

STRÖER

Ströer SE & Co. KGaA Preliminary Figures FY 2017

Roadshow Hauck & Aufhäuser, London

February 26, 2018 | Ströer SE & Co. KGaA



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Outlook

Preliminary Results FY 2017

EURm		FY 2017	▲	Q4 2017	▲
Revenues	Reported ⁽¹⁾	1,331.0	+18%	421.5	+18%
	Organic ⁽²⁾		+8.7%		+9.0%
Operational EBITDA		331.2	+17%	122.2	+16%
Operational EBITDA margin		24.6%	-0.3%pts	28.7%	-0.5%pts
EBIT (adjusted) ⁽³⁾		226.2	+18%	93.1	+18%
Net income (adjusted) ⁽⁴⁾		183.6	+19%	76.5	+19%
Operating cash flow		252.4	+7%	124.9	+11%
Capex ⁽⁵⁾		106.2	+9%	19.0	-27%
		31 Dec 2017		31 Dec 2016	
Net Debt ⁽⁶⁾ / Leverage Ratio		457.1 / 1.4x		330.3 / 1.2x	

(1) According to IFRS 11

(2) Organic growth = excluding exchange rate effects and effects from the (de)consolidation and discontinuation of operations

(3) EBIT adjusted for exceptional items, amortization of acquired advertising concessions and impairment losses on intangible assets (Joint ventures are consolidated proportional)

(4) EBIT (adj.) net of the financial result adjusted for exceptional items and the normalized tax expense (15.8% tax rate in 2016 and 2017)

(5) Cash paid for investments in PPE and intangible assets and cash received for disposals of PPE and intangible assets

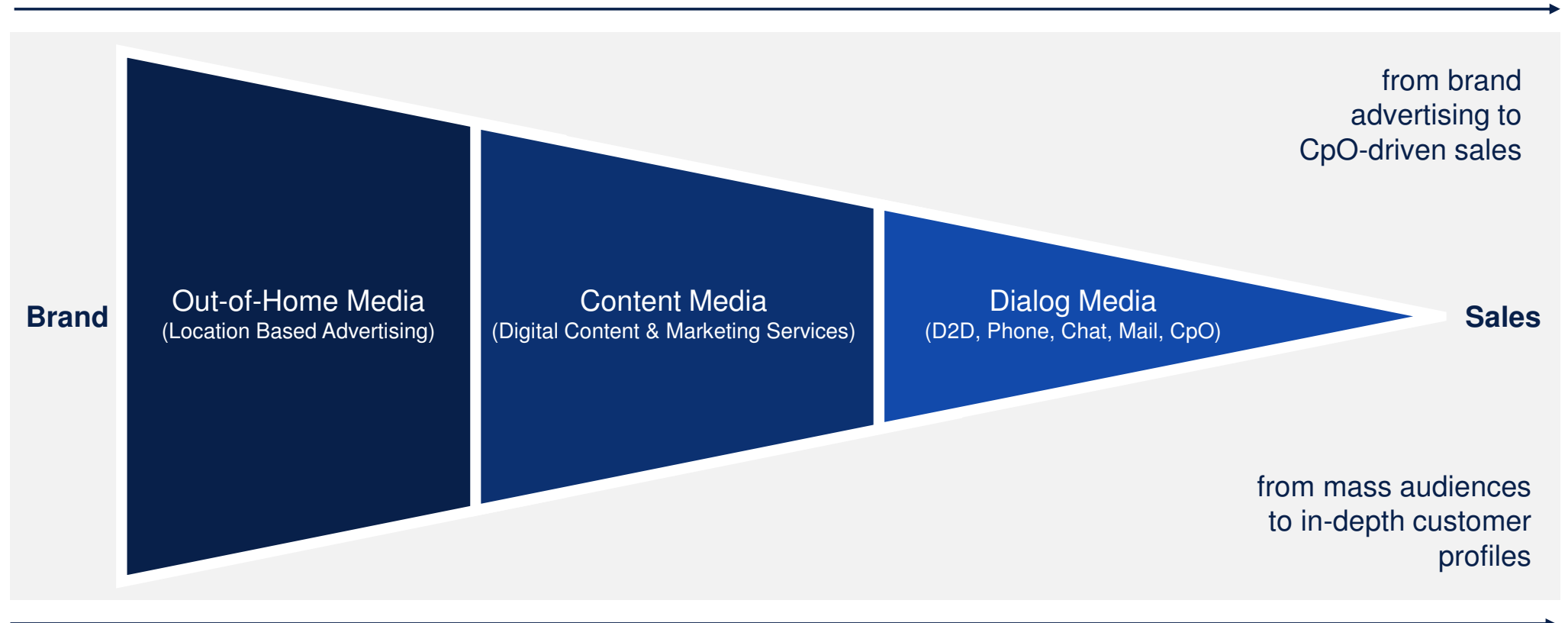
(6) Net debt = financial liabilities less cash (excl. hedge liabilities)

Our Targets 2017: Fully Delivered in a Challenging Market Context

Our Key KPIs	Our Performance in 2017
1 Total Revenues ~ 1.3 bn€	1.33 bn€ ✓
2 Organic Growth mid to high single digit	8.7% ✓
3 EBITDA 320 to 330 m€	331 m€ ✓
4 Free Cash Flow ~ 145 m€	146 m€ ✓
5 Net Income Adj. > 175 m€	184 m€ ✓

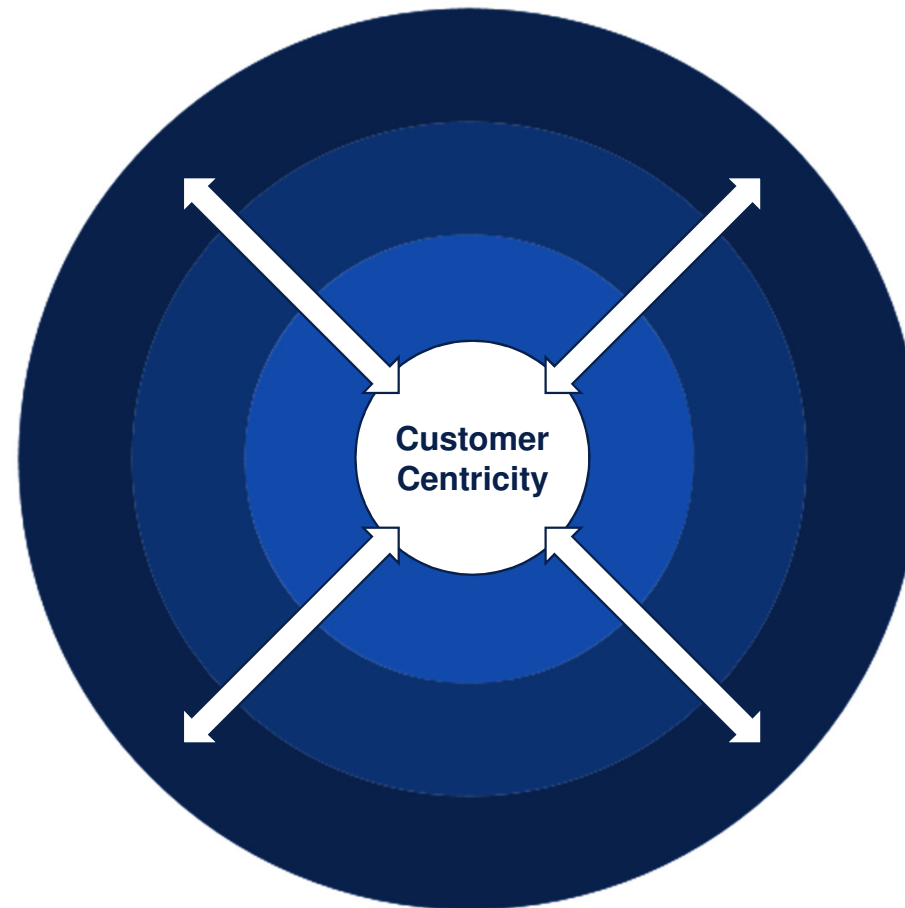
Complementing Integrated Brand-Performance-Sales Funnel

