

STRÖER

Ströer SE & Co. KGaA Investor Presentation

Morgan Stanley – London, 08th June 2016



AGENDA

01

Ströer #1 in OOH & Digital

- Ströer's well- diversified product portfolio
- Focus on highest ad subsegments
- Ströer outperforming total ad market
- Clear market leader in Display & Mobile

02

Strategic update

- From analogue to digital
- Five key strategic areas
- New management team
- Digitisation
- Content
- Evolution of media
- Value Creation
- Local markets
- Strategic Roadmap

03

Financials FY 2015

- KPIs
- Cash flow on more detail
- Exceptionals
- Adj. EPS
- P&L in more detail
- Organic growth explained
- ROCE
- M&A
- Financing costs
- Segment Digital
- Transparency
- Governance

04

Q1 2016 Financials in more detail

- P&L
- Org. growth
- Ströer Digital
- Product Segment Digital
- Ströer OOH Germany
- Ströer OOH International
- FCF
- Financial Status
- Summary
- Guidance

STRÖER

STRÖER #1 in OOH & DIGITAL



lufthansa.com
Günstig weg
Ein Produkt von Lufthansa.
In nur 85 Minuten
landen wir in
Oslo.
Direkt ab Hamburg bis zu
1x täglich.

lufthansa.com
Günstig weg
Ein Produkt von Lufthansa.
In nur 85 Minuten
landen wir in
Oslo.
Direkt ab Hamburg bis zu
1x täglich.

lufthansa.com
Nicht warten,
sondern starten:
In nur 2 Stunden
landen wir
in Nizza.
Direkt ab Hamburg

lufthansa.com
Günstig weg
Ein Produkt von Lufthansa.
A STAR ALL
I ♥ MILAN
I ♥ RICE
I ♥ EUROPE
I ♥ LONDON

There's no better way to fly.
Lufthansa

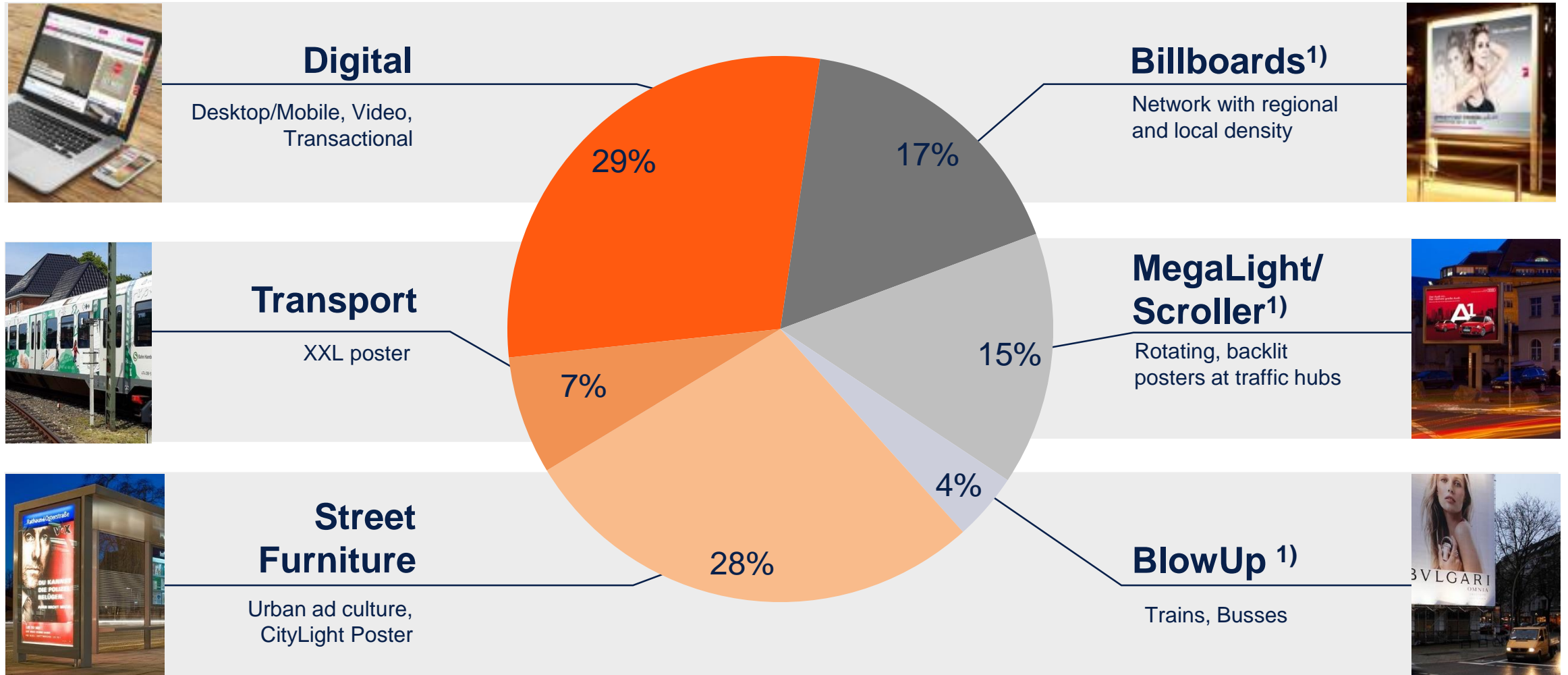
Direkt ab Hamburg
zu über 20 Zielen
in Europa.
There's no better way to fly.
Lufthansa

D

D

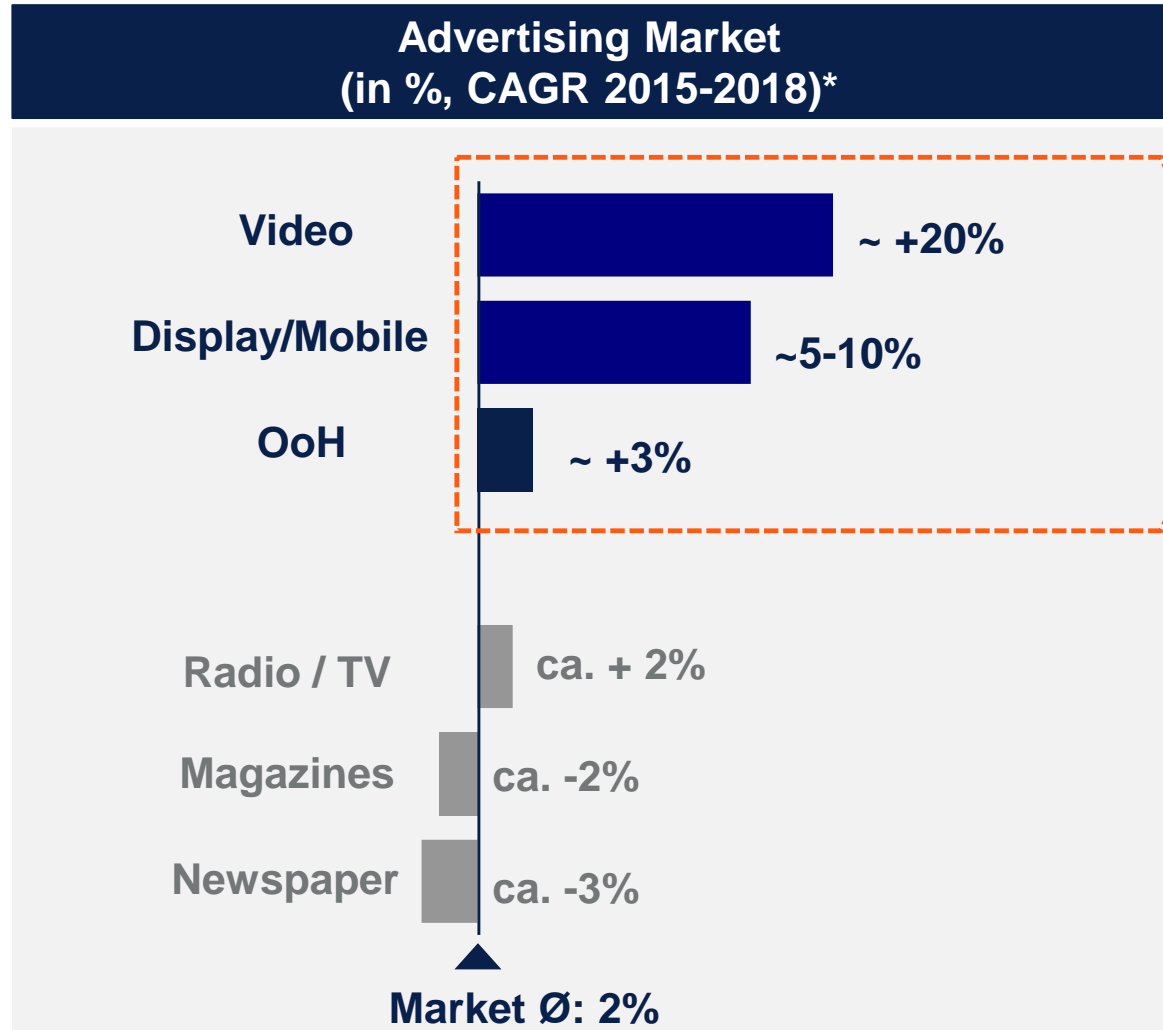
100
Hamburg Mid

Well diversified product portfolio 2015 – with focus on premium products



1) To be renamed as Large Formats

Ströer: Focus on highest growing Ad Sub Segments



Ströer's Focus

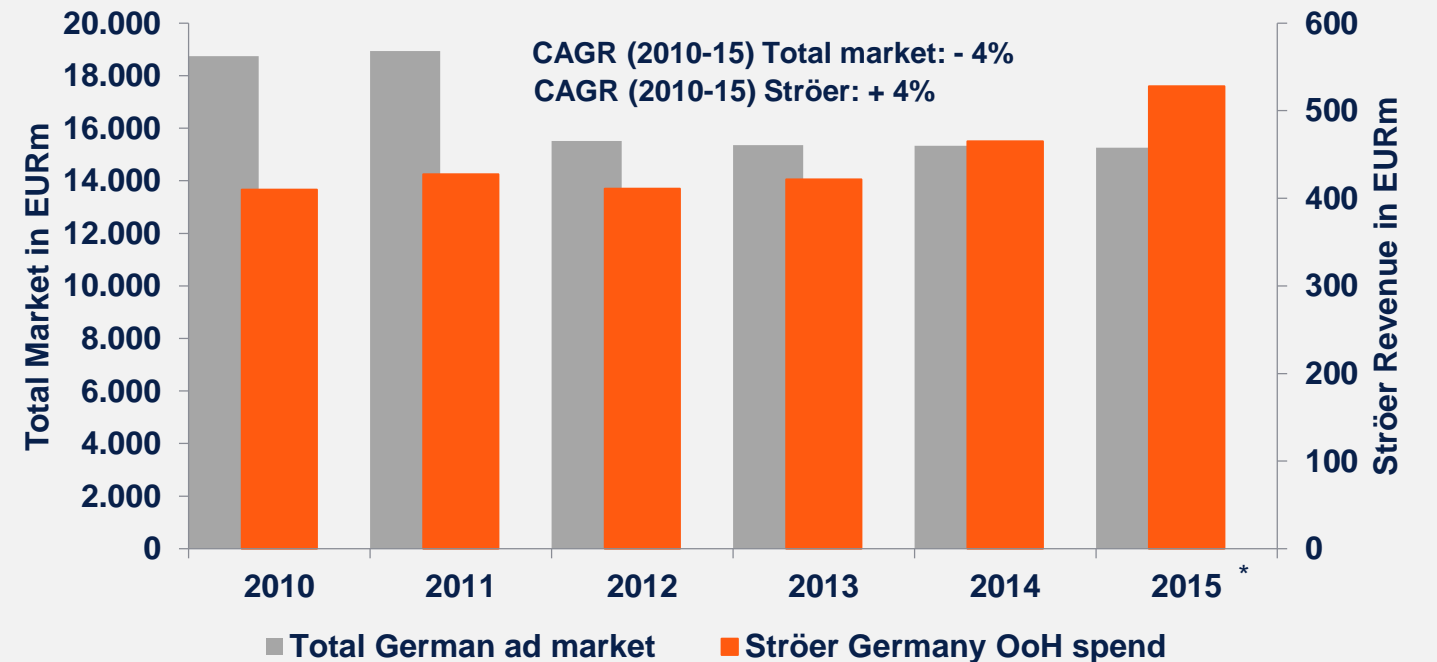
- **Video**
 - **TOP3 WEB TV** with 650m video views (incl. social media)
 - **Leading public video network** in Europe with 3bn views per month
- **Display/Mobile**
 - **# 1 German Sales House**
(>600 exclusive websites access to around 5,000 more in extended network, 35 - 40% of revenues based on own digital websites)
- **Transactional**
 - Leading statistics portal worldwide - Statista
 - Various strong subscription revenue models
- **OoH**
 - **# 1 marketer in Germany**
 - 230,000 advertising faces
 - ~50% market share

*Source: Video, Display/Mobile – PwC; OOH, Radio, TV, Magazines, Newspaper – Zenith OptiMedia/GroupM

Ströer outperformed the total Ad Market & OoH Market

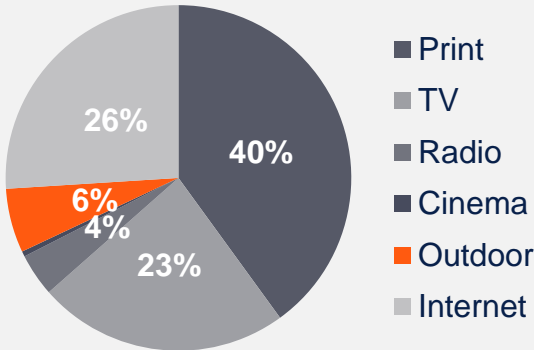
Ströer's OoH Market Share beyond 50%

Ströer / OoH market	44%	46%	44%	46%	50%	52%
OoH / Total market	4.1%	4.7%	5.6%	5.8%	6.0%	6.3%*



Media Market Breakdown

- Print market share (magazines and newspapers) is constantly declining
- Out of Home market share is continuously growing, in 2015 exceeds radio advertising spendings for the first time
- Online overall is still showing massive growth in advertising spendings

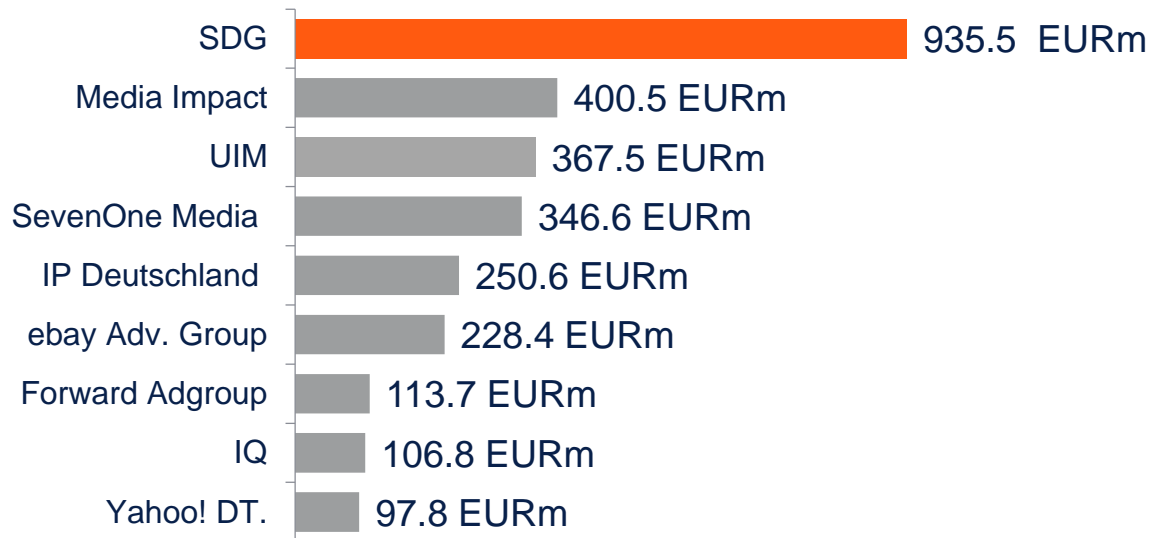


Source: Nielsen, ZAW, FAW; *2015 is an estimate

Clear German Market Leader in both Display & Mobile (1/2)

