



STRÖER

Deep Dive

November 26, 2019 | Ströer SE & Co. KGaA

How OOH+ works in real life...

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Outlook

Results 6M 2019 (continuing Operations)

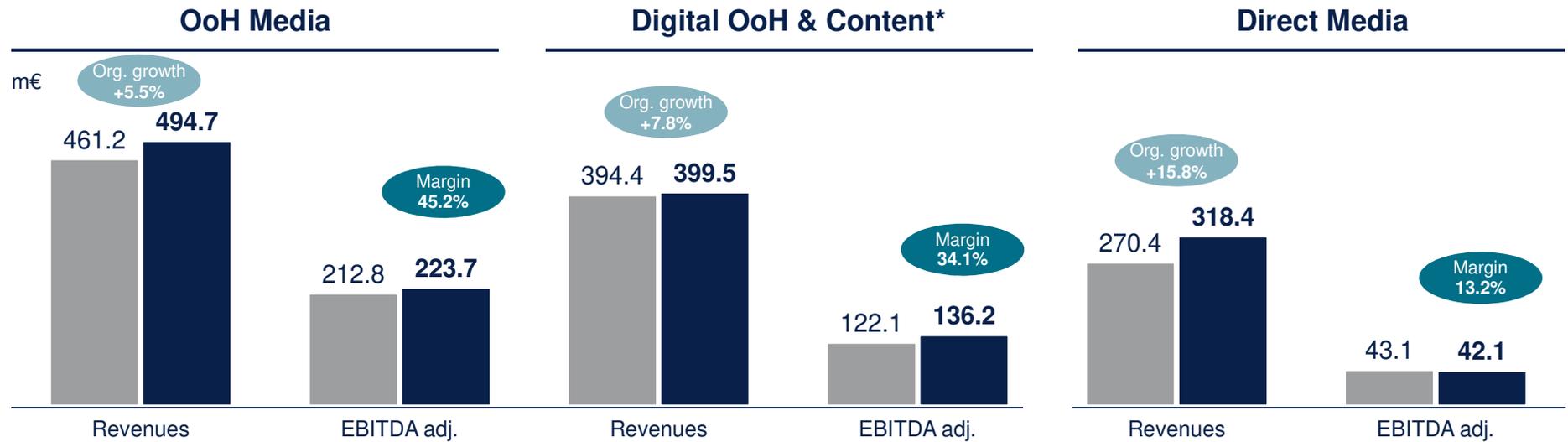
m€		6M 2019	6M 2018	▲
Revenues	Reported	787.4	725.9	+8%
	Organic ⁽¹⁾	7.3%	8.0%	-0.7%pts
EBITDA (adjusted)		256.0	236.9	+8%
EBIT (adjusted)		114.8	108.7	+6%
Net income (adjusted) ⁽²⁾		84.0	78.5	+7%
Operating cash flow		173.7	153.0	+14%
Capex		47.0	60.0	-22%
		30 Jun 2019	30 Jun 2018	
Net financial debt (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%)

Segment Perspective 9M 2019



- Sustainable growth in OoH Media fueled by all sales channels
- Ongoing strong profitable growth of Digital OoH
- Sustainable organic growth in Direct Media (driven by door-to-door business) overcompensates portfolio changes within the segment; material reshaping and restructuring efforts in call center business

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



Focus on Sales & Performance in Direct Marketing

Reducing Service Share of Dialog Portfolio – tackling Results from GDPR

Door2Door Sales

- Strong development in last two years
- Structural tailwind expected for next 5 years
- Digitization of sales processes driving margin



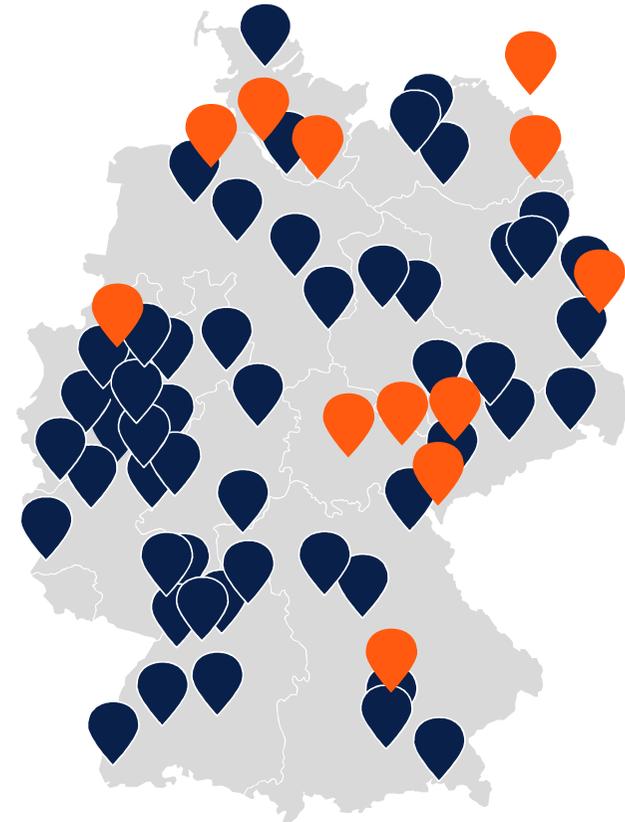
Contact Centers “Sales & Service2Sales”

- Growing customer base into e-commerce and digital business including tech/data integration
- Good cross-selling opportunities with core business to strengthen share of wallet



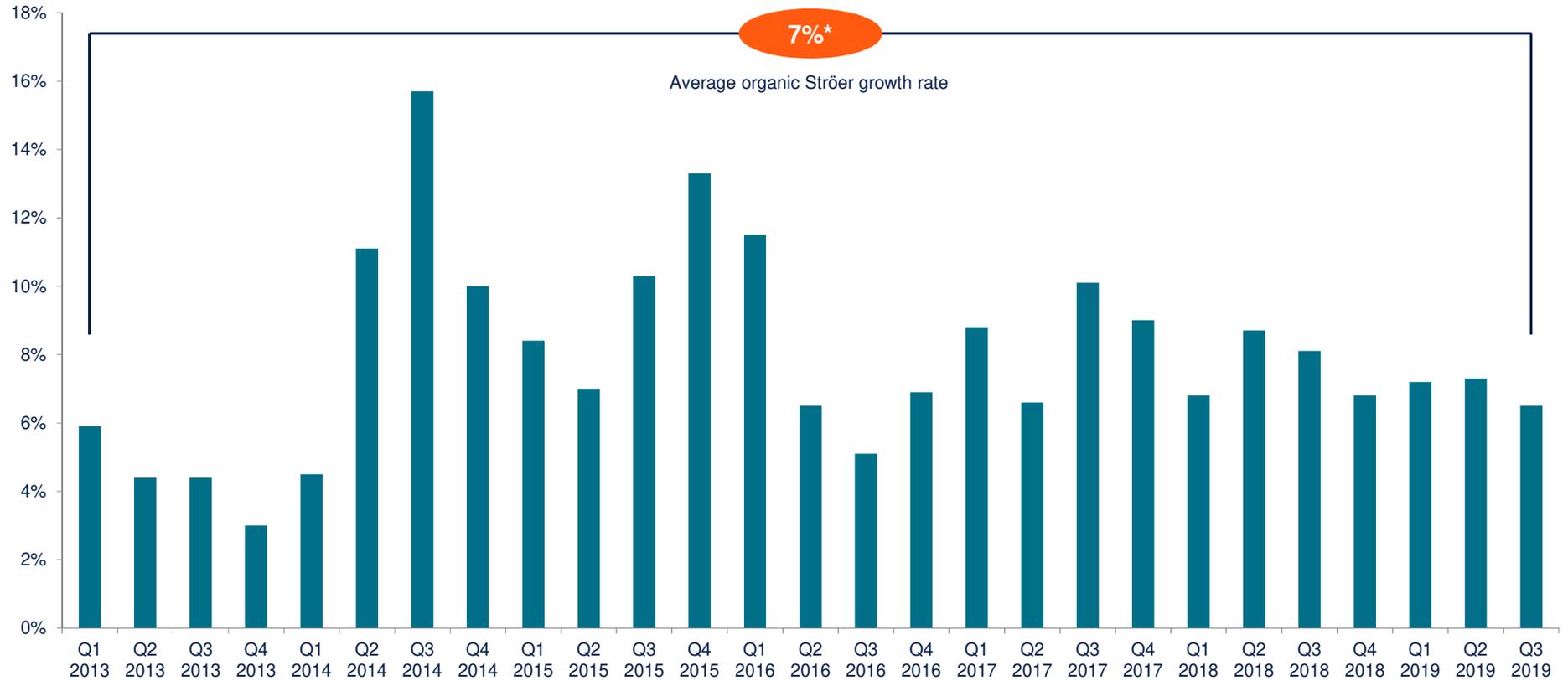
Contact Centers “Service”

- Limited growth and margin potential and lower impact on group access to customer
- De-consolidation of 12 sites via joint venture partner as Discontinued Operations as of Q4 2019; annualized ~ 85m revenues



