



STRÖER



## Premium assets Structural growth

Ströer Out-of-Home Media AG  
Commerzbank Corporate Day  
20 October 2011, London

STARBUCK

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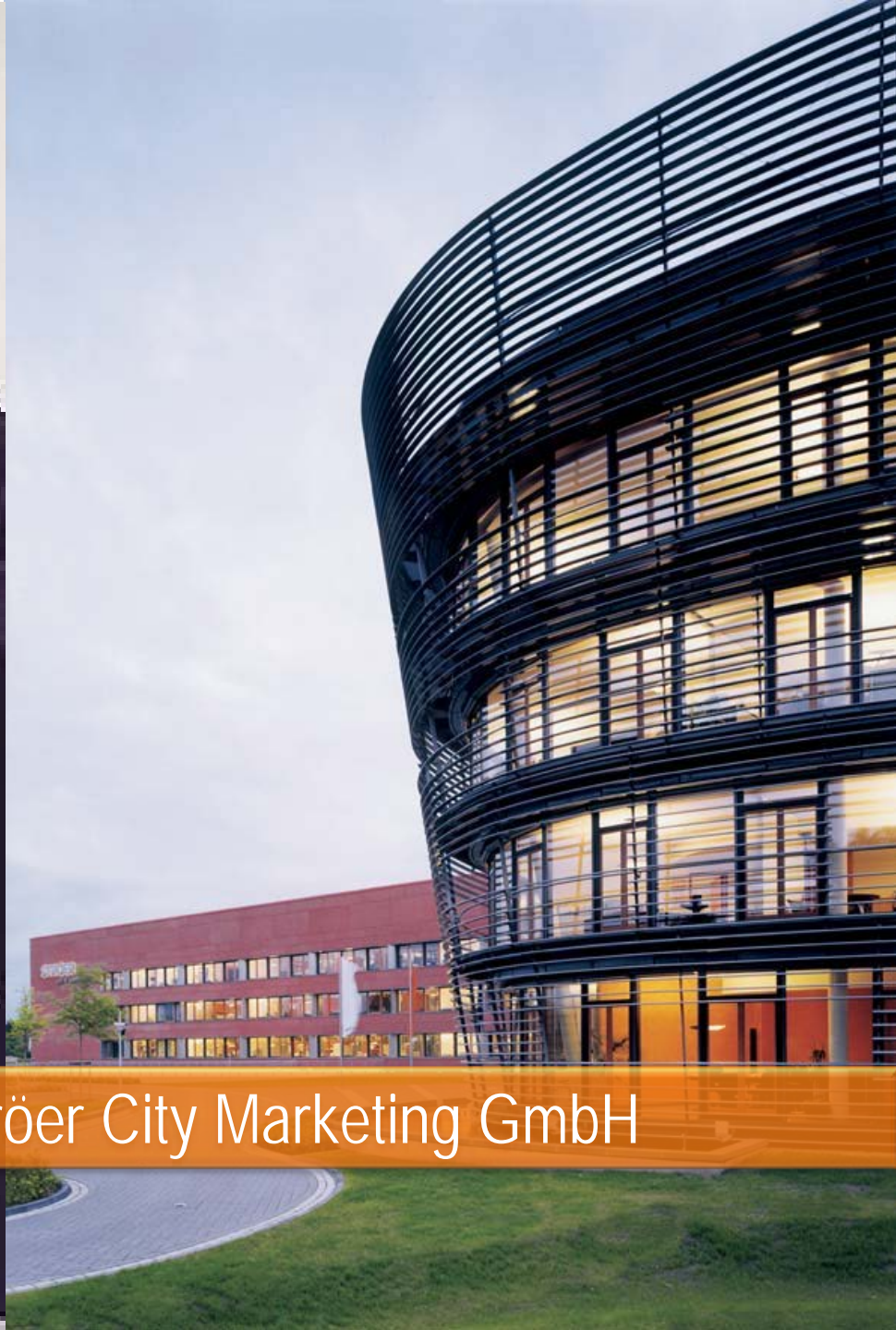
STRÖER

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1855 – Ernst Litfass launched first advertising columns in Berlin





1990 – Foundation of Ströer City Marketing GmbH



1997 – Entry into giant poster market through blowUP media





1998/1999 – Expansion into Turkey and Poland

No. 1 poster operator



No. 1 digital OoH operator



2004 – Acquisition of market leading DSM and INFOSCREEN





2005 – Acquisition of Deutsche Eisenbahn-Reklame (DERG)