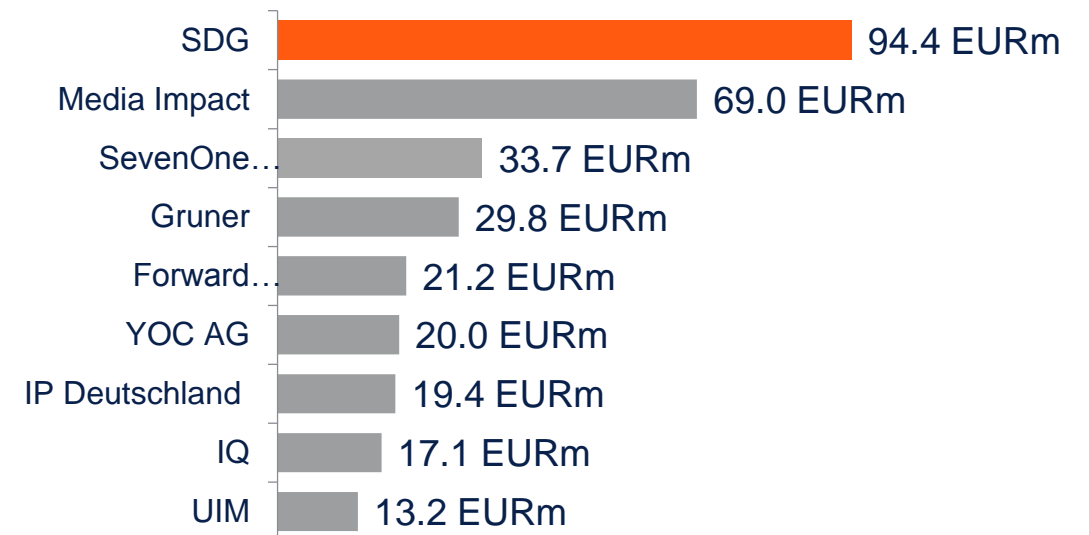
Online

935.5
EURm



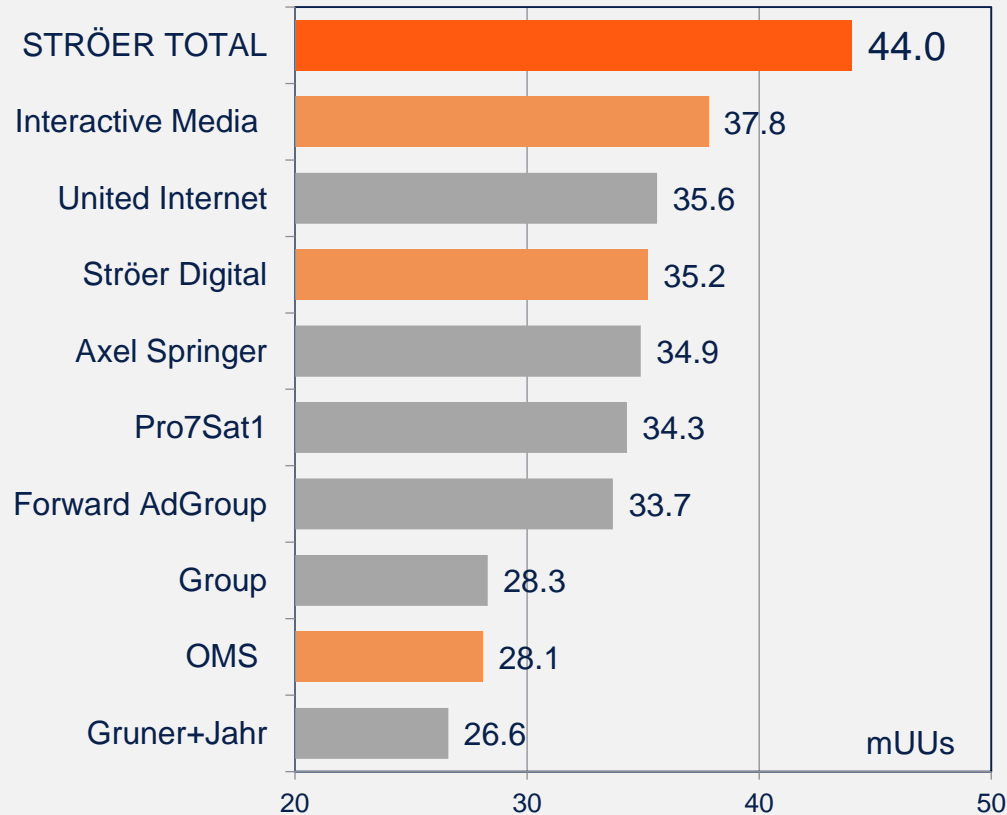
Mobile

94.5
EURm



Clear German Market Leader in both Display & Mobile (2/2)

Monthly Net Reach of 83.4%*



Portfolio Quality

- # 1 for both mobile and display (>600 websites)
- 17 Channels of websites with strongest and most consistent premium portfolio in the market (examples)



Tech & Data

- Market share of roughly 17% of total German Display/Mobile/Video Market** allows full leverage of tech acquisitions
- Fully developed own tech stack to monetize own and 3rd party inventory out of one hand:
- Adserver, DMP, DSP, SSP – in integrated ecosystem
- Continuously improving data depth and quality from sales house, own content assets as well as E-commerce and subscription business

* AGOF digital facts 2015-07; Basis: Adults, 14+, Unique Users (Online-User); ** Basis: OVK

AGENDA

01

Ströer #1 in OOH & Digital

- Ströer's well- diversified product portfolio
- Focus on highest ad subsegments
- Ströer outperforming total ad market
- Clear market leader in Display & Mobile

02

Strategic update

- From analogue to digital
- Five key strategic areas
- New management team
- Digitisation
- Content
- Evolution of media
- Value Creation
- Local markets
- Strategic Roadmap

03

Financials FY 2015

- KPIs
- Cash flow on more detail
- Exceptionals
- Adj. EPS
- P&L in more detail
- Organic growth explained
- ROCE
- M&A
- Financing costs
- Segment Digital
- Transparency
- Governance

04

Q1 2016 Financials in more detail

- P&L
- Org. growth
- Ströer Digital
- Product Segment Digital
- Ströer OOH Germany
- Ströer OOH International
- FCF
- Financial Status
- Summary
- Guidance

STRÖER

STRATEGIC UPDATE



What has changed from analoge to digital Times

- **Digitisation reduces entry barriers for many business models across value chains in all industries**
- **Innovative intermediate business can be short-term extremely successful; on the long-run, intermediate businesses are not sustainably successful**
- **Companies with vertically integrated value chains push out intermediate business models**

Ströer's Strategic Answer

- **No stand alone intermediate business (e.g. stand alone Adtech companies)**
- **Focussing on integrating platforms public, mobile and home screens to become a real digital multi-channel company**
- **Focus on extending & integrating vertical value chains**

Five Key Development Areas and Business Segments

Building a Digital, Multi-Channel Media Company around Big Data, Digital Content and OoH Infrastructure

1

Out of Home

digitisation of our infrastructure:
LED, LCD, beacons, small cells



2

Content

disruptive, tech and performance based digital business models



3

Local Markets

only nation-wide sales organisation for local marketing & digital ad products



4

National Market

building the biggest, data-driven non-television media sales house



5






Ventures

M&A around disruptive, data-driven and digital business models



Broadened new Management Team according to Business Segments expansion

Board of Management
Udo Müller CEO | Christian Schmalzl COO | Bernd Metzner CFO

OoH	Local Markets	Content	National Sales	Ventures
Alexander Stotz		Marc Schmitz	Robert Bosch	Board of Management
				
Expansion of Digital Public Advertising Portfolio	Accelerating regional/local business (+100 to 200 sales people p/a)	Integration & further build up of existing content portfolio	Strengthening of our cross media market position	Watch out for opportunistic M&A-deals

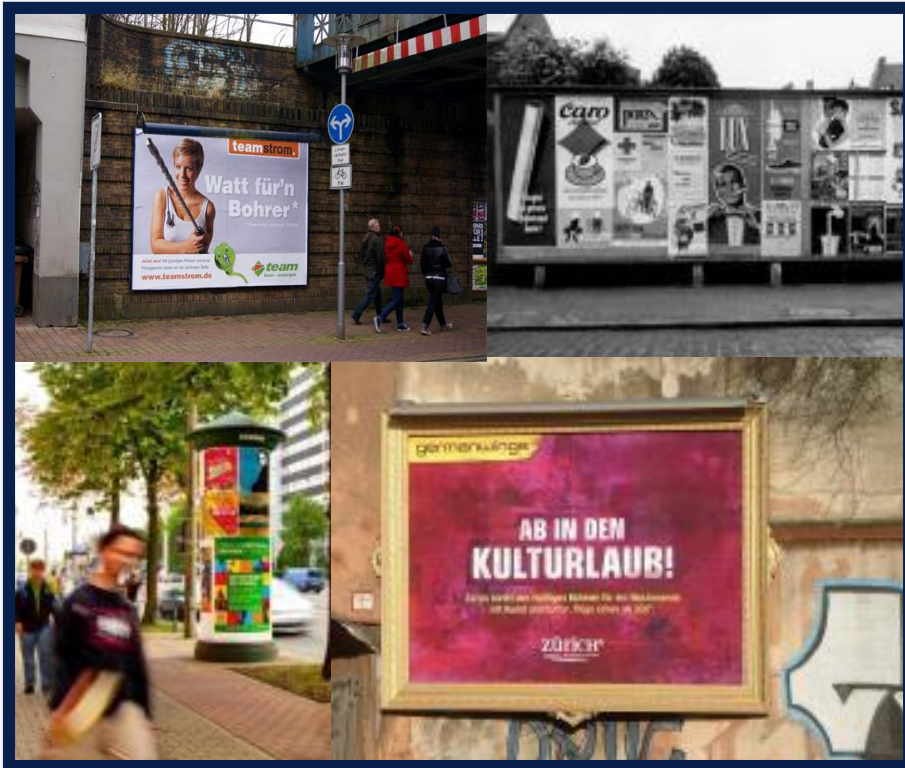


Out of Home

Digitisation of Out of Home is the basis for integrating public, mobile and home screens.

On-going, Value-creating Transformation

Yesterday: 100% of Revenues with traditional, wet glued OoH Products



Today: <10% Revenues with traditional wet glued OoH products



1st Step to OoH Digitisation: Shopping Malls & Stations

Over 3.300 Video-Displays reaching appr. 30 Mio. People per Month

Public Video Station (>1.000 Screens)



Supermotion (6 Boards)



Public Video Mall (>2.000 Screens)



Infoscreen (>300 Screens)



Ströer is disrupting the German OoH Market in the upcoming 4 Years!



up to **1,000** Screens in the coming **4** years
up to **2,000** Screens in the coming **7** years



Content

Moving from traditional Broadcasting Portals to fully integrated & interactive Verticals.

Evolution of Media: The Consumer Perspective

MEDIA
MODUS
INVOLVEMENT

1.0
LEAN BACK



**Entertainment
Attention**

MEDIA
MODUS
INVOLVEMENT

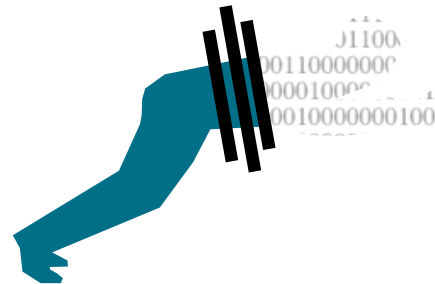
2.0
MOVE FORWARD



**Profiling
Interaction**

MEDIA
MODUS
INVOLVEMENT

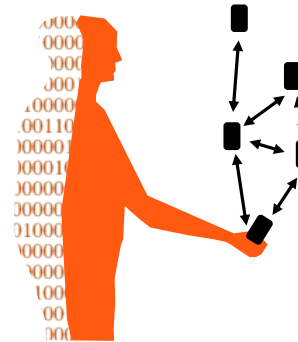
3.0
JUMP IN
... TEMPORARY ...



**Creation
Participation**

MEDIA
MODUS
INVOLVEMENT

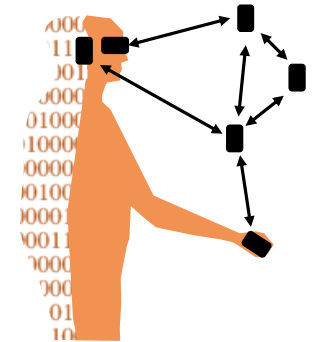
4.0
ALWAYS ON
...PERMANENT...