Ströer sustainably outperforming the Ad Industry

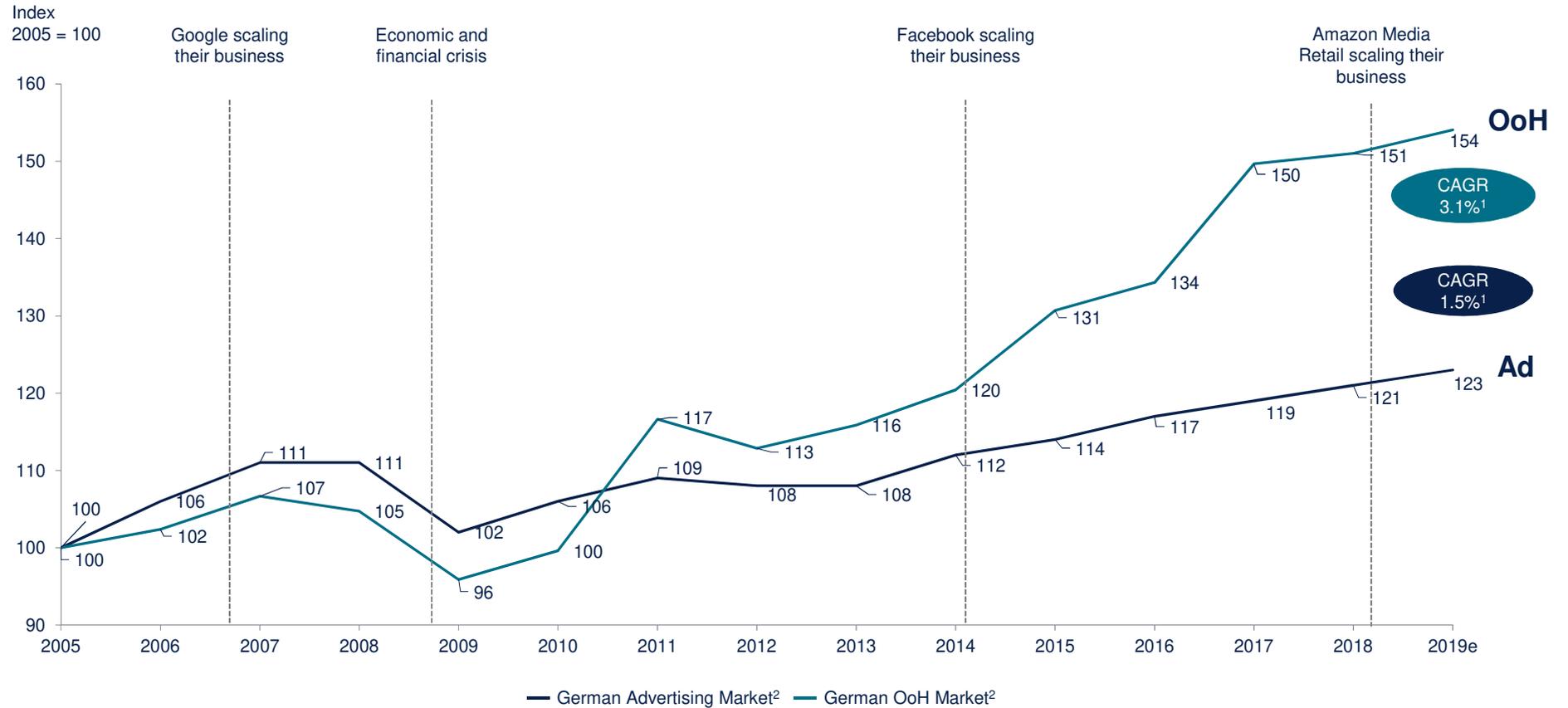
27th Quarter in a Row



Source: Ströer data; *Median

OoH Market outperforming the German Ad Industry

Ströer with unique Position in a structurally growing Business

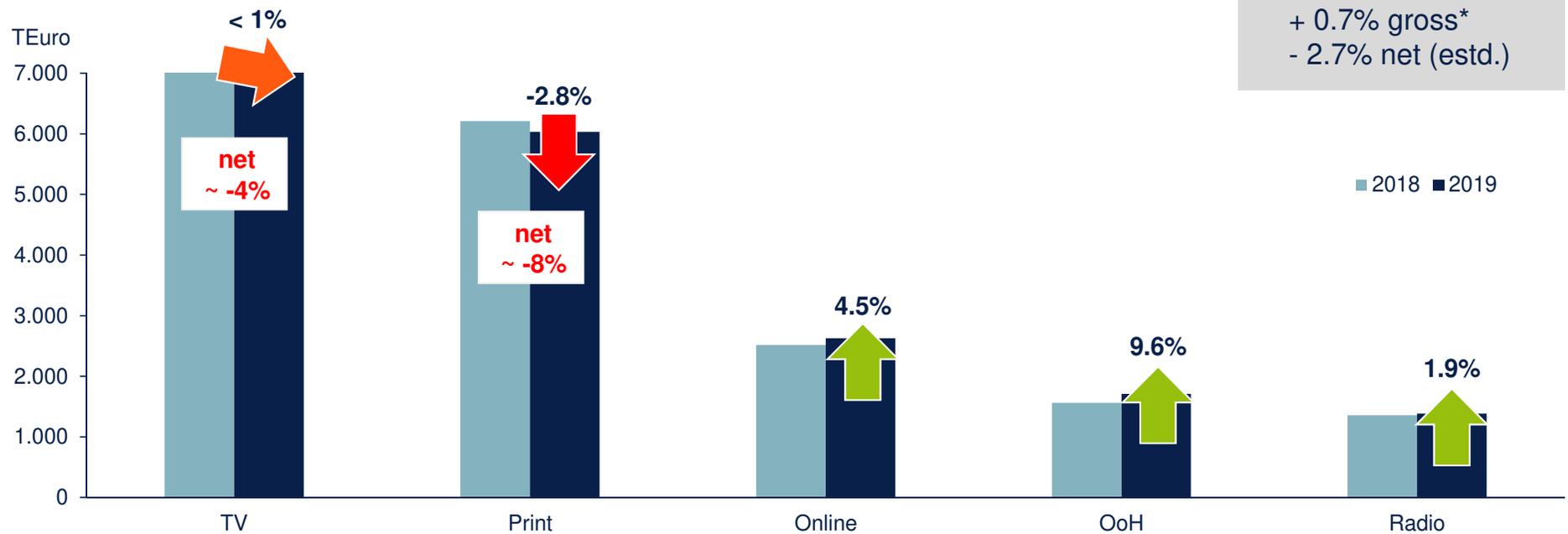


¹CAGR 2005 – 2019e | Source: ²Zenith Media/ZAW net

Tectonic Shifts in classic German Media Landscape

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

German advertising market Q1-Q3 2018 vs. Q1-Q3 2019

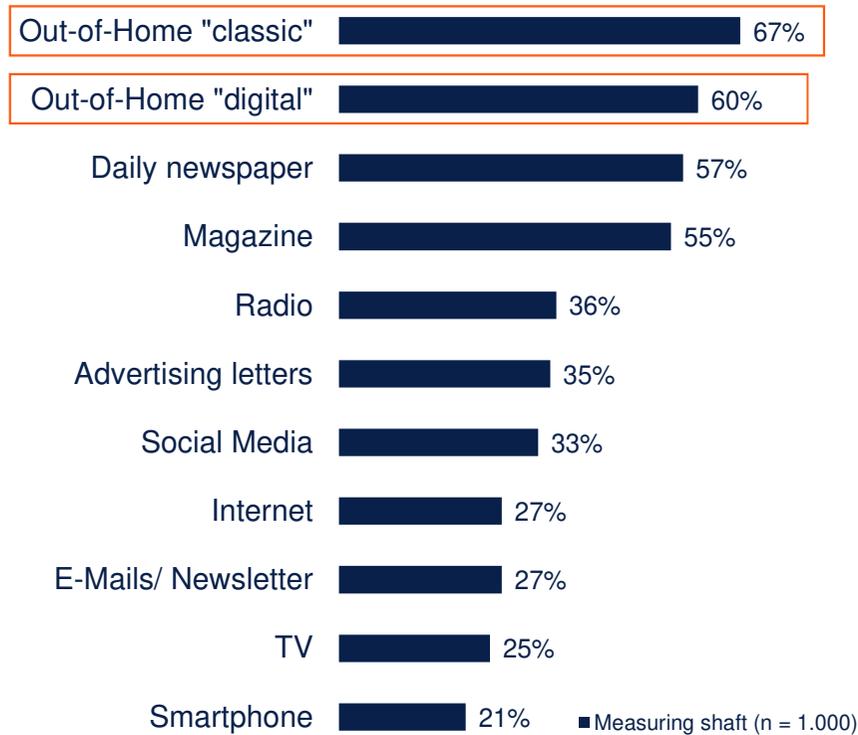


Source: Nielsen Media Research Gross Advertising (Germany); *Nielsen; PWC/ZAW/own estimates

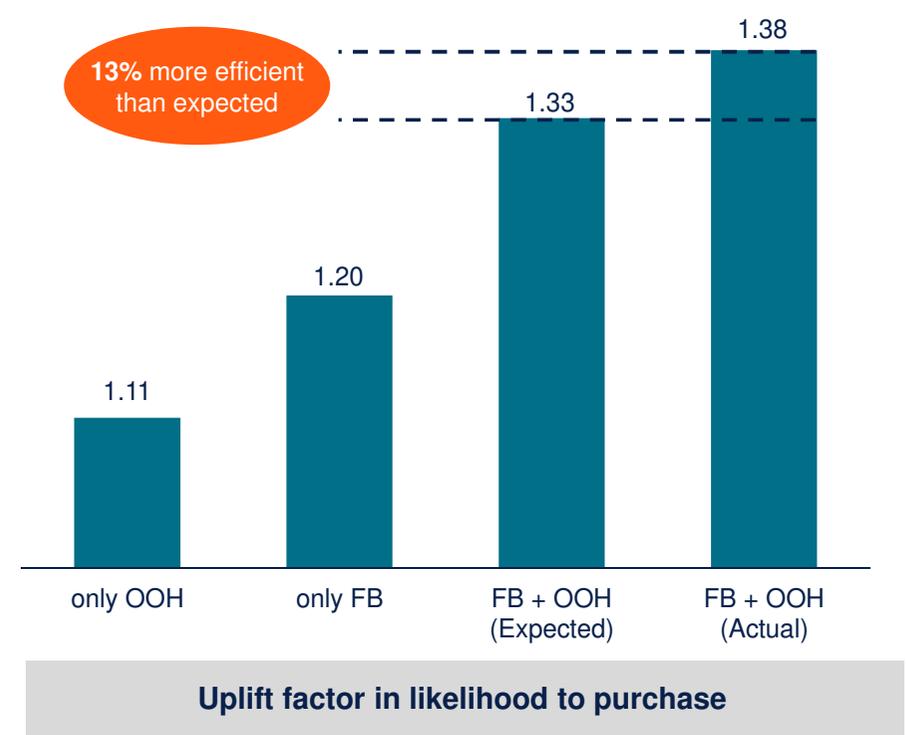
Consumers (and Facebook) love Out-of-Home Advertising

Measurable Impact on Consideration and Purchase Intent

Popularity of media channels



Better together: Facebook and OoH



Source: Statista; Question: How much does advertising disturb or annoy you in the different advertising channels? Please rate the channels on a scale from 1 = "doesn't disturb / annoys me at all" to 5 = "disturbs / annoys me a lot". | <https://specialreports.oaaa.org/facebook-combine-ooH-with-facebook-ads/>

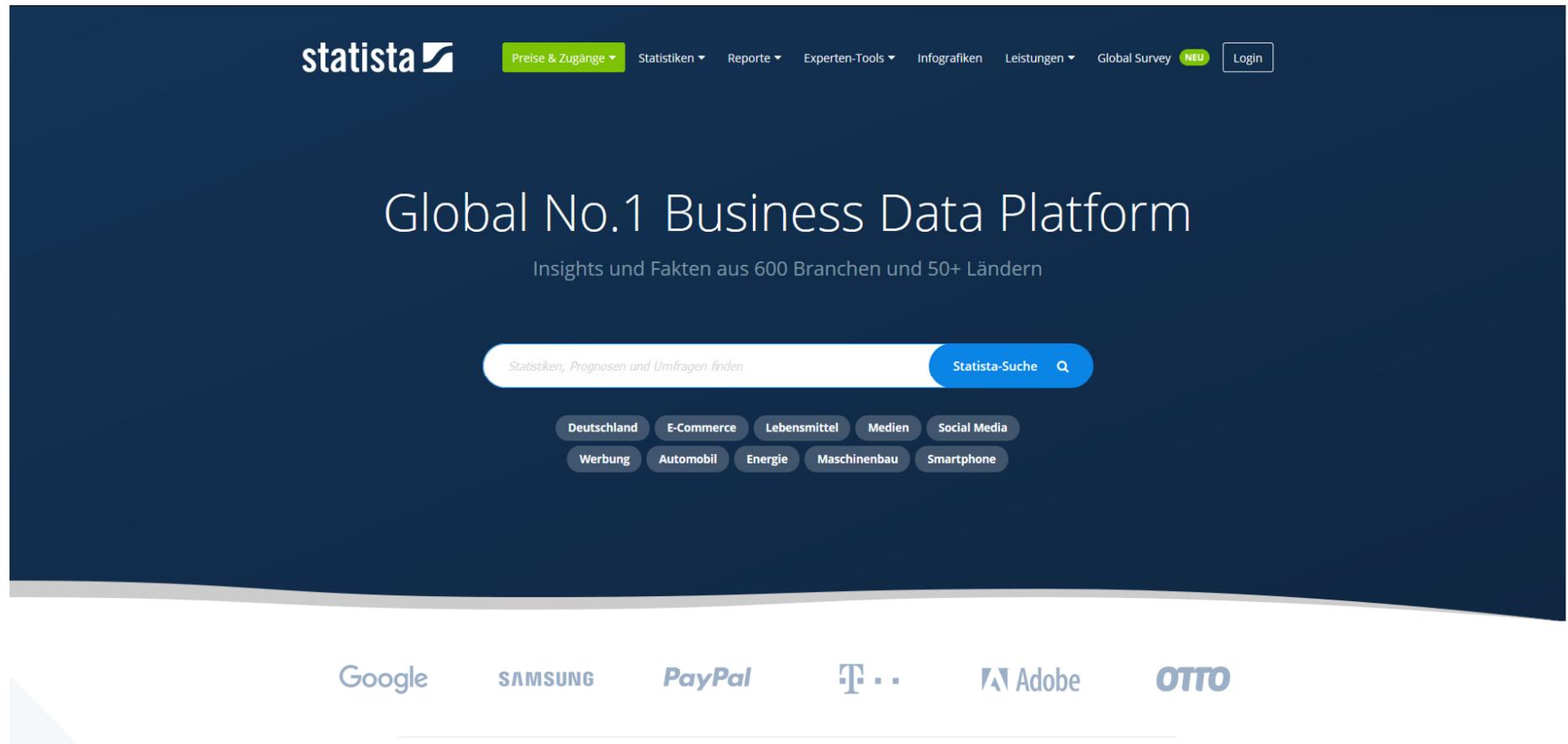




Statista Update

Statista

Building a global DaaS Unicorn



Statista fully on Track to achieve full Year Targets 2019

No.1 Business Data Platform fully on Growth Track

9 offices in international hubs



North America: 3rd US Sales Office planned for 2020

Asia: 2 additional Sales Office planned for 2020/21

Update

- Revenue:
Expected to grow by approx. 30% in 2019
- Sales focus:
200 additional employees, thereof 50% in sales
- Further internationalization:
Planned for 2020/21 (Statista business)
- Launch of Statista Company Database:
Information on 43,000 companies

Building a global DaaS Unicorn

Statista is the leading global Data as a Service (DaaS) Business

Tech	Media	Consulting	Corporate	Public Sector
     	    	    	    	     

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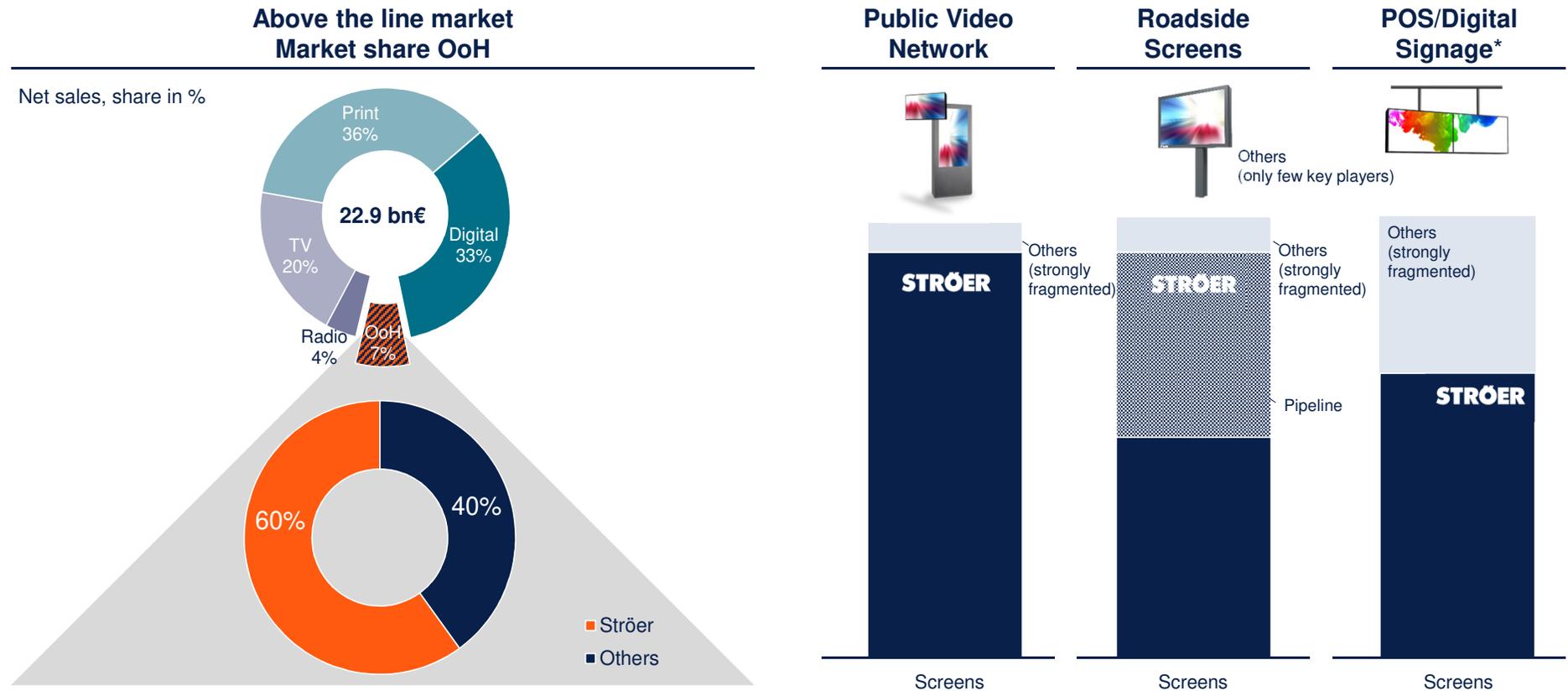
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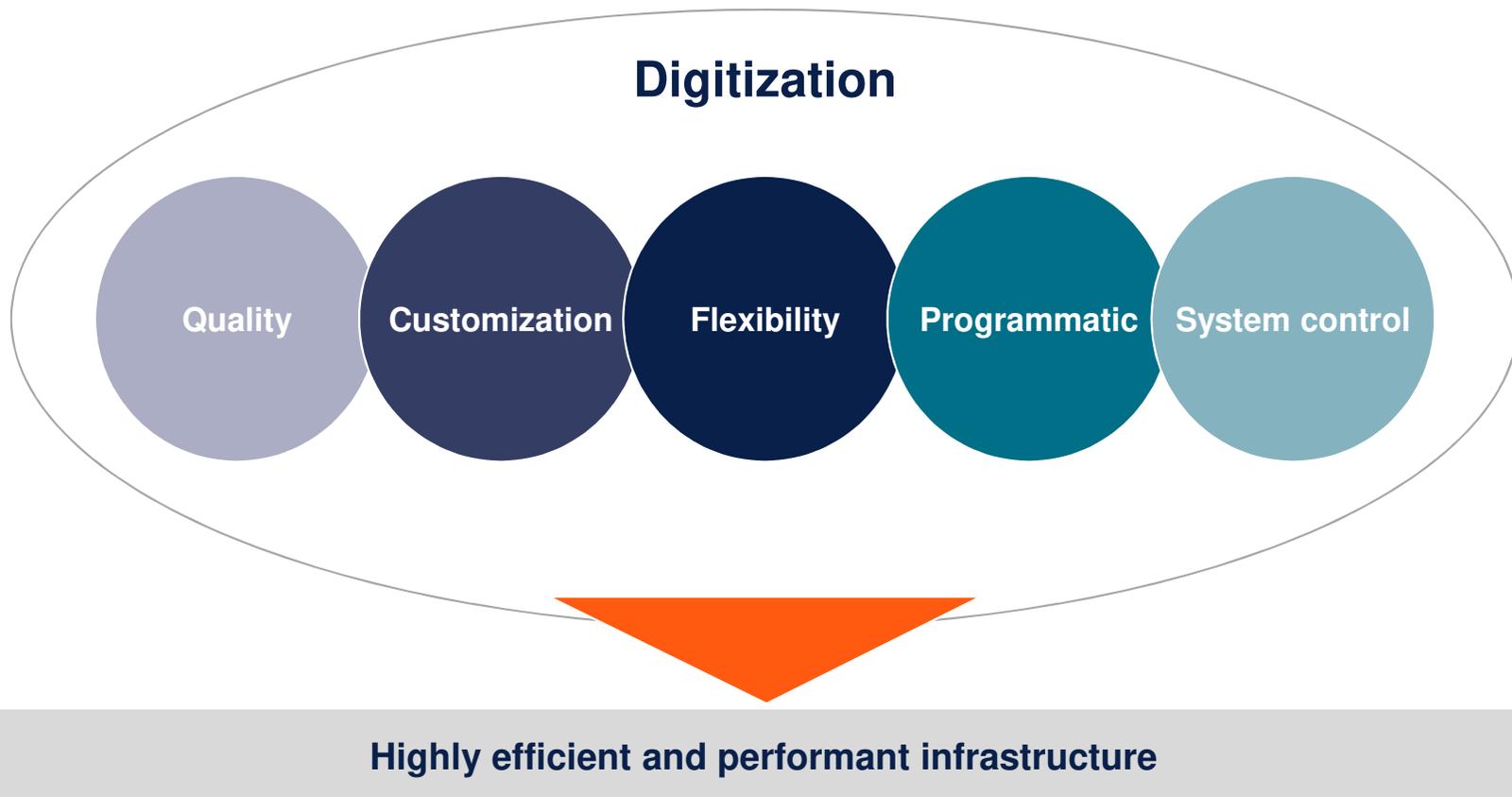
Ströer with unparalleled Position in the Growth Industry OoH