Sales conversion



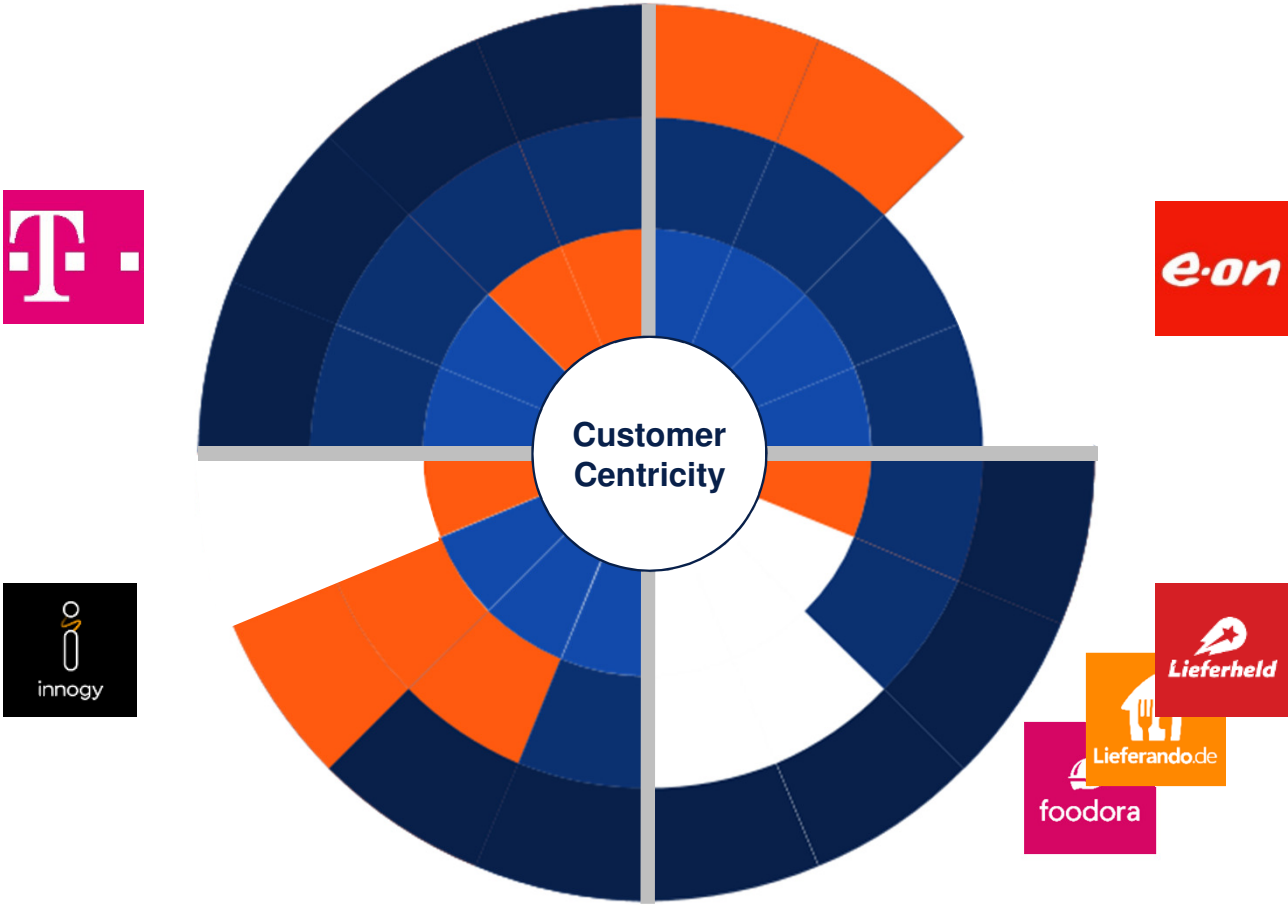
Data aggregation

Customer Centricity Evolves Partnerships with Key Accounts



- Out-of-Home Media
- Content Media
- Dialog Media

Exemplary Key Accounts



Robust & Sustainable Growth Drivers in all Key Segments

Out-of-Home Media (Location Based Advertising)	Content Media (Digital Content & Marketing Services)	Dialog Media (D2D, Phone, Chat, Mail, CpO)
Key logics:		
<ol style="list-style-type: none"> 1. Slightly growing and robust portfolio market share with growing audience through urbanization and mobility 2. 54%* of revenues coming from local and regional business (vs. 46% national ad market) 3. Digitization is driving both inventory value, monetization potential and yield optimization 	<ol style="list-style-type: none"> 1. Meanwhile strong market position amongst German players and consolidation opportunities beyond 30%** market share 2. 51%*** of revenues coming from direct client relationships and direct programmatic sources 3. Strong & highly profitable own assets in combination with 345**** of the top 700 German websites 	<ol style="list-style-type: none"> 1. Growing clients' demand to manage & drive direct consumer contacts when GAFA is more and more controlling access channels 2. Market fragmentation and lack of professionalization & scale is offering strategic opportunities 3. Massive digitisation opportunities in combination with group synergies & 360° sales channels

* 12M/2017; ** Source OVK: 12M/2017; *** 12M/2017; **** Source AGOF: 12M/2017

2017 Key Strategic Investment Initiatives



Digitalization of Location Based Advertising

- The 500th Infoscreen display
- The 200th Roadside screen
- The 4,000th Public Video screen



Hedging unique position in Digital Out-of-Home

- Acquisition of Neo and
- United Ambient Media



Development of strong local sales force

- The 500th local sales agent
- Doubling regional online sales revenues



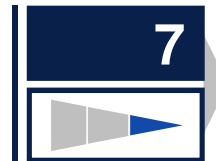
Completing the marketing value chain

- Ströer Dialog – Acquisition of Avedo and
- Ranger



Data Partnership with Otto

- More than 25m strong data profiles
- Successful launch of new data and targeting products



Maximizing and monetizing value of e-commerce Business

- Vitalsana



Leveraging reach in Content Based Online Inventory

- Sales Partnership with gofeminin and Bauer Verlag



Relaunching and uplifting t-Online

- Multi touchpoint reach of 47 million unique users
- New content hub in Berlin

Clear Strategic Focus: Investing in Our Core Capabilities

Do's

- 1 Accelerate digitization of location based reach inventory
- 2 Leverage growing local sales force
- 3 Strengthen dialog & performance media segment and focus on core businesses
- 4 Integrated & dovetailed product portfolio, no-stand alone solutions

Don'ts

- 1 OoH international in competitive market
- 2 No e-Commerce businesses
- 3 Unsustainable arbitrage & pure intermediate models
- 4 Stand-alone or pure international adtech investments

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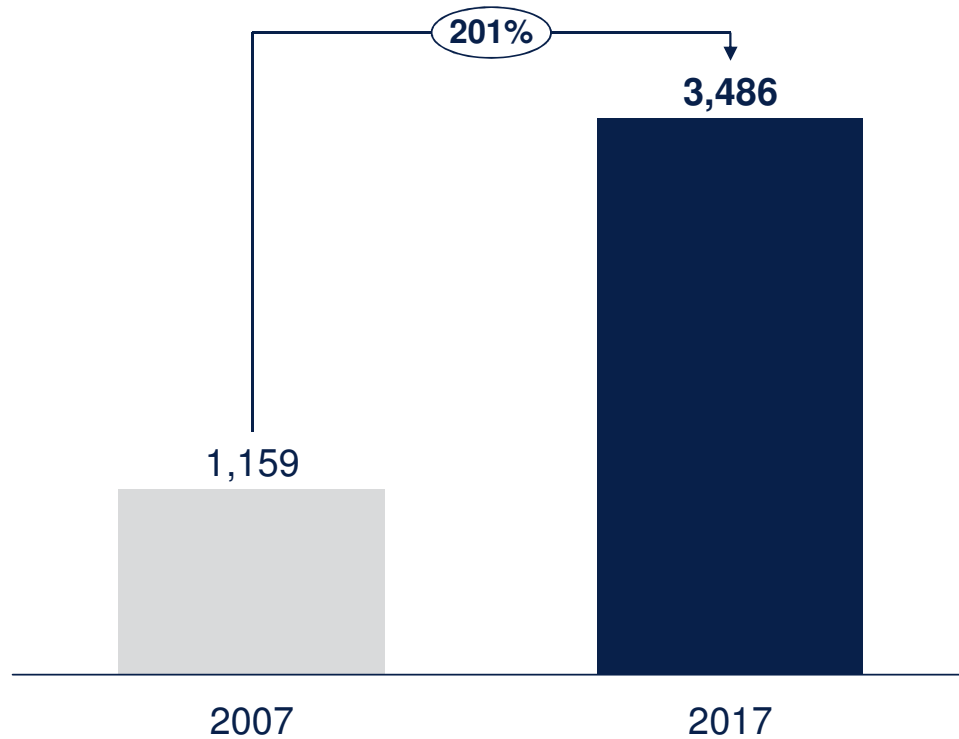
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Outlook

