

STRÖER

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Get one drink
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Ströer SE

11th November 2015 | Q3/9M 2015 Presentation



Agenda 9M Q3 2015

01

Highlights 9M Q3 2015

- Key financials
- Segment overview
- Strategic update
- Operational highlights

Udo Müller

02

Strategy Update

- Five key development sectors
 - OoH
 - Content
 - Local Market
 - National Market
 - Ventures

Christian Schmalzl

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Financials 9M Q3 2015

- Summary
- Financials per segment
- Financial outlook - ROCE
- Group cash flow
- Financial outlook - Leverage

Dr. Bernd Metzner

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Summary

- Guidance 2015
- Updated Outlook 2016

Udo Müller

Ströer SE 9M 2015 Results

€MM		9M 2015 ▲		Q3 2015 ▲	
Revenues	Reported ⁽¹⁾	553.2	+9%	189.8	+9%
	Organic ⁽²⁾		+9%		+10%
Operational EBITDA		121.8	+39%	43.4	+44%
Operational EBITDA margin		21.6%	+4.7%pts	22.5%	+5.5%pts
EBIT (adjusted) ⁽³⁾		70.4	+34%	25.4	+40%
Net income (adjusted) ⁽⁴⁾		53.0	+95%	19.2	+94%
Operating cash flow		86.7	+21.1%	48.3	+18.1%
Capex ⁽⁵⁾		50.4	+95%	12.1	+44%
		30. September 2015		30. September 2014	
Net Debt / Leverage Ratio		304.3 / 1.7x		303.6 / 2.2x	

(1) According to IFRS 11

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

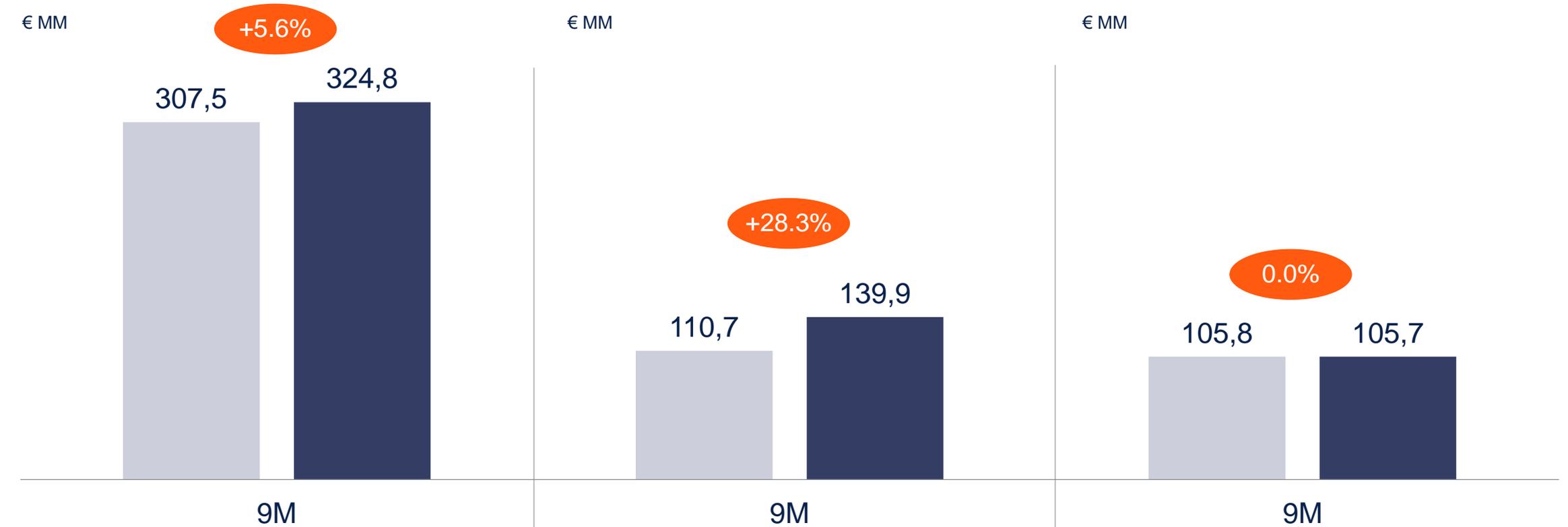
(3) EBIT adjusted for exceptional items, amortization of acquired advertising concessions and impairment losses on intangible assets (Joint ventures are consolidated proportional)