Clear Market Leader overall and overproportioned 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; *excluding rights of promotion

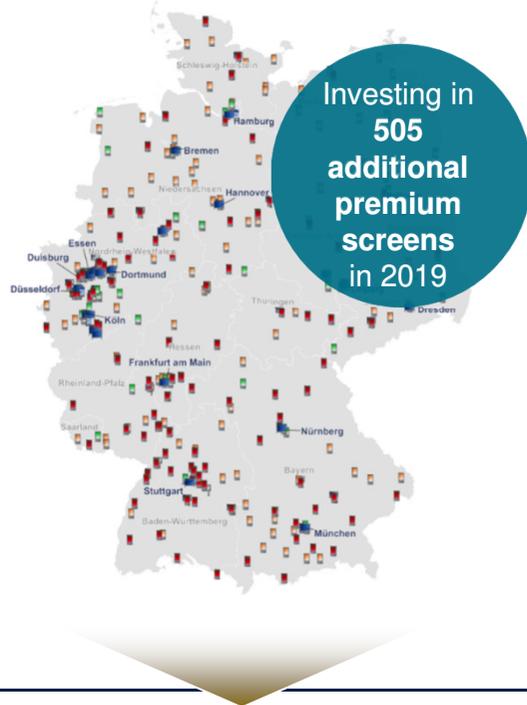
Digitalization drives Business Performance



Digital Dividend pays off

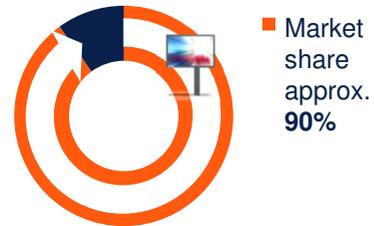
Long-term Portfolio Contracts converted into DOoH Assets

More than 5,000 screens
(>90% indoor)

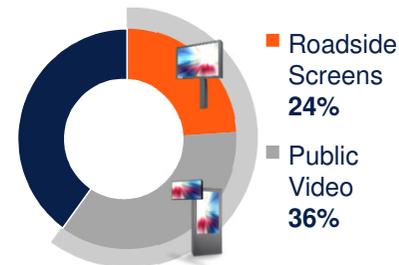


Indoor – almost completed

Total Ströer share of
premium roadside locations*

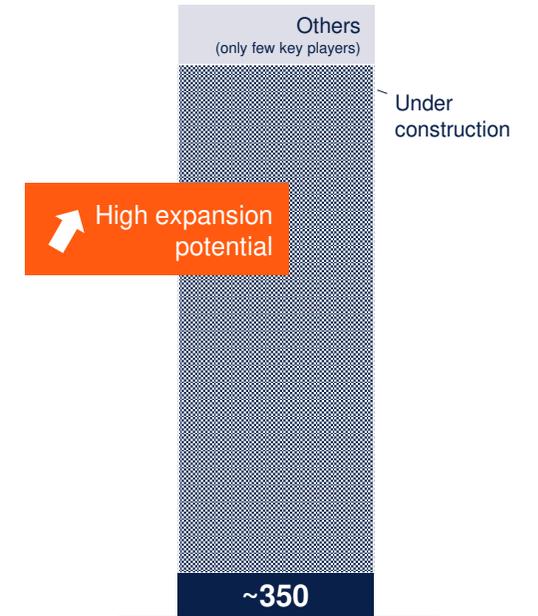


Investment volume OoH 2019
Clear focus on digitization of inventory



Roadside – at the beginning

Roadside
Screens



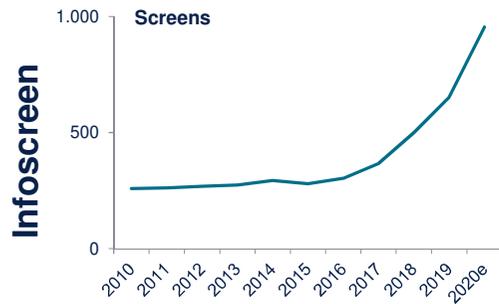
Source: Ströer data; *Premium locations for >9 sqm Megalight/ Digital Screens

Dominating Location Marketplace – Train Stations & Malls

Infoscreen acquisition



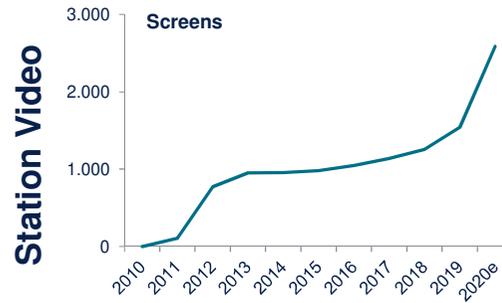
2004



DERG acquisition



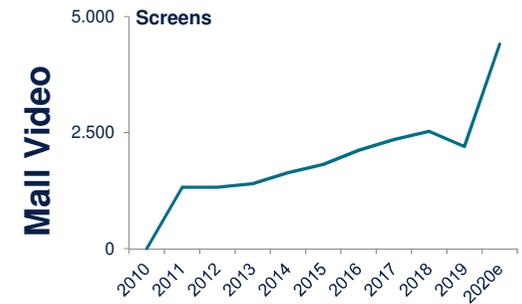
2005



Building up Public Video Network



2011



ECE Flatmedia take-over



2012

Digitalization at German railway stations by Ströer – earlier and today

Hamburg



Cologne



Dominating Location

POS – UAM is the dominating Player in DOoH Longtail



POS/Digital Signage: 73,000 screens in total

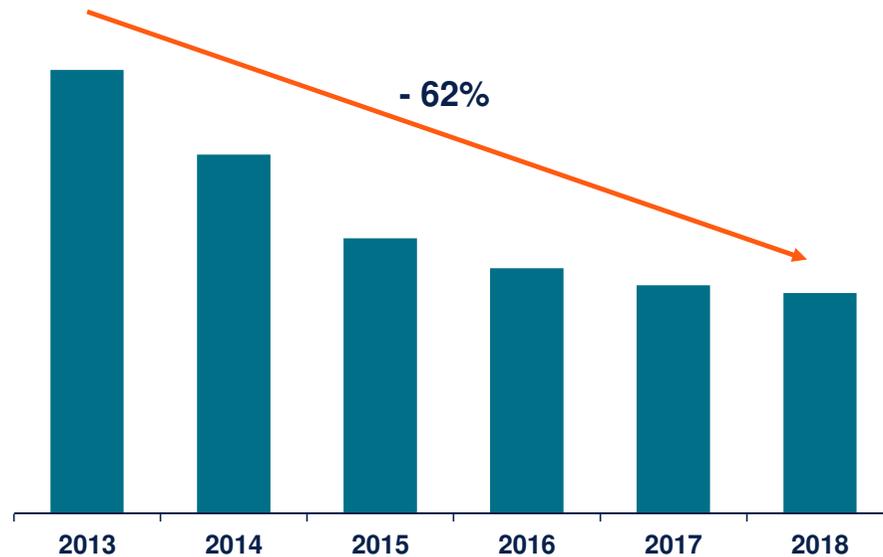
Strong build-up Phase still goes on this Year

Massive Investments in additional Screens until 2024 with major Focus on Roadside

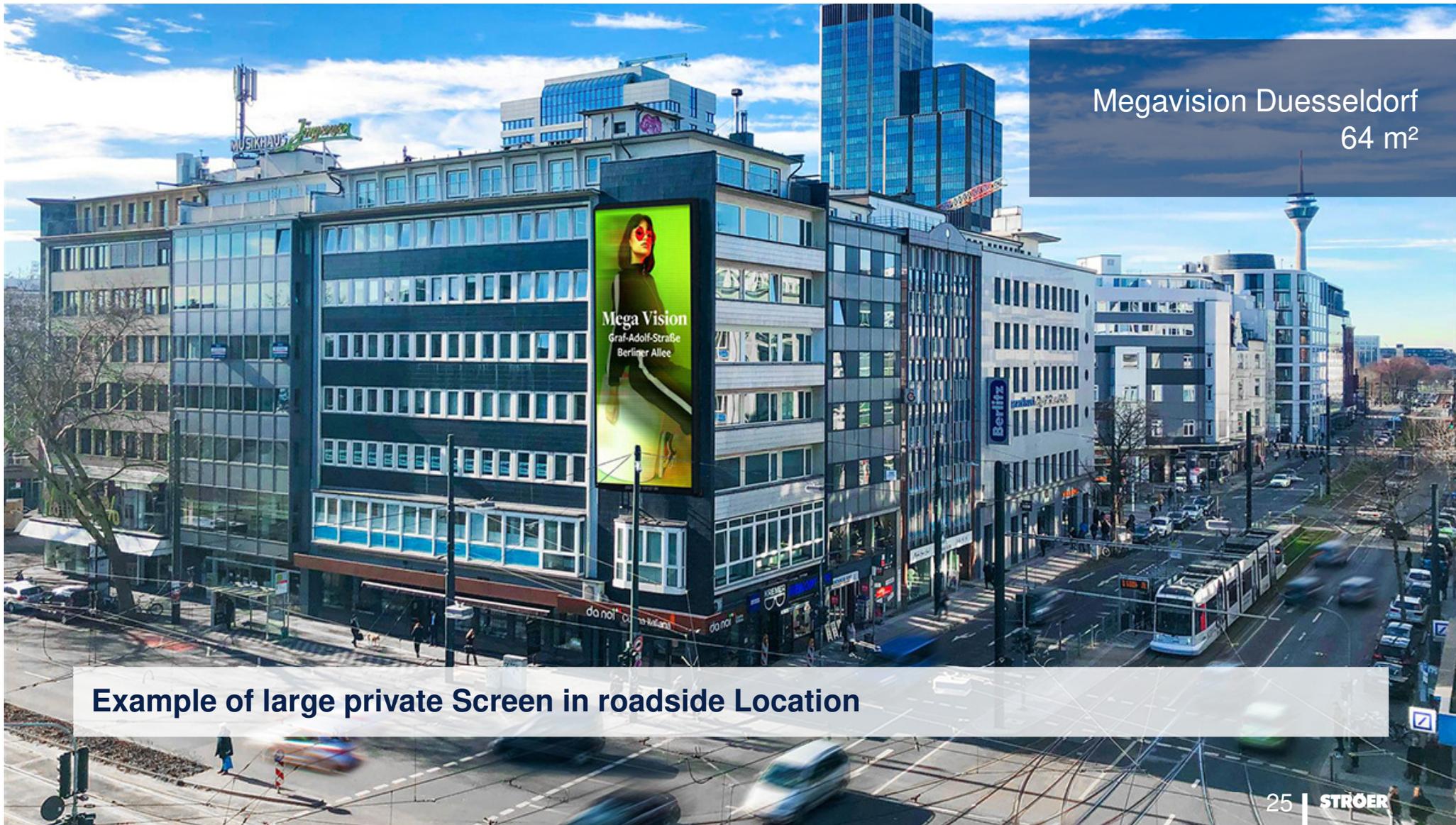


By becoming less expensive throughout the Years the Digitalization of Locations is more economical

Panel price development



- Ströer uses own sourcing with priority Shanghai office (under native management, 100% Ströer employed)
- Prices for high quality LED screens are constantly declining → more locations become efficient due to decreasing CAPEX per location