Ad Market: Growth Driver Segments Content and Out-of-Home

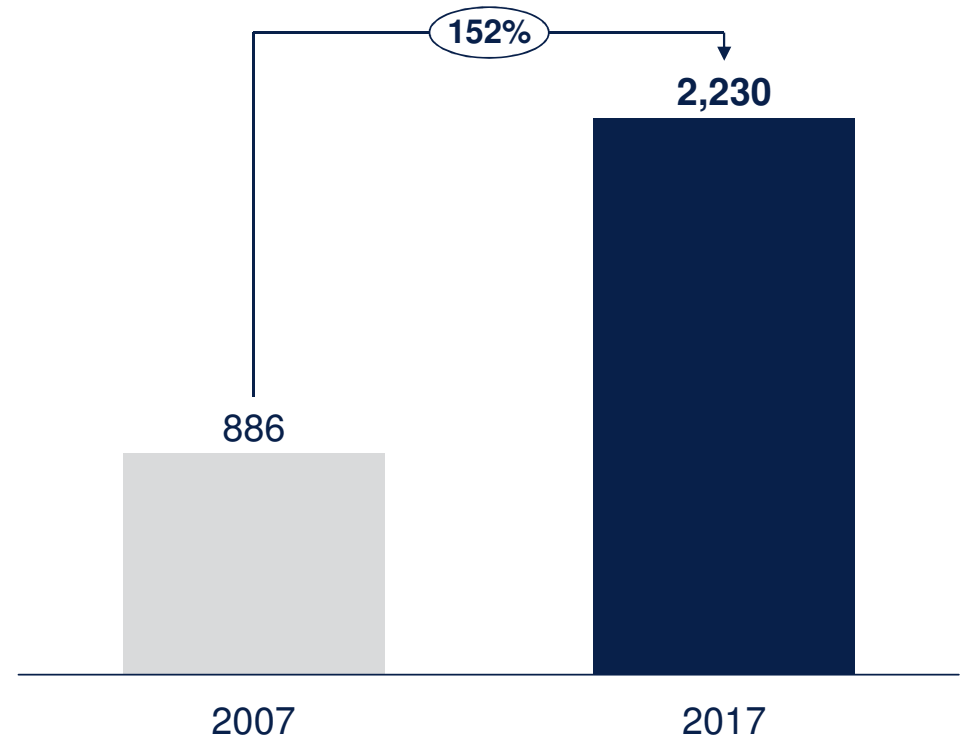
Content Media* (incl. Mobile**)

EURm



Out-of-Home Media*** (Location Based Advertising)

EURm



Source: Nielsen Media Research, gross advertising * Online & Mobile; ** Mobile (MOB): as of 2011; *** OOH incl. Billboard, Transport Media, At-Retail-Media, Ambient Media



Q4 Highlights

Out-of-Home Media (Location Based Advertising)

Radeberger



Event area at Berlin main station with Public Video-Screen, retro-fridge & free beer

The branded refrigerator unexpectedly addresses people passing the PV screen and, depending on the situation, asks them to answer funny questions or do extraordinary work for a beer.

Facebook



"Make Facebook your Facebook" entered the second round

On more than 1,800 city-light posters on the street, on the subway and train platforms and in shopping malls, users and non-users shared their thoughts with Facebook and questioned critical points.

SEGMÜLLER

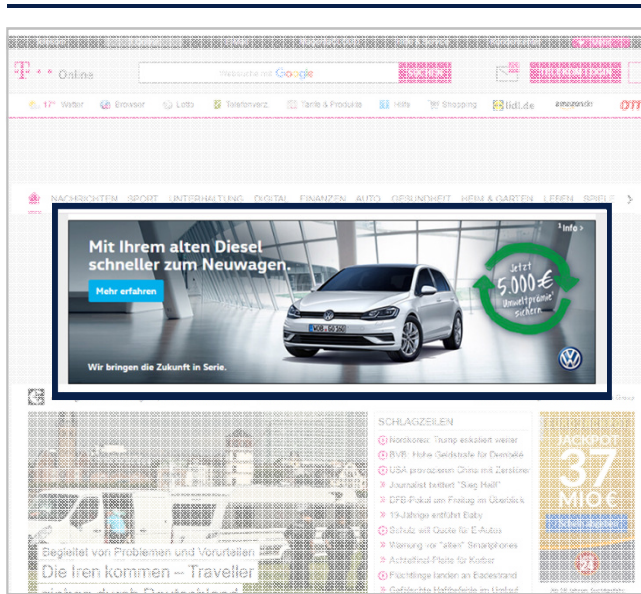


With a strong focus on public transport media to the TOP customer in regional sales

In addition to 50 fully wrapped trams, Mega-Lights, premium city-light posters and the digital roadside screens in Cologne were used for the large opening campaign of the furniture store.

Content Media (Digital Content & Marketing Services)

Volkswagen



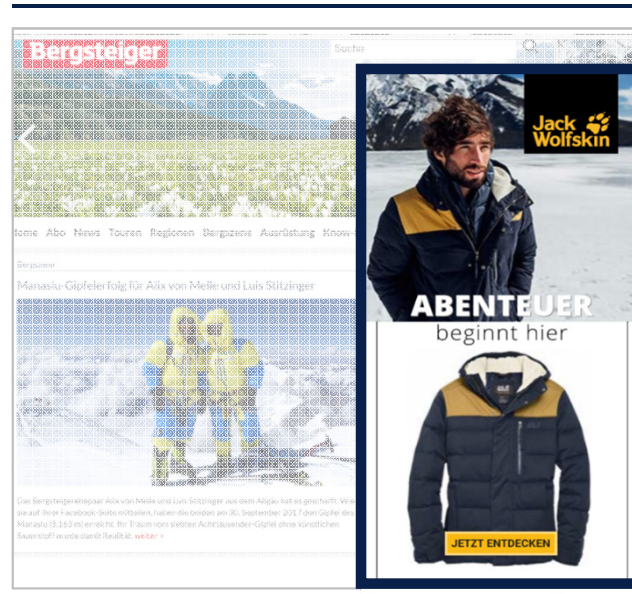
Three day homepage Roadblock

Objective: Highest reach through fixed placements.

Idea: Reach 83% of internet users through the Ströer digital product with the highest reach in three days.

Result: Highest attention within shortest time.

Jack Wolfskin



Targeting based on Otto Group data

Addressing different sub-target groups with matching motifs, separated by gender. 10-week ployout of a dynamic sidebar & mobile poster ad in the Ströer network, combining with Otto Group media interest targeting and behavioral targeting. Result: Uplifts of the target group match of up to 102% compared to AGOF distribution and above-average CTRs.

Statista



Statista – The Growth Story

Country reports for 50 countries implemented, launch of the database eCommerceDB.com for the focus market e-commerce, company database with most important facts and figures on >5,000 companies, website relaunch that significantly improved reach effects (including SEO), expansion of sales to Asia & South America.

Dialog Media (D2D, Phone, Chat, Mail, CpO)

Deutsche Telekom



Start in fiberglass pre-marketing

Germany's telecommunications incumbent Deutsche Telekom massively starts investing in fiberglass fixnet connections to homes and businesses. First pilot projects were accompanied by local direct sales teams to achieve ambitious sales targets for a lucrative "build" decision.

E.ON



Acquiring out of area customers and testing new product offerings

One of Europe's leading energy companies focusing on renewables, grid-operations and customer solutions relies on Ranger to achieve its ambitious customer goals. Additionally Ranger provides market tested insights for numerous new product offerings.

Vodafone Kabel Deutschland



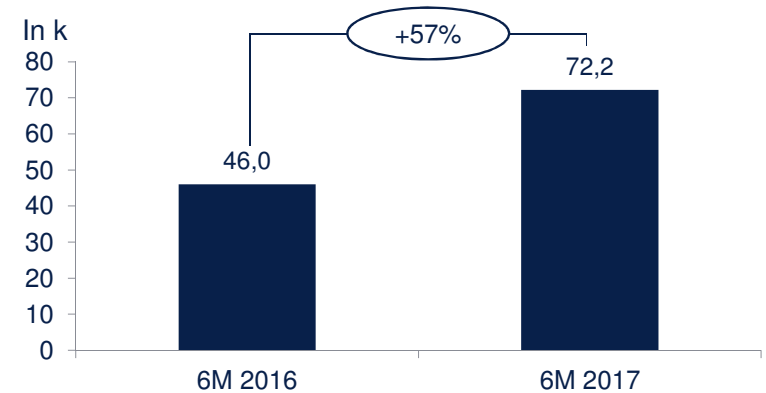
Generating B2B customers with cable based multi-user contracts

Ranger joined Kabel Deutschland as a partner for selling multi-user contracts to medium-sized enterprises. The primary objective is to generate new business and to service existing customers, large housing associations and property developers.

Vitalsana – Successful Exit and Smart Yield Management of Inventory



Customer Growth Through
eCommerce in the OTC Area



Buy. Grow. Sell.