(4) EBIT (adj.) net of the financial result adjusted for exceptional items and the normalized tax expense (32.5% tax rate)

(5) Cash paid for investments in PPE and intangible assets (6) Net debt = financial liabilities less cash (excl. hedge liabilities)

9M 2015: Segment Perspective – Outstanding Growth in Digital

OOH Germany Digital OOH International



■ 2015 ■ 2014 ● Organic growth rate

Five Strategic Development Sectors

1

Out of Home

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



2

Content

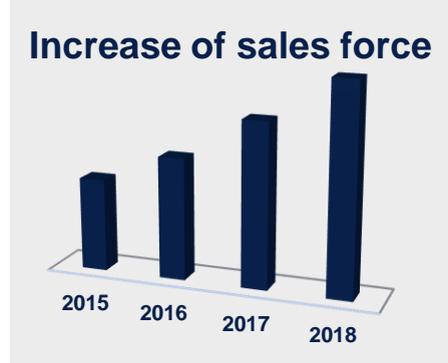
disruptive, tech and performance based digital business models



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

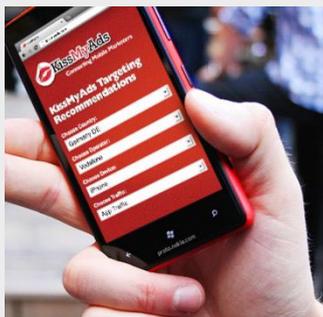


Latest M&A activities

App Installments Mobile



- Mobile Performance Marketing Network
- Technical solutions for high performance campaigns on the mobile web



E-Commerce/Gaming



- Developer and distributor of high quality gaming accessories



SEO local markets



- Data management for location-based services for smaller mid sized businesses
- Most relevant portals, directories, online maps, navigation systems and apps



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Five Strategic Development Sectors (1/5 – Out of Home)

1

Out of Home

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



LCD (Status: 3,500 screens)

- + 800 screens in stations, malls, airports
- Further extension of cross-track-projection products
- Lighthouse locations with large-format “Supermotion”

LED (Status: 0 screens)

- Launch of digital Megalights; +1,000 screens next 3 years
- Launch of digital columns; top city centres (Start HH, COL)
- Focus also on local sales potential (SMBs)

Beacons (Status: 1 station)

- 20,000 beacons installed by Q2/2016; total target: 50,000
- Nationwide infrastructure to leverage IoT applications
- Pilot projects with blue chip apps already kicked off

Small Cells (project-based)

- Closing of first projects in the next 8–12 weeks planned
- Munich and Frankfurt: 80 columns turned into small cell infrastructure

OoH - Example Wuppertal: First Roadside Screens installed (and booked)!



- Focus on top locations
- Flexible booking options and no production costs ideal for SMBs
- Content Slots (weather, news, etc.) create completely new product and sales opportunities
- Bottom-up strategy: Developing city by city with business case around local clients; sum of cities and growing national coverage creates over time national ad product
- Rapid Prototyping: proven model Open Playground for Beacon Technology (Düsseldorf)

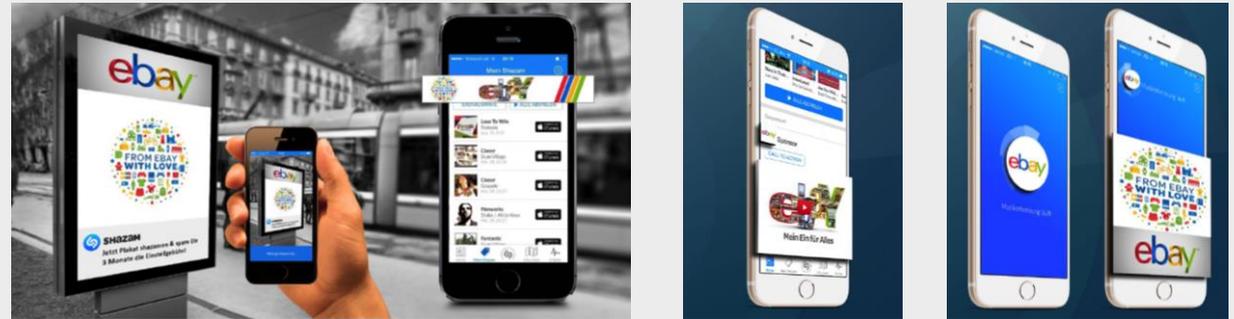


OoH - Connecting Outernet & Internet: Beacon Rollout and Strategy

Nationwide Beacon Network

- 20,000 Beacons by the end of Q2/2016;
50,000 Beacons installed over the next 18 months
- Cost efficient roll out on the base of existing Out of Home infrastructure
- Software Development Kit connects installed Apps with Infrastructure and Data Management Platform

Relevance for Advertisers: Seamless Digital Handshake!