**Web of things
„Always on“**

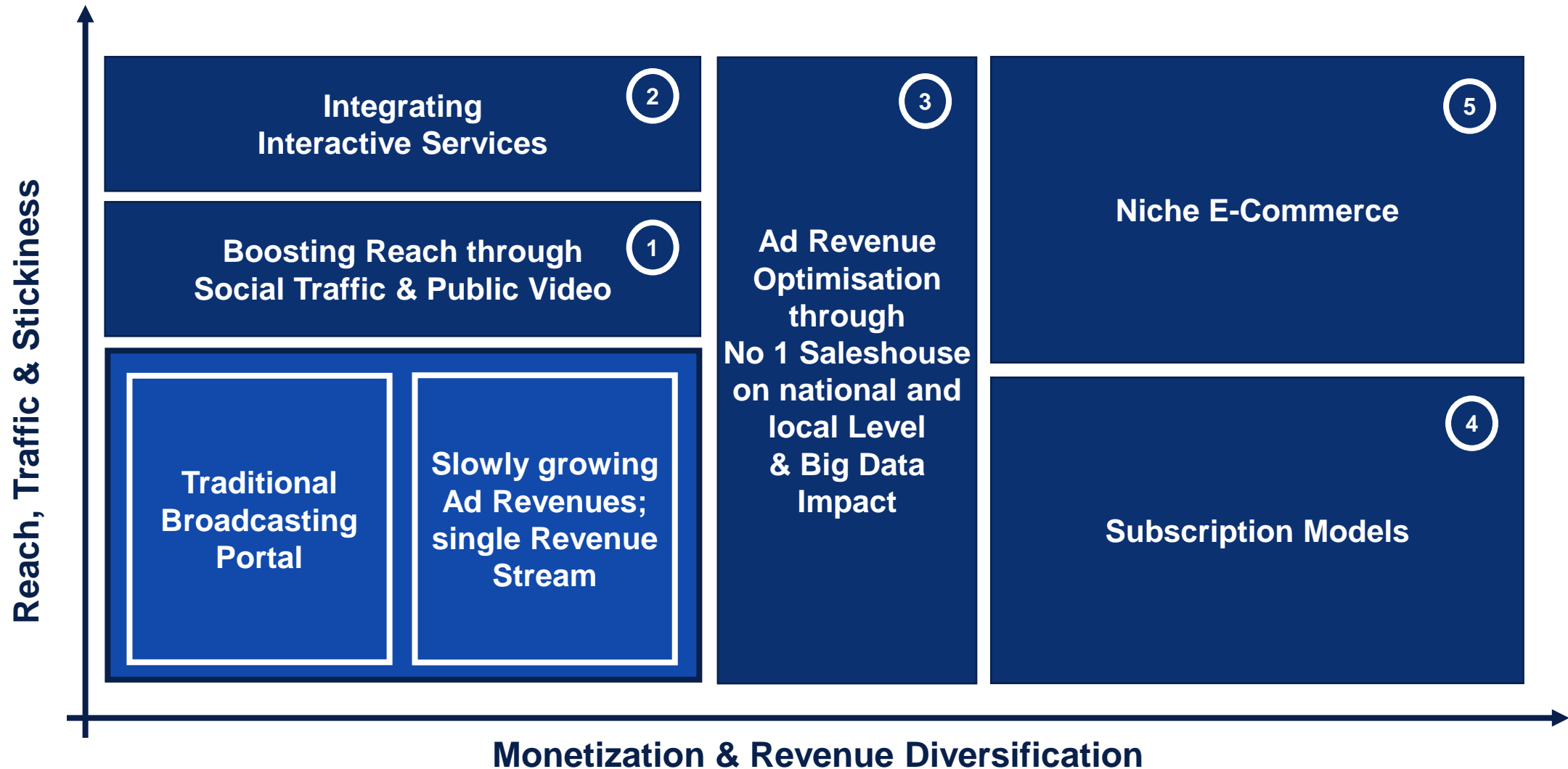
MEDIA
MODUS
INVOLVEMENT

5.0
PLUG IN
...IMPLANTED...



**Web of thoughts
Extensions**

Ströer Value Creation Model for Digital Content Assets

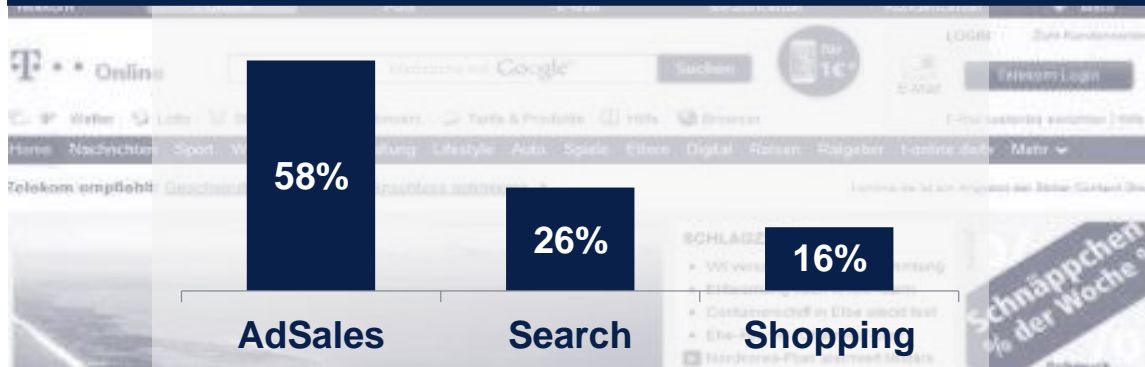


Strategic Integration and Development of t-online.de

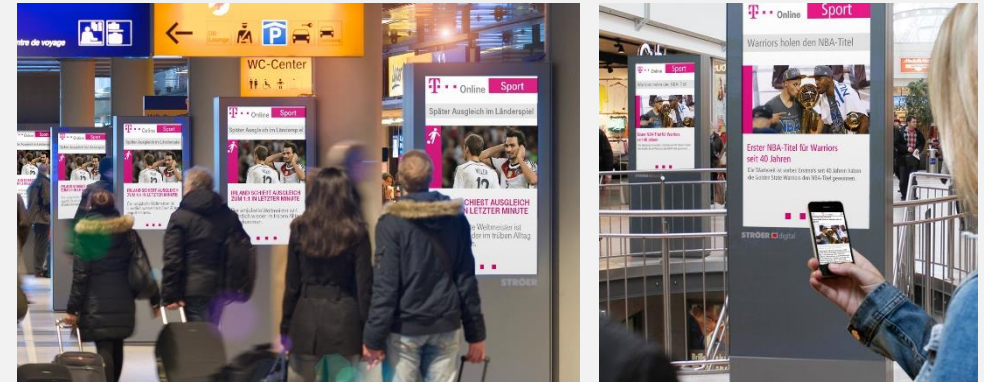
Quality Content and Commerce Backbone

- #3 Email-Provider with 8.5m unique active users. 90% of users check their account at least every three days
- #1 news portal, #1 real-estate/interior portal, #3 sports portal, #3 business portal, #3 entertainment/celebrity portal
- #4 search provider – very close to Yahoo’s position in Germany (using Google technology)
- 94% of top 50 online marketing spenders in Germany have advertised on TOL in 2015 to benefit from the 22m UUs*

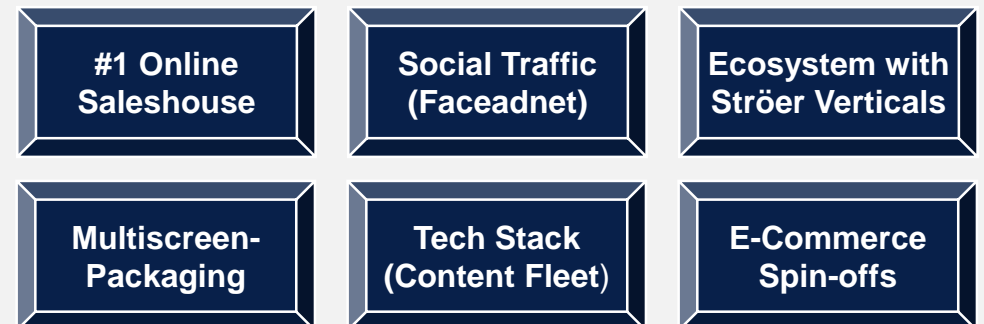
Revenue & Product Mix today



Leveraging Public Video to boost Portal Traffic

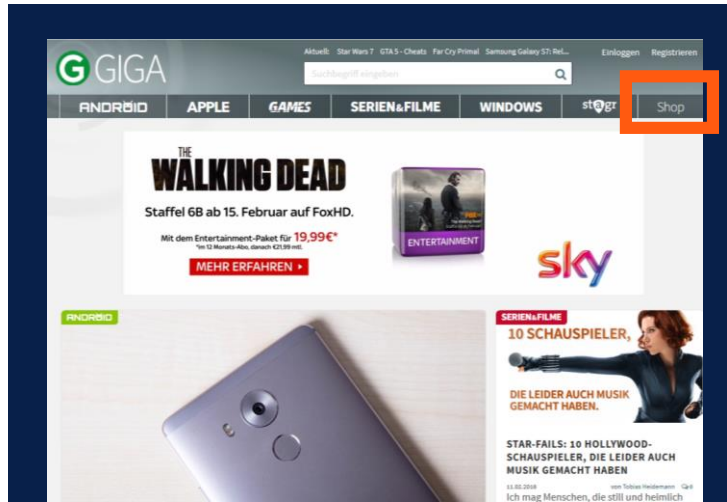


Leveraging Ströer Content Group & Sales Synergies



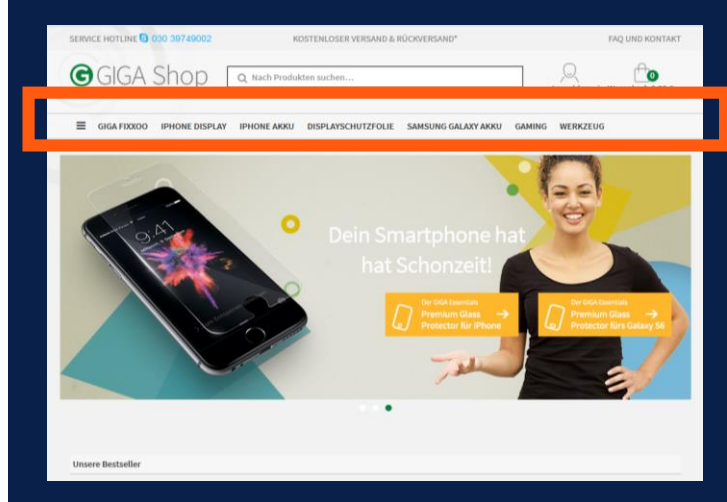
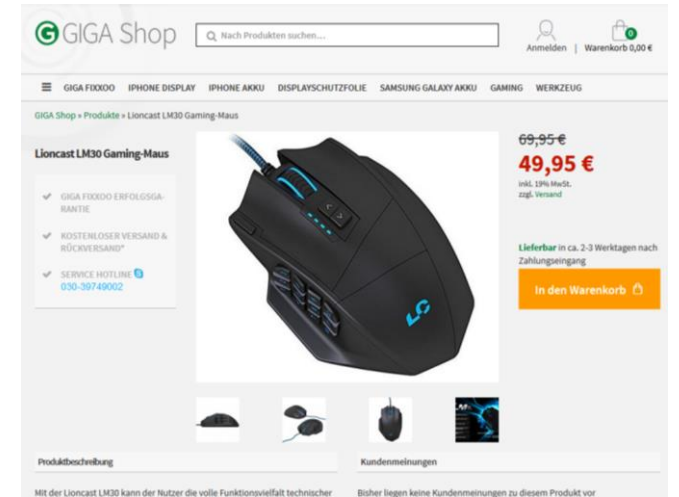
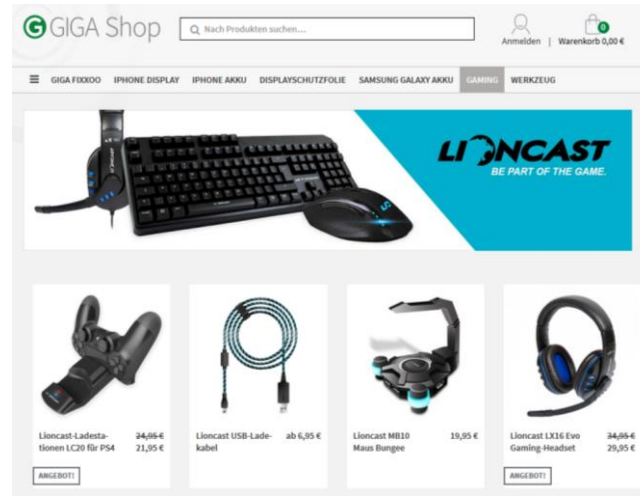
* Source: AGOF, Nielsen

Diversification of Revenues beyond Advertising: Example GIGA



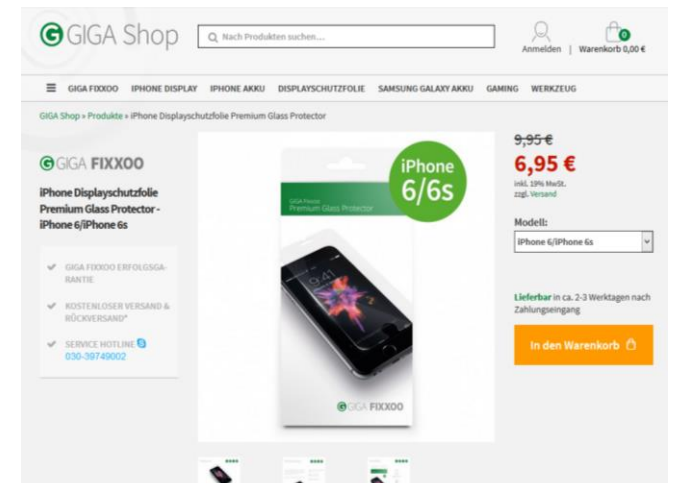
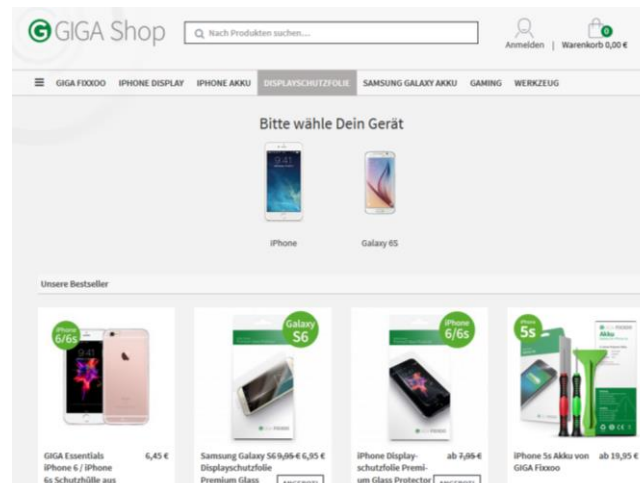
Gaming Accessories

LIONCAST

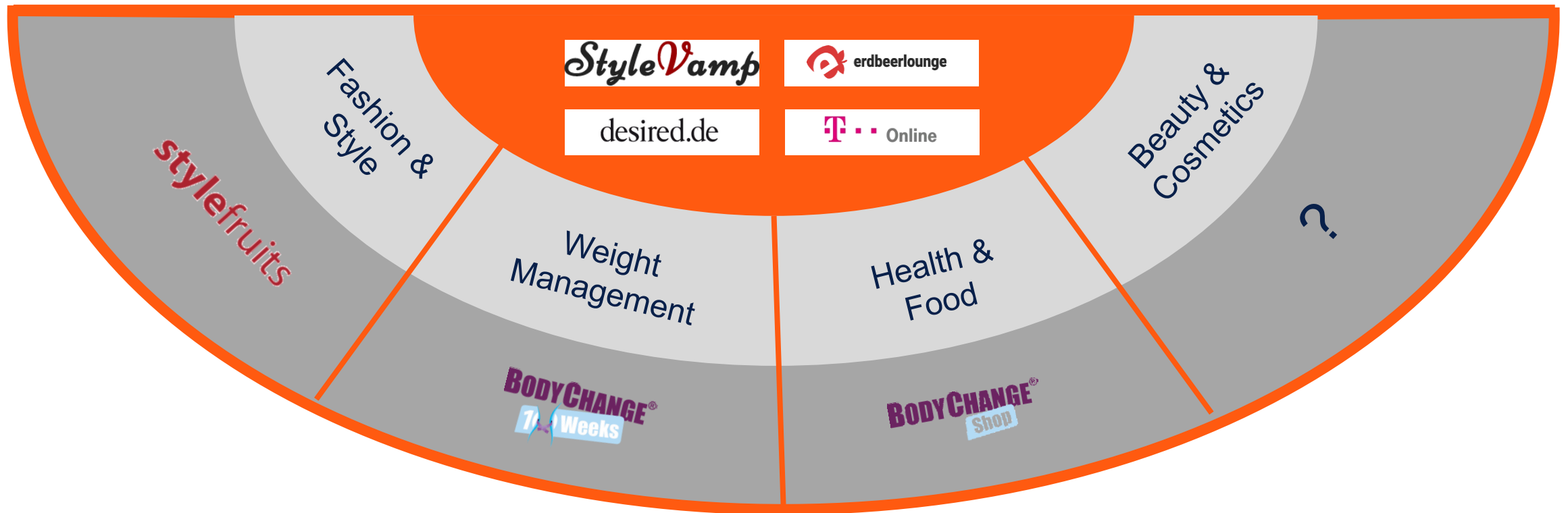


Mobile Phone Accessories

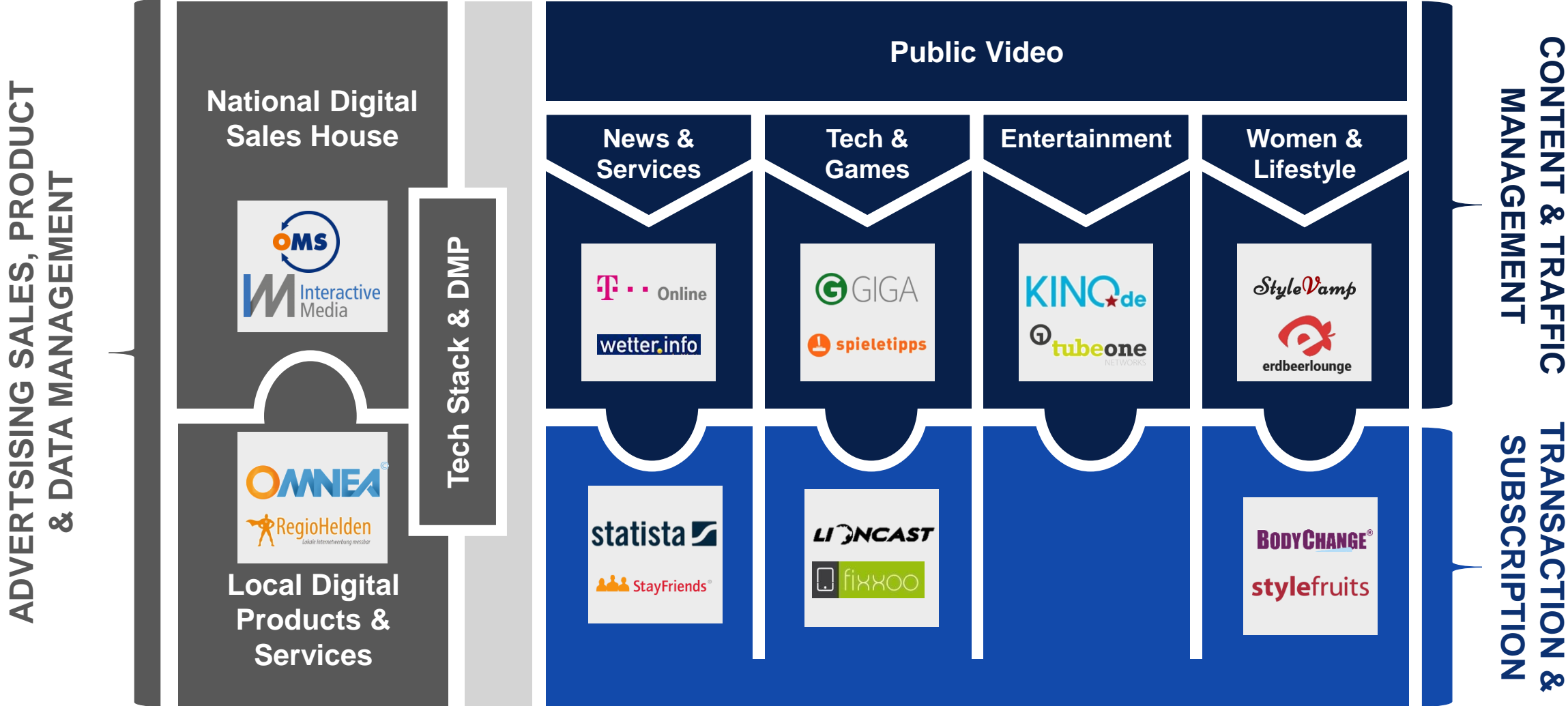
FIXXOO



Women & Lifestyle Vertical: Full Value Chain Integration



Segment "Digital": Overall Structure & Units





Local Markets

Integration of Platforms and Value Chains to massively expand Business with SMBs.