2010 – Initial Public Offering





2010 – Takeover of News Outdoor Poland





2010 – Share increase in Ströer Kentvizyon from 50% to 90%



# # 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

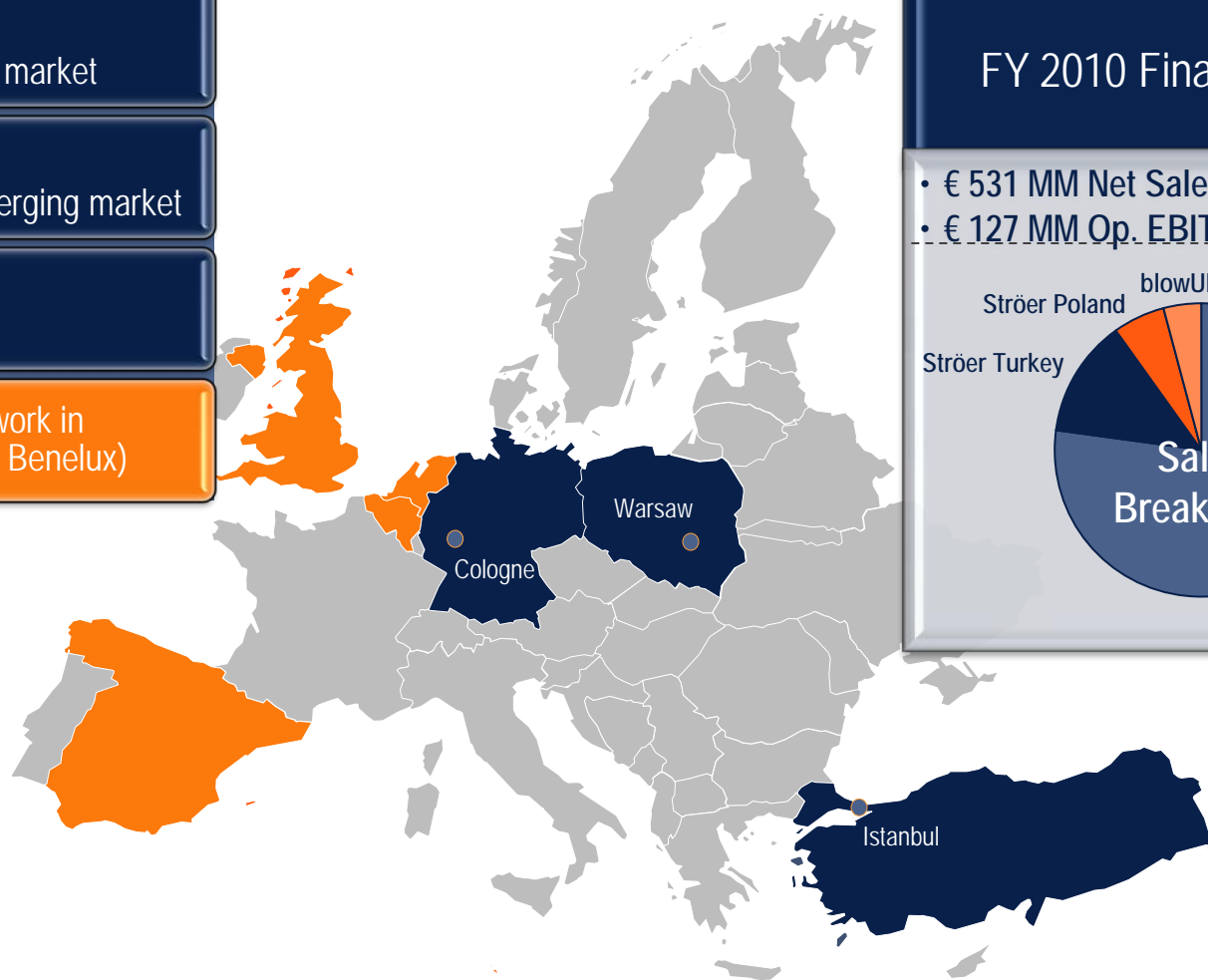
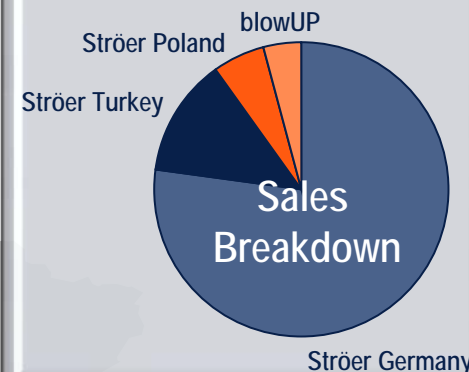
Largest CEE market



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

## FY 2010 Financials

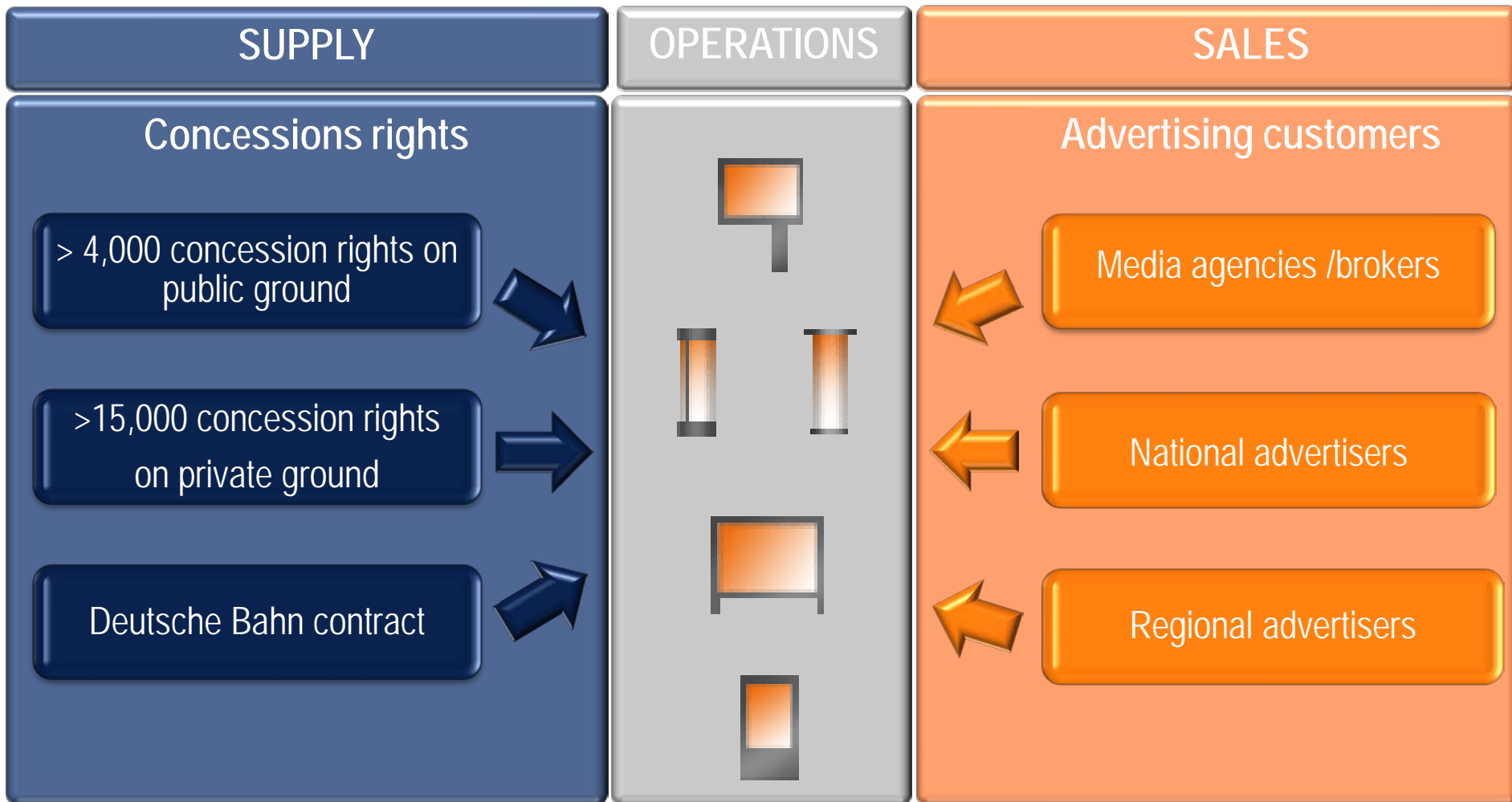
- € 531 MM Net Sales (+13%)
- € 127 MM Op. EBITDA (+27%)