Acquisition in October 2016 – only mail-order pharmacy with relevant sales in Germany, which can be purchased directly. By using Ströer media (OoH, Public Video and Digital) the e-commerce business was significantly expanded and the customer base significantly increased. In November 2017, the company was successfully sold to DocMorris (Zur Rose Group) at an attractive price.

Outlook 2018: Ströer Dialog - A Strong Player in Direct Marketing



28x Locations
in Germany

213

#2 in Call Center
Ranking



Sales
Focus

Avedo

DYS360
IHR INNOVATIVER PARTNER
FÜR 360° KUNDENSERVICE

RANGER

DV-COM
Wir verbinden Menschen



300 EURm*
Revenue



Client
Diversification



Synergies in
Client Access & Costs

* Full 12M annualized

Synergies Across Business Segments Rapidly Improving

1
Complementing marketing offering to clients by dialog Marketing Platform

Strong positive feedback from key clients and increasing demand in Q4 2017

2
Leveraging dialog Marketing Platform for own SMB business

Three tests: Avedo sells Regiohelden services, Ranger sells Out-of-Home offers, Avedo schedules SMB leads for local sales force

3
Maximizing own levers in cut-through-competition via larger trading volume with clients

Full service portfolio pilots with:

VIESSMANN

e-on

T



4
Group synergies on recruitment, training, data & process optimization

Staffing quality as key KPI: Recruiting funnel significantly enhanced

Strong Internal Synergies: Example Recruitment Funnel



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Profit and Loss Statement Q4 2017*







EURm	Q4 2017	Q4 2016	▲ %	Analysis
Revenues (reported)⁽¹⁾	421.5	357.6	+18%	 Expansion driven by 9.0% organic growth and M&A
Adjustments (IFRS 11)	+4.3	+2.1	>+100%	
Revenues (Management View)	425.8	359.7	+18%	
Operational EBITDA	122.2	105.0	+16%	 Performance better than guided (by around 5%)
Exceptional items	+0.4	-10.4	n/a	 Positive and negative exceptional items are balancing
IFRS 11 adjustment	-1.5	-1.4	-13%	
EBITDA	121.1	93.2	+30%	
Depreciation & Amortization	-60.2	-56.0	-8%	 Increase in D&A due to larger consolidation scope as well as Impairment in Turkey
EBIT	60.9	37.2	+64%	
Financial result	-2.8	-2.5	-13%	
Tax result	-10.5	-5.5	-93%	
Net Income	47.5	29.2	+63%	
Adjustment ⁽²⁾	+29.0	+35.3	-18%	
Net income (adjusted)	76.5	64.5	+19%	 Performance better than guided (by 5 to 10%)

* Preliminary and unaudited

(1) According to IFRS

(2) Adjustment for exceptional items (+0.2 m€) including adjustments of financial result, amortization of acquired advertising concessions & impairment losses on intangible assets (+32.3 m€), tax adjustment (-3.5 m€)

Profit and Loss Statement FY 2017*

EURm	FY 2017	FY 2016	▲ %	Analysis
Revenues (reported)⁽¹⁾	1,331.0	1,123.3	+18%	 Expansion driven by 8.7% organic growth and M&A
Adjustments (IFRS 11)	+14.0	+11.9	+18%	
Revenues (Management View)	1,345.1	1,135.1	+18%	
Operational EBITDA	331.2	282.8	+17%	 Outperformance of guidance
Exceptional items	-15.9	-26.8	+41%	 Significantly below PY
IFRS 11 adjustment	-5.1	-4.4	-16%	
EBITDA	310.2	251.6	+23%	
Depreciation & Amortization	-183.5	-166.2	-10%	 Larger consolidation scope and PPA depreciations
EBIT	126.7	85.3	+48%	
Financial result	-8.9	-10.0	+11%	 Lower financial result based on better financing conditions
Tax result	-18.8	-9.9	-90%	
Net Income	99.0	65.5	+51%	
Adjustment ⁽²⁾	+84.7	+88.3	-4%	
Net income (adjusted)	183.6	153.8	+19%	 Outperformance of guidance

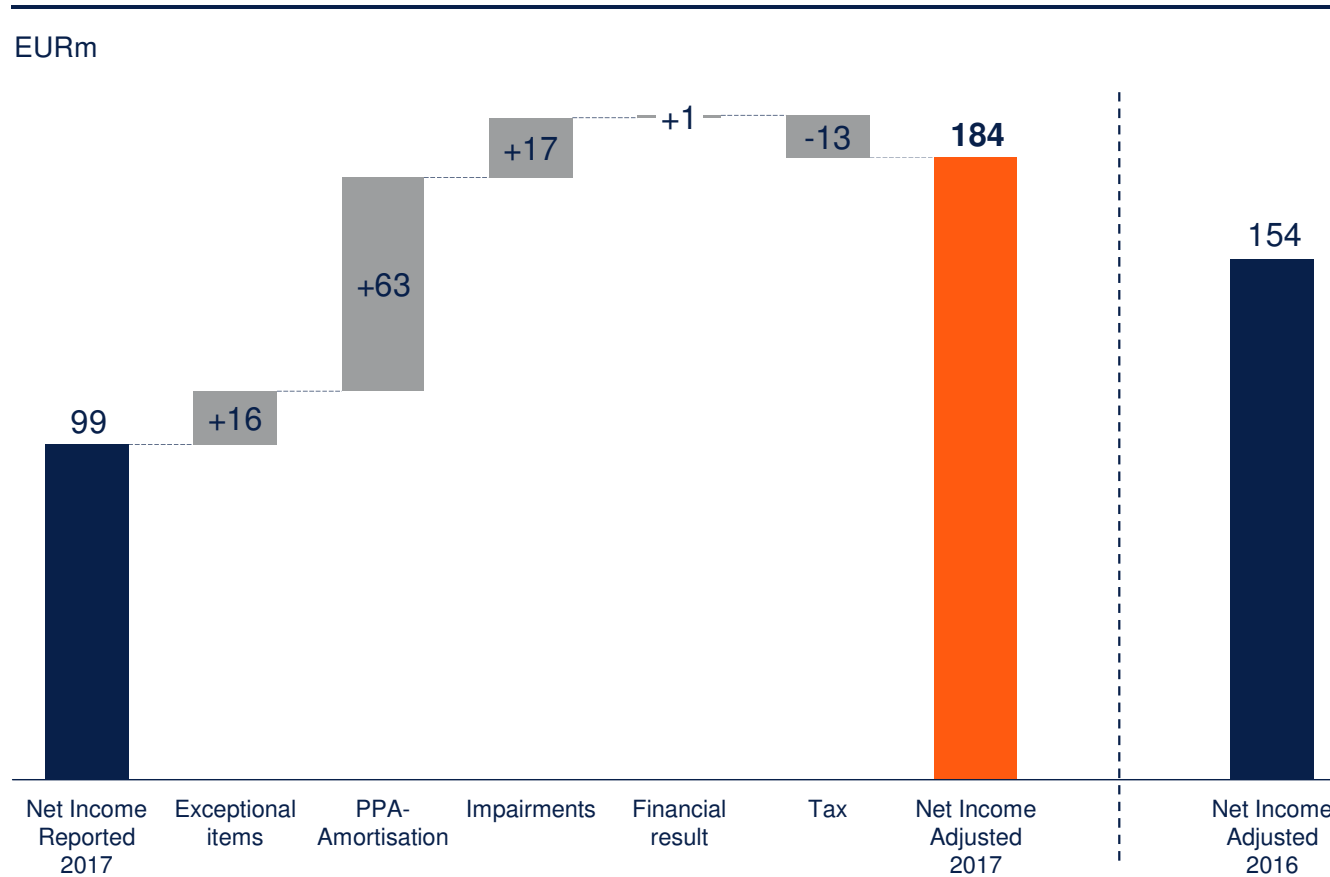
* Preliminary and unaudited

(1) According to IFRS

(2) Adjustment for exceptional items (+16.8 m€) including adjustments of financial result, amortization of acquired advertising concessions & impairment losses on intangible assets (+80.5 m€), tax adjustment (-12.7 m€)