Megavision Duesseldorf
64 m²

Example of large private Screen in roadside Location

Digital Dividend pays off

Local Sales Approach maximizes Monetization of digital roadside Assets

>93% RSS revenues SMEs/signage



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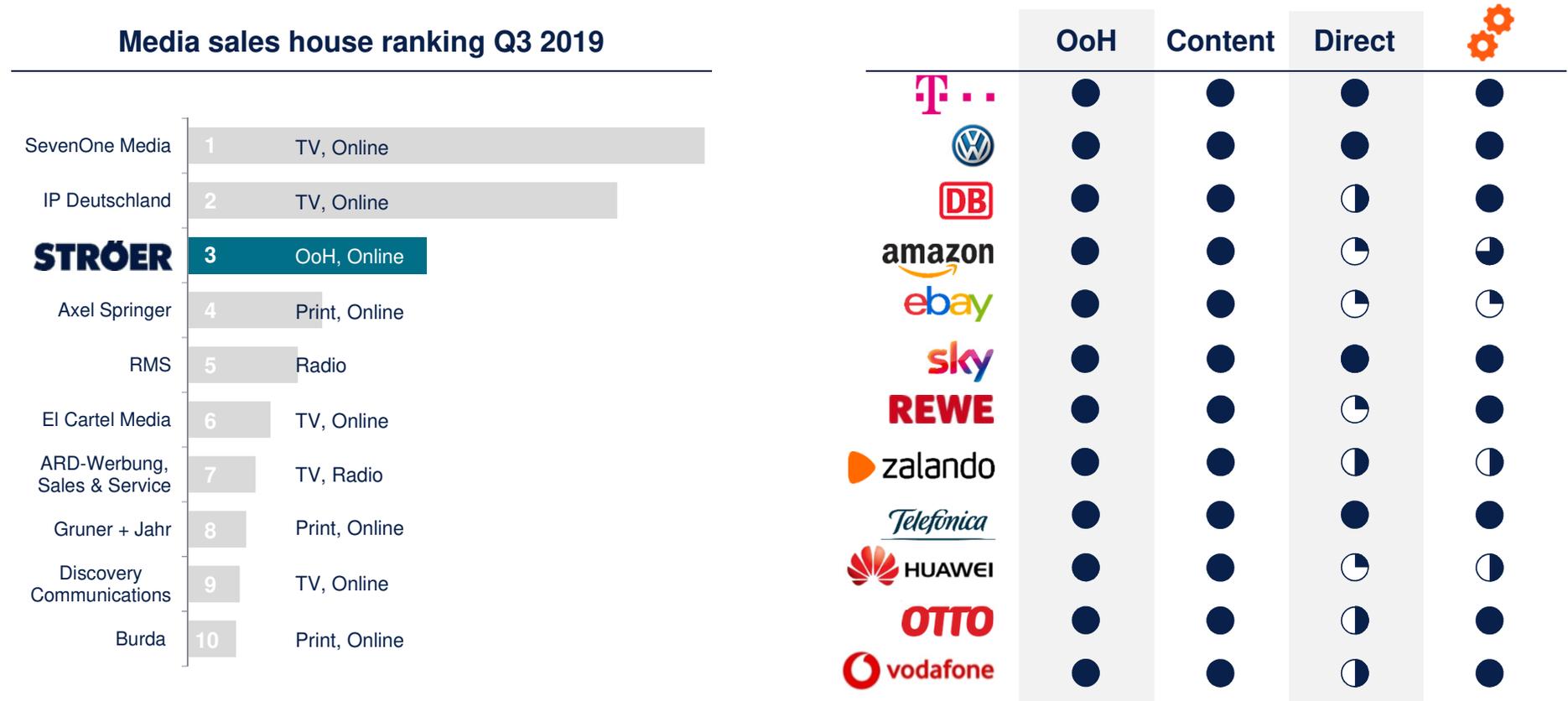
Outlook



National Sales

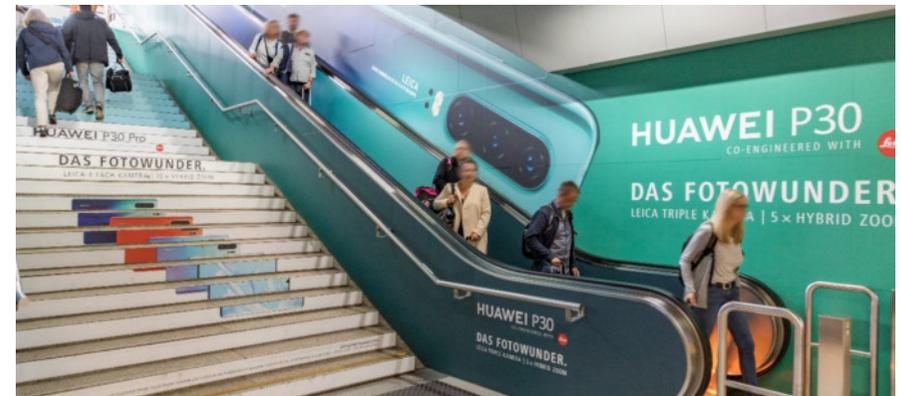
Continuously improved Marketing- and Sales-Positioning

Best prepared to fully access local and national Clients



Sources: Nielsen Media Research; gross advertising, Q1-Q3 2019 (Germany); cons. gross sales Ströer: OoH Germany + all digital saleshouses of the group

Huawei Impressions



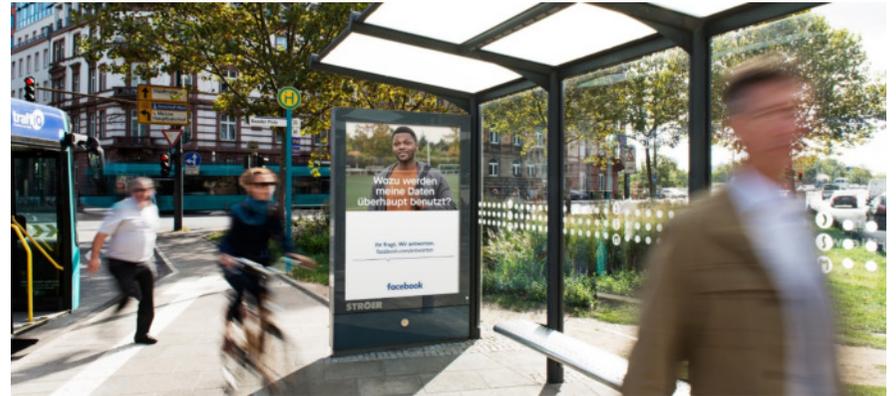
VW Impressions

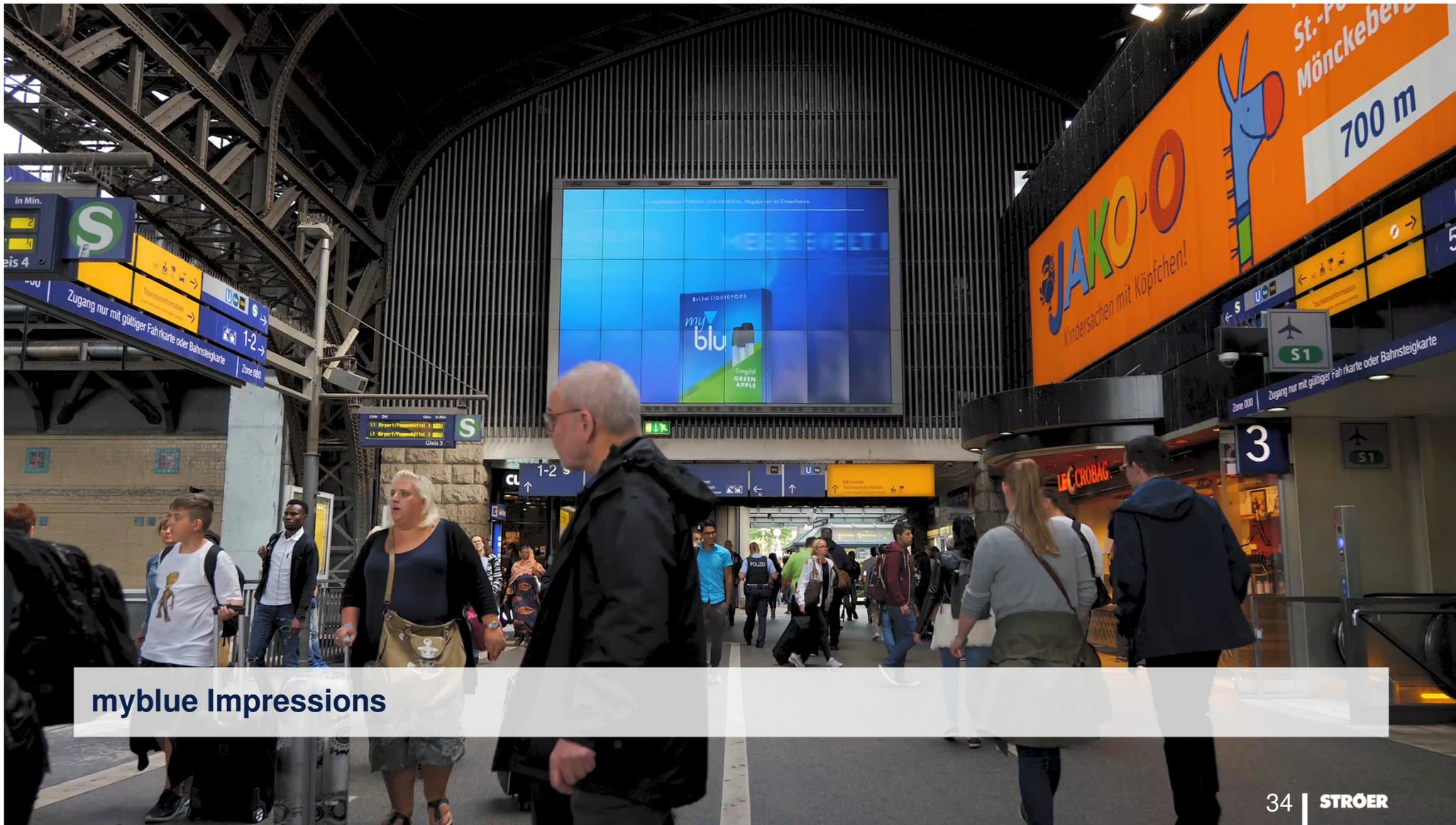


Google Impressions



Facebook Impressions





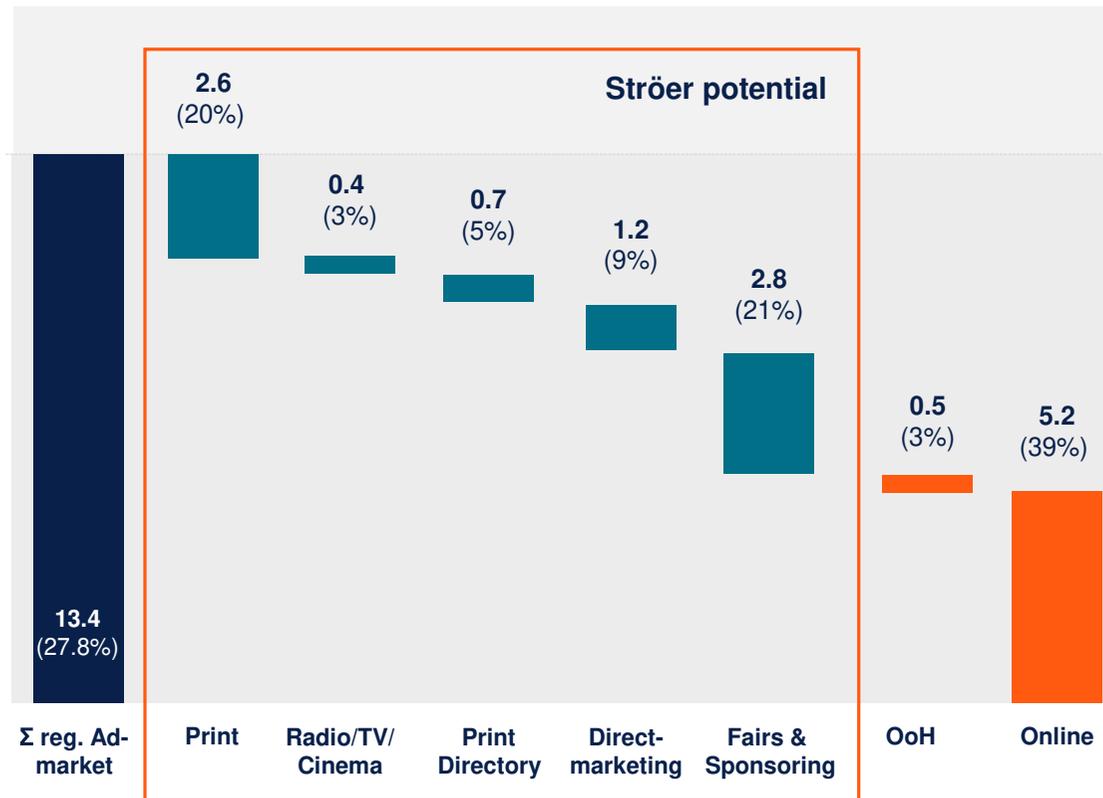
myblue Impressions



Regional Sales

Potential of more than 7bn traditional Media Spend in regional Market

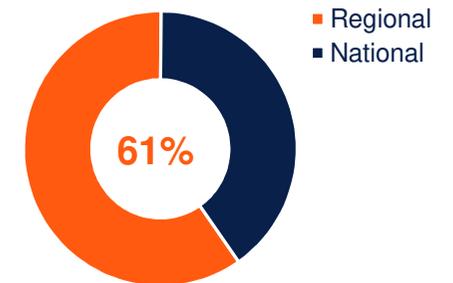
Growing Quantity and Quality of Salesforce is Key to drive (D)OoH



Strong growth of local & digital sales force

Sales team/FTEs	2016	2017	2018	e2019	e2020
Regional consultants	89	178	198	158+	170+
Local sales	243	295	441	662+	850+
"Digital only" consultants	62	76	124	162+	220+
Ströer SME only call center agents	40	56	58	60	80+
TOTAL	434	605	821	1,042+	1,320+

Ströer customer mix OoH revenues



Source: Schickler Research | Simplified presentation of categories | Adjusted for regional advertising spendings of national advertisers

Our Backbone: Broad Coverage

Local Market Know-How

On-site presence
Local Do-it-for-you solutions

Local execution quality
Local presence enables short routes to the customer



Existing Sales Team is constantly being expanded Attractive Conditions and a lasting Recruitment Path

