



**STRÖER**

**Q2 2019**

August 8, 2019 | Ströer SE & Co. KGaA



# Agenda

01

**Strategic Update**

What has changed?

02

**Business Update**

What has not changed?

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**Financial Status**

How did we perform?

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What is next?

# Results 6M 2019 (continuing Operations)

| m€   |                        | 6M 2019            | 6M 2018            | ▲        |
|--|------------------------|--------------------|--------------------|----------|
| Revenues                                     | Reported               | 787.4              | 725.9              | +8%      |
|  | Organic <sup>(1)</sup> | 7.3%               | 8.0%               | -0.7%pts |
| EBITDA (adjusted)                            |                        | 256.0              | 236.9              | +8%      |
| EBIT (adjusted)                              |                        | 114.8              | 108.7              | +6%      |
| Net income (adjusted) <sup>(2)</sup>         |                        | 84.0               | 78.5               | +7%      |
| Operating cash flow                          |                        | 173.7              | 153.0              | +14%     |
| Capex  |                        | 47.0               | 60.0               | -22%     |
|  |                        | <b>30 Jun 2019</b> | <b>30 Jun 2018</b> |          |
| Net financial debt (incl. lease obligations) |                        | 1,691.7            | 1,676.0            | +1%      |

Note: Disposal of OoH Turkey classified as discontinued operations

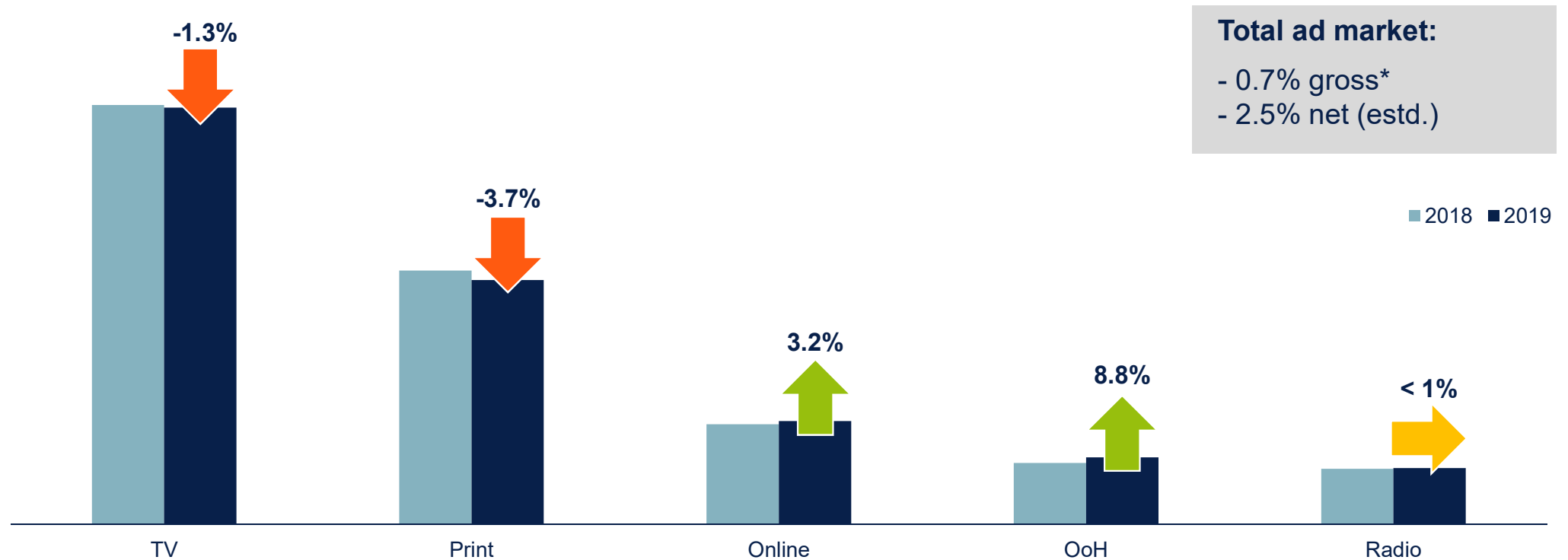
(1) Excluding exchange rate effects and effects from (de)consolidation and discontinuation of operations

(2) Adjusted for exceptional items and additional other reconciling factors in D&A (PPA related amortization and impairment losses), in financial result and in income taxes (applying a normalized tax rate of 15.8%)

# Tectonic Shifts in classic German Media Landscape

Decline of Print going on, decline of TV becoming visible – OoH wins significantly

German advertising market Q1-Q2 2018 vs. Q1-Q2 2019

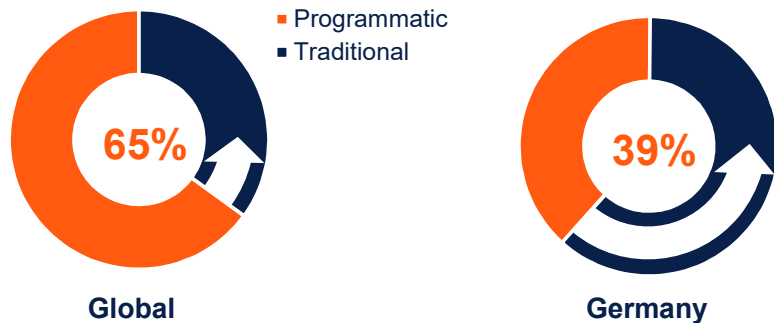


Source: Nielsen Media Research Gross Advertising (Germany); \*Nielsen

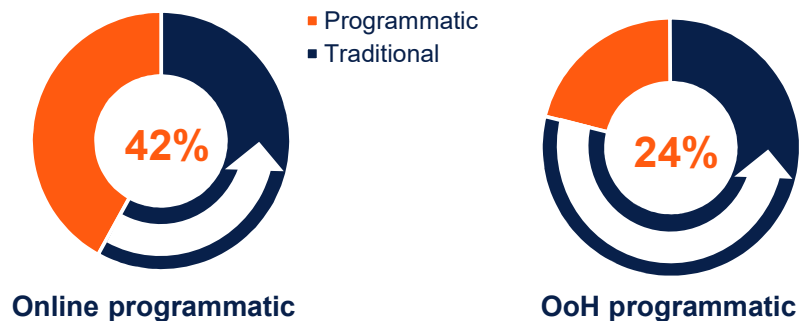
# Digital Dividend pays off (1)