Transition of Net Income to Net Income Adjusted

Development of Net Income Adjusted

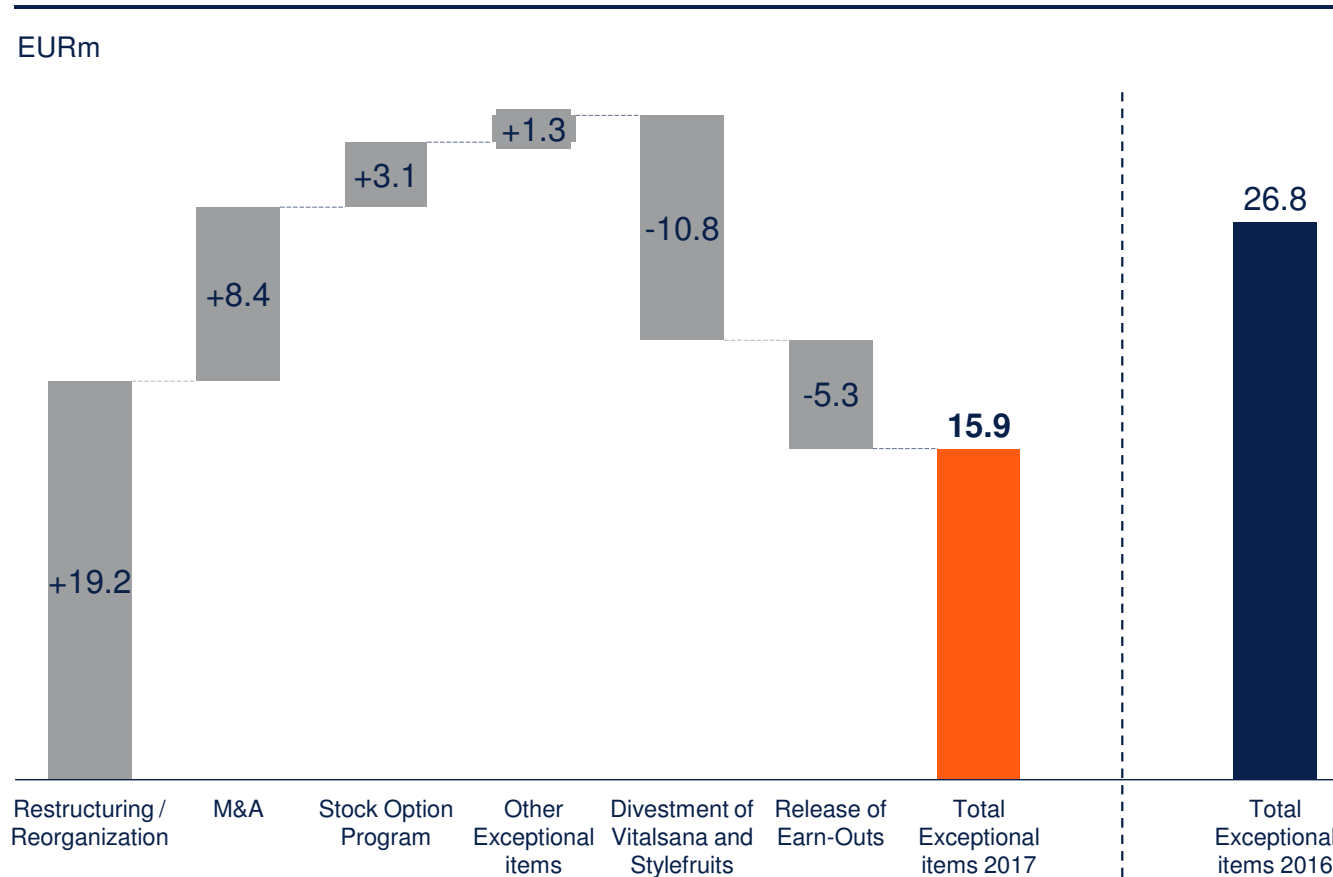


Analysis

- Net income adjusted is central parameter of our dividend policy
- D&A of M&A related revaluations (PPA effect) on the same level as in 2016
- Impairments mainly linked to OOH Turkey
- Higher tax base of EBT adjusted leads to tax adjustment

2017: Break down of Exceptional Items

Details on Exceptional Items



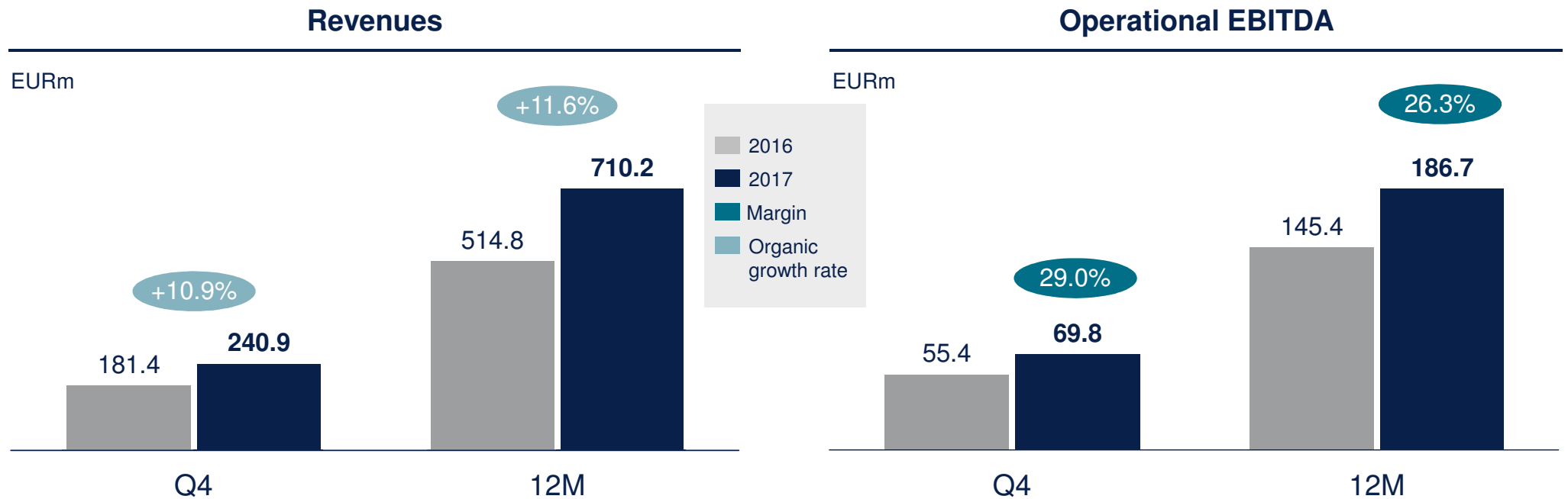
Analysis

- Exceptional items 2017 are reduced by 41% versus 2016
- Approximately 19 m€ exceptional expenses for integration and restructuring activities; thereof 5 m€ related to T-Online migration and restructuring
- M&A expenses of around 8 m€ comprise expansion into Dialog Media
- Divestment activities (Vitalsana and Stylefruits) lead to an exceptional income of 11 m€

Overview on Growth Rates FY 2017

	Group	Digital	OoH Germany	OoH International
YTD Reported Growth	+18.5%	+37.9%	+7.5%	-15.8%
YTD Organic Growth → including organic growth of 12M M&A	+8.7%	+11.6%	+6.4%	+2.5%
YTD Organic Growth → w/o revenues of 12M M&A	+8.0%	+10.6%	+6.0%	+5.2%

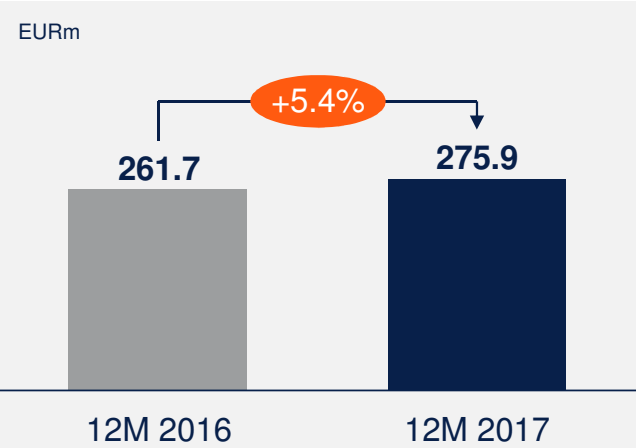
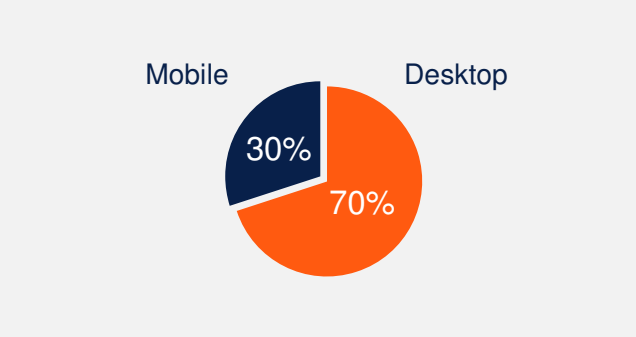
Digital: Continuously Strong Profitable Growth in Q4 2017



