- capability of OC to reach young consumers with above average spending power
- ability of OC to generate higher number of contacts compared to Online



**RAZR i multiplying product launch**



**MOTOROLA**



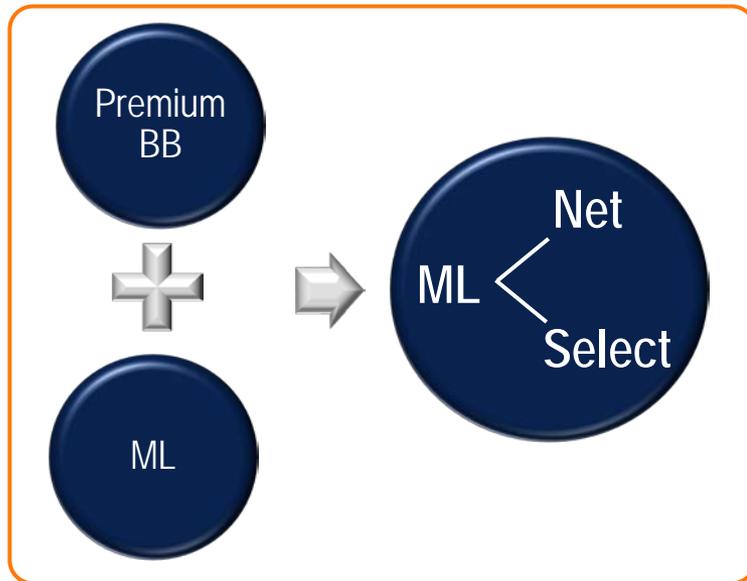
Notes: <sup>1)</sup> Based on full network capacity; 10 sec. spot during one week, population 14+, Source: ENIGMA GfK Medien-und Marketingforschung GmbH, October 2012



Potsdamer Platz in Berlin, Germany

- 1,000 m<sup>2</sup> giant poster with integrated 40 m<sup>2</sup> LED screen
- Passers-by take photos with touch screen cameras
- Photos are directly integrated into ad image on LED screen and optionally posted on social media hubs

# Capex light optimization of premium billboard approach starting January 1, 2013



Integration of premium billboards into MegaLight sales to leverage on unused capacity and to create critical mass with improved capex profile

- ✓ Combination of single-site booking (ML select range) with network products (ML net range)
- ✓ MegaLights as sole brand for high quality 9m<sup>2</sup> formats
- ✓ Large number of ML select faces: >5,000 at start (growing to ~10-15k over time)
- ✓ More efficient poster logistics and alignment of sales cycles (7-day period)

# PPS: comparable currency for outdoor advertising from 2013



- Industry-wide adoption of the value “Plakatseher pro Stelle” (PpS - poster viewer per location)
- Replaces the old measurement G-value with full set of transparent criteria
- Accepted by all market participants in outdoor and other media
- PpS enables full comparison of reach figures across different media