Five Strategic Development Sectors (2/5 - Content)

2

Content

disruptive, tech and performance based digital business models



Tech and Data Backbone

- Fully automatized data & consumer driven tech stack to create, distribute and measure the performance of content

StoryBeat



Creation Desk



Portal Cockpit

Lighthouse Portal T-Online

- Leading German content portal, ~ 25m UU per month
- Massive synergies via disruptive performance publishing strategy (integrating Ströer tech & data stack)

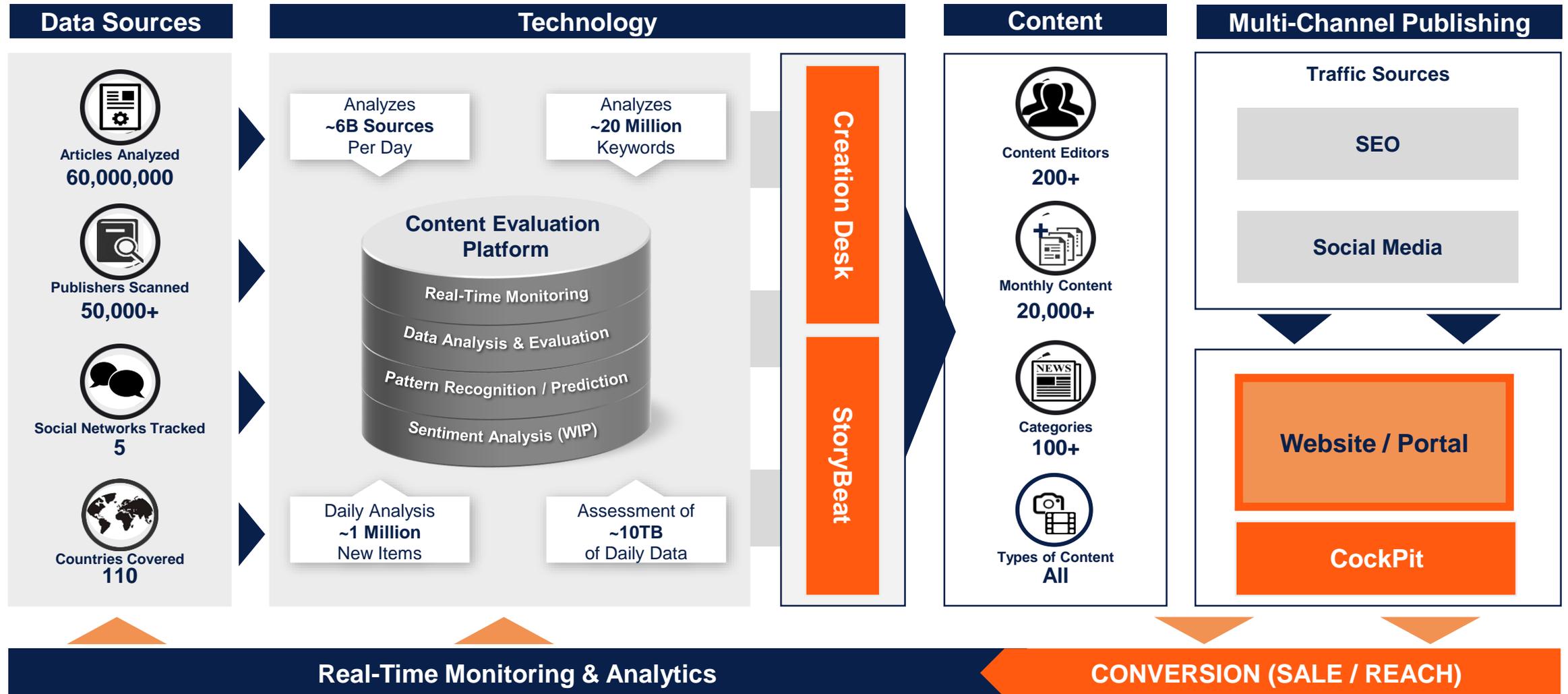
Verticals and Social Web TV

- Largest MCN TubeOne (basis ALL social platforms)
- In total 21 portals across 4 verticals (tech, entertainment, gaming, beauty & lifestyle) and overall ~ 13m UU