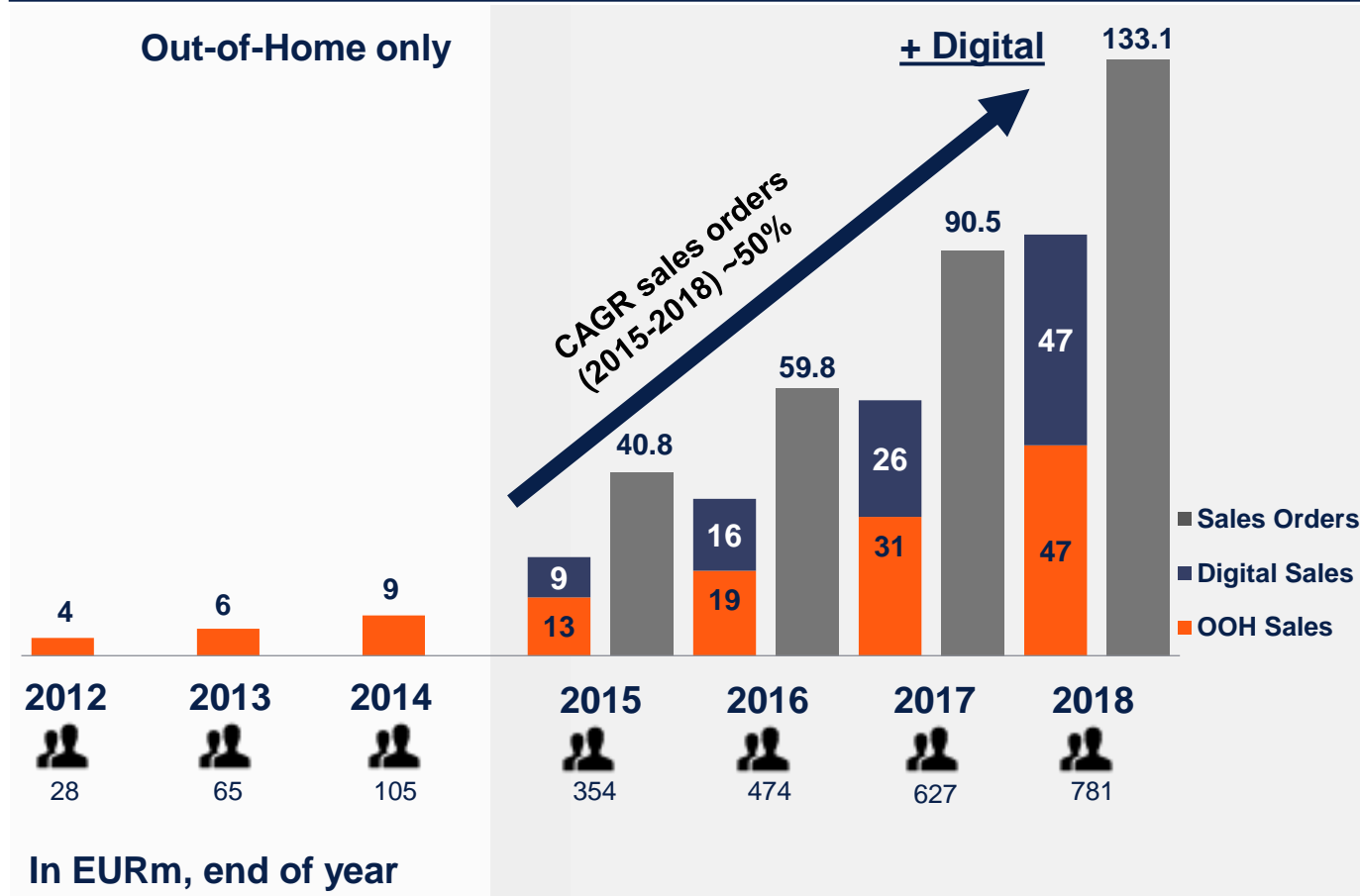
360° Integrated Online Marketing Suite for local SMBs

RegioHelden Product Range



Broadening Local Digital Product Portfolio: RegioHelden and Omnea

Development of headcount and order book



Marketing Services for SMBs



Visibility

Active management of shop presence in directories, local portals, apps, maps and navigation systems



Performance

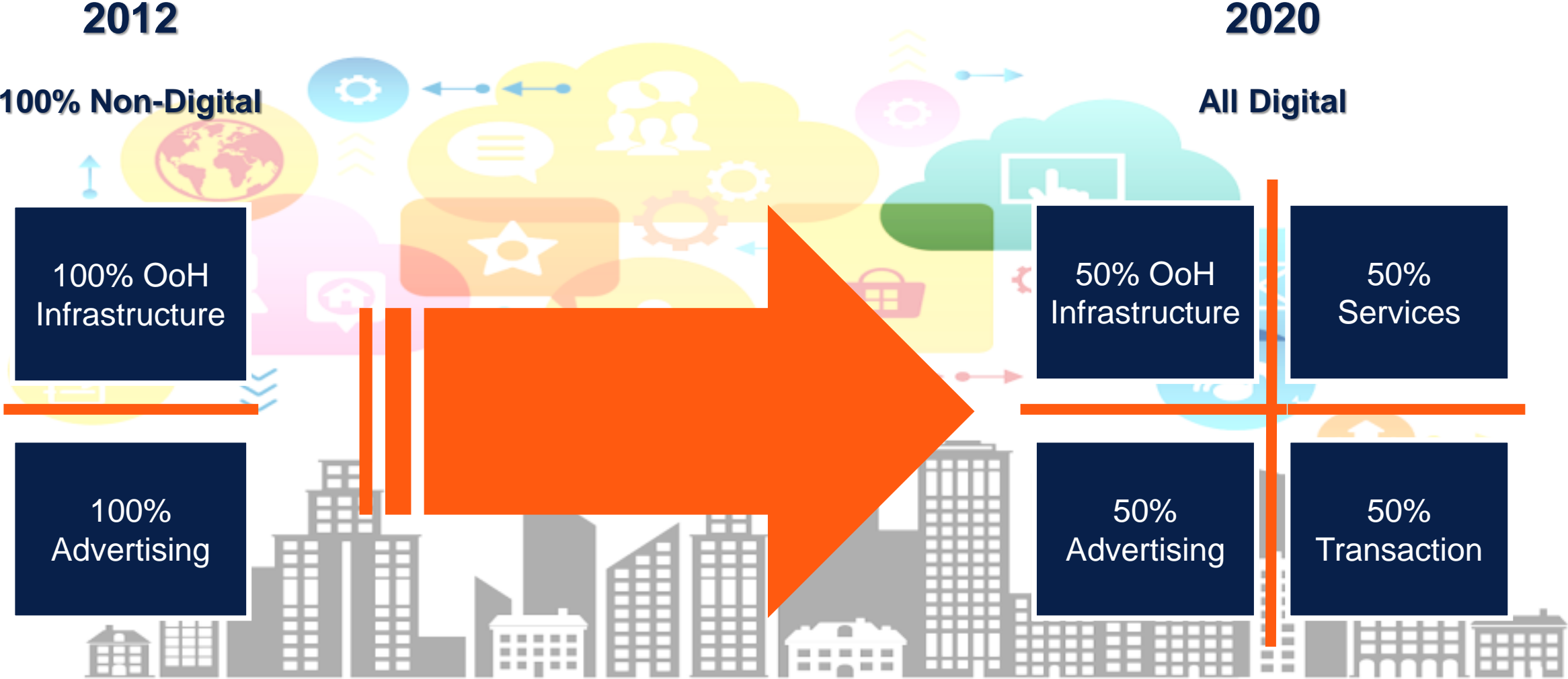
Creation of marketing websites, Google adwords, display performance and SEO services



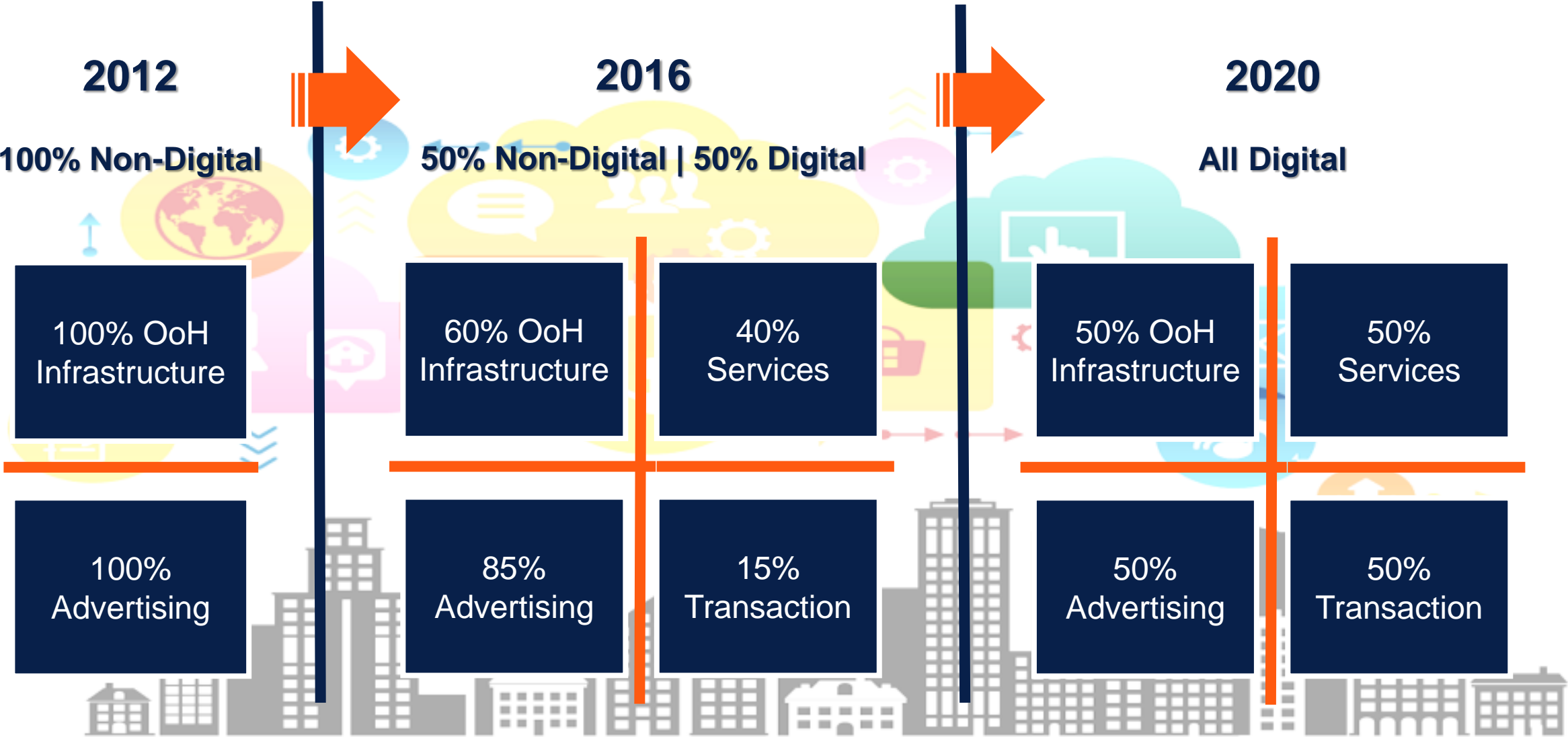
Branding Campaigns

Active management of locally targeted display, mobile and video Campaigns via the number 1 saleshouse inventory

Strategic Roadmap: Well ahead of our Transformation Plans!



Strategic Roadmap: Well ahead of our Transformation Plans!