- Core markets
- blowUP media
- Regional HQ

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

2010 Revenue:

€278 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

2010 Revenue:

€135 MM

25% 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

2010 Revenue:

€74 MM

14% share

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

 = margin intensity  
 = capex intensity



Train/ Bus



Out-of-Home Channel



# Megatrends driving out-of-home advertising



Digitalization



Mobility

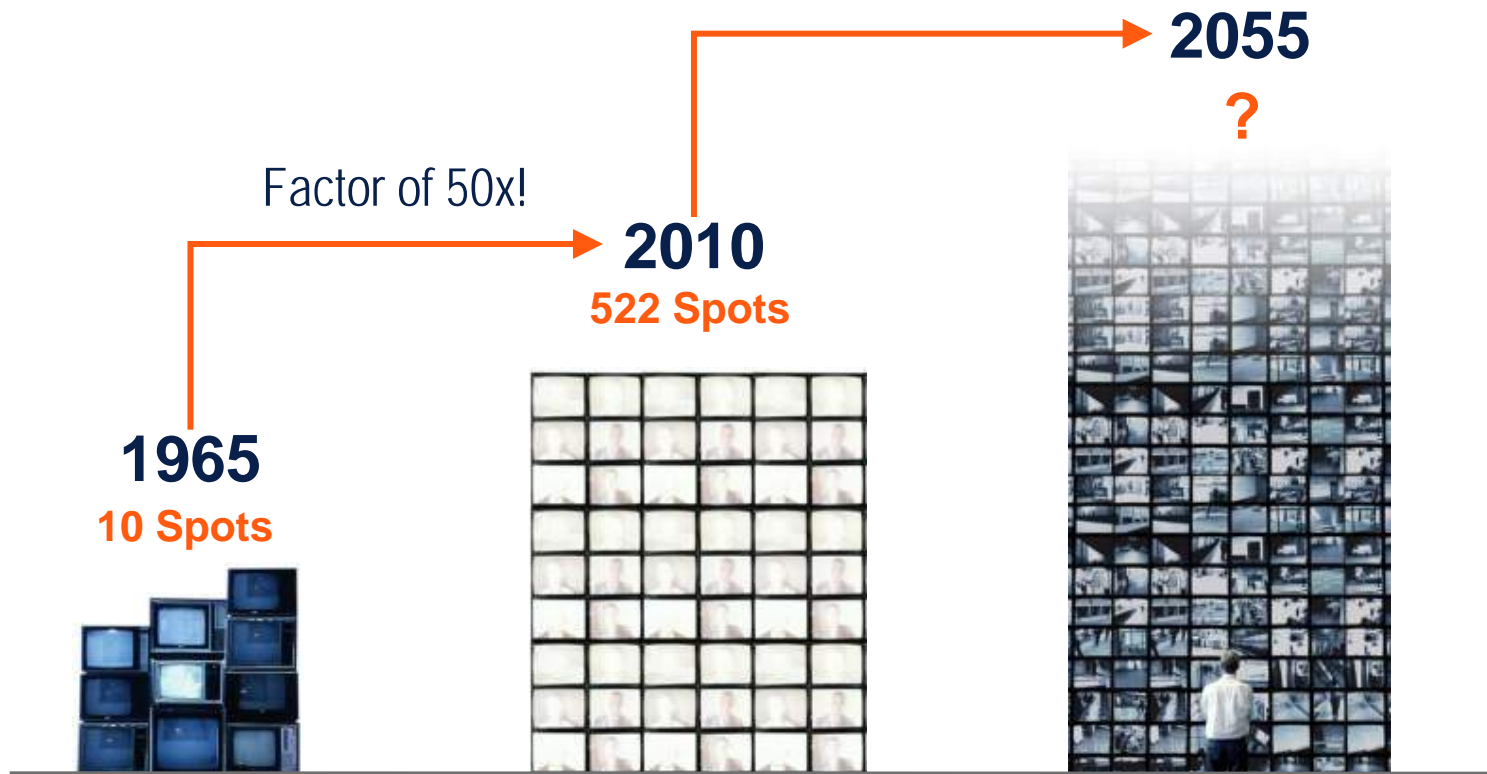


Urbanization

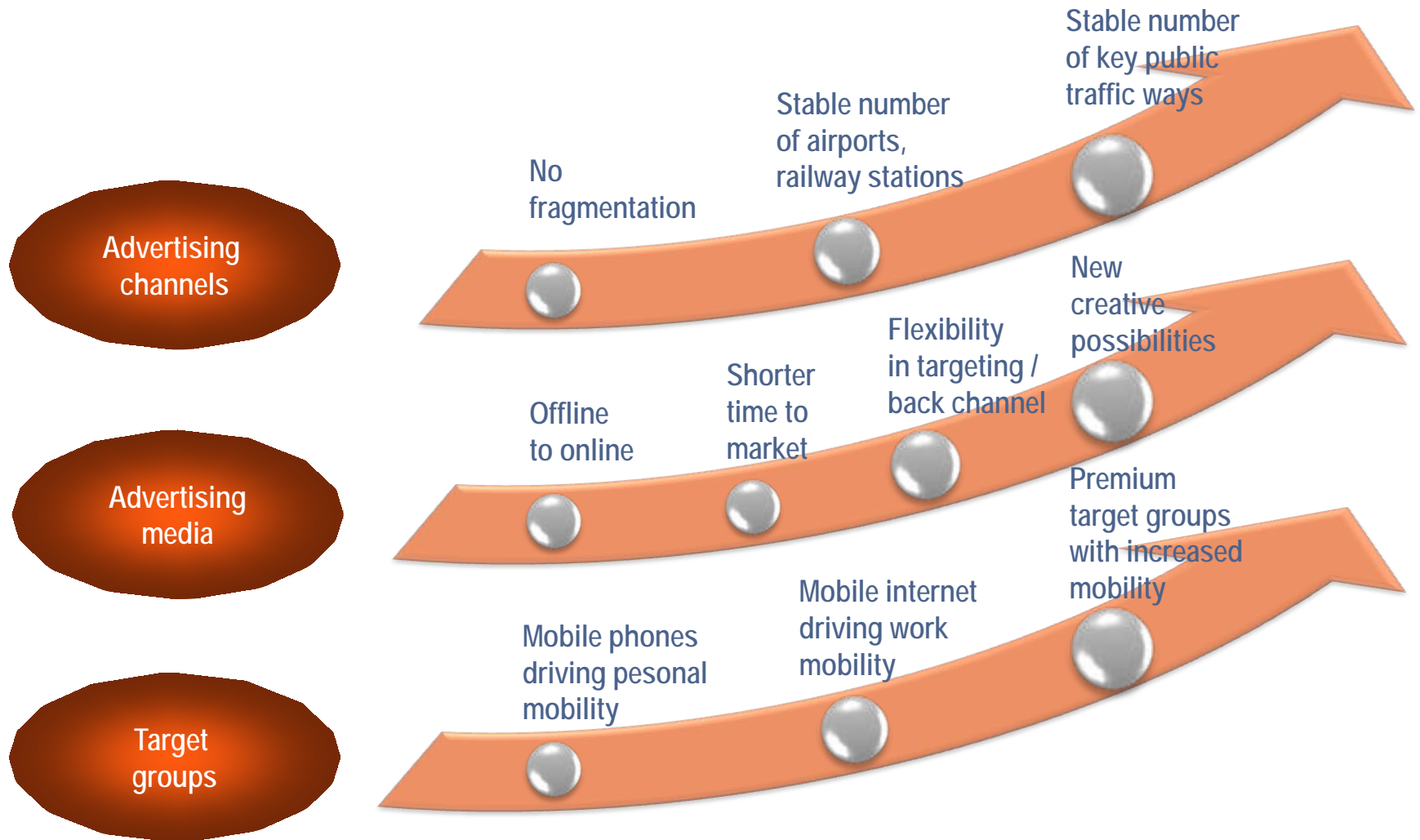


# TV media fragmentation: single placements lose their reach

Number of aired TV Spots to get 80% reach



# Structural change through digitalization – clear opportunity for OOH





## Favorable German ad market 2011: NIELSEN data confirms structural shift to outdoor

- Gross advertising market increases 4.6% in H1 2011
- Strongest growing media: Internet, cinema, poster
- Poster with above average growth of 11% and 25 BPS higher market share at 4.2%
- Nielsen forecast H2 2011: OOH market expected to outperform total ad market

# Favorable German ad market 2011: Promising development of TOP 200 in H1 2011\*

- Nielsen -TOP 200 advertisers increased gross spend on poster by 19% yoy compared to 11% growth of TOP 200 spending across all media
- Market share of poster with Nielsen-Top 200 advertisers advanced from 3.4% to 4.0%
- Ströer's best performing industries: FMCG, automotive and retail



\* Top 200 advertisers as defined by Nielsen Media Research



The billboard features a bright yellow background. At the top right is the TUIfly.com logo. The main text is 'Mehr Airlines, Mehr Auswahl, Mehr Schnell' in large, bold, yellow letters. Below this, a blue circle contains the text 'Flüge ab 31€'. At the bottom, there are three airplane icons and the text 'TUIfly.com - das superschnelle Flug-Reise-Portal'. On the left side of the billboard, the name 'STROER' is written vertically.