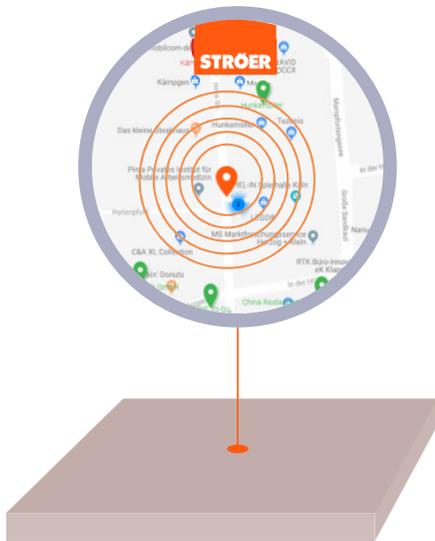
- Ten-week sales trainee program
- Individual support and regular trainings
- Qualification phase with defined turnover target



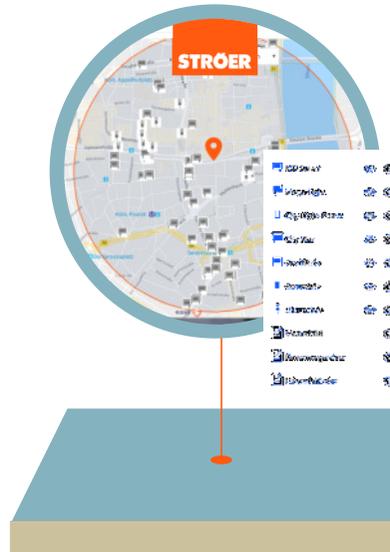
Scaling our local Salesforce

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

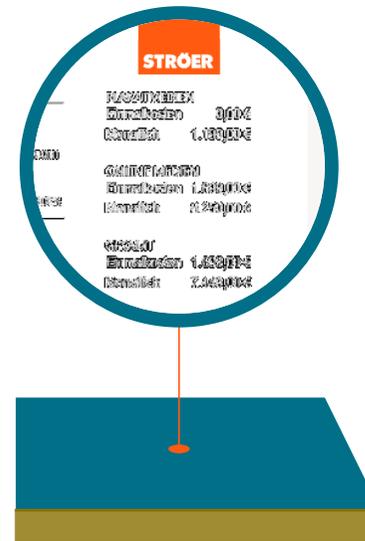
- Displays all clients on google maps with blockers for the hunter (red=blocked, green=available)



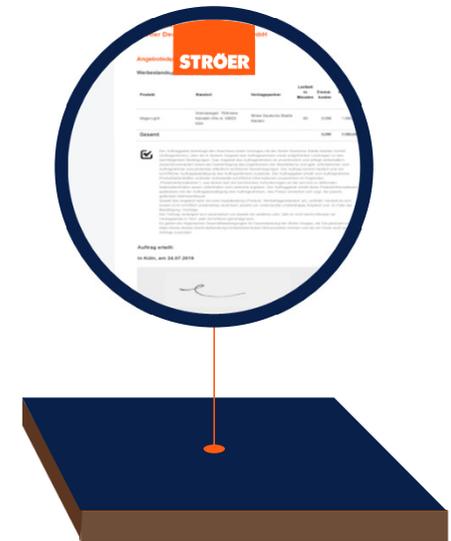
- Booking of Out-of-Home media via Google Maps
- Booking of sign media via booking form



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



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



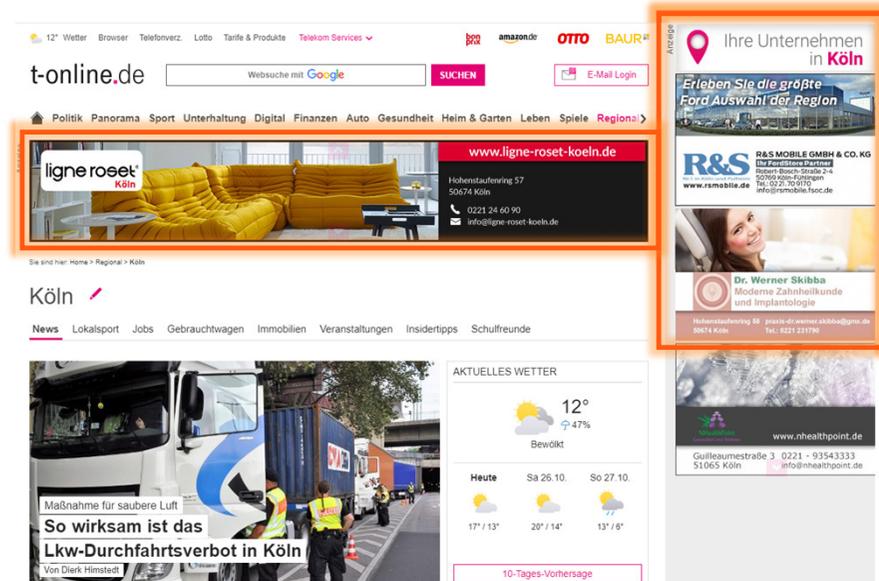
EasyS Walkthrough



Structural Investments in future Growth of t-online.de

Localization of Portal, new Tech & Product Team, Integration of Verticals

Building a new local portal



<https://t-online.de/region/koeln>

27 local city portals already online

Next level tech & product

- Second bigger optimization initiative of tech, marketing and product departments since 2015
- Introduction of a new content management system (CMS) with short-term impact on monetization
- Final step of “modernization” completed earlier than originally planned

Integration of total publishing into one organization

- One consistent tech & monetization platform across all publishing assets around flagship t-online.de
- Vertical platforms like:



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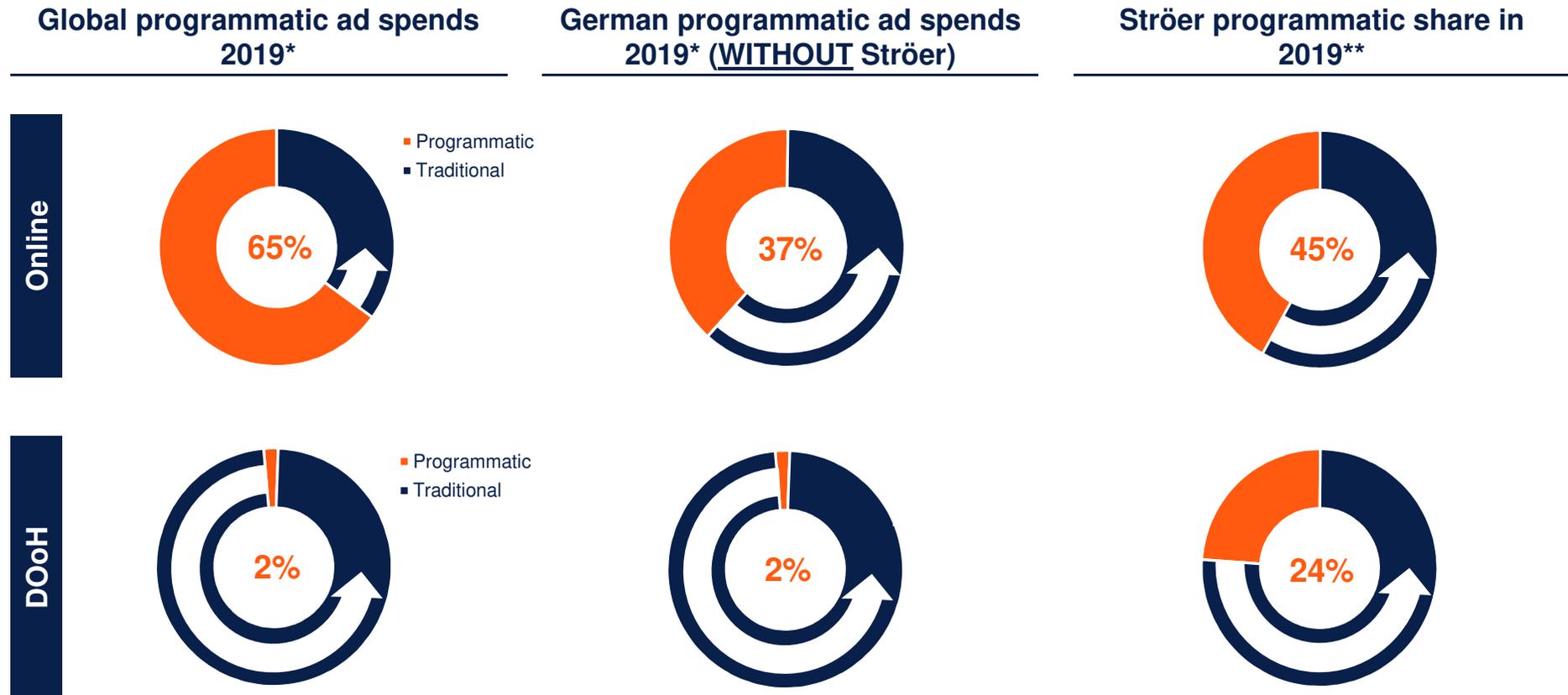
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Outlook

Digital Dividend pays off

Incremental programmatic Revenues from Online to Public Video (DOoH)

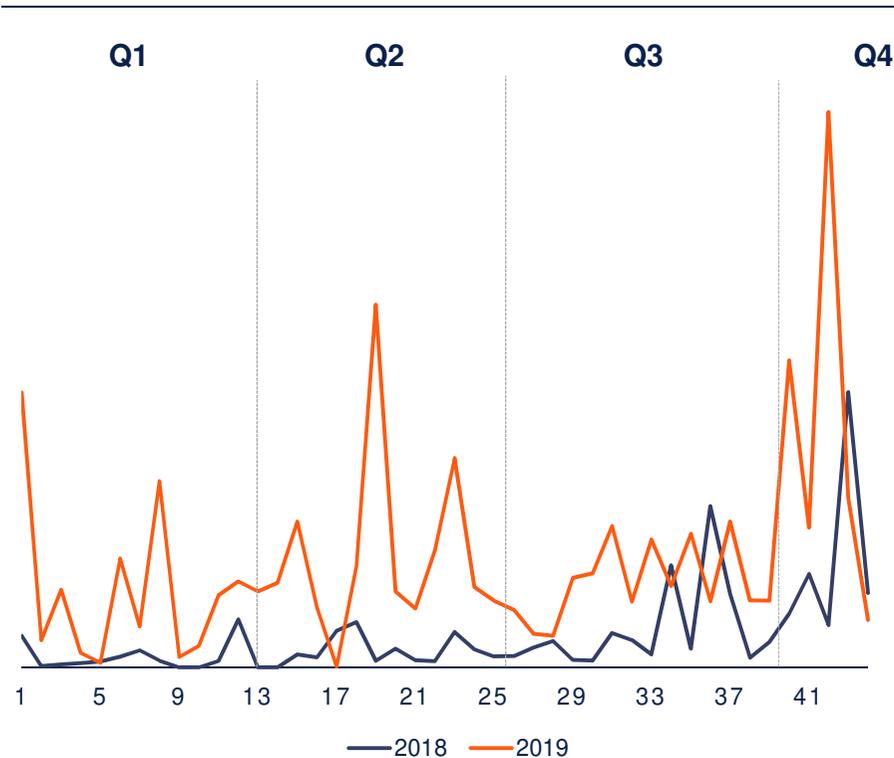


Source: *Zenith Programmatic Marketing Forecast 2019; **Ströer data

Programmatic Public Video at top Frequency Locations

Constant weekly Revenue Inflow since more than one Year now

Sustainable growth of bookings



Frequency is king



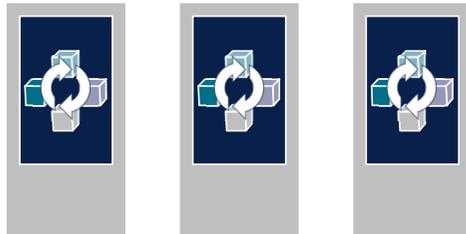
Main shopping streets

Main stations

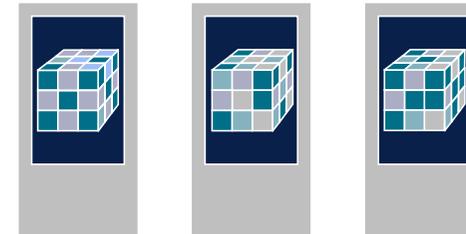
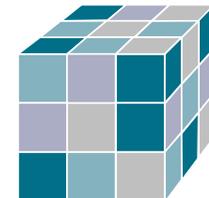
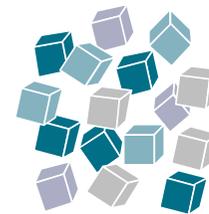
Hamburg 120,000 (Mönckeberg Str.)	450,000
Munich 175,000 (Kaufinger Str.)	400,000
Frankfurt 180,000 (Frankfurter Zeil)	460,000
Berlin 60,000 (Friedrich Str.)	300,000

From Loop to Ad Server

Classic Public Video



Ad server based Public Video



Development

Currently both systems can be used for campaign delivery.
The approach and execution differs strongly among them.