# Turkey: new attractive sales & marketing formats

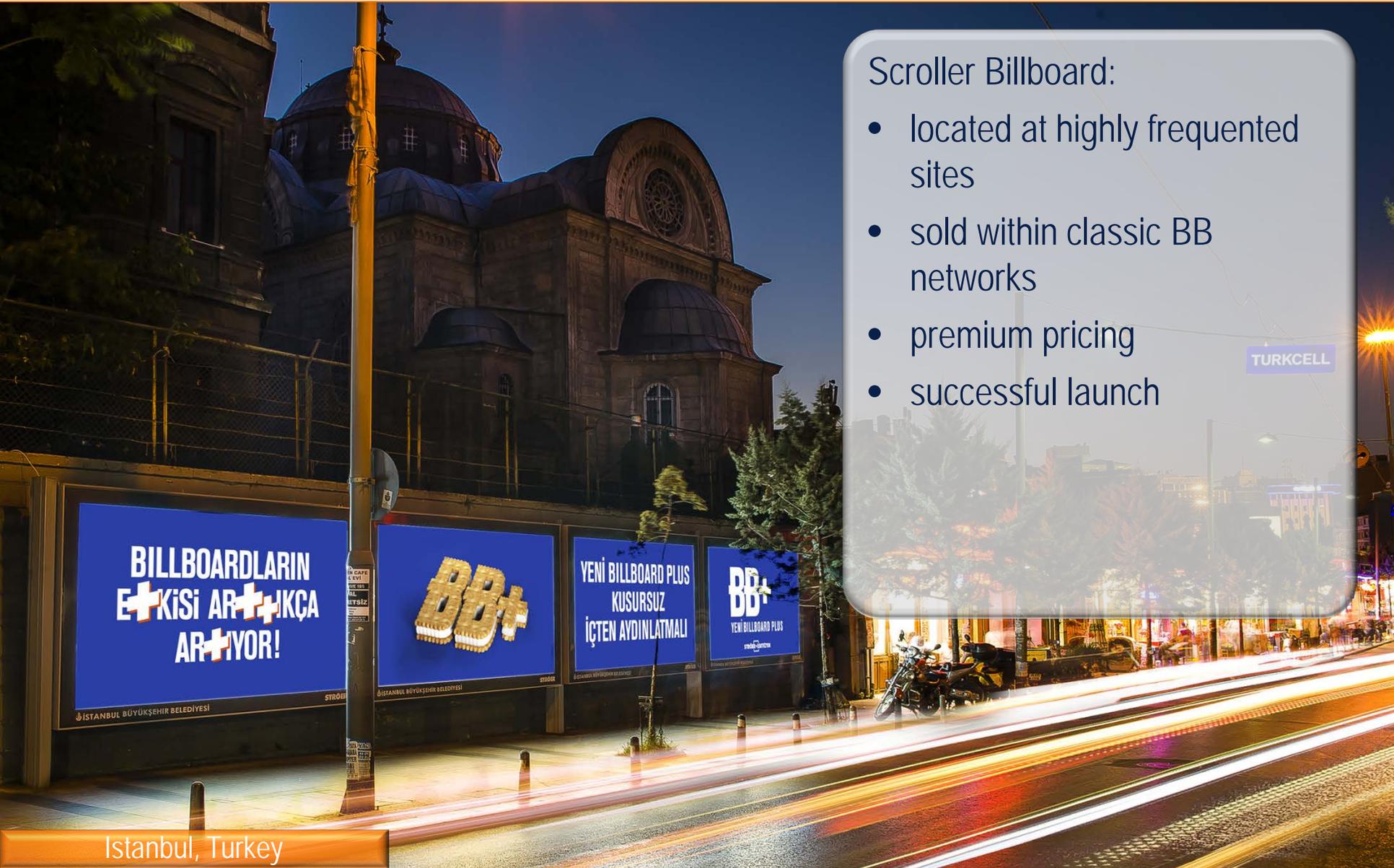


## Giant Board

- 4 billboards marketed as one large advertising face
- Already 20 units in place
- Promoted as 2 networks of 10 boards with monthly sales cycle
- Strong interest from agencies & advertisers
- Further expansion under way