Growth project Germany: premium billboard



The billboard features a photograph of a dark Opel Insignia sedan parked on a city street. In the background, a group of people is walking across a crosswalk. The text on the billboard is as follows:

**Die OPEL INSIGNIA**  
**SEHEN UND GEGEHEN WERDEN.**  
Das beste Auto, das wir je gebaut haben.  
Mit Adaptivem Servolenk (ASL) und 8-Gang-Automatik.

**STROER** (vertical text on the left)  
**www.opel.de**  
Opel ist ein Markenname der Opel Group. Opel Group ist ein Tochterunternehmen der Opel Group. Opel Group ist ein Tochterunternehmen der Opel Group.  
**Opel** logo (on the right)



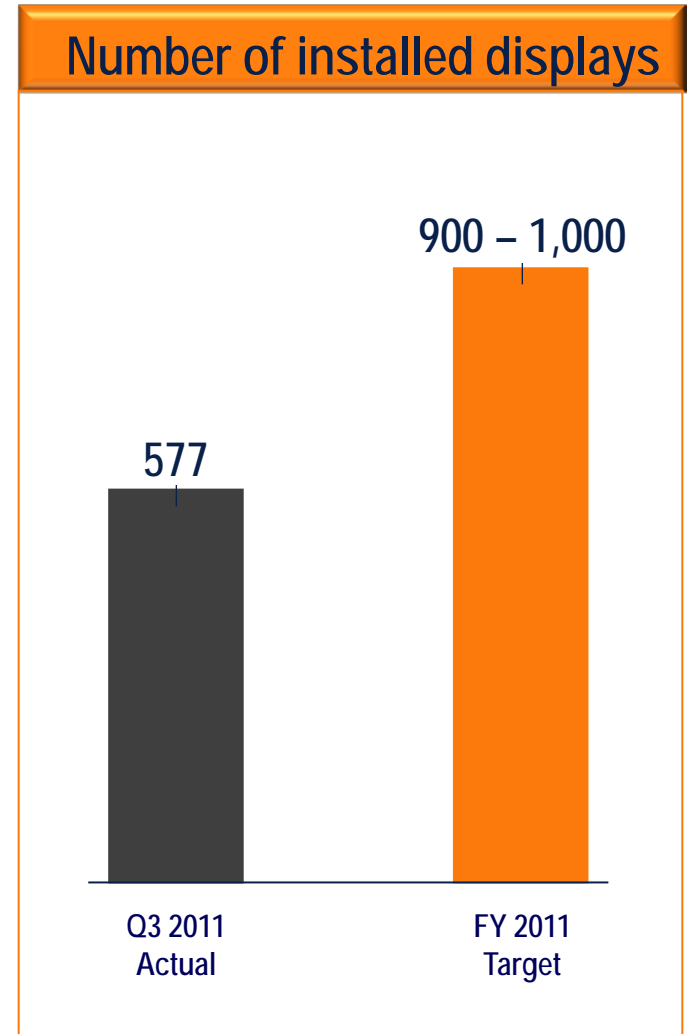
Freizeit  
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Freizeit



# Premium billboard rollout progressing well



- 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
- Customer base further enlarged (selection):





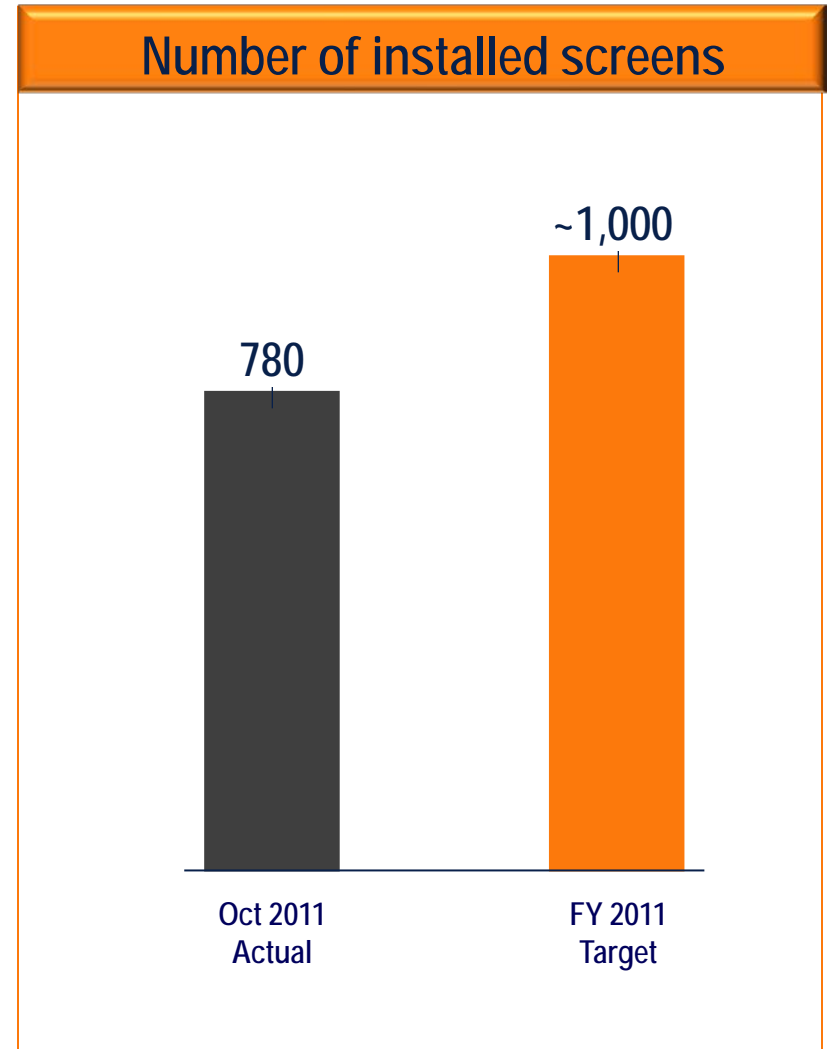
Growth project Germany: Out-of-Home-Channel