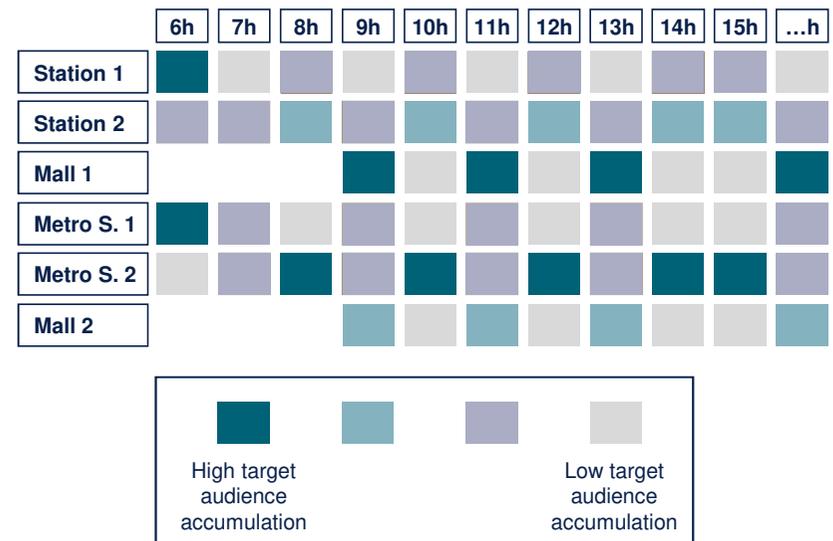
Audience based Payout

Programmatic planning approach

- Contact based: additional parameters (area, time, audience etc.) can be added
- Data based decision-making
- Payout based on audience aggregation and further external data

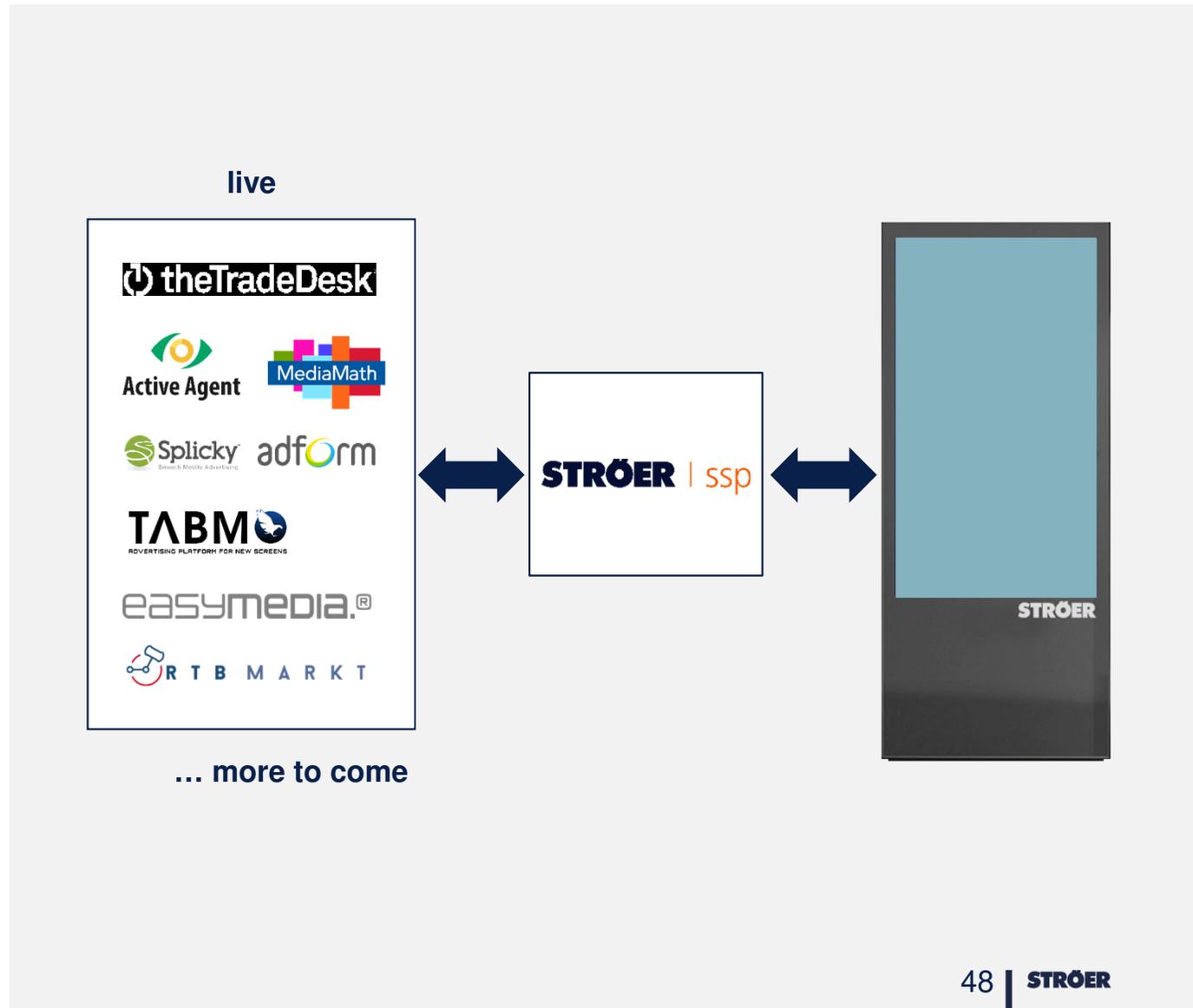


Data based, programmatic payout



What is new since beginning of 2019

- Successful integration of the Public Video inventory into Ströer SSP
- Public Video is available for all Video DSPs connected to Ströer SSP
- New Deal Art: Fix Price Deal



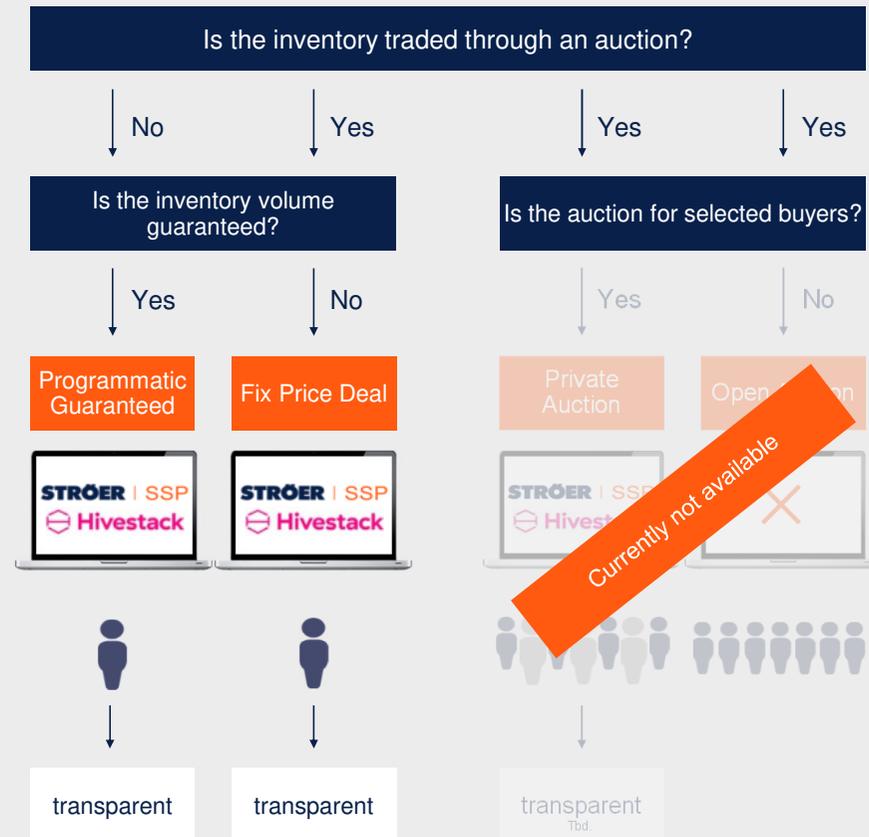
How to book programmatic Public Video?

Since 2017 - Programmatic Guaranteed

- The purchase decision is made in the ad server
- Every Bid results in a playout

Since 2019 - Fix Price Deal

- The purchase decision is made in the DSP / at the customer's premises
- DSP/customer decide whether to accept the bid - which may lead to a playout - or not to answer the bid



Fix Price Deal Types & Pricing

- 3 different Deal types available which differentiate by transparency level (Low, Mid, High)
- DSP receives one unique Deal ID per medium and transparency level
- The deal CPM varies depending on the transparency level
- All fixed price deals are customer-specific, i.e. each fixed price deal is linked to one dedicated client
- Agency deals that apply to multiple clients are not permitted

Deal-Typ	LOW	MID	HIGH
Network visible	✓	✓	✓
City visible	X	✓	✓
Location visible	X	X	✓
Baseprice	Network +Time	Network +Time +City	Medium +Time +City +Location

Customized Public Video Solutions



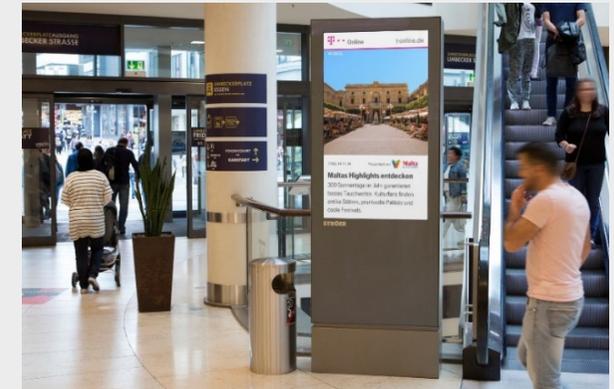
Location / Time Targeting



Target Audience Optimization



Event (Weather) Targeting



Content Marketing

With audience based Public Video, campaigns can be individually adjusted to customer media goals

Event Targeting

- Automated, rule-based campaign set up
- The first standardized event targeting solution is weather-/ pollen flight targeting
- The ad ployout is triggerd by a predefined weather situation
- Weather types are geographically available at city level and updated every three hours
- Further customer-specific Event Targetings are possible



Content Marketing

Ströer Media Brands are credible and convey brand trust and quality.

Contextual consumer approach to leverage the clients brand with a positive image transfer of the Ströer media brands.

Content Marketing Ads:

- Companion Ad, Split Screen Ad
- Sponsoring (on/off presenter)
- Advertorial (digitally renewable)



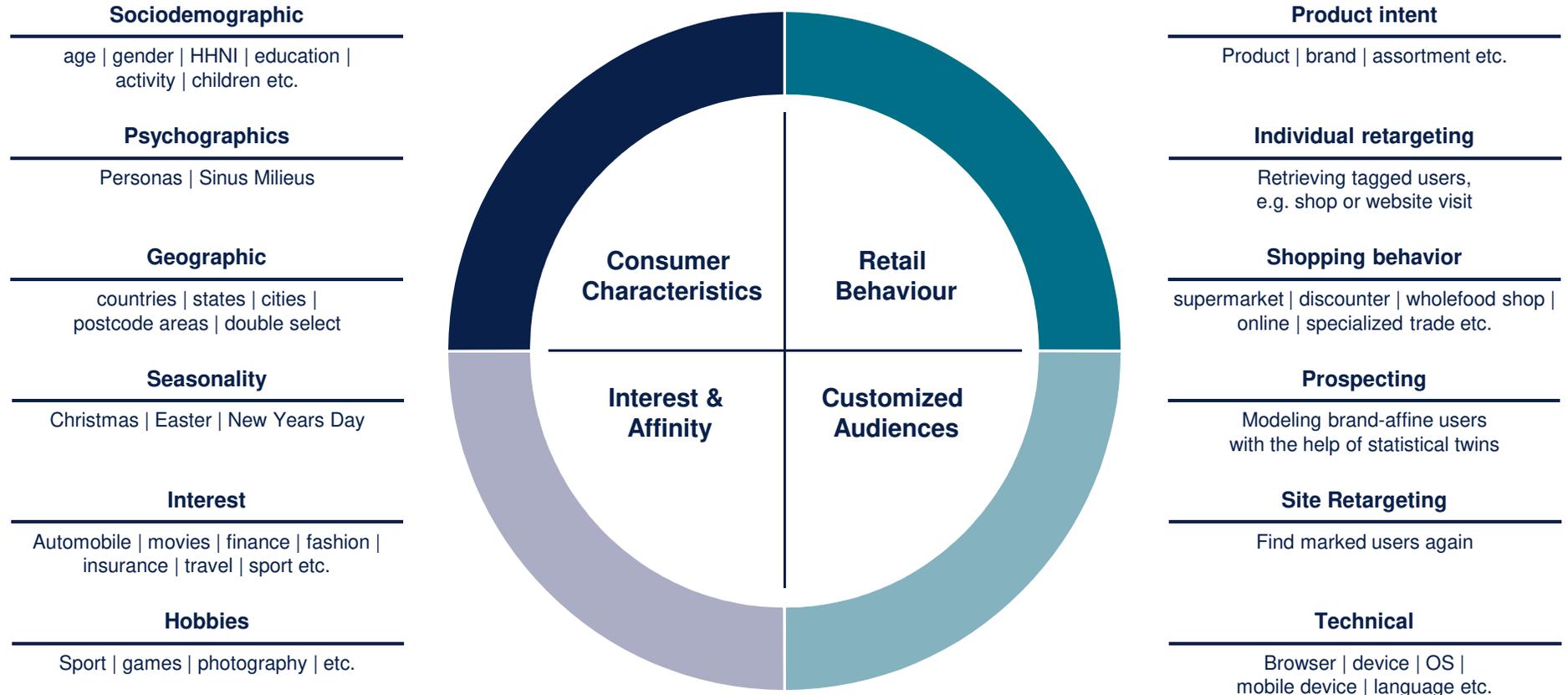
OS Data Solutions

The German Data Alliance

- New targeting segments - e.g. purchasing intent data, performance products, residential targeting, lookalike modeling etc.
- Pre-qualified reach for Retail Media - Lookalike modelling of product intents on entire cookie pool for new customer approach
- Maximizing quality and reach for our customers by consolidation of know-how from OTTO BI and Ströer BI
- More than 2,000 new segments



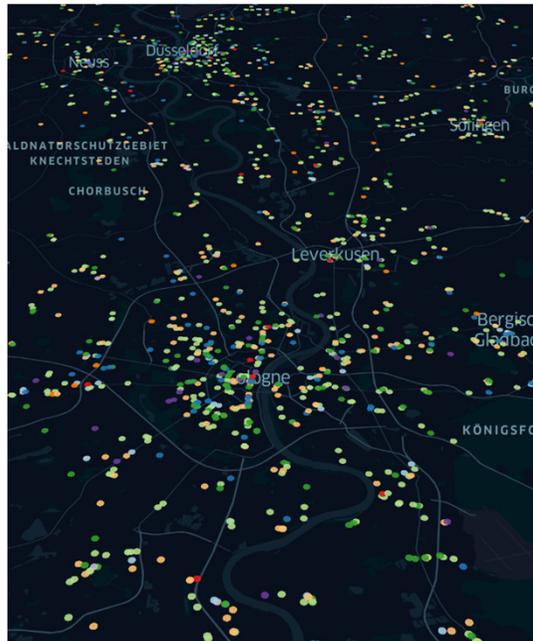
Cross-Media Targeting Solutions based on German Data Pool