## Incremental programmatic Revenues from Online to Public Video (DOoH)

### Global digital programmatic ad spends 2019\*

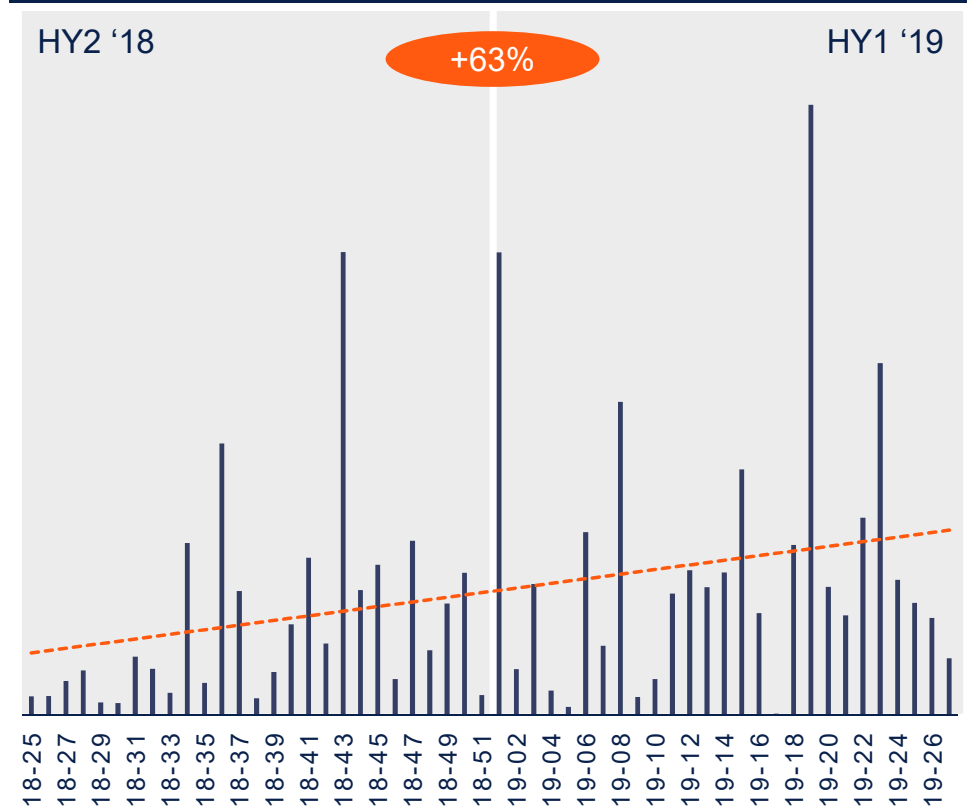


### Ströer programmatic share in 2019\*\*



### Programmatic Public Video 27/2018 – 26/2019

Sustainable growth of bookings



Source: \*Zenith Programmatic Marketing Forecast 2019; \*\*Ströer data

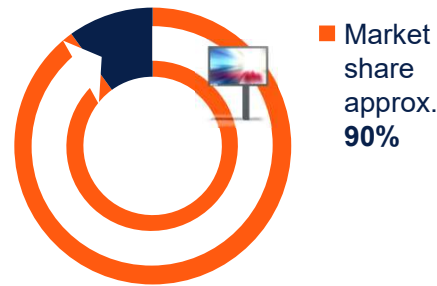
# Digital Dividend pays off (2)

## Long-term Portfolio Contracts converted into DOoH Assets

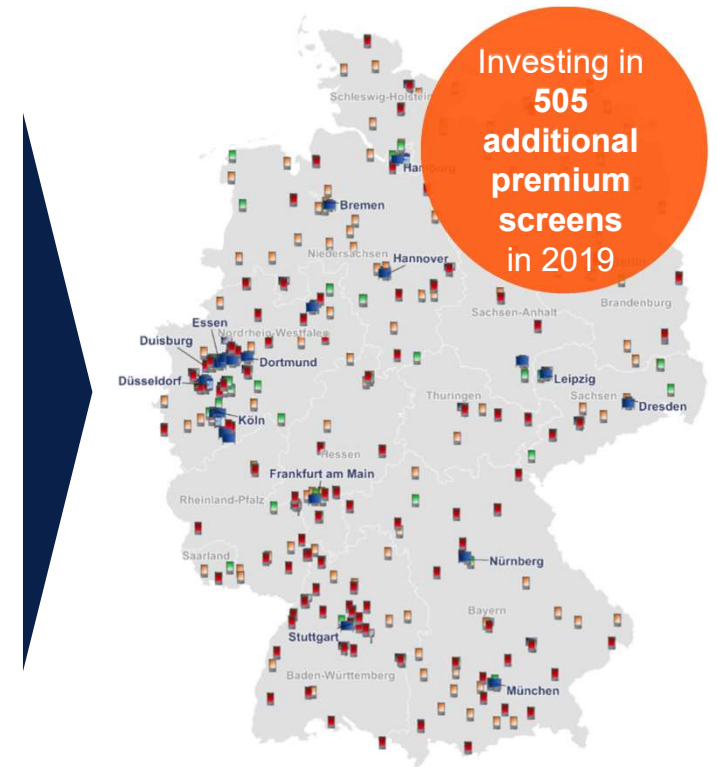
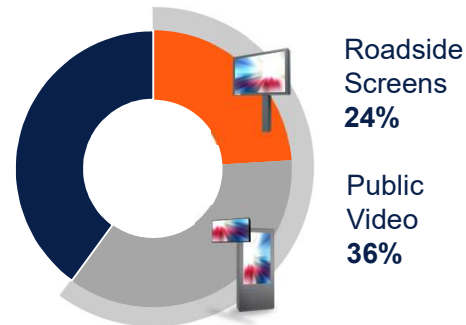
### Roadside Screens



### Total Ströer share of premium locations\*



### Investment volume OoH 2019 Clear focus on digitization of inventory



Source: Ströer data; \* Premium locations for >9 sqm Megalight /Digital Screens

# Digital Dividend pays off (3)

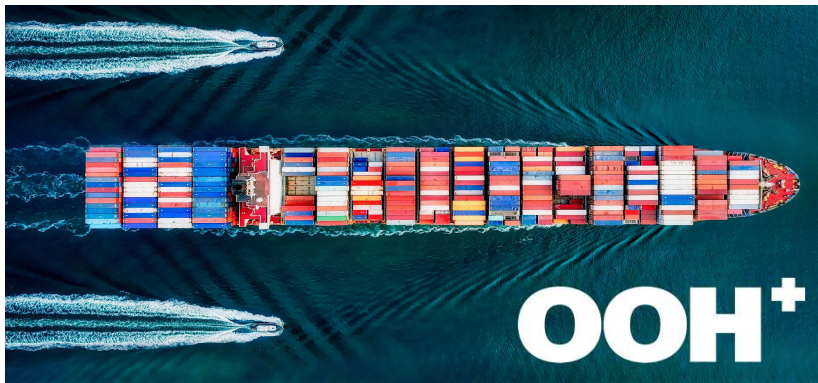
Local Sales Approach maximizes Monetization of digital roadside Assets