# Out-of-home channel with growing network and increasing demand



- More than 780 Screens installed and well on track for up to 1,000 by Dec 11
- Rollout focus now on top stations in Hamburg, Cologne, Düsseldorf
- Key national accounts driving order backlog:



TÜM  
MUDO CITY'LERDE

%50  
'YE VARAN  
YAZ İNDİRİMİ!

MUDO  
CITY  
Dünya Burada!

STRÖER

MCA STORE  
2 TAKIM  
2 GÖMLEK  
2 KRAVAT  
249 YTL  
KREDİ & TAKSİTLE

Hatay  
59 YTL

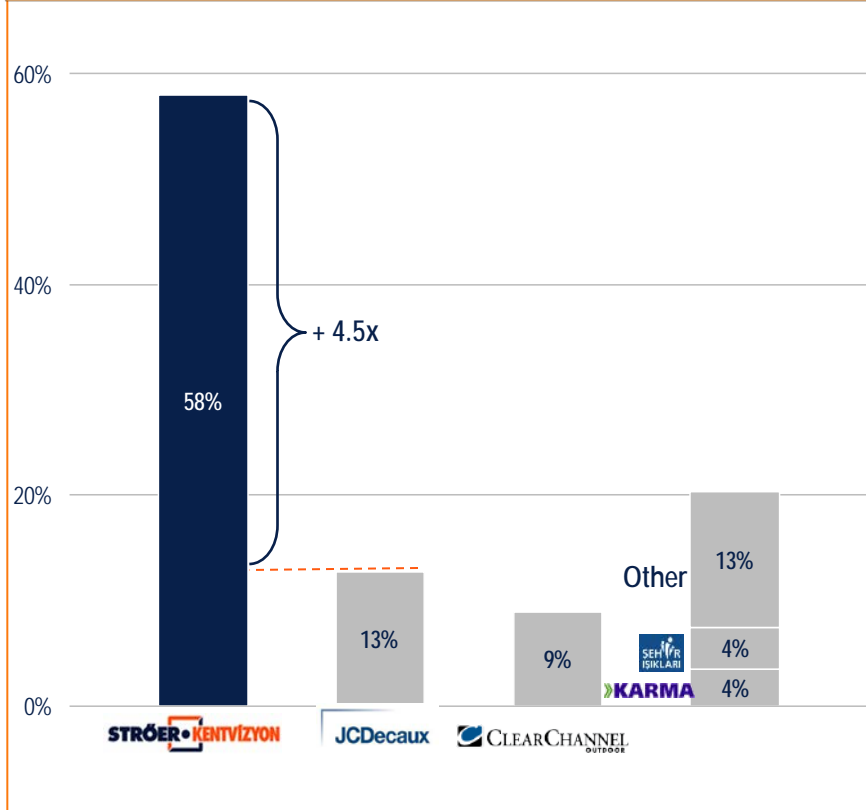
Ströer Turkey



# Ströer Turkey: strong market position and favourable prospects



## Ströer Turkey is the clear OoH market leader



Source: Turkish Advertisers Association, based on Net Revenues, 2009 Company estimates

## Growth drivers of Turkish OoH market

- ✓ Young attractive demographics, >70MM inhabitants
- ✓ 9 cities with more than 1MM inhabitants
- ✓ Low advertising spend per capita
- ✓ Audience measurement system initiated

# Ströer Turkey: development of operations in 2011



- H1 organic revenue growth supported by strong regional and giant poster business
- Margin decline due to one-off revenue impediments and increased direct costs mainly due to concession scope effects
- Sales strategy in H2 directed towards customers with lower TV exposure with good progress
- Organic revenue growth in H2 difficult to anticipate given low visibility and ongoing TV reform impacts



Megaboard, Ankara





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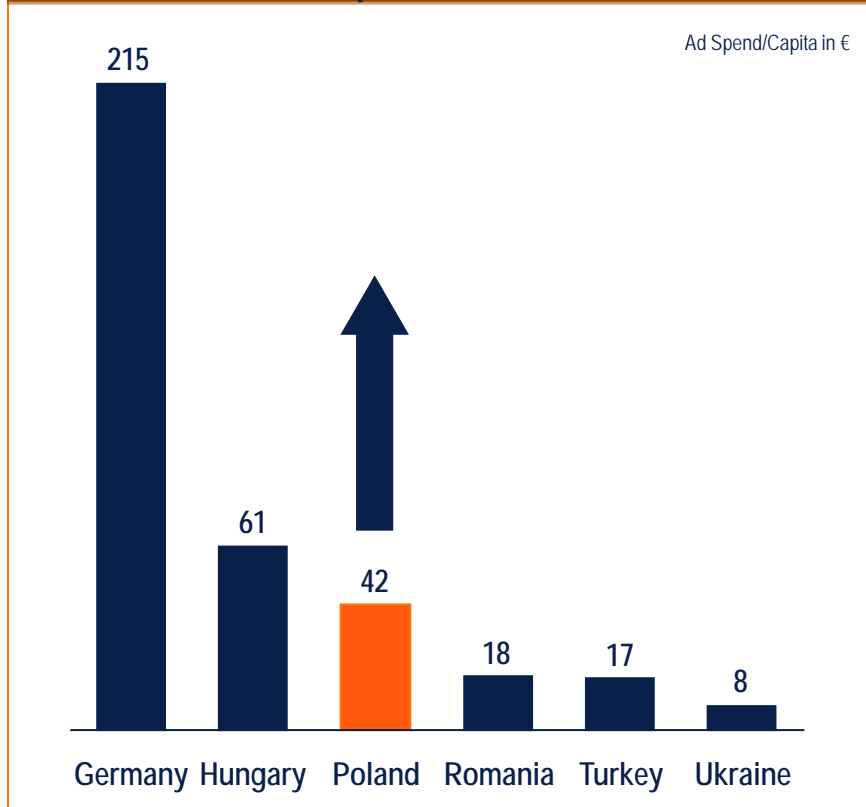
Ströer Poland