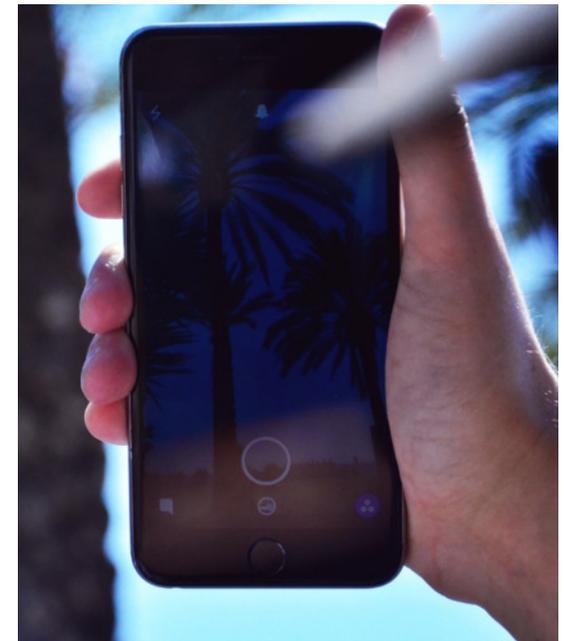
Ströers Data Product Logic



Audience Based
Addressing target groups in public space and online



Location Based
Addressing target groups at the location or after visiting a location

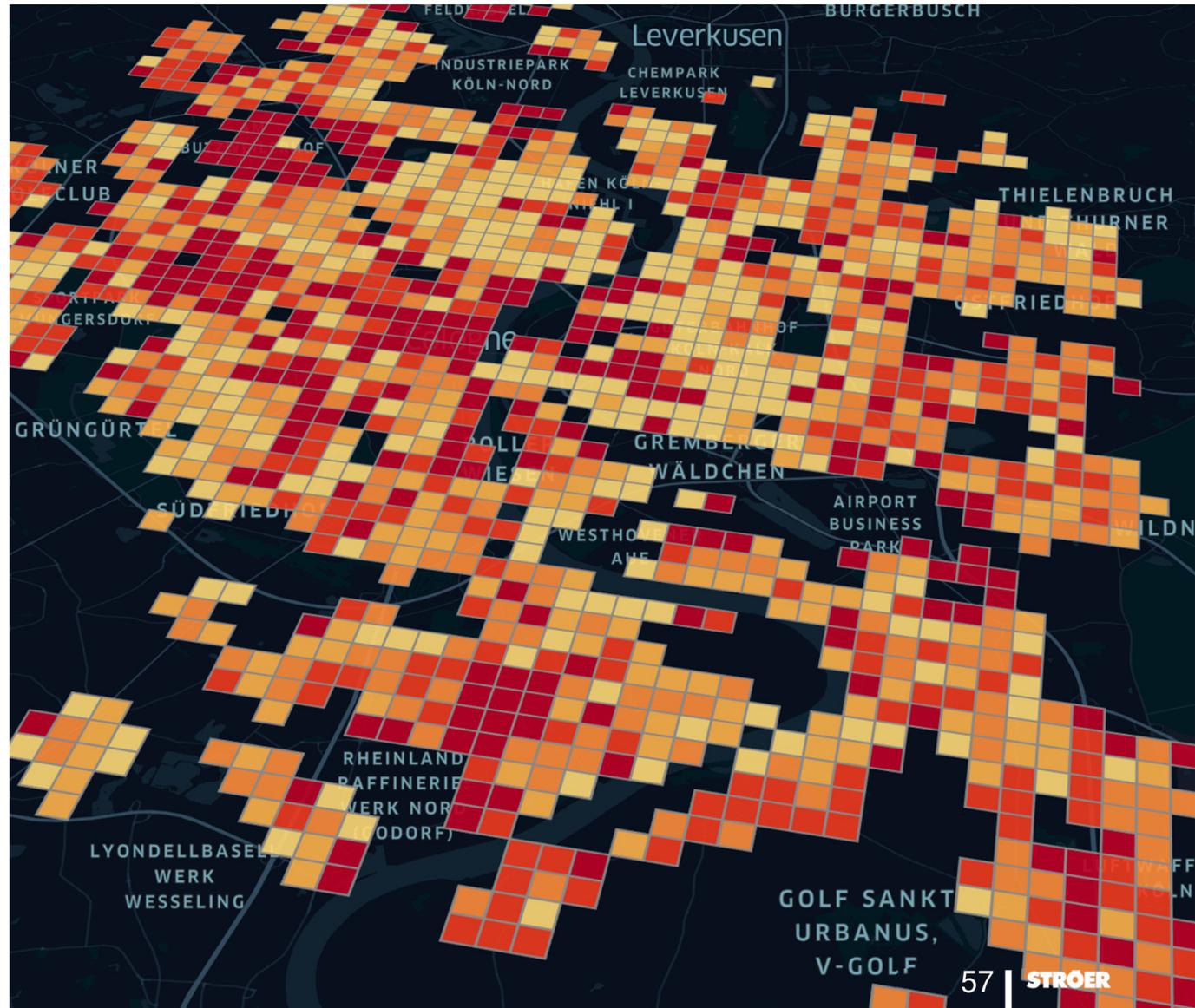


Context Based
Addressing target groups in a contextual context

Audience based

Addressing Target Groups in Public Space and Online

- Segmented geographical areas and online users in different target groups
- Data sources:
 - Online data of Ströer DMP
 - Data from cooperation with Otto Group Media and others
 - Household data of Deutsche Post
- Database:
 - Bid requests, logins, household data, movement data and online shop visits
- Application in OoH target group optimization, online targeting



LOHAS

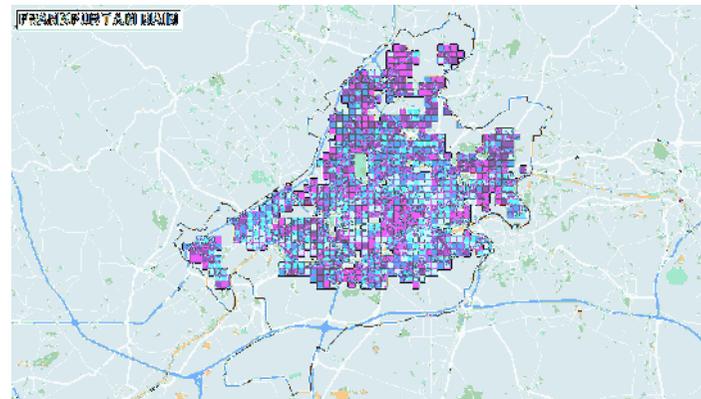
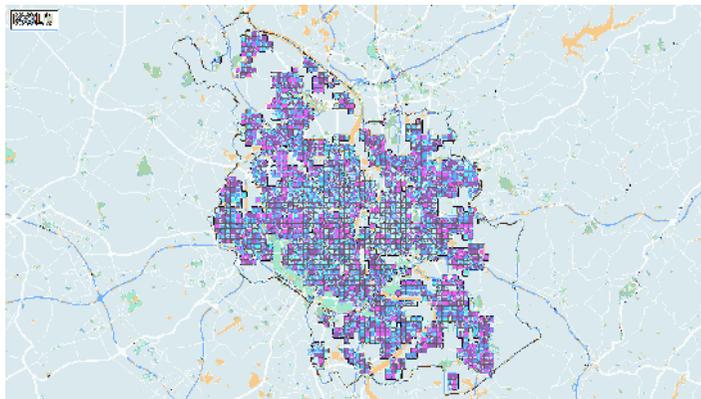
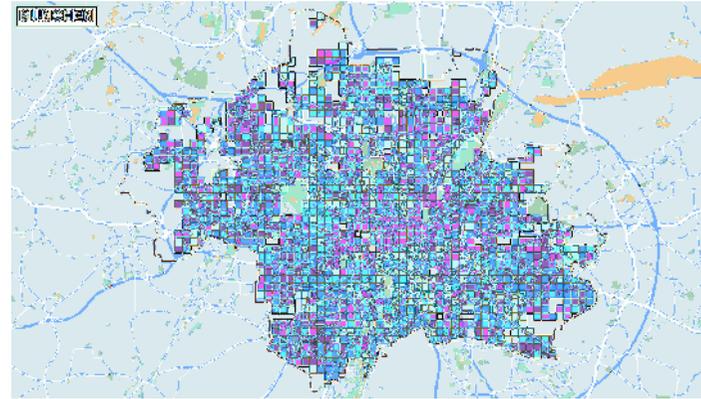
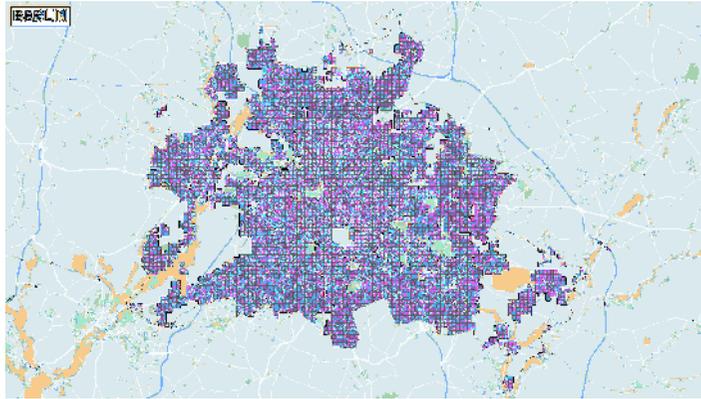
Interest in Health

- According to the micro dialog database*, LOHAS have a high affinity to the product range in online retail:
 - Pharmacy products
 - Sun protection
 - Hygienic means
 - Homeopathic remedies

*Source: Deutsche Post Direkt



LOHAS: Heatmaps



Strongest expression = ■

Location based

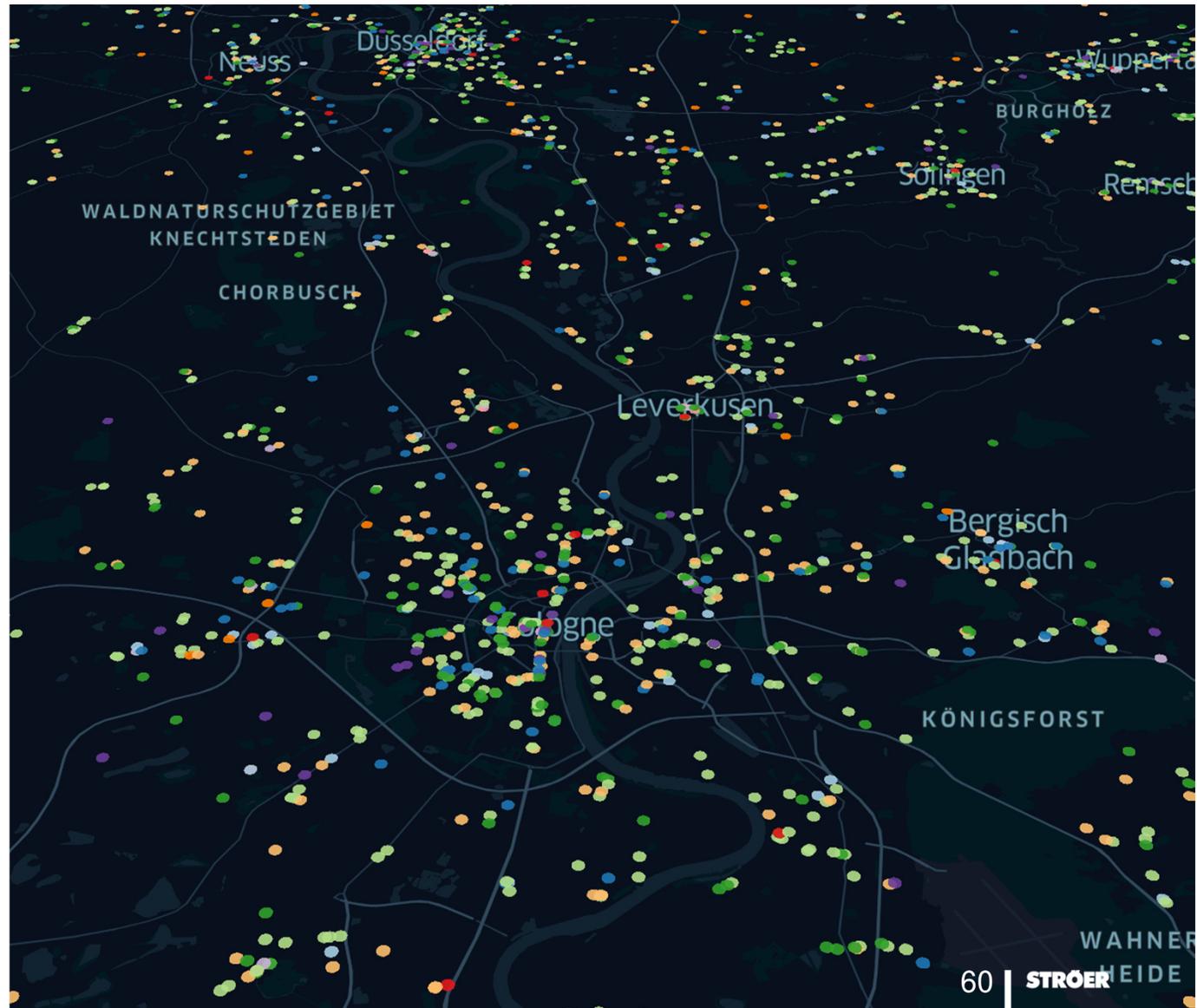
Addressing target groups at the location or after visiting a location

- Approx. 1.6 million location data with addresses, coordinates, information on type and retail chains
- Data sources:
 - HERE
 - Nielsen TradeDimensions
 - OpenStreetMap
 - Ströer DMP
- Database:
 - Navigation data
 - Trade data
- Application in touchpoint, drive-to-store and retargeting campaigns

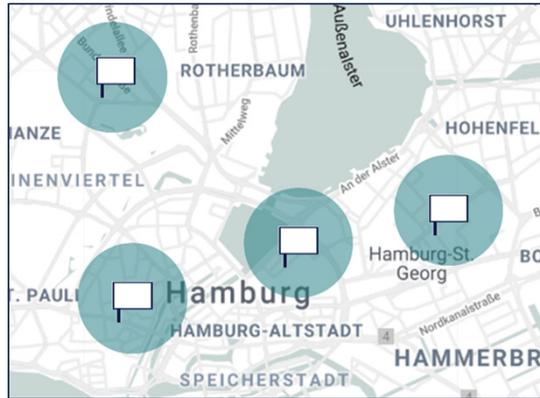
STRÖER



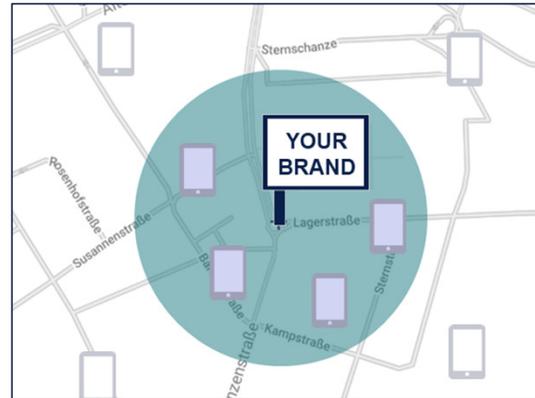
nielsen



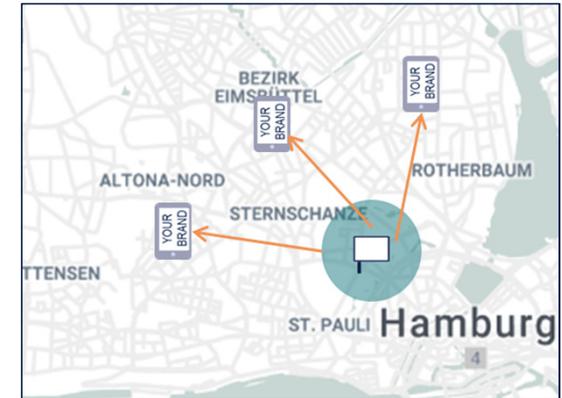
Campaign Extension: Mechanics



A virtual geofence is placed around all covered OoH surfaces.