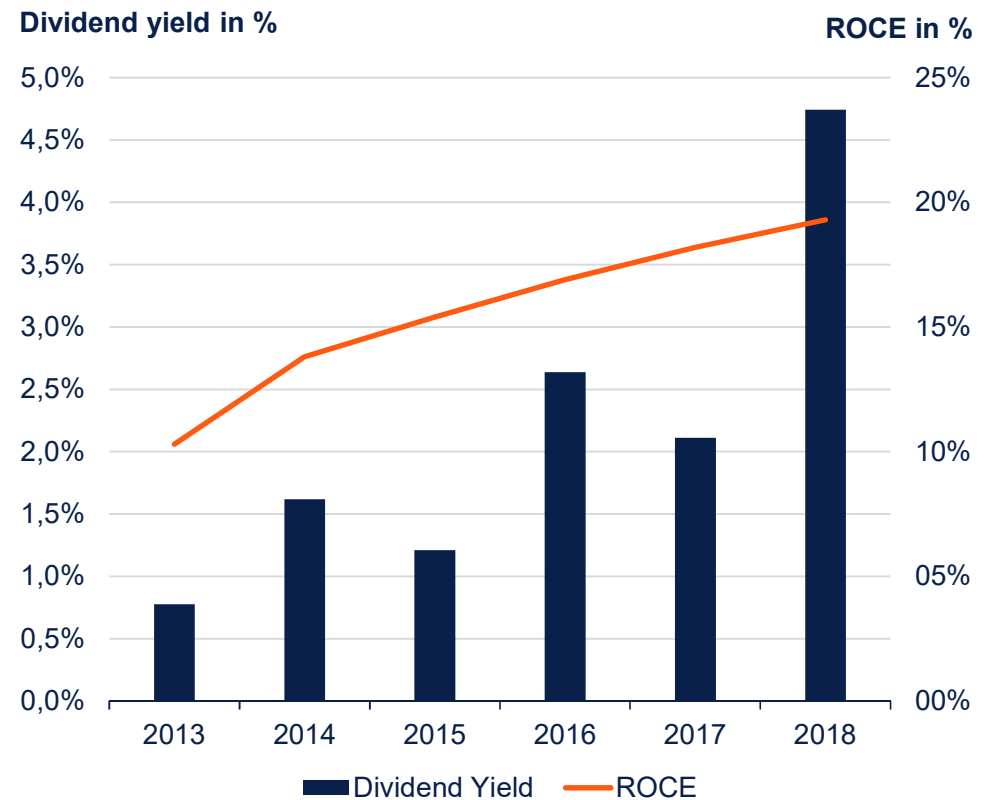
# OoH+ and Focus on Germany has proven to be a Success

## Sustainable organic Growth and Profitability instead of M&A driven Investments



National focus allows:

1. More focused execution excellence
2. Less management dilution
3. Thus higher margins



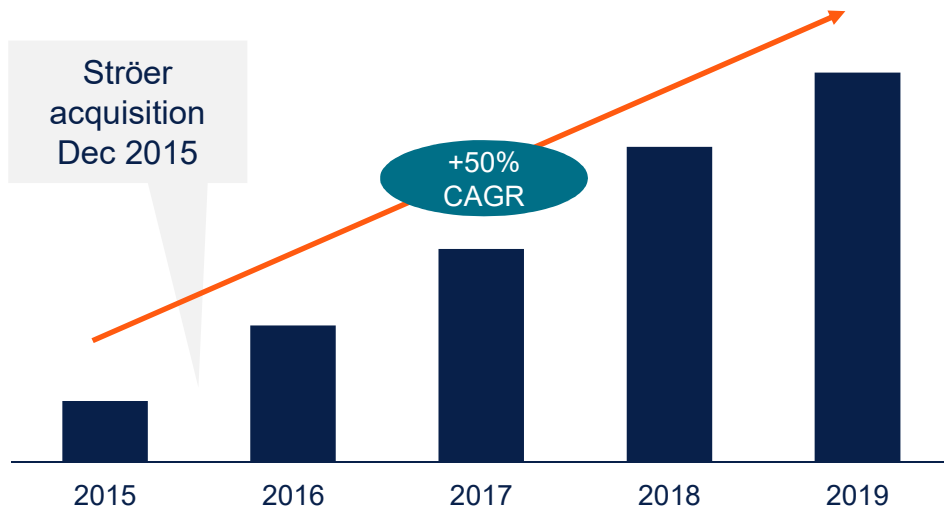


# Statista fully on track to achieve full year targets 2019

## No.1 Business Data Platform fully on Growth Track

### Statista 2019 – KPIs

#### Dynamic revenue development



- Strong upside potential for both, number of users and ARPU
- CAGR subscriber 2015 – 2019e of 35%
- In developed markets EBITDA margins in the mid thirties

#### Update HY1/2019

##### Revenue development in line with plans

- 30 M€ Revenues in HY1; annual target 60-65 M€
- Cashflow positive growth

##### Net revenue retention ~100%

- In developed markets >100%
- Price uplift for existing customers ~13%

##### Margin potential

- Ratio cost of sales vs. revenues: 30%
- Ratio cost of new business vs. cost of sales: 80%

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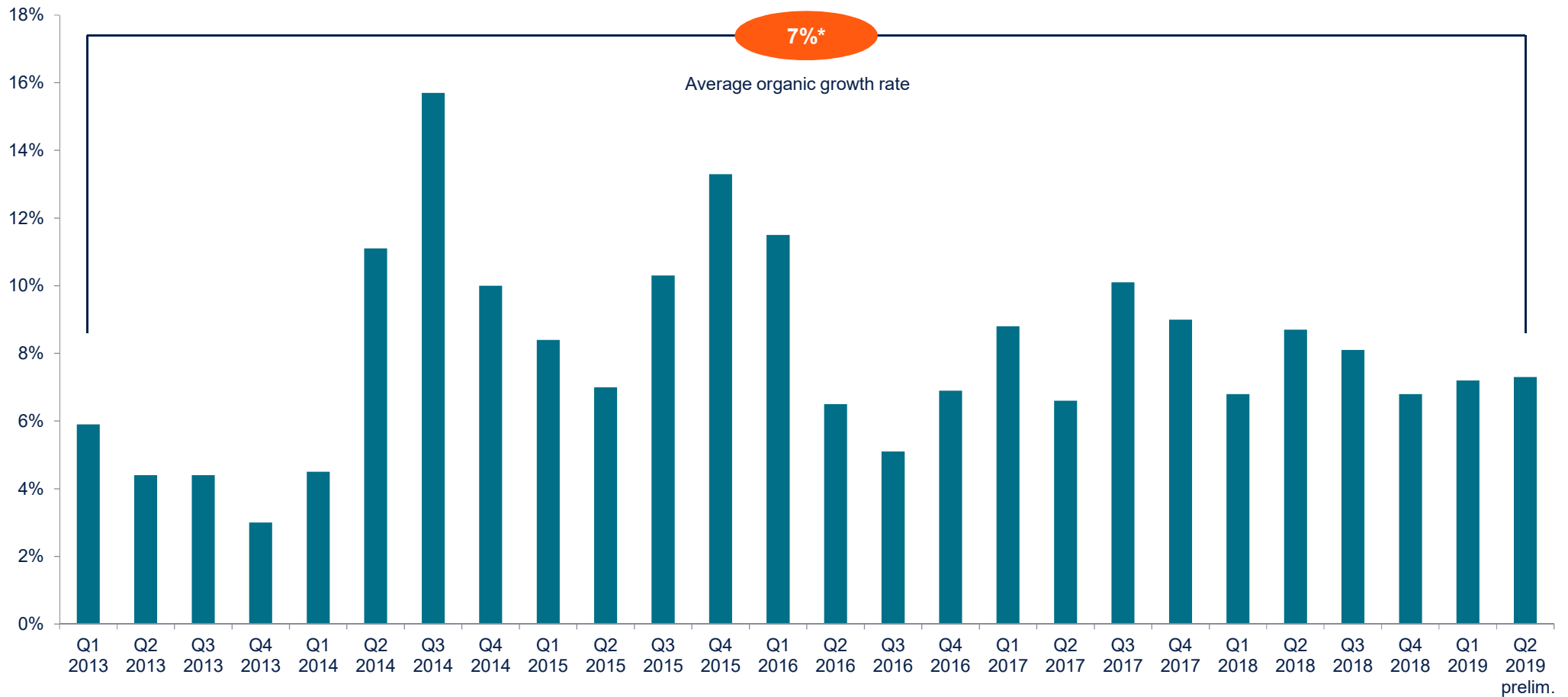
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# Ströer sustainably outperforming the Ad Industry