# Turkey: new attractive sales & marketing formats



## Scroller Billboard:

- located at highly frequented sites
- sold within classic BB networks
- premium pricing
- successful launch



# Financials

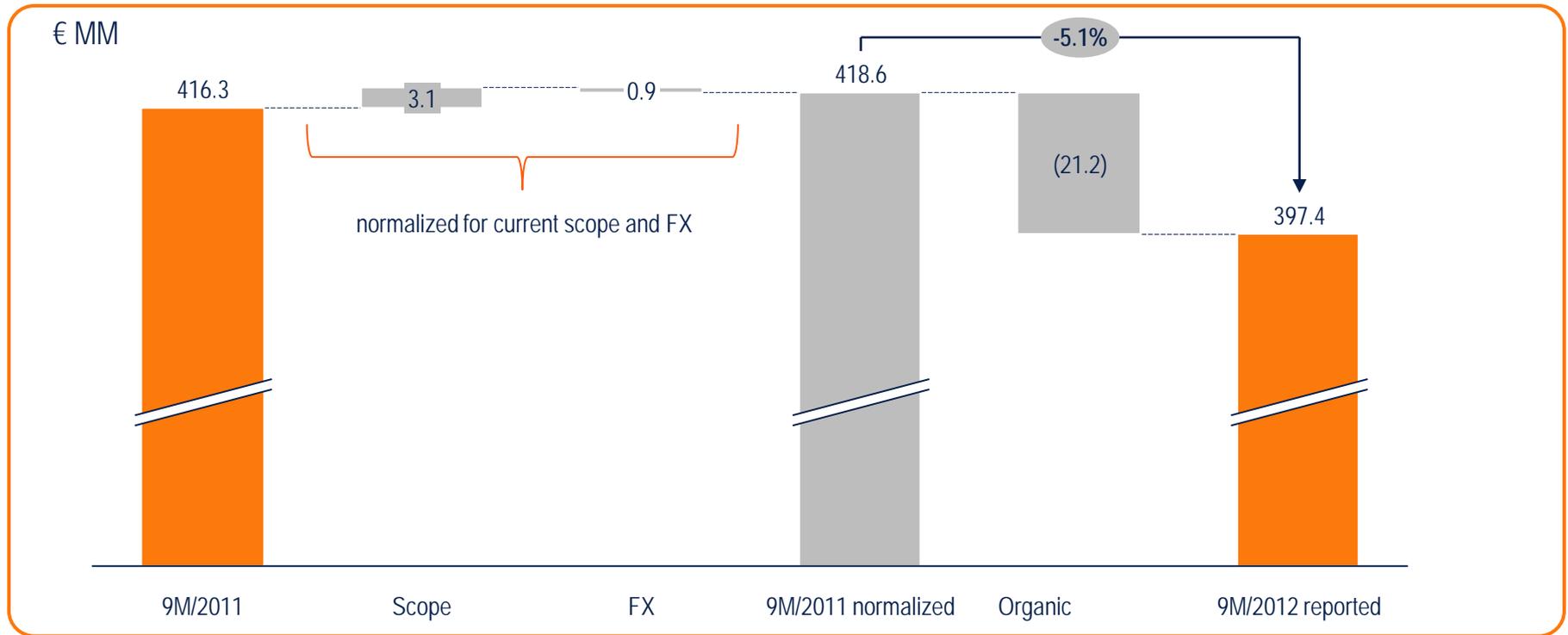
# Ströer Group 9M 2012 P&L management view: Flat reported net income benefitting from positive FX effects