AGENDA

01

Ströer #1 in OOH & Digital

- Ströer's well- diversified product portfolio
- Focus on highest ad subsegments
- Ströer outperforming total ad market
- Clear market leader in Display & Mobile

02

Strategic update

- From analogue to digital
- Five key strategic areas
- New management team
- Digitisation
- Content
- Evolution of media
- Value Creation
- Local markets
- Strategic Roadmap

03

Financials FY 2015

- KPIs
- Cash flow on more detail
- Exceptionals
- Adj. EPS
- P&L in more detail
- Organic growth explained
- ROCE
- M&A
- Financing costs
- Segment Digital
- Transparency
- Governance

04

Q1 2016 Financials in more detail

- P&L
- Org. growth
- Ströer Digital
- Product Segment Digital
- Ströer OOH Germany
- Ströer OOH International
- FCF
- Financial Status
- Summary
- Guidance

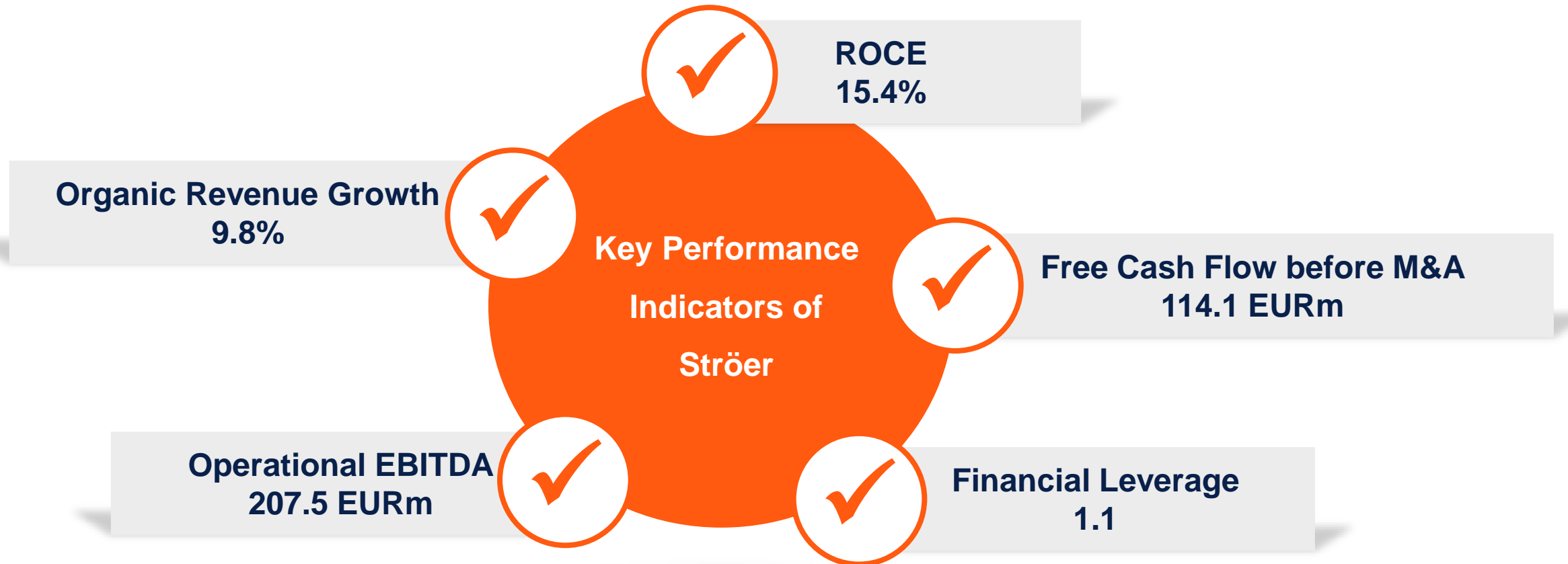
STRÖER

FINANCIALS

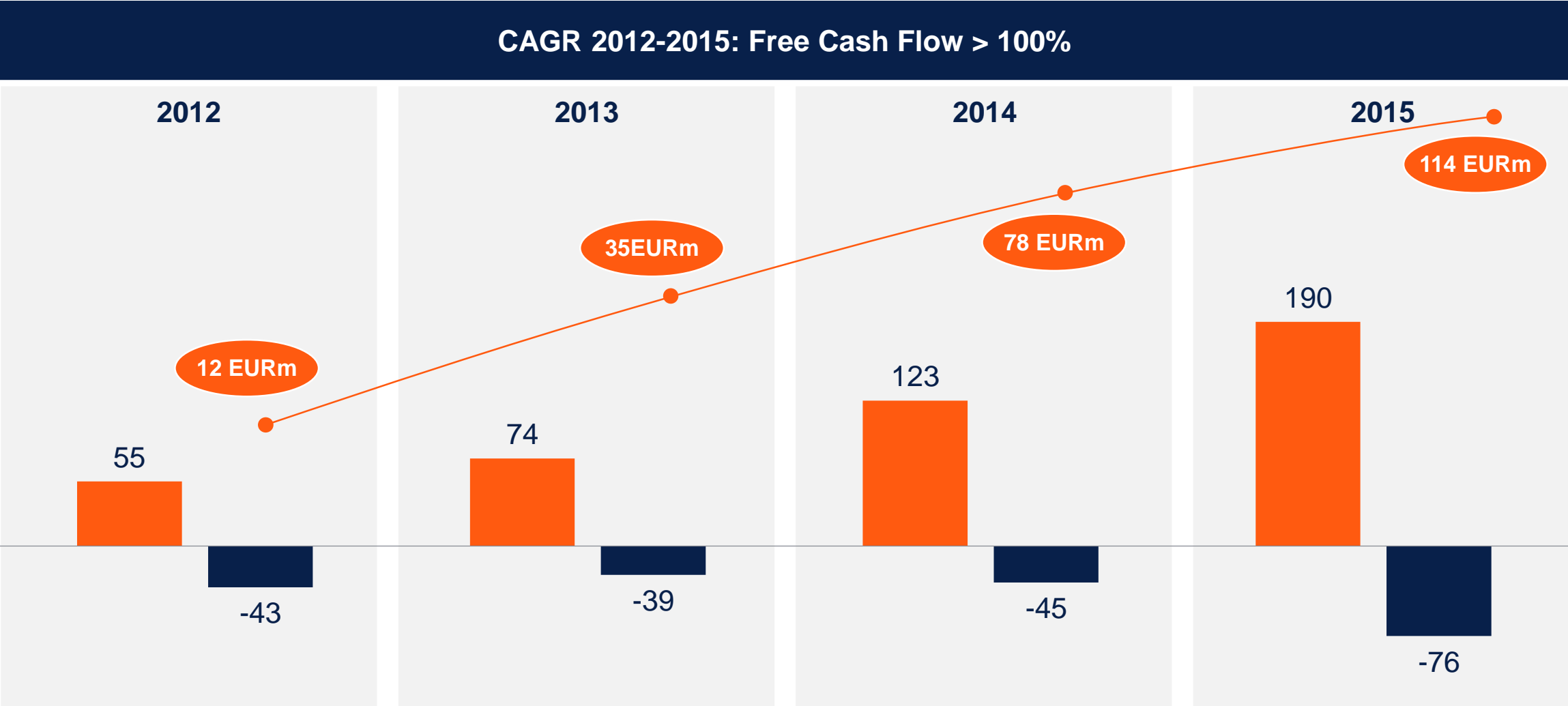


Steering the Ströer Group – Key Performance Indicators








In 2015, all Key Performance Indicators of Ströer Group performed well



Strong Cashflow Development



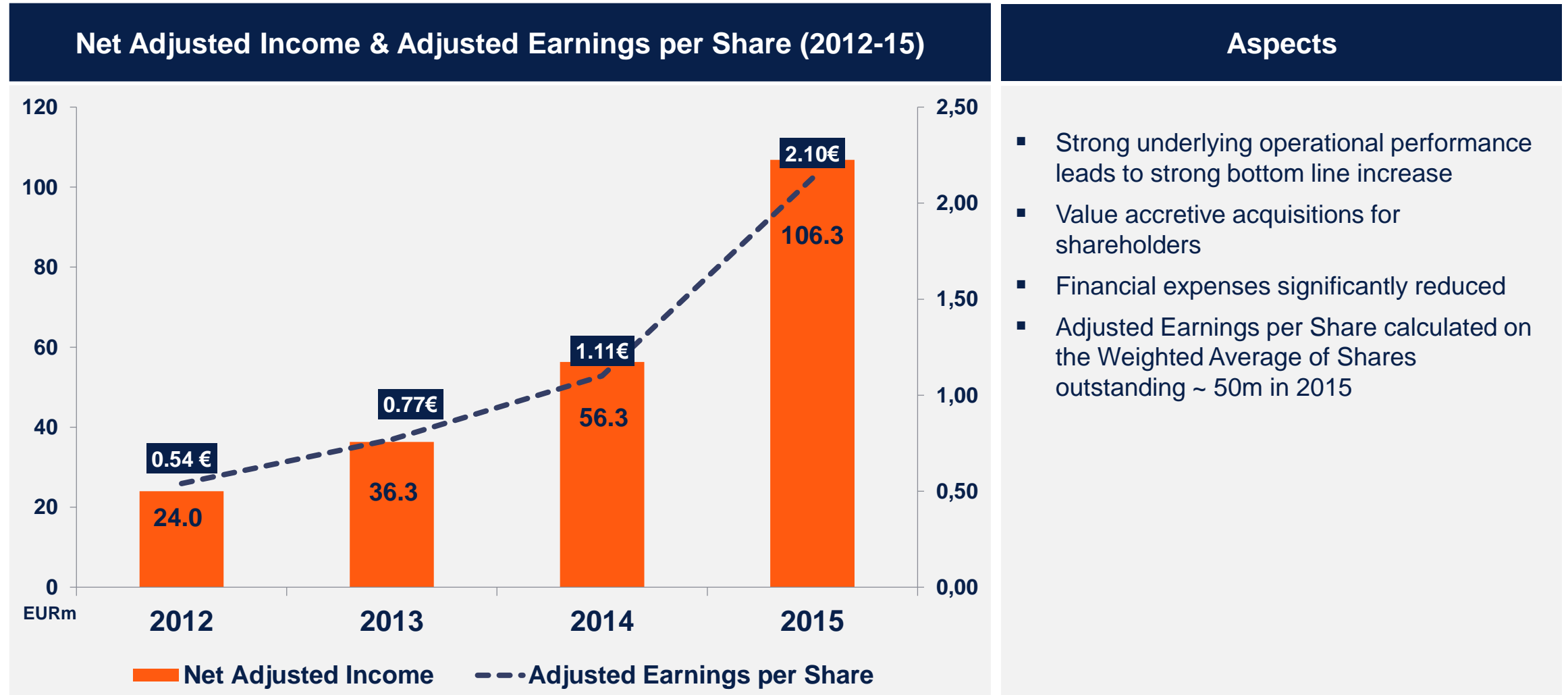
Free Cash Flow Perspective 2015 & Outlook 2016

Free Cash Flow	2015 EURm	▲ %	Outlook 2016
Op. EBITDA	207.5	40.2%	 Operational EBITDA of more than 280 EURm
- Interest (paid)	-8.4	-41.9%	 Further optimisation of financing structure
- Tax (paid)	-5.9	-29.3%	 Low level and positive effects of previous years
-/+ WC	+21.4	+43.0%	 Lower working capital contribution
- Others	-24.3	+44.6%	 Stable development of exceptionals
Operating Cash Flow	190.3	+54.2%	
Investments	-76.3	+68.6%	 Investments in digitalization (OOH & Digital) ~ 100 EURm
Free Cash Flow (before M&A)	114.1	+45.9%	 FCF > 135 EURm

Exceptionals 2015

Conversion into KGaA	~ 1 EURm
Acquisition of TOL / IAM	~ 5 EURm
Other M&A (OMS, Regiohelden etc.)	~ 2 EURm
Integration / Restructuring	~ 6 EURm
Others	~ 1 EURm
TOTAL	~ 15 EURm

Adjusted Earnings per Share almost tripled since 2013



P&L view in more detail & Outlook 2016

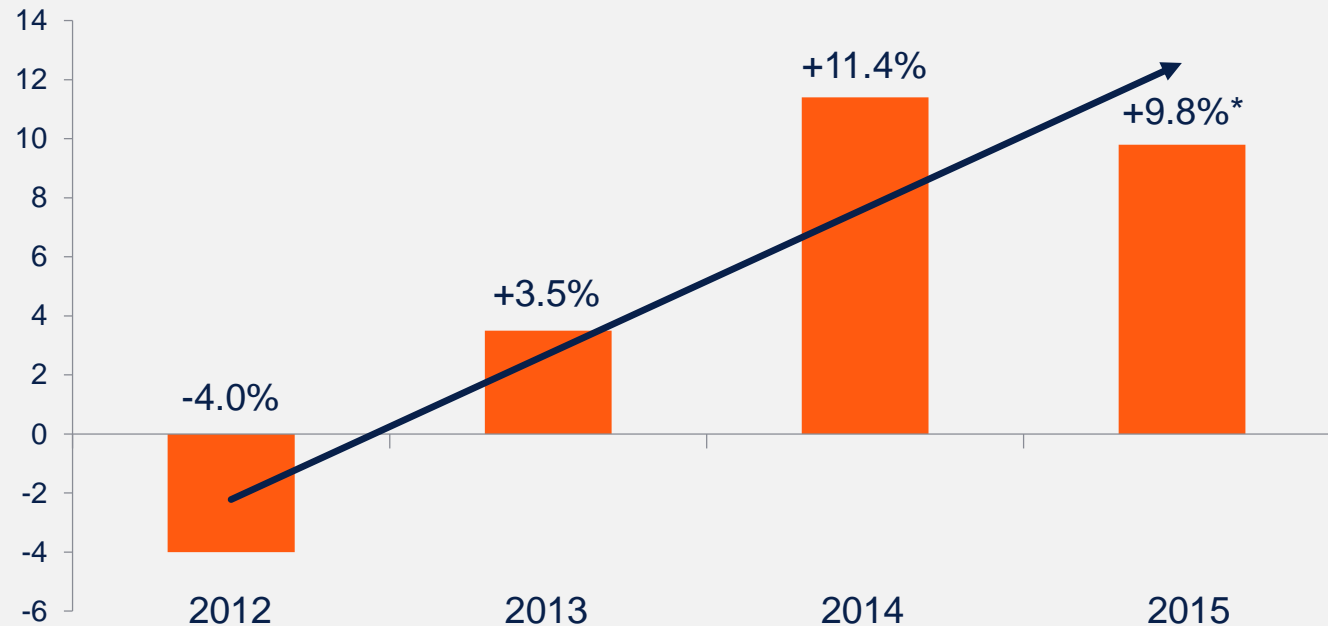
EURm	FY 2015	▲ %	FY 2016e
Revenues (reported) ⁽¹⁾	823.7	+14%	↑ Revenue growth mid to high single digit organic growth
Adjustments (IFRS 11)	14.0	+12%	
Revenues (Management View)	837.7	+14%	
Operational EBITDA	207.5	+40%	↑ Operational EBITDA of more than 280 EURm
Exceptionals	-15.2	-54%	
IFRS 11 adjustment	-4.5	-15%	→ stable
EBITDA	157.8	+40%	
Depreciation & Amortisation	-110.1	-35%	↓ Increase in D&A base on larger consolidation scope
EBIT	77.7	+48%	
Financial result	-9.3	+37%	→ Further optimisation of financing structure
Tax result	-8.9	+38%	→ Stable tax result
Net Income	59.5	> + 100%	
Adjustment ⁽²⁾	46.8	+42%	
Net income (adjusted)	106.3	+89%	↑ > 150 EURm

(1) According to IFRS

(2) Adjustment for exceptional items (+15.2 EURm), amortization of acquired advertising concessions&impairment losses on intangible assets (+ 40.2 EURm), Tax Adjustment (-8.7 EURm)