## 26<sup>th</sup> Quarter in a Row

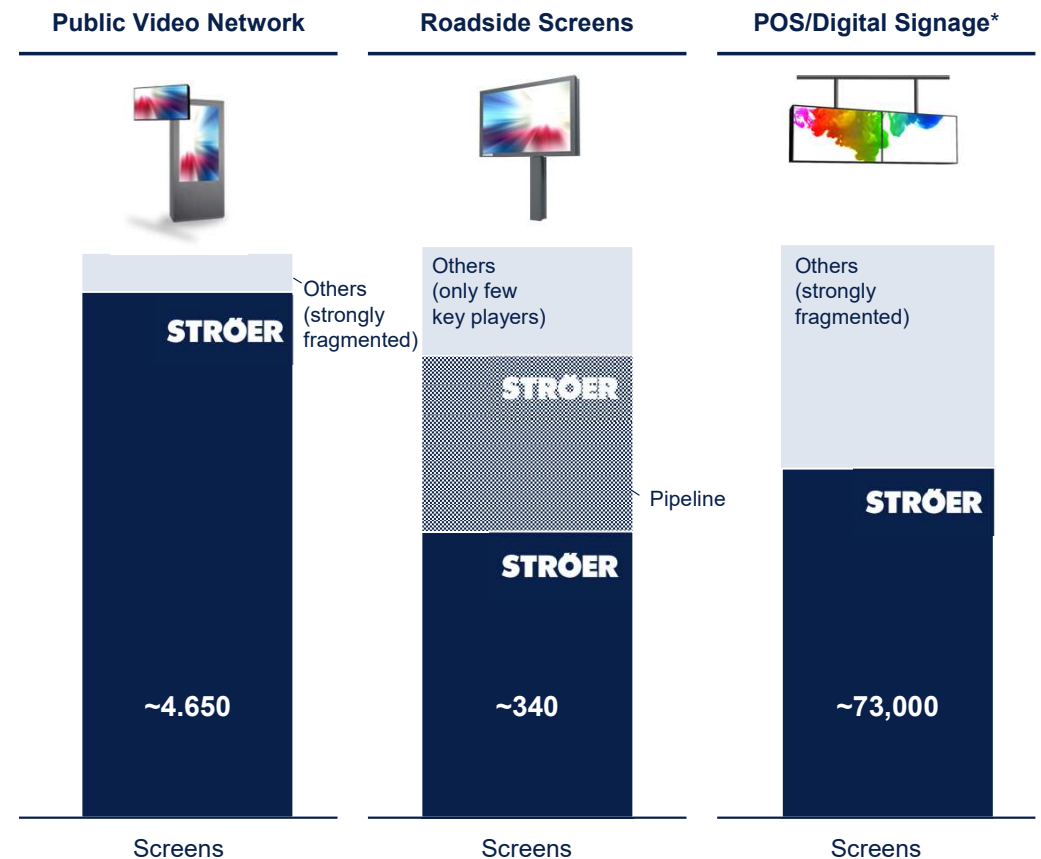
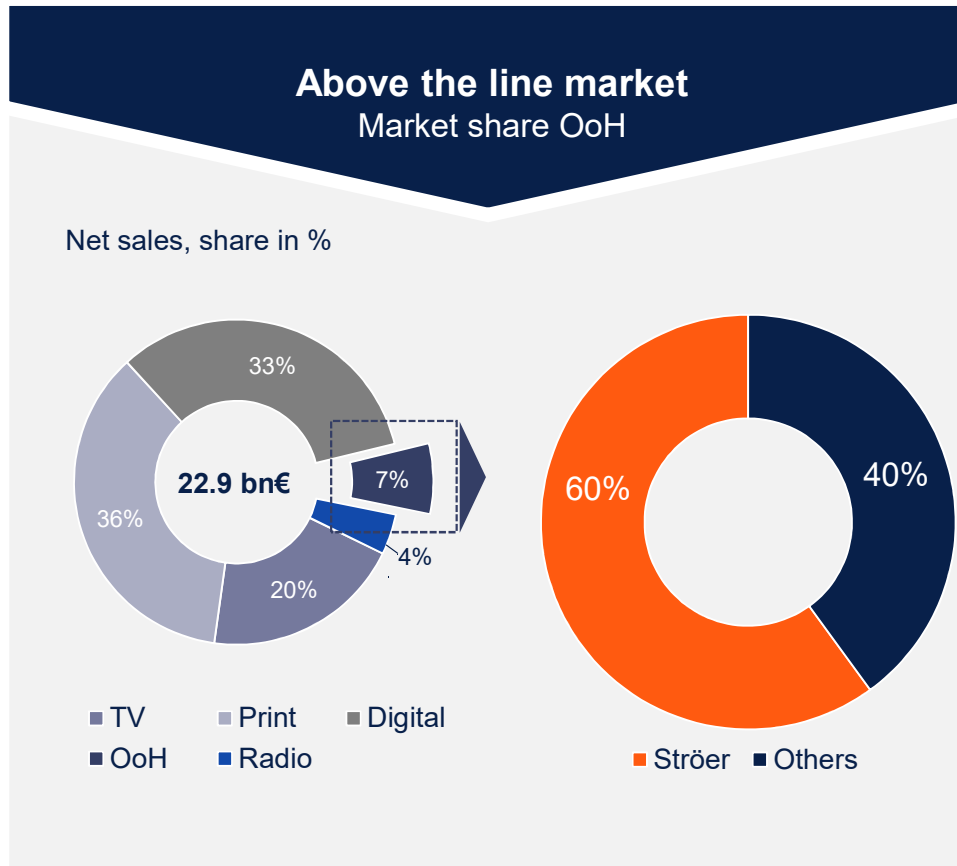