# Poland: Multiple growth drivers supporting future OoH market growth



## Strong future ad market growth expected in Poland



Source: Turkish Advertisers Association, Starlink Mediahouse, ZenithOptimedia, March 2010

## Drivers for future Polish OoH market growth

- ✓ Further market consolidation expected
- ✓ Street furniture market opportunity in Warsaw
- ✓ Audience measurement system initiated
- ✓ Professionalization of OoH market

### Notes

(1) Factor that could act as a positive catalyst for the Polish advertising spend



# Ströer Poland: development of operations in 2011



- Softer OOH market development continued in H1 leading to negative organic revenue growth rates
- Trading momentum improved after recent reinforcement of management
- Increased business scope and cost synergies supported H1 margins
- Improved trading environment expected in H2



City-Light-Poster, Warsaw

# Ströer financials H1 2011







- **Ongoing structural shift to outdoor** in Germany, Europe's biggest ad market
- Sales focus on **Top 200 advertisers** paying off
- Relevance of **digital products** in product mix increasing
- Progress in **foreign operations** in spite of external effects & OPEX investments
- **7.3% Group organic revenue growth** in H1 particularly fuelled by Germany
- **Recurring earnings** (net adjusted income) up 41% in H1
- EUR 22m capex fully cash flow financed allowing **flat net debt** vs. prior year-end
- **Stable contract portfolio**



# Financials at a glance: Strong growth in topline and net adjusted income

€ MM	H1 2011	H1 2010	Change
Revenues	282.3	242.2	+16.6%
Organic growth <sup>(1)</sup>	7.3%	10.0%	
Operational EBITDA	59.8	52.4	+14.0%
Net adjusted income <sup>(2)</sup>	16.5	11.7	+41.0%
Investments <sup>(3)</sup>	22.5	6.6	+238.3%
Free cash flow <sup>(4)</sup>	1.7	3.2	-46.3%
	H1 2011	31.12. 2010	Change
Net debt <sup>(5)</sup>	319.3	320.1	-0.2%
Leverage ratio <sup>(6)</sup>	2.4x	2.4x	0.0%

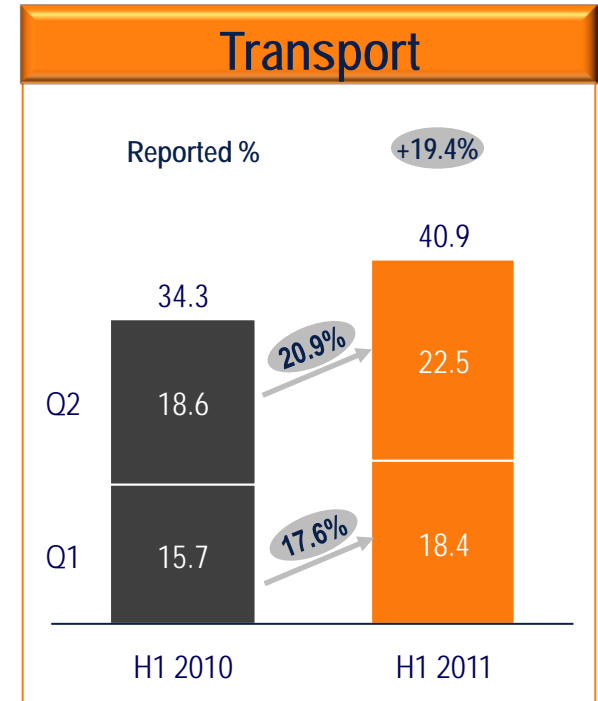
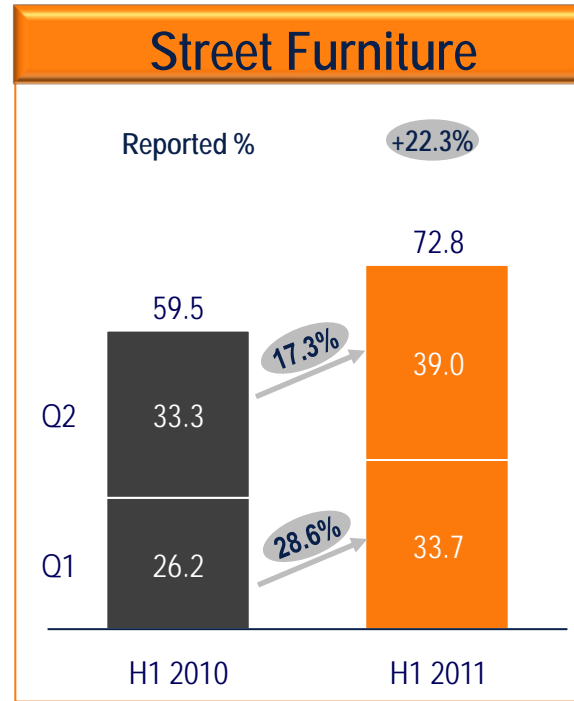
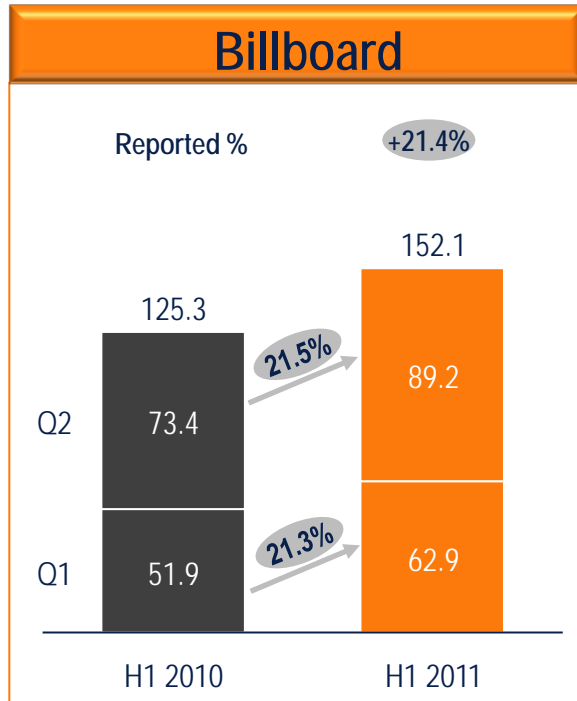
Notes: (1) Organic growth = excluding exchange rate effects and effects from the (de)consolidation and discontinuation of operations; (2) Operational EBIT net of the financial result adjusted for exceptional items, amortization of acquired intangible advertising concessions and the normalized tax expense (32.5% tax rate); (3) Cash flows from investing activities excluding M&A; (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); (6) Net Debt to LTM Operational Ebitda adjusted for full consolidation of Stroer Turkey