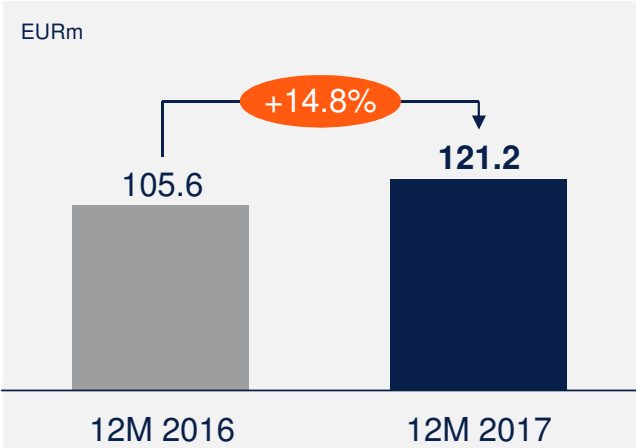
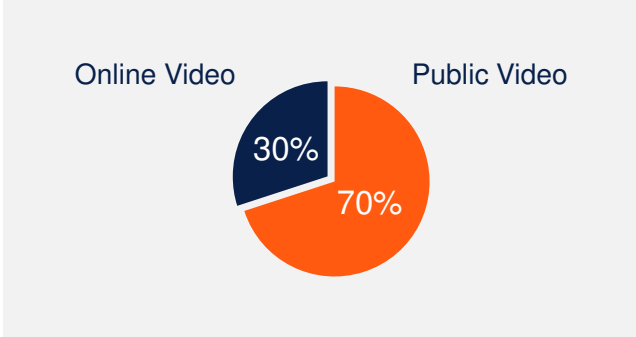
- Strong digital growth, both organically as well as scope effects (especially new sub-segment Dialog Marketing)
- Increase in revenues and operational EBITDA in Q4 2017 was driven by all product groups
- Ongoing integration efforts around the segment (e.g. unifying digital sales houses and combining office spaces)

Digital Product Group Development FY 2017 (w/o dialog media)

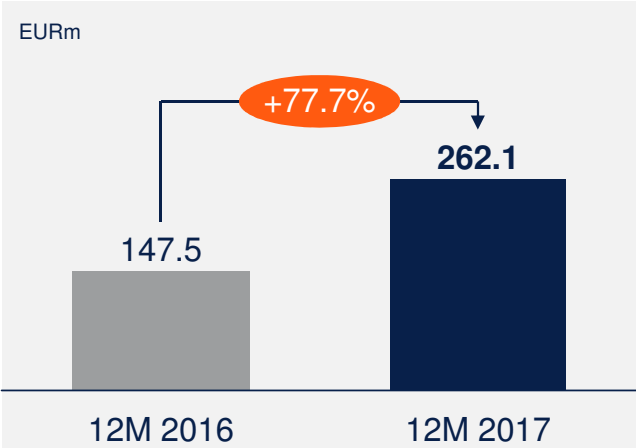
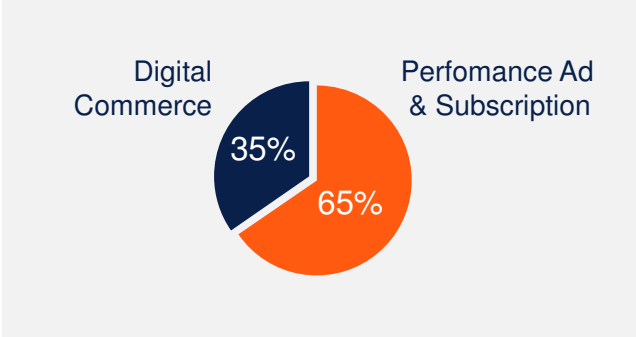
Display



Video

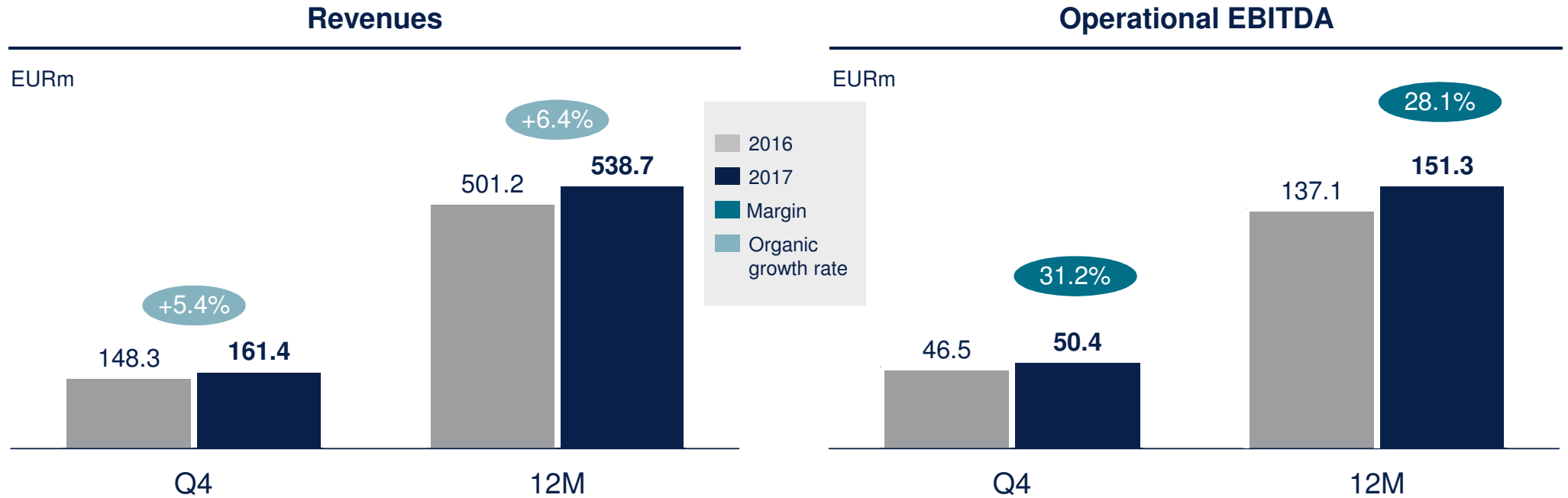


Transactional



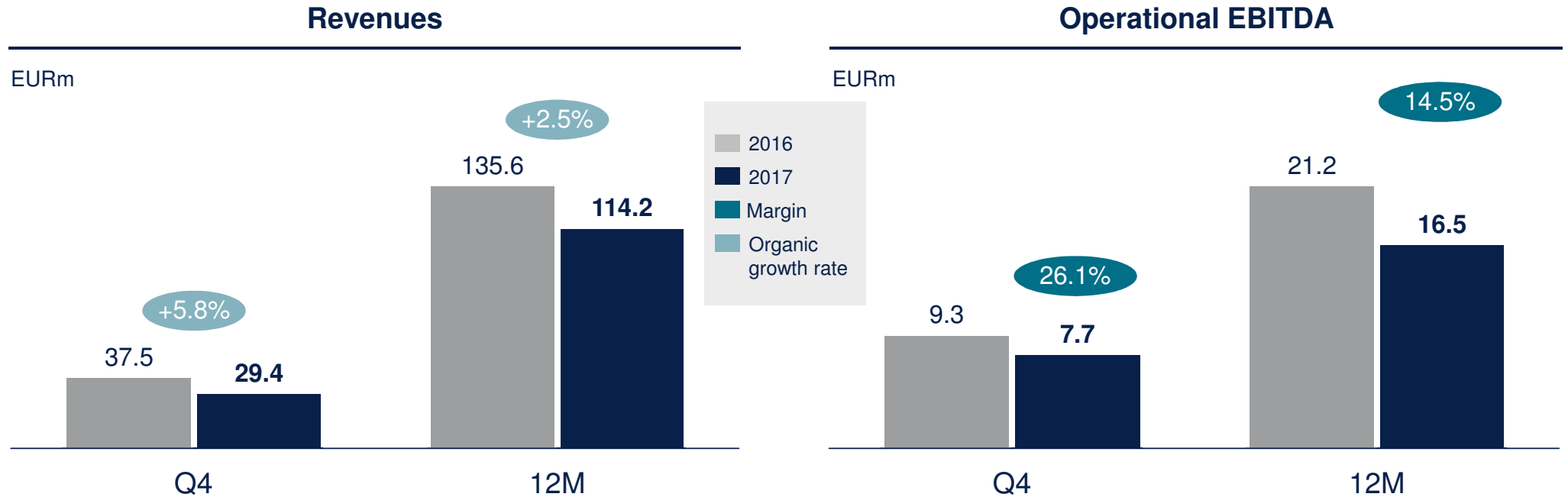
Note: In 2017 reclassification of revenues to product groups; 2016 restated