Source: Ströer data; \*Median



# Ströer with unparalleled Position in the Growth Industry OoH

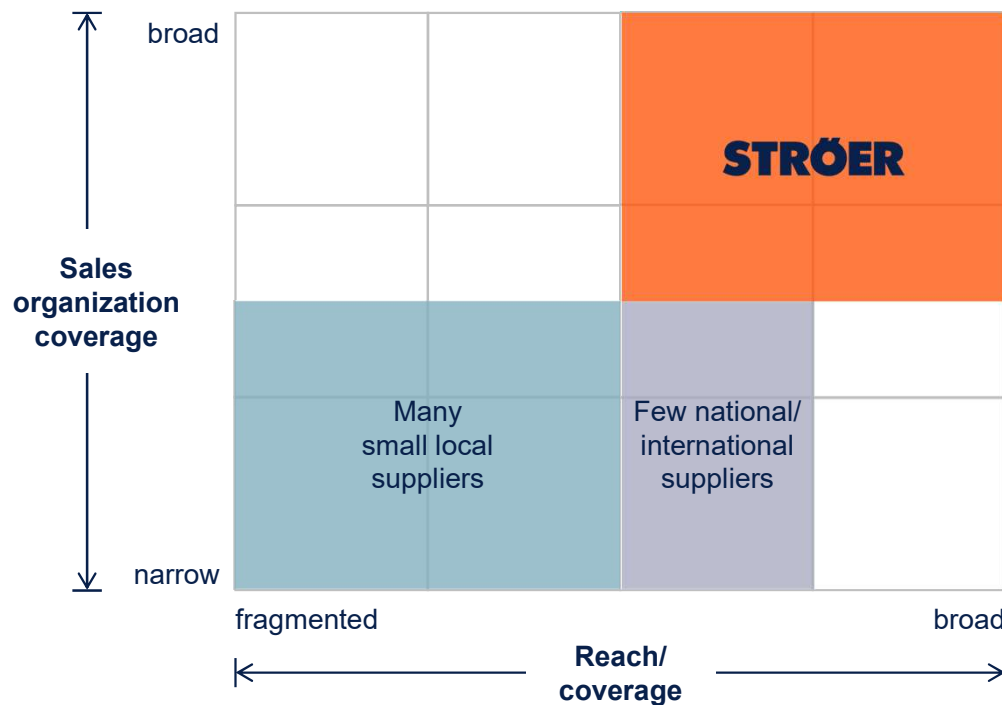
## Clear Market Leader overall and overproportional in all DOoH Categories



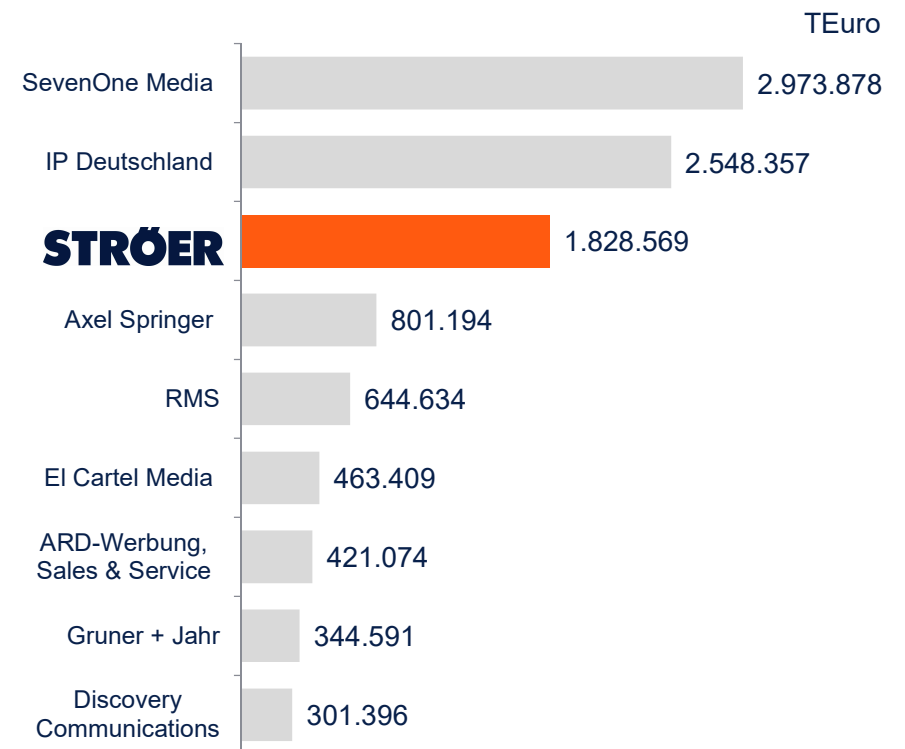
Source: PWC; Nielsen; Schickler Media Index 2019 – Forecast; Online: Display & Video & Search, Ströer data, [https://www.dmi-org.com/downloads/Digital\\_Out\\_of\\_Home\\_Standorte\\_Screens.pdf](https://www.dmi-org.com/downloads/Digital_Out_of_Home_Standorte_Screens.pdf); \*excluding rights of promotion

# Continuously improved Marketing- and Sales-Positioning

## Best prepared to fully access local and national Clients



Media sales house ranking Q2 2019



Sources: Nielsen Media Research Gross Advertising, Q1 – Q2 2019 (Germany); cons. gross sales Ströer: OoH Germany + all digital saleshouses of the group

# Integrated Key Account Management consequently improved (1)

## Maximizing Share of Wallet



● High ◐ Medium ◑ Low
📺 OoH Media 📺 Content Media 📞 Direct Media ⚙️ Integrated



# Integrated Key Account Management consequently improved (2)

## Deploying Innovation

### Ebay

Dynamic Public Video playout



### Lidl

Provocative brand campaign



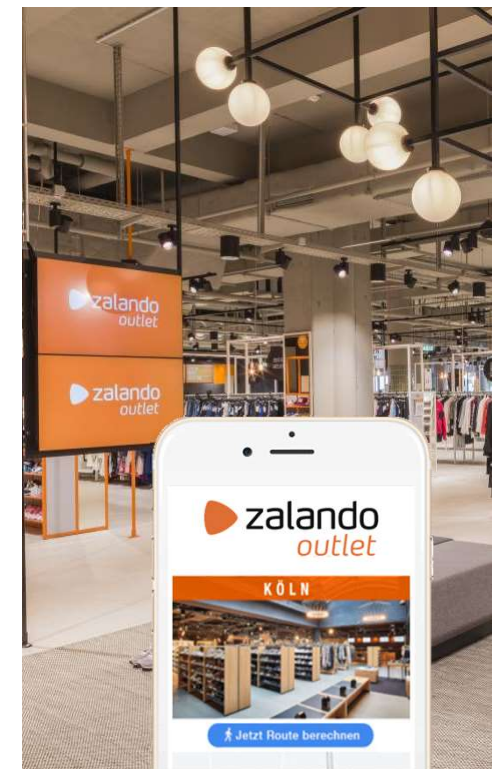
### Vattenfall

Customer journey approach



### Zalando outlet

Drive-to-store campaign



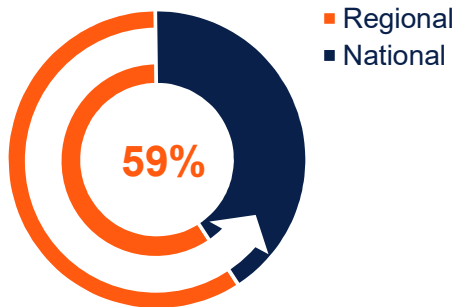
# Scaling our local Salesforce (1)