# Ströer Group revenue: Balanced increase across all product groups

€ MM



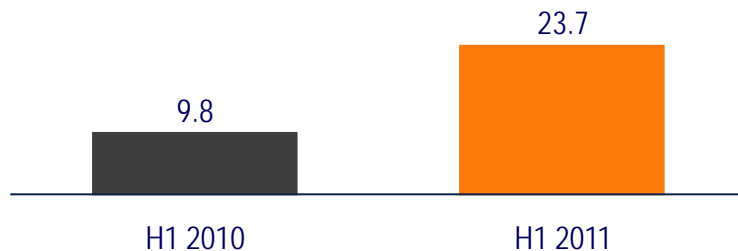
- Growth in billboard largely due to consolidation effects in TR and PL
- German operations lifted street furniture sales mainly on the back of higher filling ratios
- Growth in transport revenues supported by double-digit increase in digital revenues

# Improved operational cash flow while investing into growth

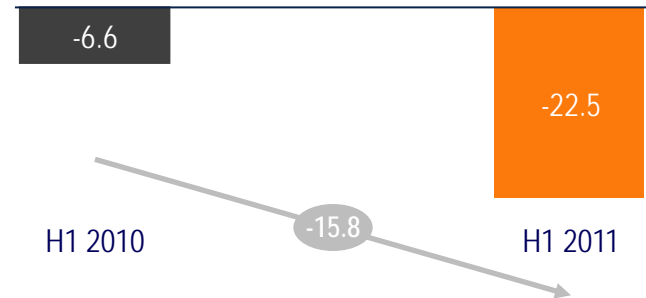


€ MM

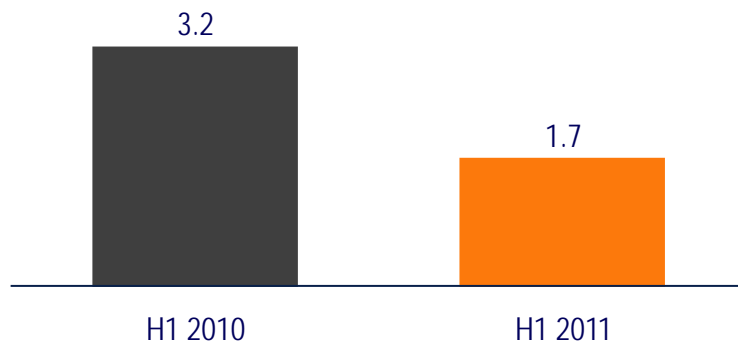
## Cash flow from Operations



## Cash Flow from Investing\*



## Free Cash Flow



## Comments

- Savings in interest expenses and tax payments following post-IPO refinancing
- Increased capital expenditure as in H1 2011 (rollout of Out-of-Home Channel etc)
- Improved working capital management



We expect the macroeconomic development in our core markets to be slower in the second half of 2011. While we remain confident of achieving the forecast of mid to high single-digit organic growth for the Group for the year as a whole, we now assume performance will be at the lower end of this corridor due to the changed macroeconomic situation. For the third quarter of 2011, we expect organic revenue growth for the Group to be around 3%.

We will continue on our strategic course even in this phase and see the growth projects through as planned, even though, in the short term, this may make it more difficult to achieve an operating margin on a par with the prior year. However, we expect that these initiatives will generate significant earnings contributions from as early as 2012 and continue to anticipate a positive medium-term performance as a result.

# Disclaimer

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