Strong organic growth 2012 – 2016e

Organic growth trend over the years

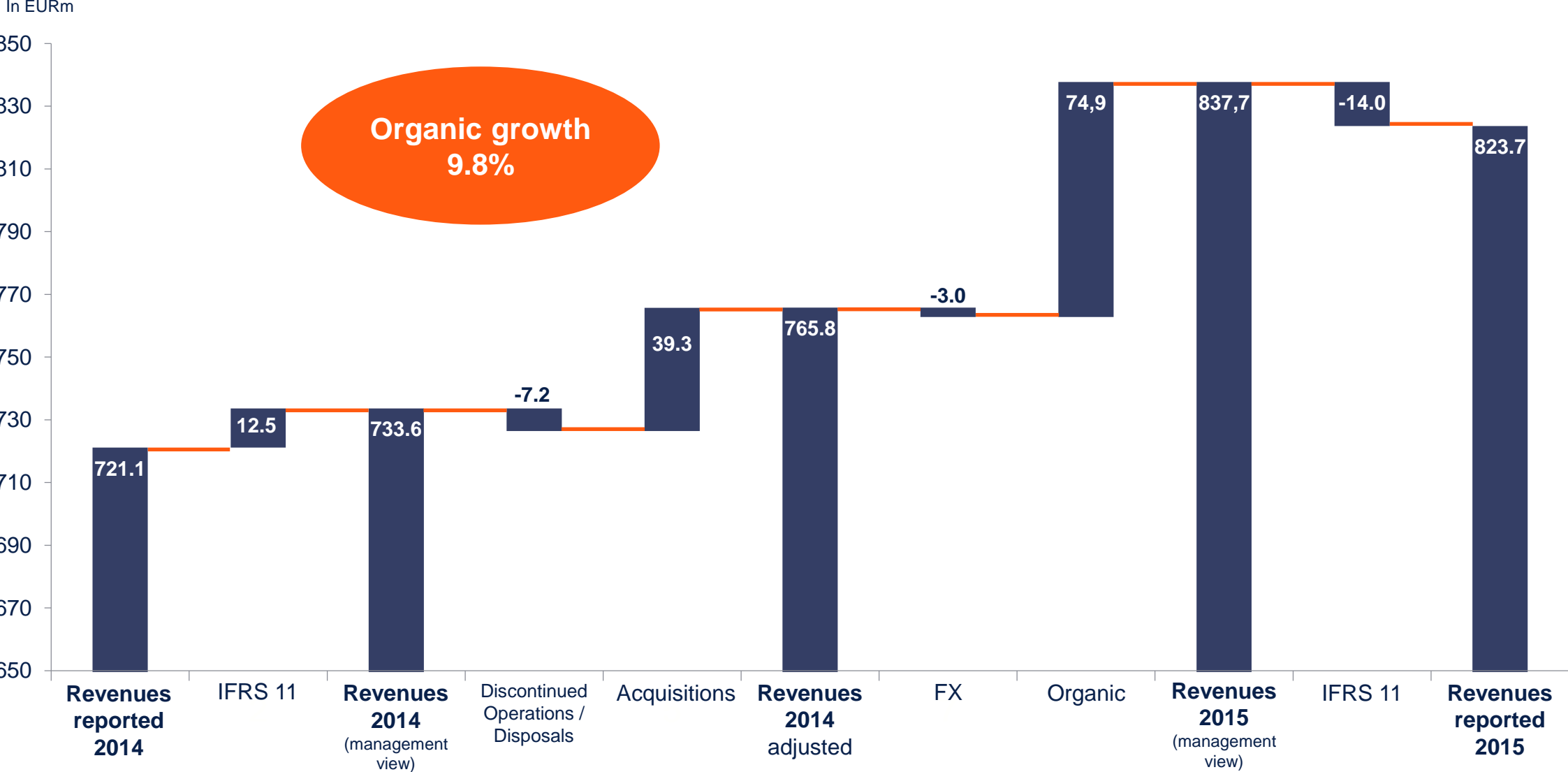


2016e: mid to high single digit %

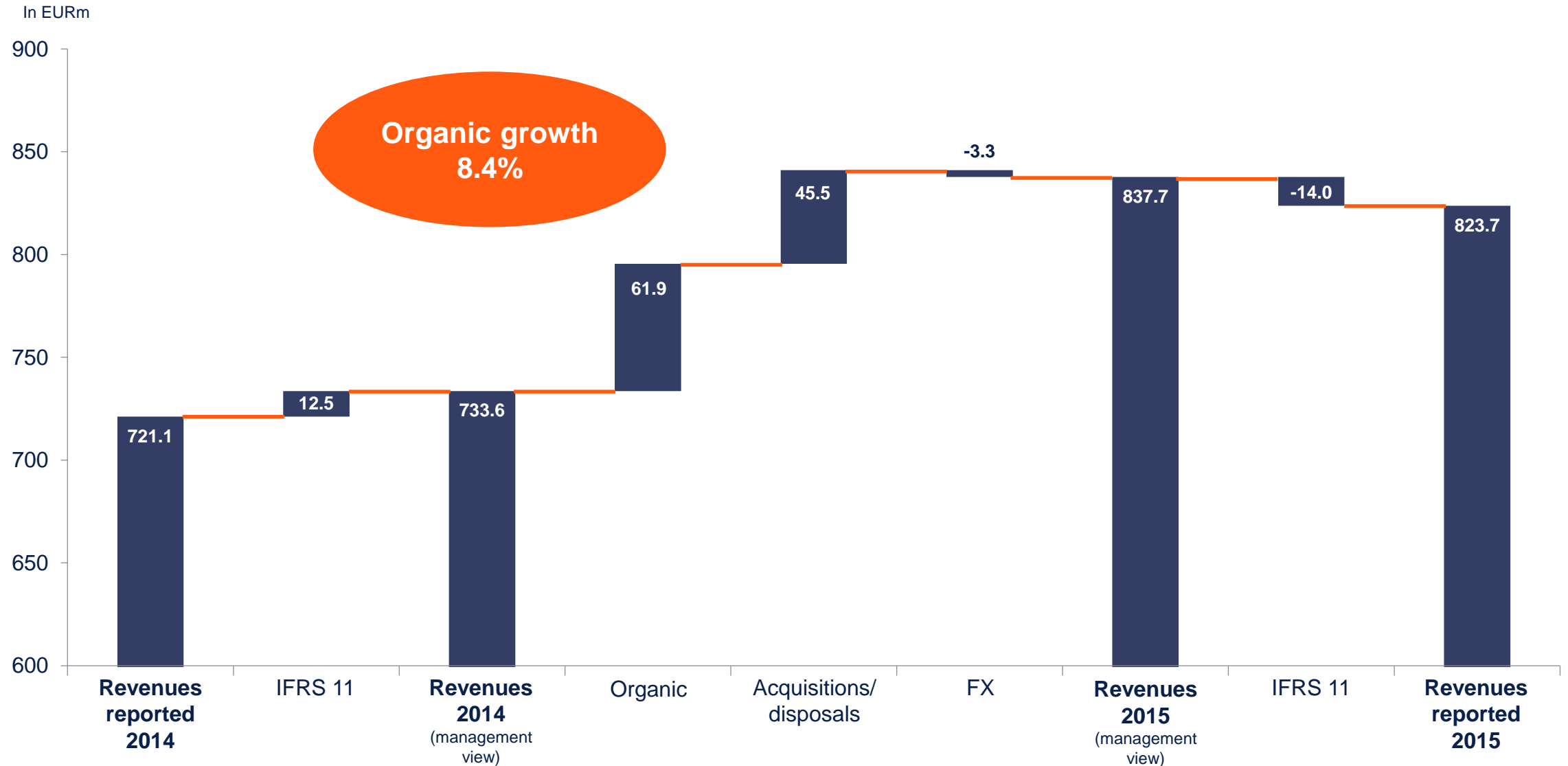
- **OOH Germany - mid single digit**
 - on national level: driven by higher utilization rates and pricing
 - on regional level: better penetration
- **Digital (~10%)**
 - strong performance of proprietary assets (Content Group)
 - growth among all product groups (Display, Video, Transactional)
- **OOH International - low single digit**
 - Strong market presence in Turkey
 - Poland catching up beyond the trough

*change of calculation method in 2015

Reported Organic Growth 2015 („Accountability“ Concept) - Group

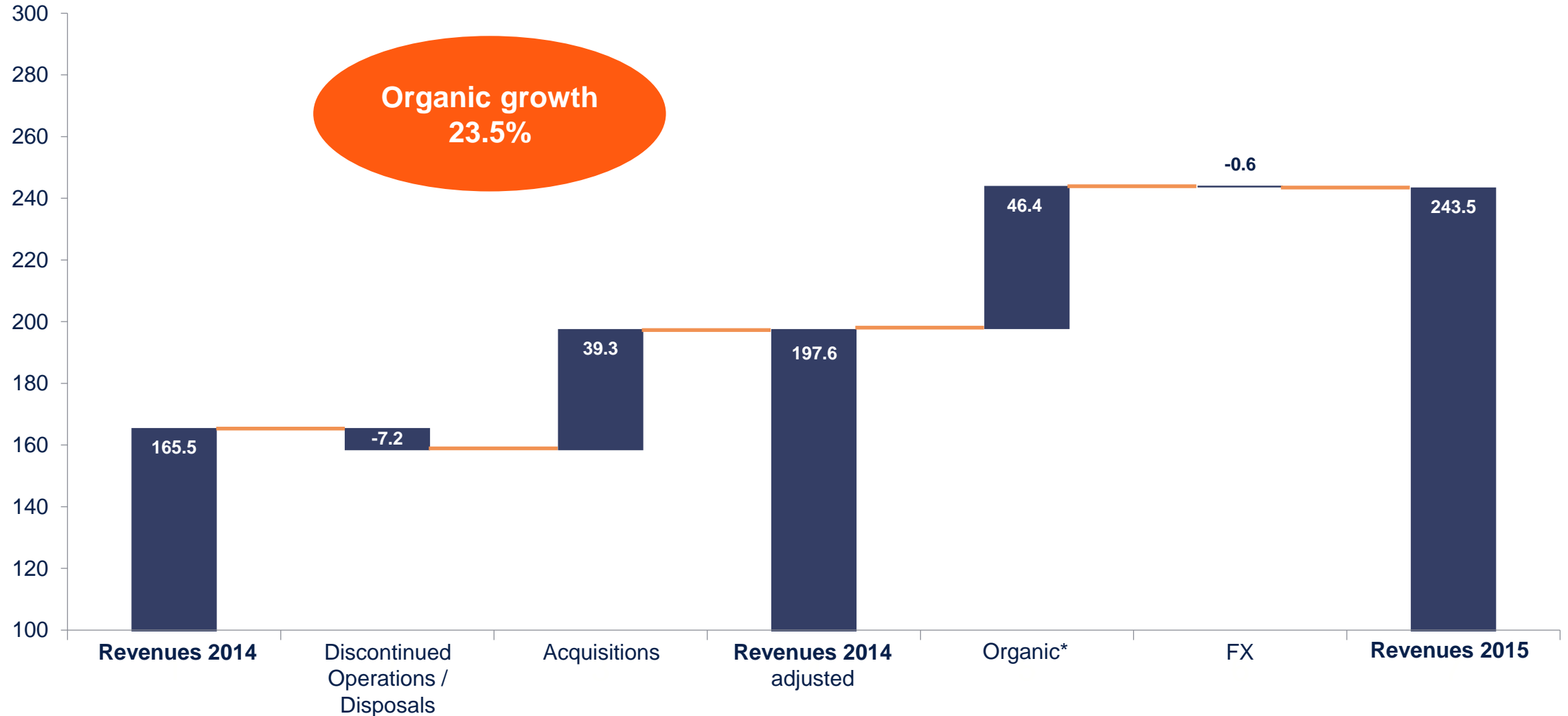


Organic Growth 2015 (“Lagging behind” Approach) – Group

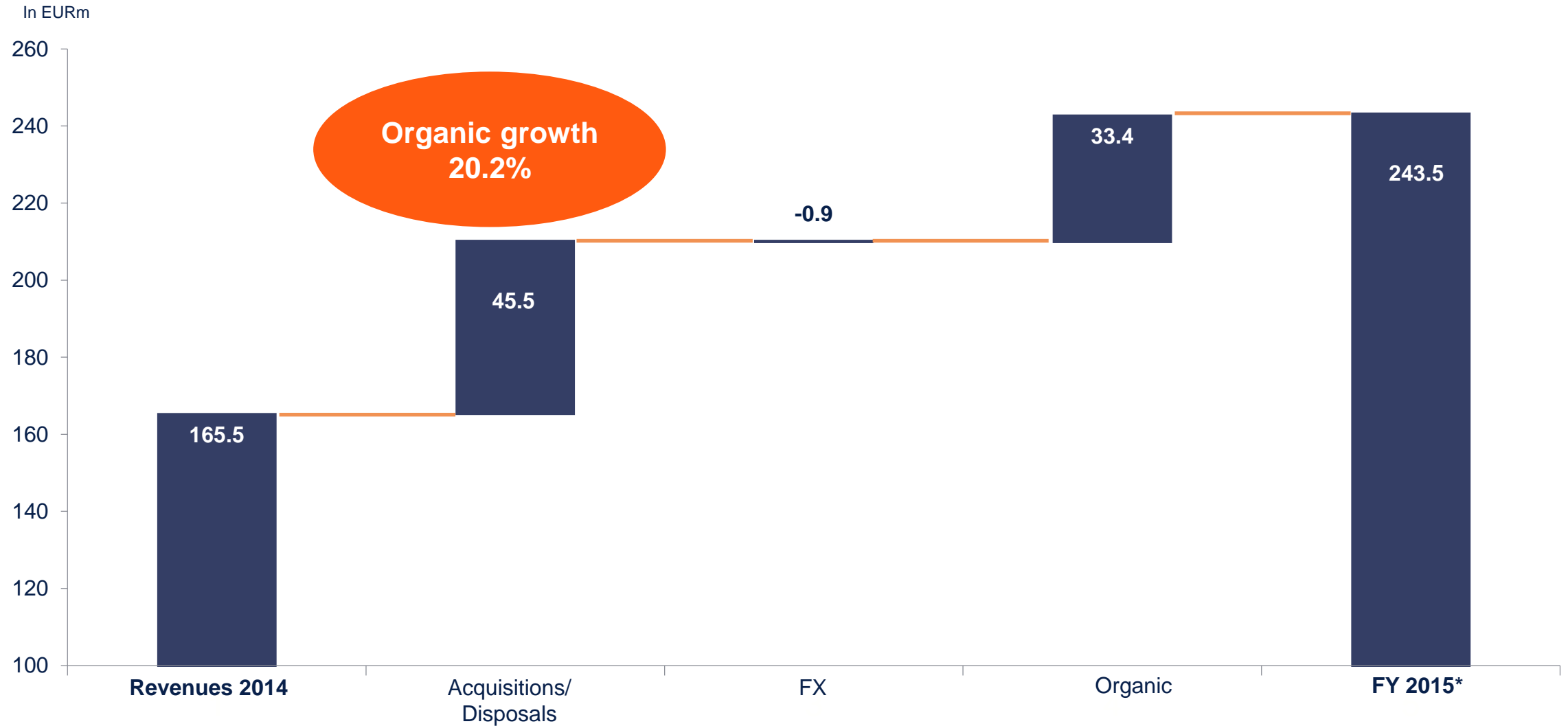


Reported Organic Growth 2015 (“Accountability” Concept) – Segment Digital

In EURm



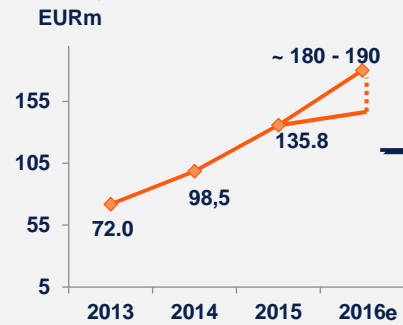
Organic Growth 2015 („Lagging behind“ Approach) – Segment Digital



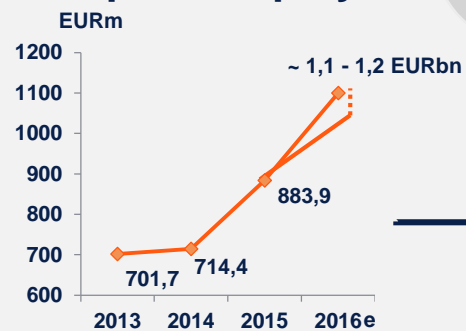
Stable ROCE in 2016 expected

ROCE Development over Time

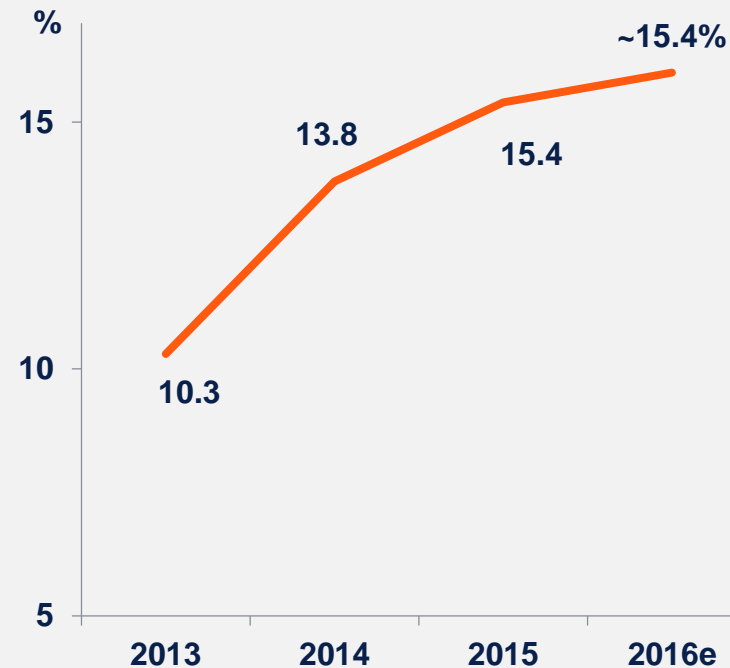
Adjusted EBIT



Capital Employed



ROCE



Aspects

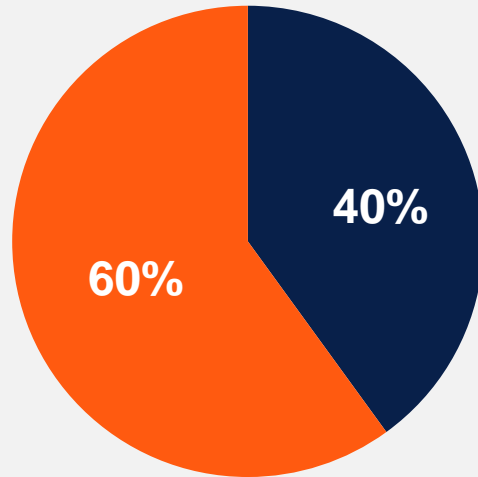
- EBIT Adjustments:
 - exceptional items
 - amortization of acquired advertising concessions (PPA effect)
- Increasing Adjusted EBIT in line with strong operational performance
- Capital Employed arithmetic average of total assets less non-interest-bearing responsibilities
- Increasing Capital employed due to investments and acquisitions
- Stable ROCE in 2016 expected