## Effectiveness: More People, more Products

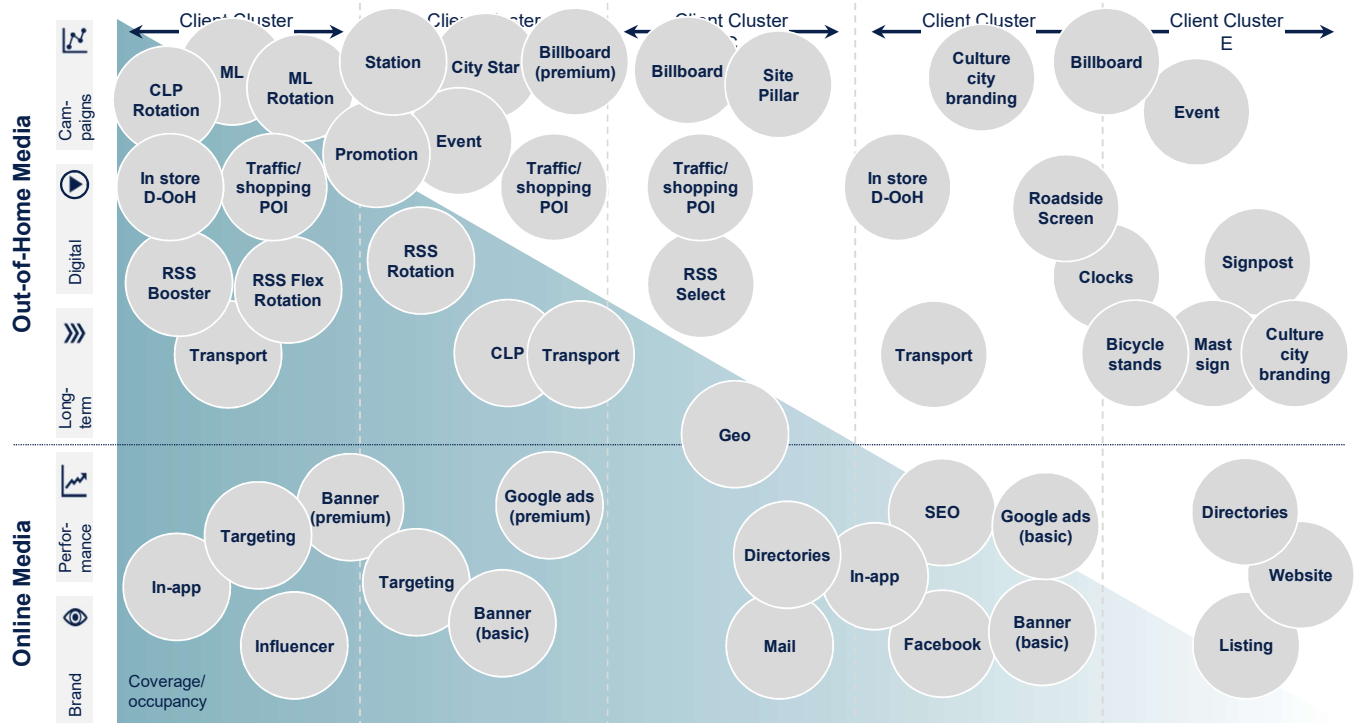
### Strong growth of local & digital sales force

| Sales team/FTEs                    | 2016       | 2017       | 2018       | e2019         | e2020         |
|------------------------------------|------------|------------|------------|---------------|---------------|
| Regional consultants               | 89         | 118        | 139        | 153+          | 160+          |
| Local sales                        | 243        | 284        | 340        | 670+          | 850+          |
| "Digital only" consultants         | 62         | 58         | 107        | 151+          | 160+          |
| Ströer SME only call center agents | 40         | 35         | 45         | 65            | 70+           |
| <b>TOTAL</b>                       | <b>434</b> | <b>605</b> | <b>821</b> | <b>1,039+</b> | <b>1,235+</b> |

### Ströer customer mix (OoH revenues)



### Diversified OoH, Online & Direct Media product portfolio across client clusters as well as branding & performance solutions



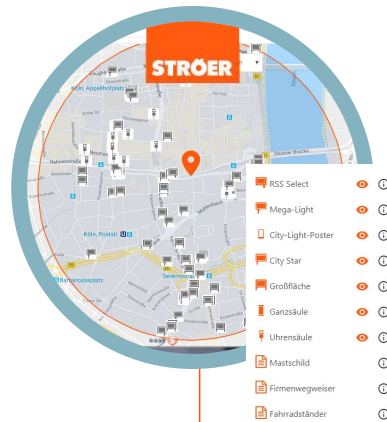
# Scaling our local Salesforce (2)

## Efficiency: Fully automated local Sales Process (do-it-for-you)

- Displays all clients on google maps with blockers for the hunter (red=blocked, green=available)



- Booking of Out-of-Home media via Google Maps
- Booking of sign media via booking form



- Check adress, contract partner details, payment Terms
- Create Contract



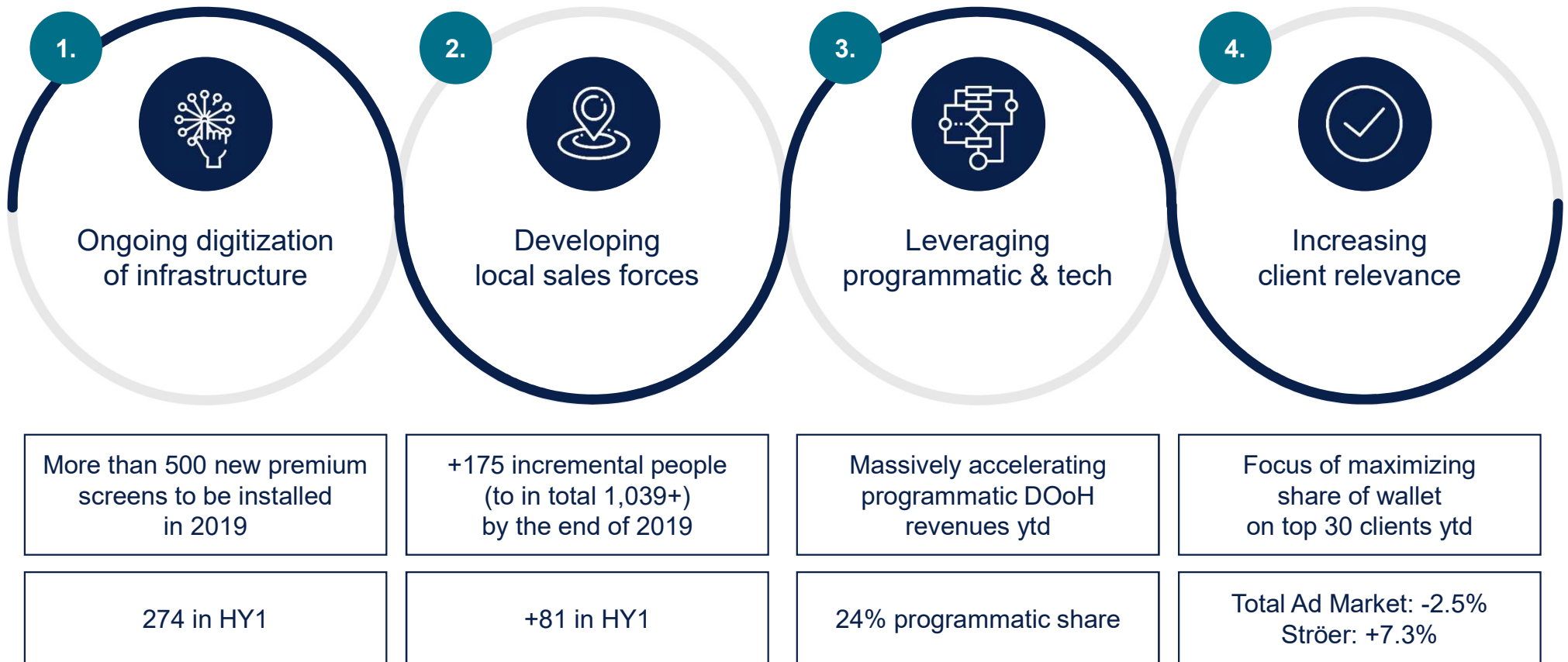
- Printing of signed or unsigned contract or mail to client with contract details