Constantly new scalable assets

- On-going acquisitions to broaden portfolio and leverage existing tech and data infrastructure
- Recent new assets : FaceAdNet & LionCast

Content - Ströer Publishing Tech Stack: Turning the old Model upside down



Content - Overview Publishing Assets to leverage Tech Stack

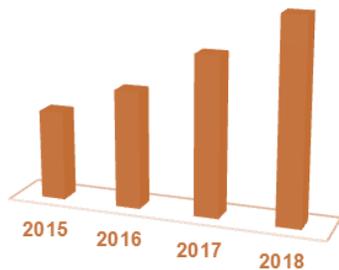


Five Strategic Development Sectors (3/5 – Local Markets)

3

Local Markets

only nation-wide sales organisation for local marketing and ad products

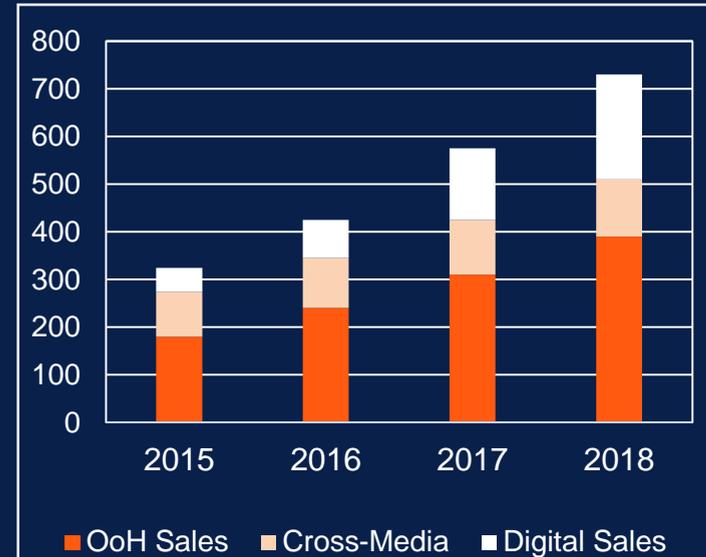


Product Range and Diversification (full integration)

Combined Portfolio of Ströer OoH, Ströer Digital and RegioHelden

Website	SEO	AdWords
Social	Directories	Display
Analytics	Tracking	Call Center
OoH Signage	OoH Campaign	Digital OoH (Public Video)

Rollout of local Salesforce (nation-wide)



Local Markets - RegioHelden Products complement OoH Portfolio

Staggered Module and Subscription Ticket Sizes: Average ARPU of RegioHelden direct Customers: >€900/month



Local Markets - Business Case Regional

Since 2012 built up of Local Sales Structure

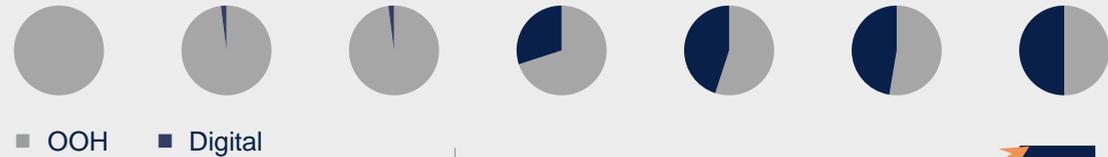
- Focus on regional customers which are neither served by agencies nor by a self service concept
- Solid platform for future growth
- Customers usually spending money on print will go for OoH and Digital

+ yellow page product of digital age (Regiohelden, Omnea)