Significant Increase of Capital Employed due to M&A

Composition (EURm)	End of 2014	End of 2015	M&A 2015	
Goodwill	308	665	Purchase Price	435.8
Intangible fixed assets	249	359	Non-Controlling Interest	1.2
PPE	206	206	Net Assets acquired	83.8
Non-current financial assets	1	2	Goodwill	350.8
Non-current assets & liabilities	-71	-80		
Total Capital employed	699	1148		

Value accretive Acquisitions since 2013 to 2015

Total acquisition spend
~ 580 EURm since 2013



- Purchase Price for all of the 40 acquisitions around 580m EUR
- More than 60% of the purchase price is limited to the acquisition of T-online / IAM

Aspects

- With these acquisitions we generate in 2016 more than 420 EUR turnover
- Organic growth prospects of around 5-10%
- EBITDA-Multiple for these transactions around 7 times EBITDA on average
- Not yet all synergies are captured in forecasts

Reduction of Financing costs continues

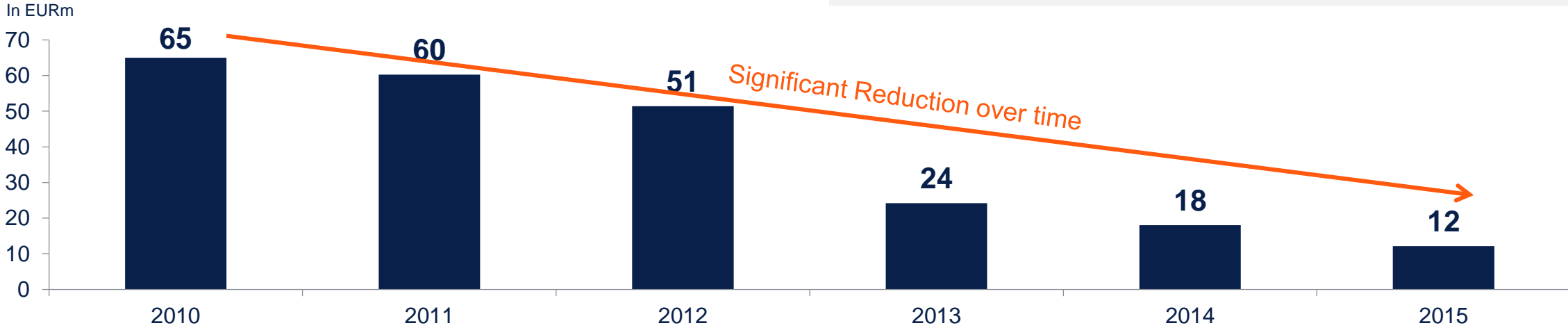
April 2016 – Issue of Debenture planned

- Refinancing of Term Loan
- Amount of more than 150 EURm
- Cost Savings (around 1 EURm per year)
- No covenants
- Slim and efficient process



Planned timetable

- Start of Marketing 20th April
- TelCo investors 4th May
- Order book closed end of May
- Signing contract beginning June
- Valuta mid of June



Segment “Digital”: Revenue Streams & reported Products (2016e)



Display (Desktop & Mobile) 50% of revenue

- Monetisation of digital traffic (both mobile and desktop) via display advertising
- Strong German No.1 position with exclusive 3rd party inventory as well as own assets (~ 40%)
- To agencies, direct clients, SMBs



Video (Multiscreen) 20% of revenue

- Monetisation of video views across home/desktop, mobile and public screens
- Dedicated video specialists for own assets as well as sales house and product/tech development
- To agencies, direct clients, SMBs



Transaction & Subscription 30% of revenue

- Monetization of traffic of own assets via affiliate and performance marketing offers
- Own e-commerce models and shopping concepts integrated in content verticals
- Dedicated subscription models

Transparency

1

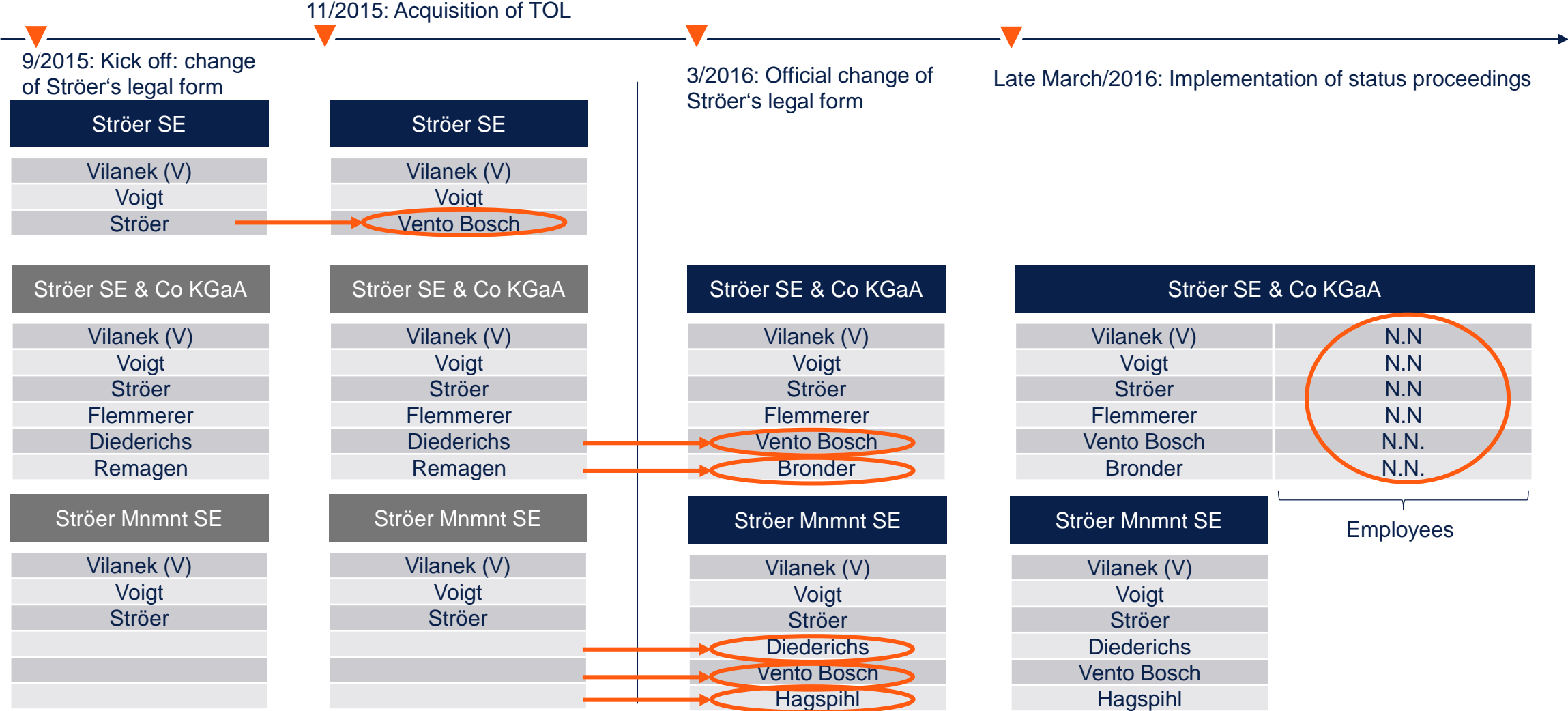
Detailed first response to the unjustified allegations of Muddy Waters 22nd April

2

Questions were raised in the course of the last couple of days:

- Q: Is Permodo a related party transaction? A: No
- Q: Is Statista related party transaction? A: No
- Q: Explain me about the 0.2 EURm evidero deal ? A: No related party transaction
- Q: Revenues due to Media for Equity Transactions? A: No
- Q: What was about the Ballroom Group 2014? A: We cleaned it up

Development of Supervisory Board by TOL/IAM



AGENDA

01

Ströer #1 in OOH & Digital

- Ströer's well- diversified product portfolio
- Focus on highest ad subsegments
- Ströer outperforming total ad market
- Clear market leader in Display & Mobile

02

Strategic update

- From analogue to digital
- Five key strategic areas
- New management team
- Digitisation
- Content
- Evolution of media
- Value Creation
- Local markets
- Strategic Roadmap

03

Financials FY 2015








- KPIs
- Cash flow on more detail
- Exceptionals
- Adj. EPS
- P&L in more detail
- Organic growth explained
- ROCE
- M&A
- Financing costs
- Segment Digital
- Transparency
- Governance

04

Q1 2016 Financials in more detail

- P&L
- Org. growth
- Ströer Digital
- Product Segment Digital
- Ströer OOH Germany
- Ströer OOH International
- FCF
- Financial Status
- Summary
- Guidance

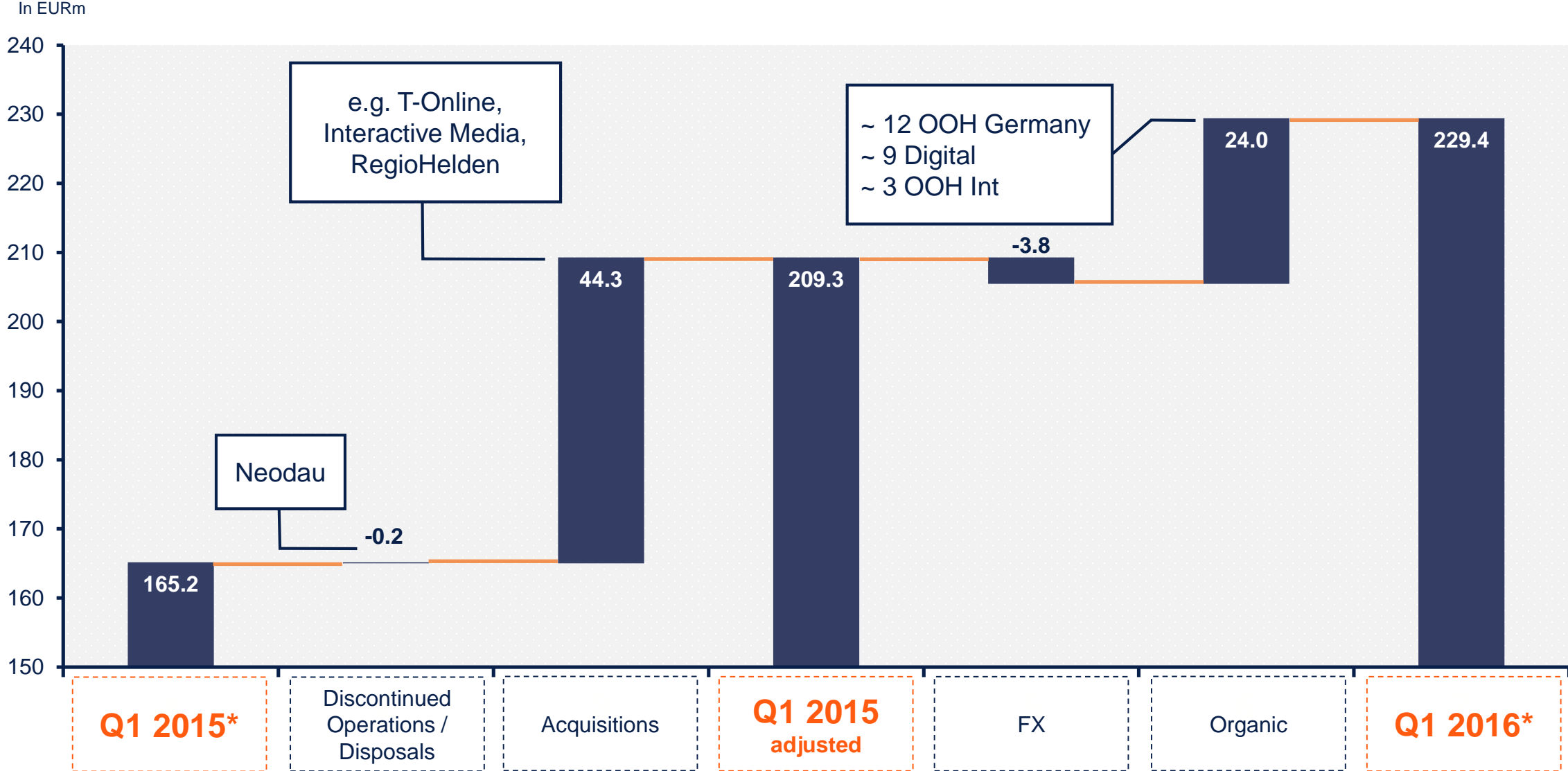
Profit and Loss Statement Q1 2016

EURm	Q1 2016	Q1 2015	▲ %	Analysis
Revenues (reported) ⁽¹⁾	226.2	161.8	+40%	 Expansion driven by 11% organic growth and M&A
Adjustments (IFRS 11)	3.3	3.4	-4%	
Revenues (Management View)	229.4	165.2	+39%	
Operational EBITDA	45.3	26.3	+72%	 On track to deliver > 280 EURm for the FY 2016
Exceptionals	-5.4	-2.6	> 2 x	 Higher Exceptionals than expected
IFRS 11 adjustment	-1.0	-1.0	-1%	
EBITDA	38.9	22.7	+72%	
Depreciation & Amortisation	-31.3	-24.2	-29%	 Increase in D&A base on larger consolidation scope
EBIT	7.6	-1.6	n.D	
Financial result	-1.7	-2.1	+17%	 Further optimisation of financing structure
Tax result	-0.8	0.6	n.D	
Net Income	5.1	-3.0	n.D	
Adjustment ⁽²⁾	15.0	7.5	~ 2 x	 Higher adjustment due to PPA-amortization
Net income (adjusted)	20.1	4.5	> 4 x	 On track to deliver > 150 EURm for the FY 2016