OoH Germany: Sustainable Growth Performance in Q4 2017



- Outperformance of strong prior year revenue increase driven by both local/regional and national sales forces
- Growth supported by expansion of digital product portfolio and by acquisitions (e.g. UAM Media Group)
- Operational EBITDA margin in Q4 in line with previous year

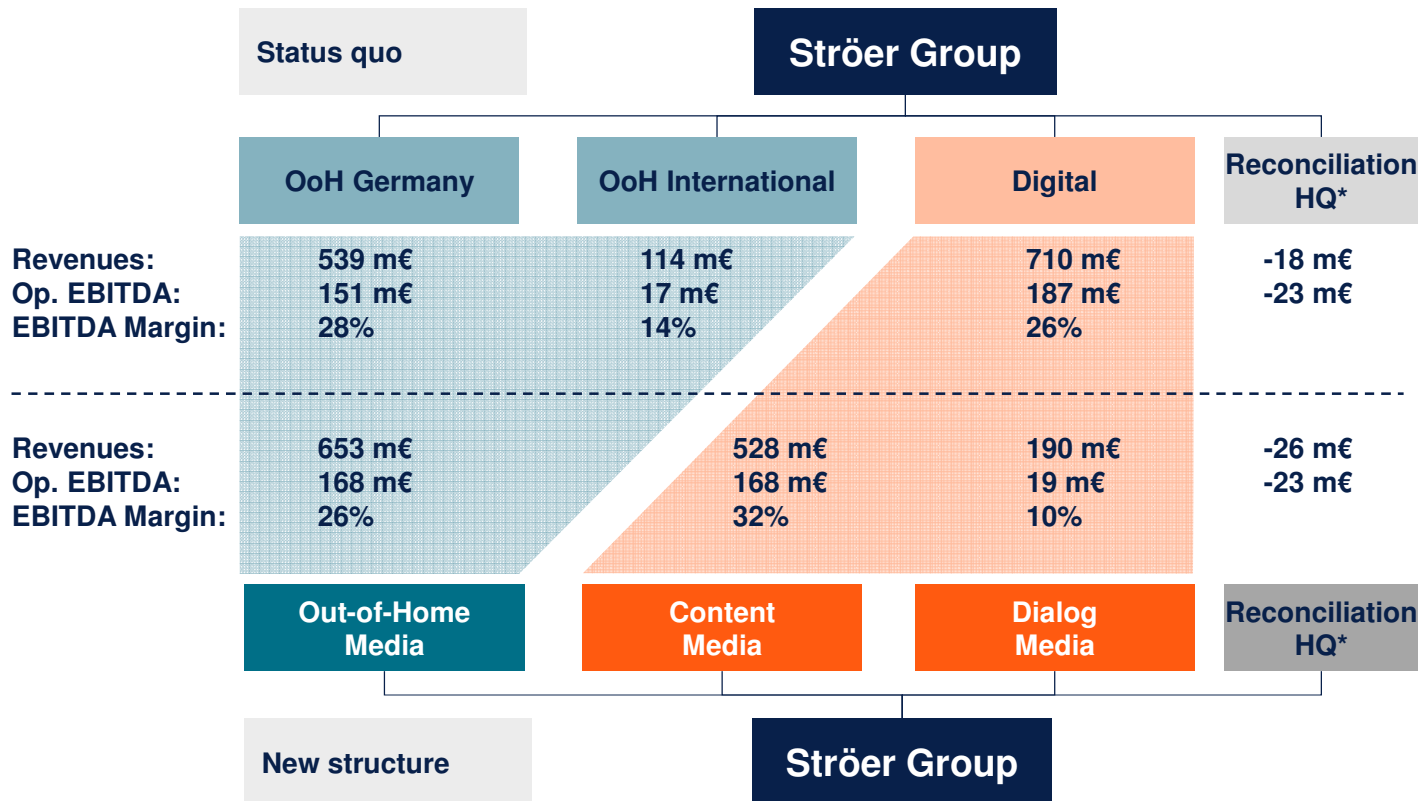
OoH International: Reported Relevance is Diminishing for Group



- OOH International is still suffering from soft Turkish economy and ad market as well as negative fx effects; disposal of non-profitable Istanbul contract in H2/2017
- Strong organic growth in Q4 driven by blowUP business, which is also strongest EBITDA contributor in Q4 and FY
- Relevance of Turkey further diminishing (only 1.3% of Group operational EBITDA 2017). Non-cash relevant one-time impairment of 10 m€ to adjust Turkish book value; remaining goodwill is negligible

New Segment Structure as of 1 January 2018

Change in Segmentation – Effect on FY 2017 Figures



Comment

- Existing segmentation does not sufficiently reflect management steering
- Segment OoH International will be merged into OoH Germany segment due to lack of relevance and size
- Digital segment demerges Dialog Media (including Transactional businesses) due to business heterogeneity and size

* includes holding, consolidation and IFRS 11 adjustments

Free Cash Flow Perspective Q4 2017*

EURm	Q4 2017	Q4 2016
Op. EBITDA	122.2	105.0
- Exceptional items	+0.4	-10.4
- IFRS 11 adjustment	-1.5	-1.4
EBITDA	121.1	93.2
- Interest	-1.9	-2.4
- Tax	-1.7	-3.0
-/+ WC	+23.6	+20.1
- Others	-16.1	+4.3
Operating Cash Flow	124.9	112.2
Investments (before M&A)	-19.0	-26.1
Free Cash Flow (before M&A)	105.9	86.1

* Preliminary and unaudited

Analysis

- Around 70% of Free Cash Flow in 2017 was generated in Q4
- Strong operational cash generation in line with increased operational performance
- Like in Previous Year strong Working Capital contribution to Operating Cash Flow
- “Others”: Negative value mainly due to sale of Vitalsana (cash recognition in M&A cash flow)

Free Cash Flow Perspective FY 2017*

EURm	FY 2017	FY 2016
Op. EBITDA	331.2	282.8
- Exceptional items	-15.9	-26.8
- IFRS 11 adjustment	-5.1	-4.4
EBITDA	310.2	251.6
- Interest	-6.0	-7.2
- Tax	-23.1	-11.2
-/+ WC	+2.5	+12.2
- Others	-31.1	-9.0
Operating Cash Flow	252.4	236.3
Investments (before M&A)	-106.2	-97.8
Free Cash Flow (before M&A)	146.2	138.5

* Preliminary and unaudited

Analysis

- Low interest payments based on better financing conditions
- Different from PY and 2015 negligible contributions from change of Working Capital
- Sustainable high investments in digitalization, software and other intangibles
- “Others”: Effect mainly from Q4 (Sale of Vitalsana)

Guidance Achievement Year by Year

EUR m	2013			2014			2015			2016			2017		
	Guidance	Actual		Guidance	Actual		Guidance	Actual		Guidance	Actual		Guidance	Actual	
Organic growth	Low single digit	3.5%	✓	>10%	11.4%	✓	High single digit	9.8%	✓	Mid to high single digit	7.2%	✓	Mid to high single digit	8.7%	✓
Operational EBITDA	Moderate increase	118 (+10%)	✓	~145	148	✓	>200	208	✓	>280	283	✓	320-330	331	✓
Net Income Adj.	Moderate increase	36 (+51%)	✓	>50	56	✓	~100	107	✓	>150	154	✓	>175	184	✓
Free Cashflow*	Moderate increase	39	✓	Slight increase	80 (+103%)	✓	~100	116	✓	~135	139	✓	~145	146	✓
Return on Capital Employed (ROCE)	Moderate increase	10.3%	✓	>10%	13.8%	✓	Considerable increase	15.4% (+1.6% p.p.)	✓	stable	16.9%	✓	stable	17.6%	✓

Source: Company filings, broker research | * Free Cash Flow before M&A

Ströer to Apply IFRS 16 from 2018 Onwards

IFRS 16 framework

- Replaces the previous standard IAS 17 – Leases
- Can come effective earliest 1st January 2018

Application at Ströer

- Advertising contracts with private and public lessors need to be classified as „leases“ in the future
- Capitalisation of the „right of use“ by recognizing present value of the future lease payments as intangible assets
- Recognition of the obligation to make future lease payments as financial liabilities

Comments

- Ströer applying IFRS 16 as early adopter (standard practice for German Media)
- Effects higher than originally anticipated (since also public contracts are affected as well as new contracts)
- Ströer using IFRS 16 application to eliminate previous IFRS 11 adjustments as well