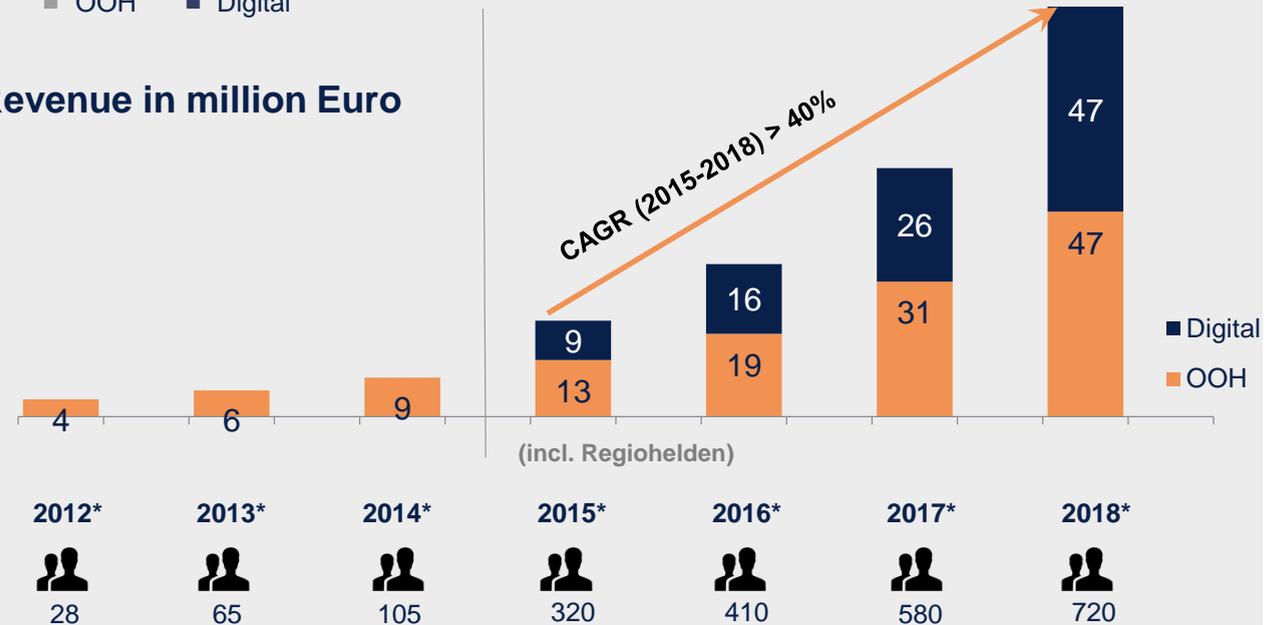
- Search engine marketing
- Search engine optimization (including directory entry management)
- Web design/website marketing
- Call measurement

Development of Headcount and deferred (!) Revenue

Share of revenue



Revenue in million Euro



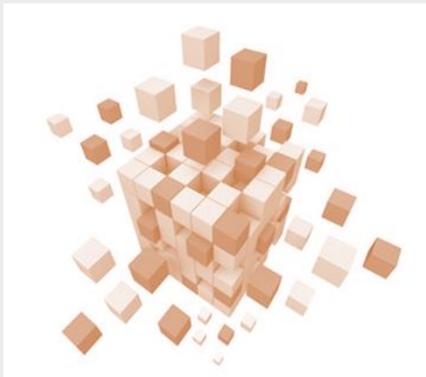
*end of the year

Five Strategic Development Sectors (4/5 – National Market)