# Summary: Sustainable and reliable Business Development

## The Core of the OoH+ Strategy



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# Profit and Loss Statement Q2 2019

## Continuing Operations

| m€                           | Q2 2019 | Q2 2018 | ▲ %  | Analysis                                   |
|------------------------------|---------|---------|------|--|
| <b>Revenues</b>              | 413.4   | 396.7   | +4%  | ↑ Expansion driven by 7.3% organic growth  |
| <b>EBITDA (adjusted)</b>     | 138.5   | 129.3   | +7%  | ↑ Strong growth                            |
| Exceptional items            | -6.3    | -6.2    | -2%  |  |
| <b>EBITDA</b>                | 132.2   | 123.1   | +7%  |  |
| Depreciation & Amortization* | -91.4   | -87.2   | -5%  | ↘ Larger consolidation scope               |
| <b>EBIT</b>                  | 40.8    | 35.8    | +14% |  |
| Financial result*            | -7.2    | -8.1    | +11% |  |
| Tax result                   | -5.7    | -4.1    | -40% | ↘ Following higher tax base                |
| <b>Net Income</b>            | 27.9    | 23.7    | +18% |  |
| Adjustments**                | 21.8    | 23.1    | -5%  |  |
| <b>Net Income (adjusted)</b> | 49.7    | 46.7    | +6%  | ↑ Solid growth – adjusted and non-adjusted |

Note: Disposal of OoH Turkey classified as discontinued operations

\*Thereof attributable to IFRS 16 in D&A 45.2m€ (PY: 42.5m€) and in financial result 5.3m€ (PY: 5.7m€)

\*\*Adjusted for exceptional items (+6.3m€) and additional other reconciling factors in D&A (PPA related amortization and impairment losses, +19.5m€), in financial result (-0.3m€) and in income taxes (-3.6m€)

# Free Cash Flow Perspective Q2 2019

## Continuing Operations

| m€                                     | Q2 2019      | Q2 2018      |
|--|--------------|--------------|
| <b>EBITDA (adjusted)</b>               | <b>138.5</b> | <b>129.3</b> |
| - Exceptional items                    | -6.3         | -6.2         |
| <b>EBITDA</b>                          | <b>132.2</b> | <b>123.1</b> |
| - Interest                             | -7.9         | -8.1         |
| - Tax                                  | -12.4        | -38.3        |
| -/+ WC                                 | -14.3        | +6.5         |
| - Others                               | -11.4        | -3.8         |
| <b>Operating Cash Flow</b>             | <b>86.1</b>  | <b>79.4</b>  |
| <b>Investments (before M&amp;A)</b>    | <b>-27.0</b> | <b>-27.6</b> |
| <b>Free Cash Flow (before M&amp;A)</b> | <b>59.1</b>  | <b>51.8</b>  |
| Lease liability repayments (IFRS 16)** | -39.9        | -33.0        |
| <b>Free Cash Flow (adjusted)***</b>    | <b>19.2</b>  | <b>18.8</b>  |

Note: Disposal of OoH Turkey classified as discontinued operations

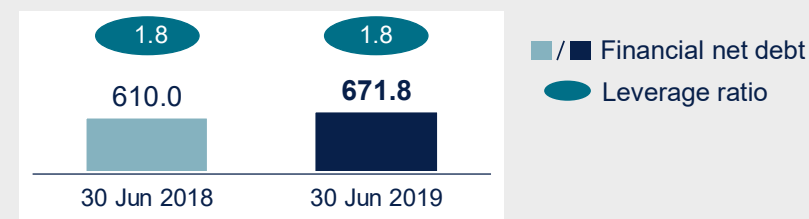
\*Net debt and adj. EBITDA of last 12 month adjusted for IFRS 16

\*\*Part of cash flow from financing activities

\*\*\*Before M&A and incl. IFRS 16 lease liability repayments

### Comment

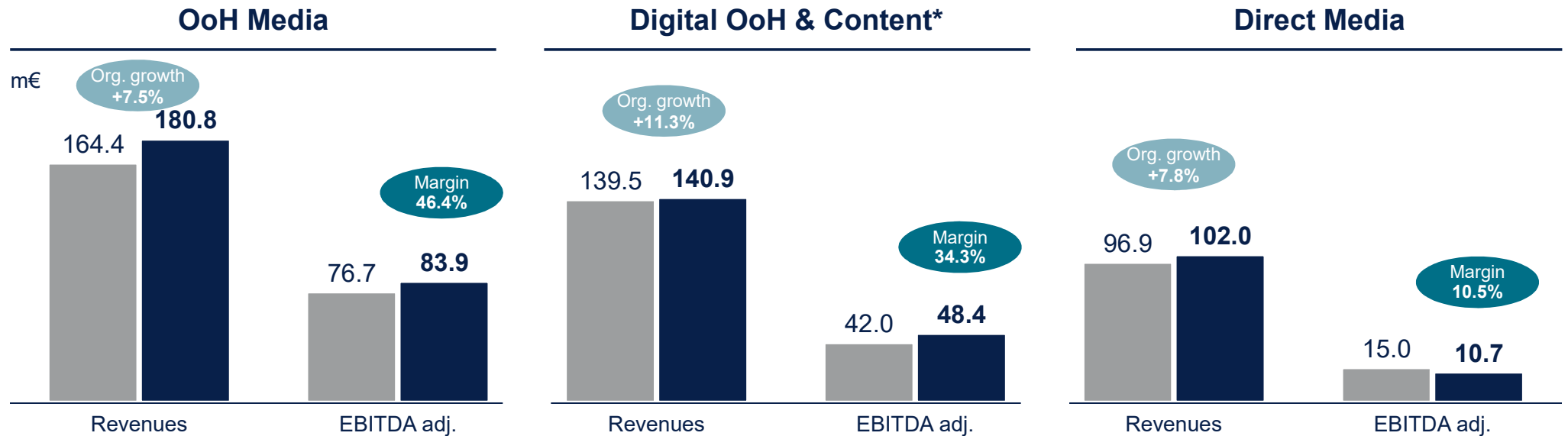
- H1 with strong Free Cash Flow improvement from 3 to 38m€; Q2 slightly above previous year
- Q2 with various phasing effects between quarters, mainly in WC
- Tax payments according to plan; high one-time tax payment in previous year
- Investments into internal growth opportunities in line with previous year
- Bank leverage ratio\* stable at 1.8:





# Segment Perspective Q2 2019 – Sustainable Growth Momentum

## Continuing Operations



- OoH Media with excellent performance in Q2 from strong customer demand across all sales channels
- Strong profitable growth of Digital OoH overcompensates portfolio changes within the segment
- Sustainable organic growth in Direct Media against strong prior year and portfolio changes

Note: Disposal of OoH Turkey classified as discontinued operations  
 \*Formerly Content Media