IFRS 16: Expected Implications for Ströer Group

Expected major impacts on Ströer KPIs

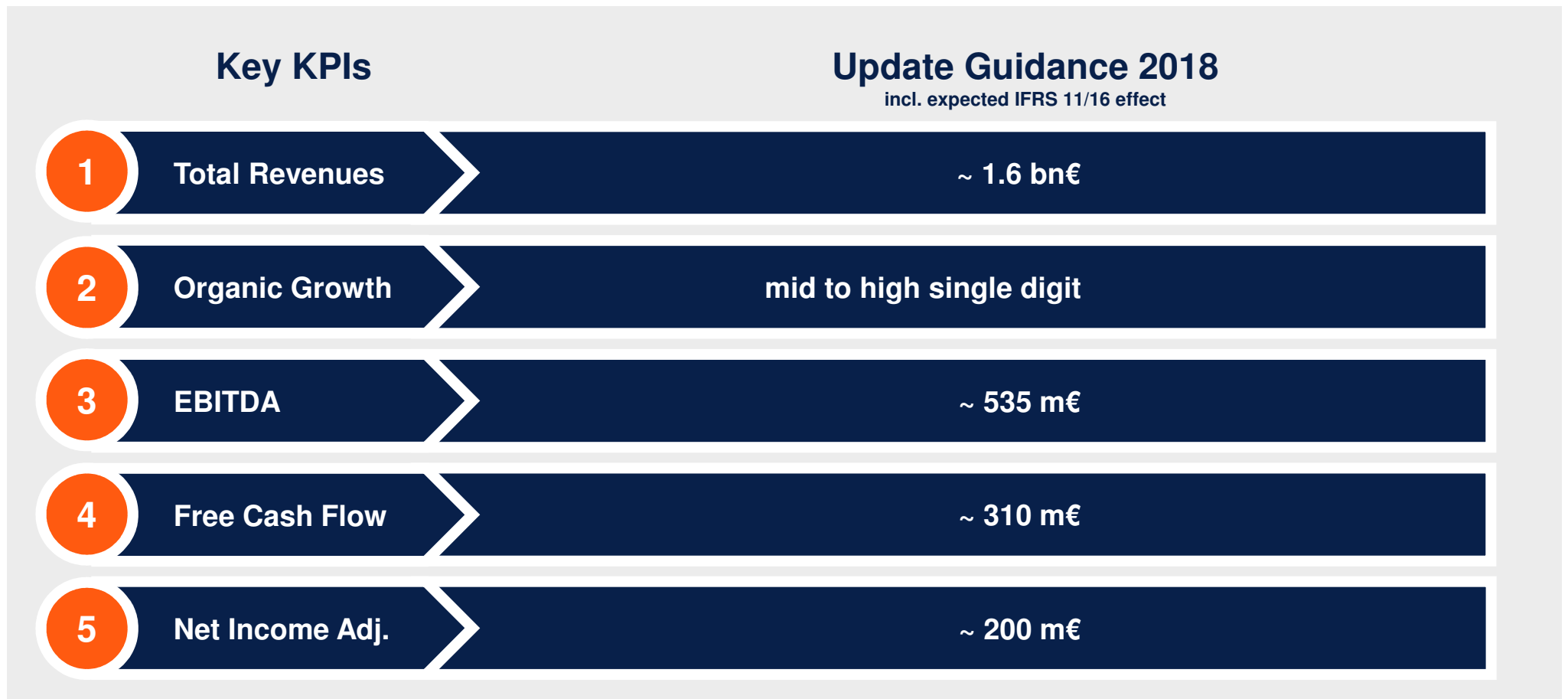
EURm	FY 2017		Expected Impact
Revenues	1,345.1	→	No changes
Operational EBITDA	331.2	↑	Increase by approx. +165 m€ (elimination of operating lease expenses)
D&A (base)	-103.0	↑	Increase by approx. -150 to -155 m€
EBIT (adjusted)	226.2	↑	Increase by approx. +10 to 15 m€ (as operating lease expenses are replaced by depreciation and interest)
Financial result	-9.0	↑	Increase by approx. -25 to -30 m€
Net Income (adjusted)	183.6	↓ / →	Decrease by approx. -15 m€ (timing effect due to higher interest during first years, neutral over time)
Free Cash Flow (before M&A)	146.2	↑	Increase by approx. +140 m€ (reclassification of lease liability repayments in Financing Cash Flow)
Net Debt	457.1	↑	Increase by approx. +1.1 bn€ (capitalized operating lease assets/liabilities)

Comments

- Scope at Ströer Group: >16,000 leasing contracts
- Main P&L effects: increase in EBITDA and EBIT, long-term neutral to Net Income
- Strongest effects in OoH segments

Source: Ströer estimations based on existing lease portfolio

Ströer Group's Key Performance Indicators – Guidance 2018



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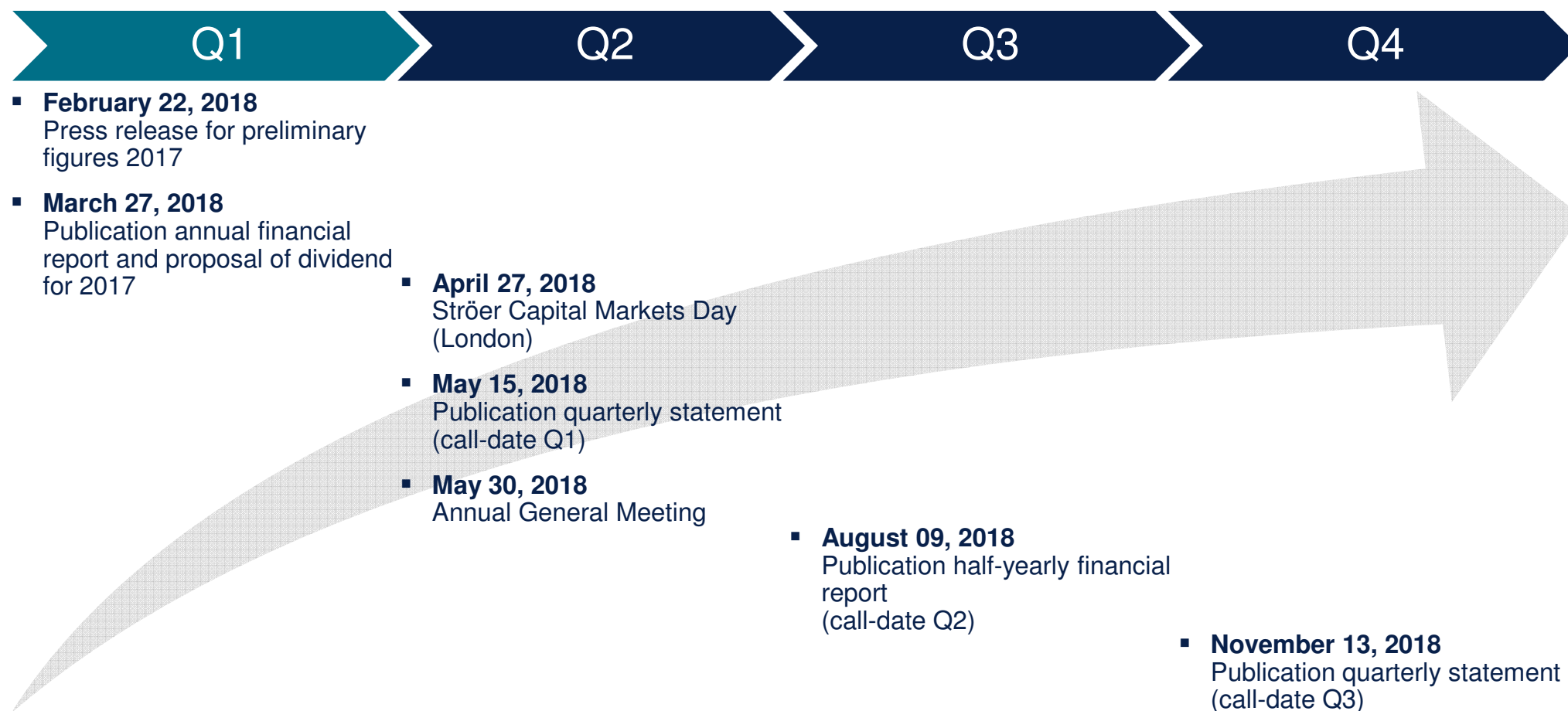
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Outlook

Outlook for 2018: Q1 Results 2018 on May 15

- 1. Similar to development of the last twelve months: solid & robust business across the entire group with expected growth for 2018 in line with annual guidance**
- 2. Robust development of OoH Media business fueled by both national sales and extended local salesforce activities**
- 3. Content Media segment consistently on track regarding top line growth, market share development as well as consolidation and integration processes**
- 4. Dialog Media with promising start beyond expectations, significant group synergies and all processes fully on track**

Financial Calendar 2018



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