4

National Market

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



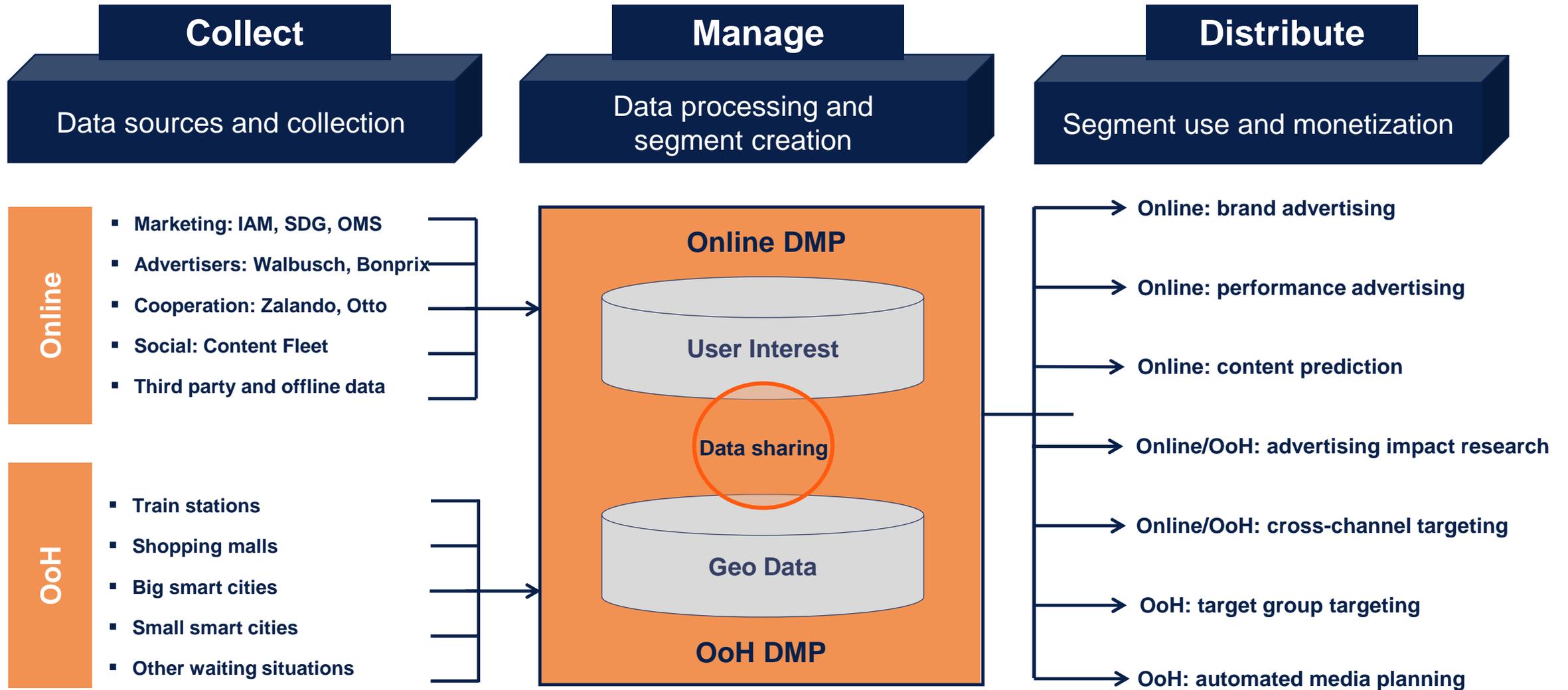
Further Consolidation of Online (OMS & Interactive Media)

#	Sales House Online	Reach (%)	UU (in m)
1	InteractiveMedia	72.1	38.09
2	United Internet Media	68.4	36.15
3	Ströer Digital	67.1	35.47
4	Axel Springer Media Impact	66.6	35.22
5	ForwardAdGroup	63.6	33.60
6	SevenOne Media	63.5	33.54
7	OMS	53.7	28.36
8	IP Deutschland	53.3	28.20
9	G+J e MS	51.1	26.99
10	eBay Advertising Group	47.7	25.21

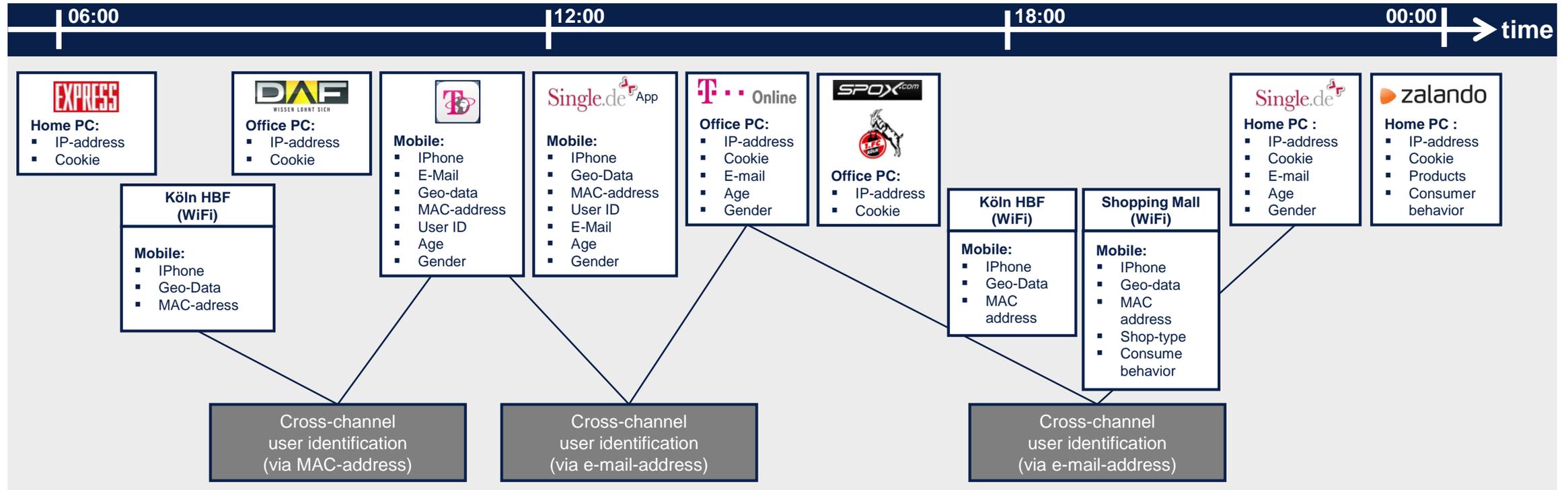
One-Stop Shop OoH/Digital (New Market Position)