■ Q2 2018 ■ Q2 2019 ■ Organic growth rate ■ Margin

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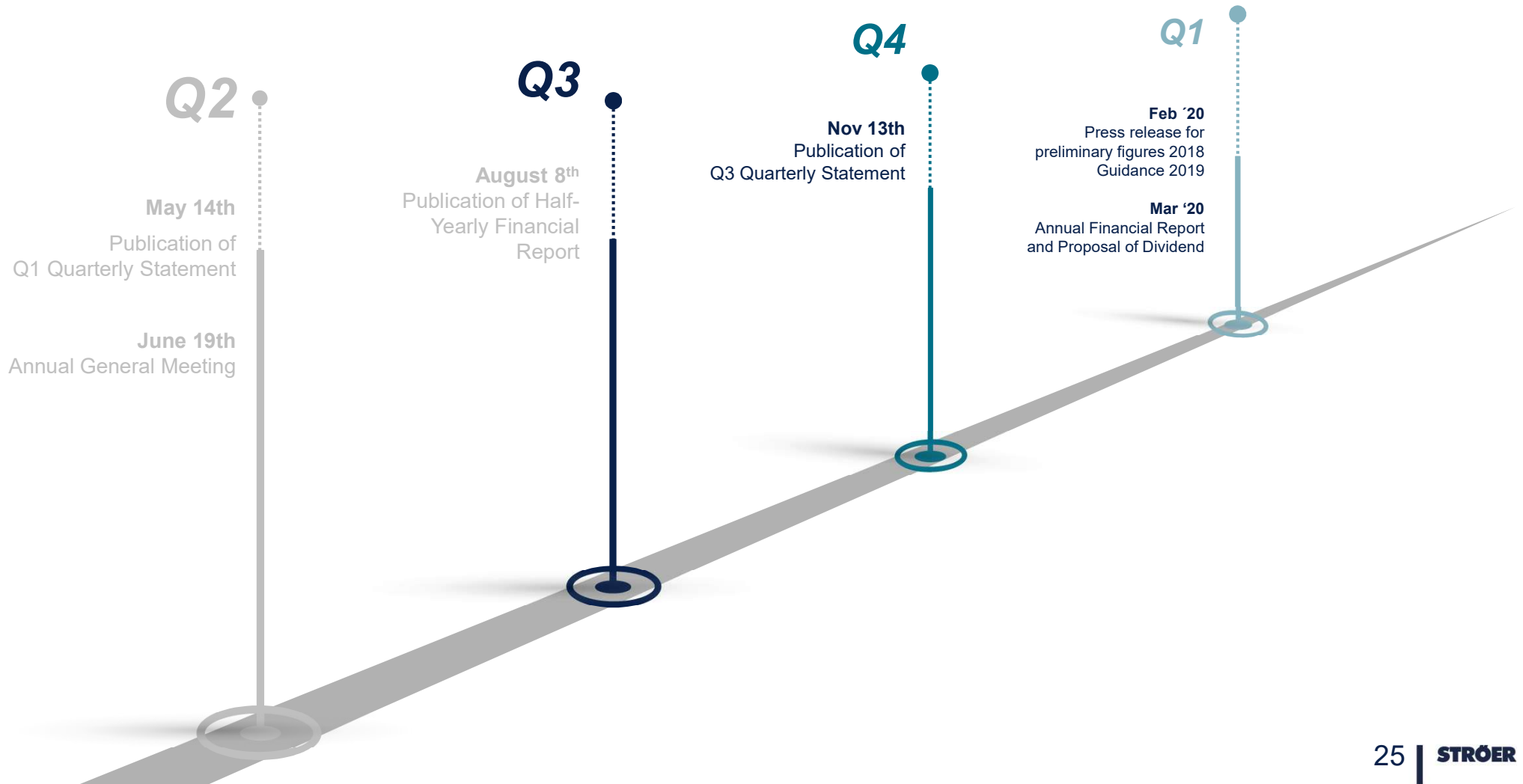
What is next?

## Ströer Group's Key Performance Indicators – Guidance 2019\*

- We confirm our guidance of mid-single digit growth for the second half of the year



# Financial Calendar 2019







**STRÖER**



# APPENDIX

A close-up, low-angle shot of a person's feet as they ascend a set of blue metal stairs. The person is wearing bright orange sneakers with white soles and black socks. The stairs have a textured, diamond-plate surface. The background is a blurred blue metal railing and a chain-link fence. The overall color palette is dominated by blue and orange.

# Profit and Loss Statement 6M 2019

## Continuing Operations

| m€                           | 6M 2019 | 6M 2018 | ▲ %  |
|------------------------------|---------|---------|------|
| <b>Revenues</b>              | 787.4   | 725.9   | +8%  |
| <b>EBITDA (adjusted)</b>     | 256.0   | 236.9   | +8%  |
| Exceptional items            | -14.6   | -14.9   | +2%  |
| <b>EBITDA</b>                | 241.4   | 222.0   | +9%  |
| Depreciation & Amortization* | -175.8  | -164.9  | -7%  |
| <b>EBIT</b>                  | 65.6    | 57.0    | +15% |
| Financial result*            | -14.9   | -15.8   | +6%  |
| Tax result                   | -8.9    | -5.9    | -52% |
| <b>Net Income</b>            | 41.8    | 35.4    | +18% |
| Adjustments**                | 42.2    | 43.1    | -2%  |
| <b>Net Income (adjusted)</b> | 84.0    | 78.5    | +7%  |

Note: Disposal of OoH Turkey classified as discontinued operations

\*Thereof attributable to IFRS 16 in D&A 87.3m€ (PY: 82.4m€) and in financial result 10.6m€ (PY: 11.0m€)

\*\*Adjusted for exceptional items (+14.6m€) and additional other reconciling factors in D&A (PPA related amortization and impairment losses, +34.6m€), in financial result (-0.1m€) and in income taxes (-6.9m€)

# Free Cash Flow Perspective 6M 2019

## Continuing Operations

| m€                                     | 6M 2019      | 6M 2018      |
|--|--------------|--------------|
| <b>EBITDA (adjusted)</b>               | <b>256.0</b> | <b>236.9</b> |
| - Exceptional items                    | -14.6        | -14.9        |
| <b>EBITDA</b>                          | <b>241.4</b> | <b>222.0</b> |
| - Interest                             | -13.8        | -13.9        |
| - Tax                                  | -23.6        | -41.5        |
| -/+ WC                                 | -21.9        | -6.1         |
| - Others                               | -8.4         | -7.5         |
| <b>Operating Cash Flow</b>             | <b>173.7</b> | <b>153.0</b> |
| <b>Investments (before M&amp;A)</b>    | <b>-47.0</b> | <b>-60.0</b> |
| <b>Free Cash Flow (before M&amp;A)</b> | <b>126.7</b> | <b>93.0</b>  |
| Lease liability repayments (IFRS 16)*  | -89.0        | -89.9        |
| <b>Free Cash Flow (adjusted)**</b>     | <b>37.7</b>  | <b>3.1</b>   |

Note: Disposal of OoH Turkey classified as discontinued operations

\*Part of cash flow from financing activities

\*\*Before M&A and incl. IFRS 16 lease liability repayments



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