(1) According to IFRS

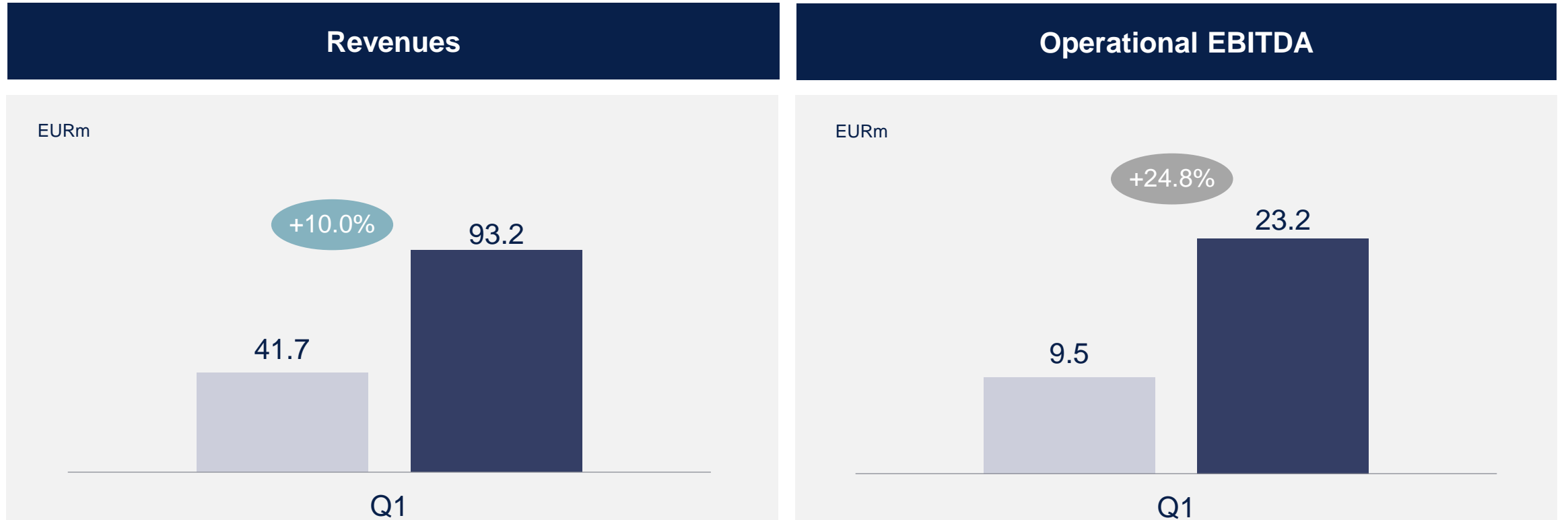
(2) Adjustment for exceptional items (+5.4 EURm), amortization of acquired advertising concessions&impairment losses on intangible assets (+ 12.3 EURm), Tax Adjustment (-2.4 EURm)

Reported Organic Growth of 11% in Q1 2016



*Revenues correspond to management accounting pre IFRS11

Ströer Digital: Profitable Growth backed by recent Acquisitions



- Digital segment consisting of a balanced portfolio of growth drivers and profitability
- Revenues and operational EBITDA more than doubled
- Significant organic growth in both acquired and established digital assets

● Organic Growth Rate ● Margin ■ 2015 ■ 2016

Details on Digital Segment: Product group development



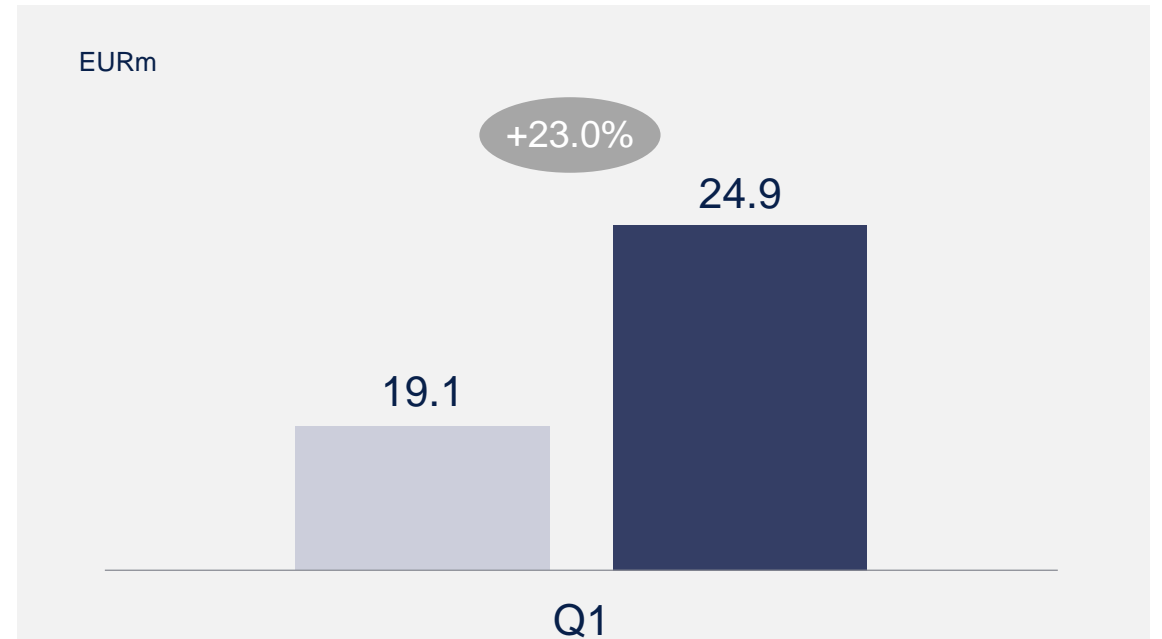
■ 2016 ■ 2015 ● Growth rate

Ströer OoH Germany: Strong start in 2016

Revenues



Operational EBITDA

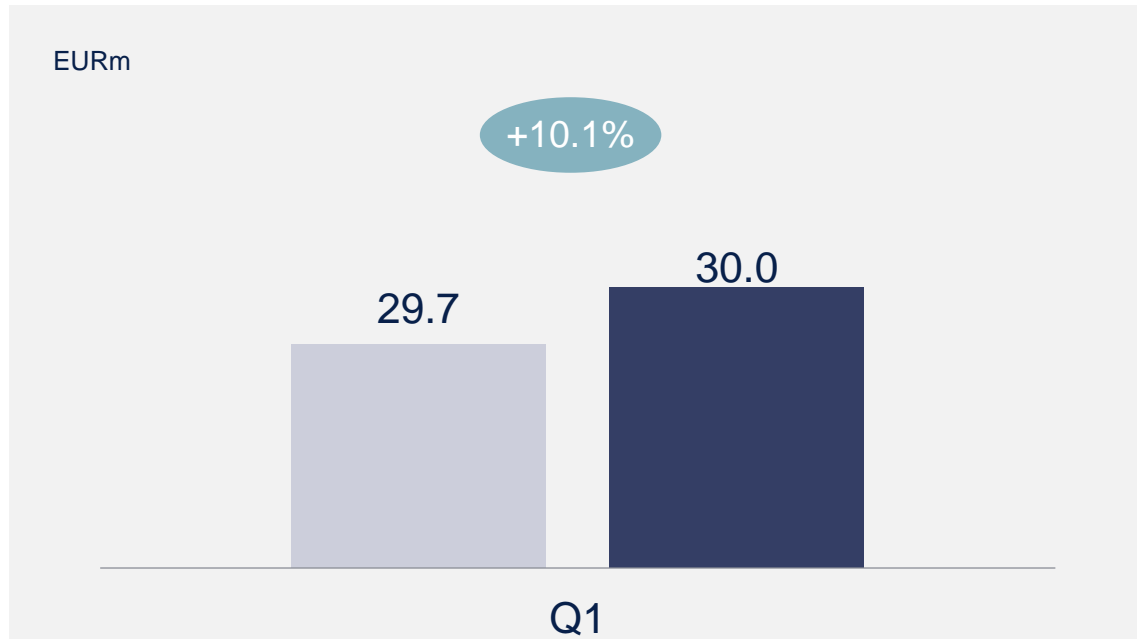


- Strong revenue growth in all product groups
- Positive revenue momentum backed by Regional sales initiatives and active national sales performance

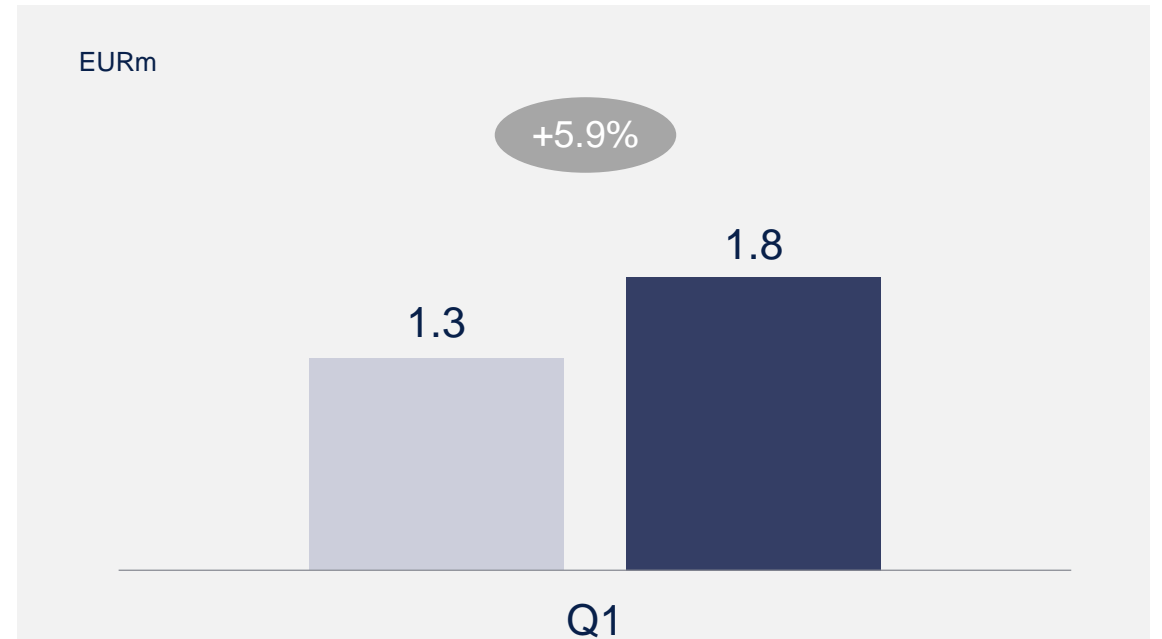
● Organic Growth Rate ● Margin ■ 2015 ■ 2016

Ströer OoH International: Organic growth and improved profitability

Revenues



Operational EBITDA



- Q1 revenues in Turkey organically up in a continuously challenging macro environment
- blowUP business with excellent start in the year
- Poland with highest growth rate for a first quarter in local currency since many years

● Organic Growth Rate ● Margin ■ 2015 ■ 2016

Free Cash Flow Perspective Q1 2016

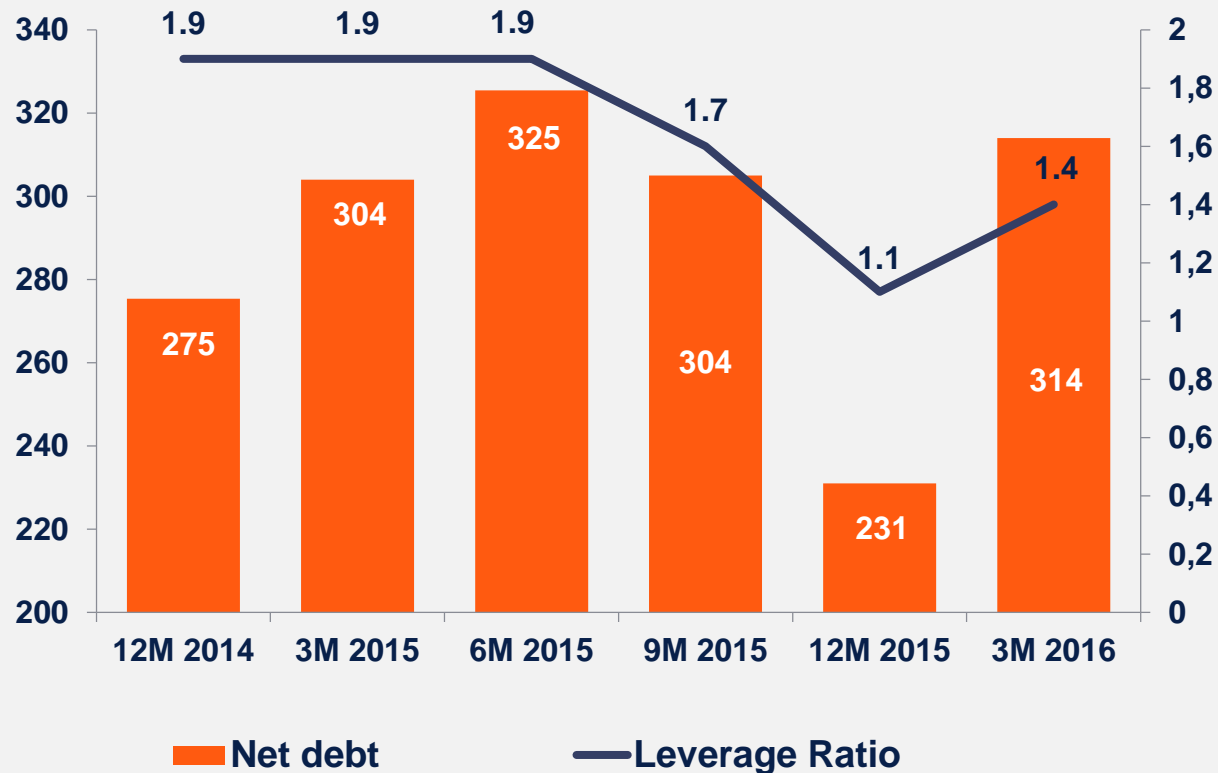
Free Cash Flow	2016 EURm	2015 EURm
Op. EBITDA	45.3	26.3
- Interest (paid)	-1.3	-2.8
- Tax (paid)	-0.7	-3.3
-/+ WC	-1.5	-10.3
- Others	-12.5	-7.0
Operating Cash Flow	29.3	2.9
Investments	-27.0	-14.9
Free Cash Flow (before M&A)	2.4	-12.0

Analysis

- Strong operational cash generation in line with increased operational EBITDA
- Further reduced interest payments after successful refinancing in 2014 and 2015
- Positive tax effect
- Higher exceptionals due to M&A and Integration efforts
- Higher investments due to LED technology, public video, IT-infrastructure and various other projects

Financial Status and Outlook

Improving leverage ratio



Financial Status & Outlook

- Leverage Ratio could be reduced vs PY from 1.9 to 1.4
- 80 mEUR M&A cash out in Q1 2016 increased Leverage Ratio by 0.3 vs Q4 2015
- Free Cashflow before M&A of more than 135 mEUR in 2016 expected

Long term financial outlook

- Maintaining a solid financial profile with a target leverage ratio of 2.0 – 2.5 is a key element of our growth strategy
- Dividend pay-out ratio: 25 – 50%
- Acquisition strategy: smaller/larger bolt-on investments

AGENDA

01

Ströer #1 in OOH & Digital

- Ströer's well- diversified product portfolio
- Focus on highest ad subsegments
- Ströer outperforming total ad market
- Clear market leader in Display & Mobile

02

Strategic update

- From analogue to digital
- Five key strategic areas
- New management team
- Digitisation
- Content
- Evolution of media
- Value Creation
- Local markets
- Strategic Roadmap

03

Financials FY 2015

- KPIs
- Cash flow on more detail
- Exceptionals
- Adj. EPS
- P&L in more detail
- Organic growth explained
- ROCE
- M&A
- Financing costs
- Segment Digital
- Transparency
- Governance

04

Q1 2016 Financials in more detail

- P&L
- Org. growth
- Ströer Digital
- Product Segment Digital
- Ströer OOH Germany
- Ströer OOH International
- FCF
- Financial Status
- Summary
- Guidance

Summary: Excellent Start into 2016

Total revenue growth by 40%



Operational EBITDA expanded by 72% to 45.3 EURm



Net Income (adjusted) more than quadrupled to 20.1 EURm



Free Cashflow more than 14 mEUR higher than PY



Leverage Ratio at 1.4 times operational EBITDA



Guidance Statement 2016: Confirmed

For 2016 we expect total revenue between 1.1 and 1.2 billion Euro and an operational EBITDA of more than 280 Million Euro

NEXT CATALYSTS: DATES

Intense Investors Teach-In in May / June



Annual Shareholder Meeting 23rd June 2016



Quarterly Report to be published on 11th August 2016



Contact:

Dafne Sanac

Head of Investor Relations

T +49 (0) 2236 / 9645-356

E dsanac@stroeer.de

Ströer SE & Co. KGaA

Ströer-Allee 1

50999 Köln

www.stroeer.com

STRÖER