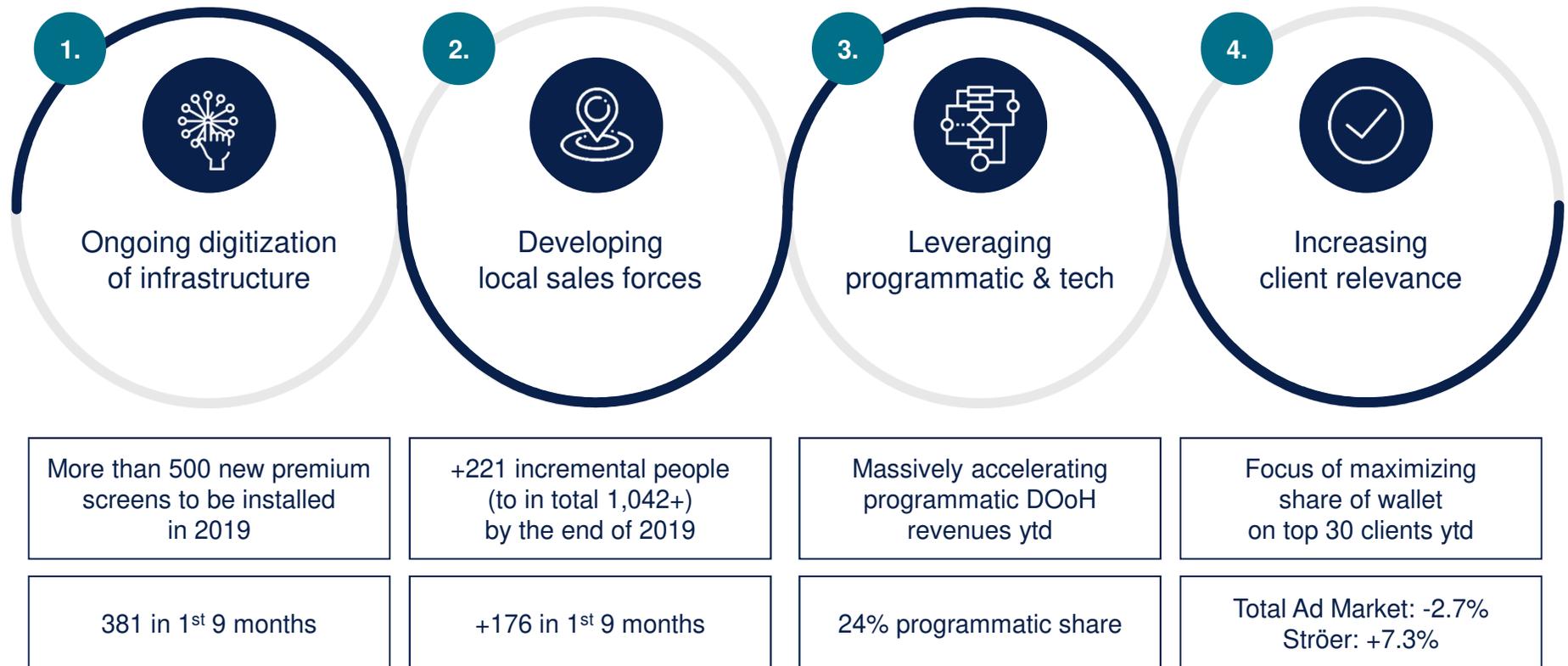
Mobile devices which are inside the geofence area during the OoH campaign are marked. This is mainly done through partner apps (weather, navigation, dating, news, etc.) that have permission from users to use their location data for advertising purposes.



If the mobile devices are used afterwards (even outside the geofence, e.g. at home or at work), mobile advertising can be played to reinforce the message of the OoH advertising.

Summary: Sustainable and reliable Business Development

The Core of the OoH+ Strategy



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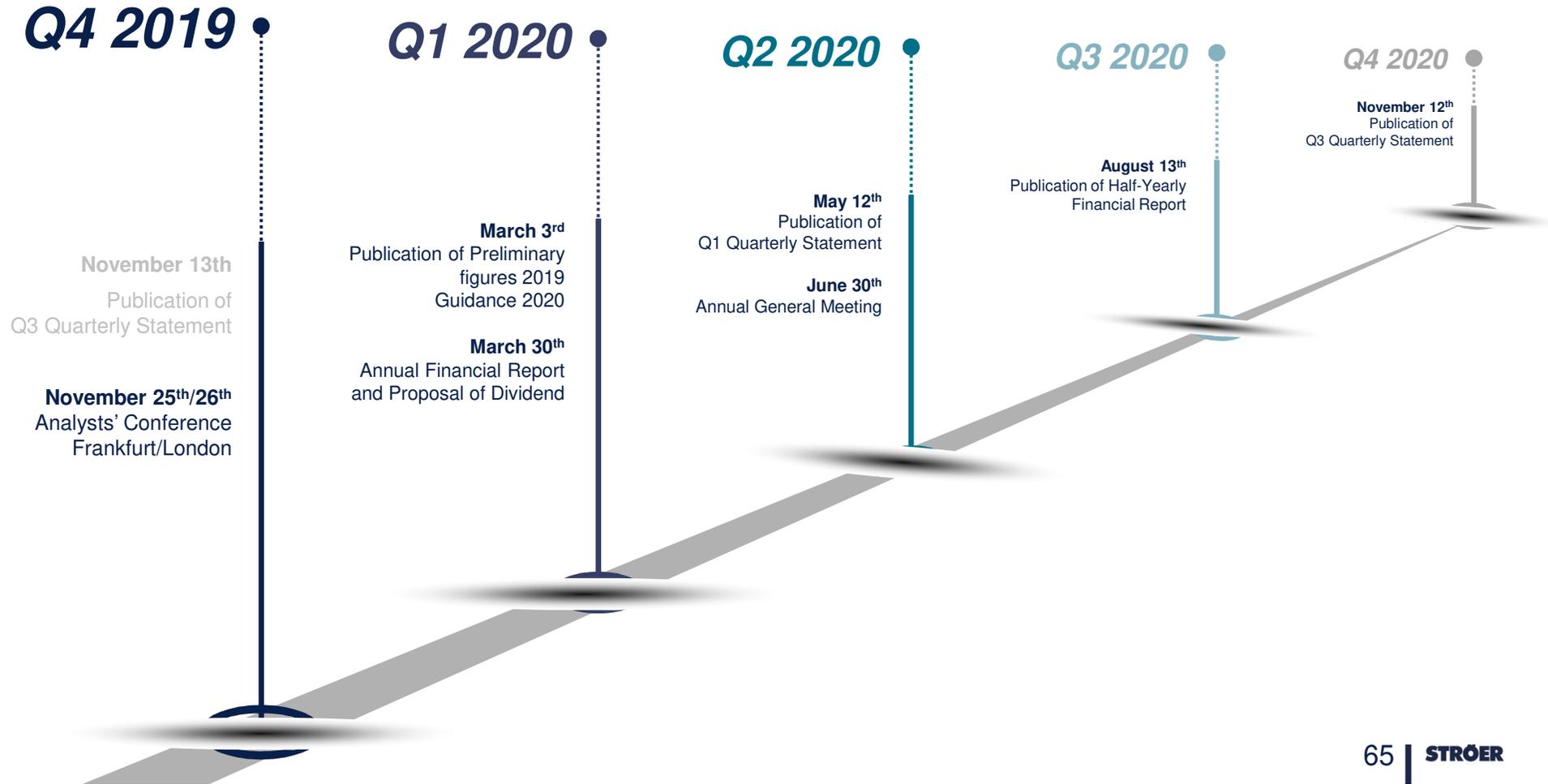
Outlook

Ströer Group's Key Performance Indicators – Guidance 2019*

Given the strong order intake for the 4th quarter, we expect organic revenue growth at the upper end of the 3% to 7% guidance range, that we previously communicated, for the full year.

*incl. IFRS changes

Financial Calendar 2020





STRÖER

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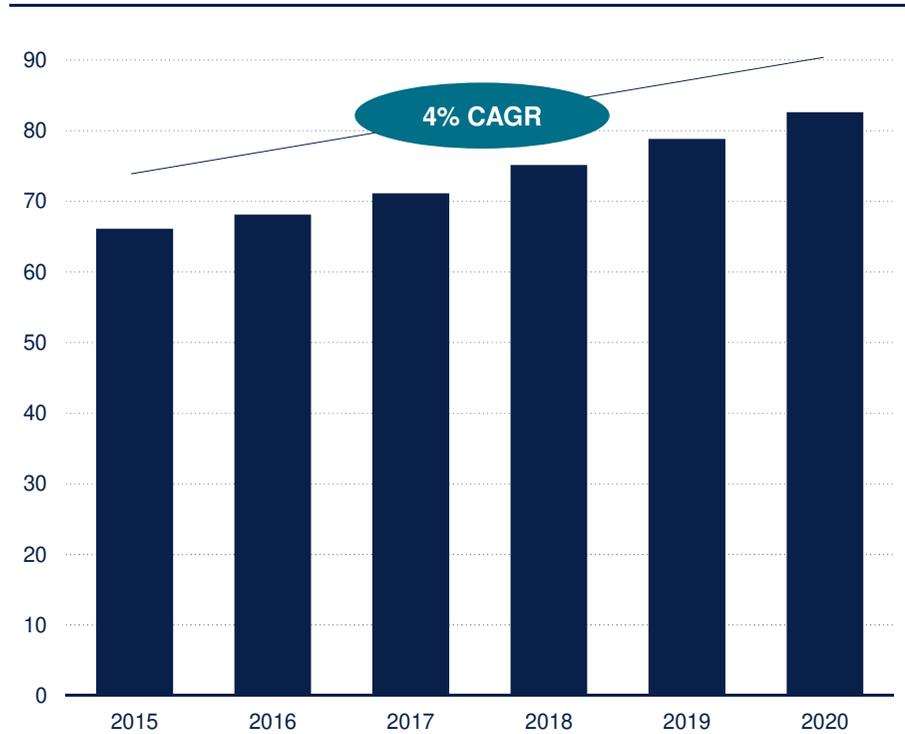
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Appendix

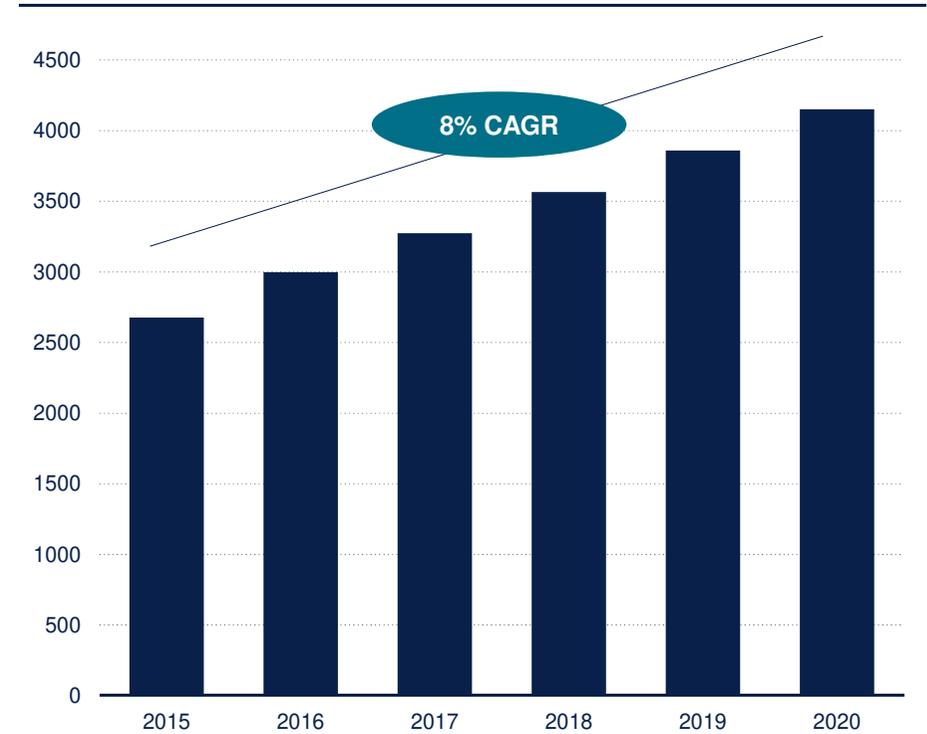
Contact Center Industry experiences secular Growth

On a global and a German scale

Industry growth globally
(in b EUR)



Industry growth Germany
(in m EUR)



Source: PricewaterhouseCoopers – „Der deutsche Contact-Center und CRM-Service-Markt“ 2018

Multiple Drivers cause this secular Trend



Strong growth in service-centric business models/culture



Transformation from retail to digital driven omni-channel models



Shift from in- to outsourcing of customer experience centers



New products with integrated service components and increasing complexity

In this Context Ströer Dialog is uniquely positioned in Germany



Only player with multi-channel capacity: contact center, direct sales, OoH, digital marketing	Strong business development synergies through Ströer sales organization	Unique recruiting capabilities through Ströer media network	Tech resources and tech driven spirit	Heritage and local foundation in Germany
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This Position drives our Growth along three Dimensions in 2020