€ MM	9M 2012	9M 2011	Change
<b>Revenue</b>	<b>397.4</b>	<b>416.3</b>	<b>-5%</b>
Direct costs	-240.9	-231.6	-4%
SG&A	-101.4	-103.0	+2%
Other operating result	3.3	2.3	+45%
<b>Operational EBITDA</b>	<b>58.5</b>	<b>84.0</b>	<b>-30%</b>
<i>Margin %</i>	<i>14.7</i>	<i>20.2</i>	
Depreciation	-27.5	-23.6	-16%
Amortisation	-22.4	-20.8	-8%
Exceptional items	-3.2	-10.2	+68%
<b>EBIT</b>	<b>5.4</b>	<b>29.4</b>	<b>-82%</b>
Net financial result	-26.0	-41.9	+38%
Income taxes	3.3	-4.9	n.d.
<b>Net income</b>	<b>-17.4</b>	<b>-17.5</b>	<b>0%</b>
<b>Net adjusted income</b>	<b>2.8</b>	<b>21.1</b>	<b>-87%</b>



# Group organic revenue growth bridge: Without scope and FX effects revenues trail 5.1% behind last year

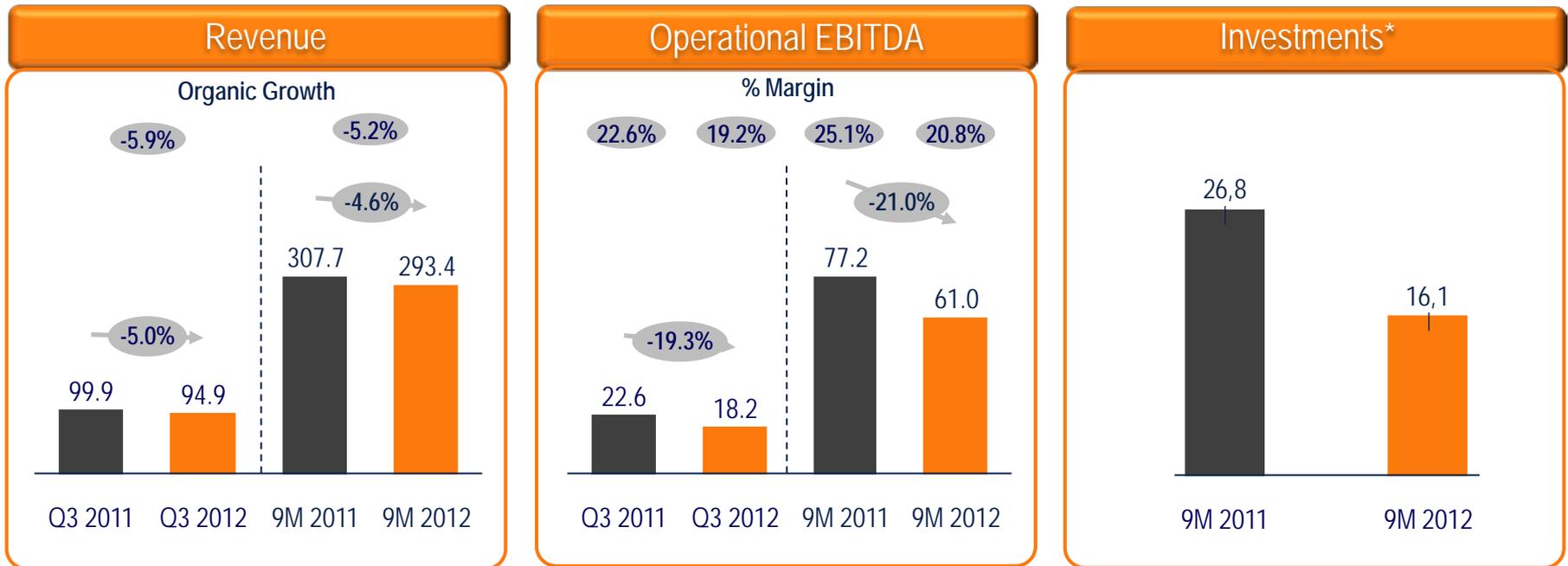


- Scope effects relate to ECE flatmedia in Germany and small bolt-on take-over in Turkey
- FX adjustments driven by depreciation of Turkish Lira and Polish Zloty vs. EUR
- -2.0% organic growth w/o effects from single Telco customer & terminated sales contracts in TR

# Ströer Germany: Revenues down due to lower volume of national campaigns



€ MM



- Underlying YTD organic revenue growth excluding currently inactive Telco account just -1.2%
- High double digit y-o-y revenue growth rate in Q3 digital business driven by new customers
- Less favorable product mix of national campaigns impacting Op. EBITDA margin

\*Cash paid for investments in PPE and intangible assets

# Ströer Turkey: Cautious ad sentiment limiting underlying revenue growth



€ MM



- 9M organic rev. growth w/o low margin sales contracts terminated last year runs at +1,0%
- Disproportionate direct cost increase from additional Istanbul rents and lease inflation adjustments
- Capex increase mainly reflects >2000 incremental BB/PBB units in Istanbul

\* Cash paid for investments in PPE and intangible assets

# Ströer Rest of Europe\*:

## Giant Posters strongly up in Q3, Poland affected by high comps



€ MM



- blowUP with high-double digit organic revenue growth and strong margin improvement in Q3
- Soft Q3 in Poland due to Olympics and high prior year comps (last year's parliamentary elections)
- Effective cost improvement measures throughout 2012 buffer Polish margin decline

\* blowUP Media Group and Ströer Poland

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

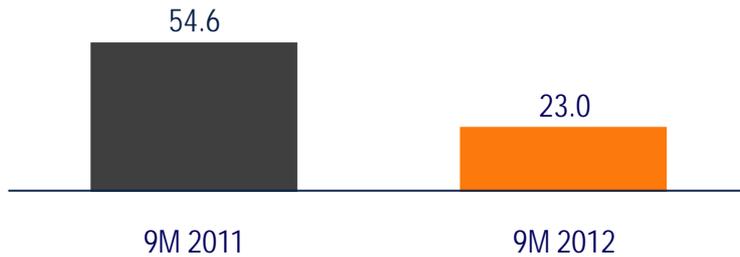


# Group cash flow and cash position:

## Free cash flow movement mirrors operational performance

€ MM

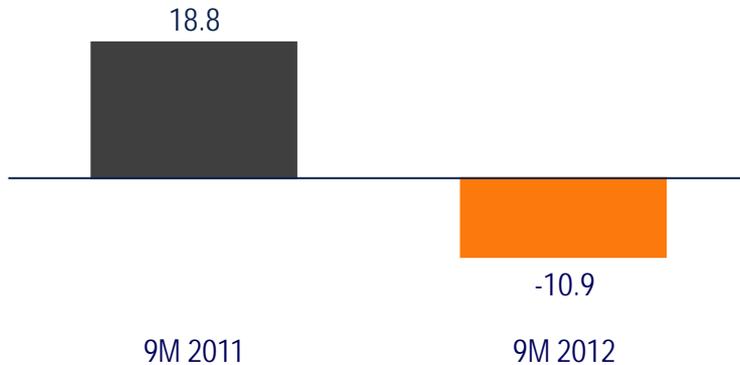
### Cash flows from operations



### Cash flows from investing activities



### Free cash flow



### Comments

- Declining operational cash flow in line with movement in underlying profit development
- Lower investing cash flows despite growth investments in Istanbul and Germany
- New debt structure of Group refinancing resulted in lower Sept 30 cash balance vs. PY

# Disclaimer

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