#	Sales House TOTAL	Billings 2014 m€
1	Pro7Sat1	6,231
2	RTL Gruppe	4,594
3	STRÖER*	2,052
4	Axel Springer	1,991
5	RMS (Radio)	1,085
6	RTL 2	831
7	ARD-Werbung	817
8	Burda Verlag	715
9	Gruner und Jahr	532
10	Bauer Verlag	437

Ströer Data Strategy: Linking Online and OoH Geo Data



Use Case: User Profile across all Devices on the Basis of daily Routines



Information	Source
Age: 35	T-Online, single.de
Gender: M	T-Online, single.de
Residence: Düsseldorf	Home PC IP-address
Place of work: Köln-Sürth	Office PC IP-address

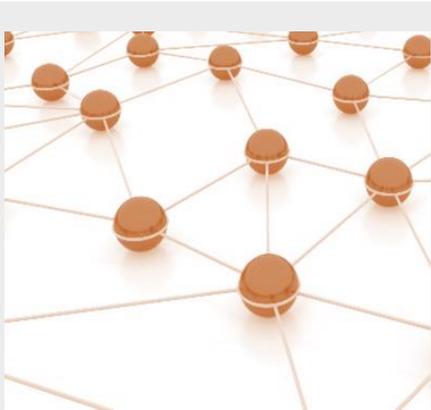
Information	Source
Journey to work: Köln HBF	iPhone Geo-Data WiFi
Consumer behavior: Saturn	iPhone Geo-Data WiFi
Consumer behavior: Zalando	Home PC IP-address
Interests: 1.FC Köln	Spox.com

Five Strategic Development Sectors (5/5 – Ventures): Kick-off with DTAG

5

Ventures

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



Track Record last five Years (including Infrastructure)

- Pioneering the digitalisation of OoH in Germany since 2010; first nation-wide public video network globally; integrated in online-ad-serving-system
- From zero to number 1 local online sales house in Germany within 2 ½ years via aggressive M&A strategy
- From zero to number 3 digital publishing house within 20 months
- Broad range of digital experts combined with
 - unique set of data (OoH/Digital)
 - unique tech stack (Sales/Content)

Current and Future Projects (2016ff)

eVALUE

- Joint investment fund with **Deutsche Telekom** and Falk Technologies
- Focus on tech-based assets

Ströer Digital Ventures

- Dedicated M&A team for disruptive business models
- First targets already lined up

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Ströer SE 9Months 2015 Results

€MM	9M 2015	9M 2014	▲
Revenues (reported) ⁽¹⁾	553.2	509.3	+9%
Adjustments (IFRS 11)	10.3	9.0	+15%
Direct costs	-330.7	-317.6	-4%
SG&A	-117.2	-118.0	+1%
Other operating result	6.2	5.1	+20%
Operational EBITDA	121.8	87.8	+39%
Margin %	21.6	16.9	+4.7%pts
Depreciation & Amortisation	-75.5	-58.3	-30%
Exceptional items	-12.2	-6.0	<-100%
EBIT (adjusted) ⁽²⁾	70.4	52.6	+34%
Net income (adjusted) ⁽³⁾	53.0	27.2	+95%
Net income	25.2	4.9	>+100%

(1) According to IFRS

(2) EBIT adj. for exceptional items, amortization of acquired advertising concessions&impairment losses on intangible assets (Joint ventures are consolidated proportional)

(3) EBIT (adj.) net of the financial result adjusted for exceptional items and the normalized tax expense (32.5% tax rate)

Ströer Digital: Growth Engine of Ströer Group

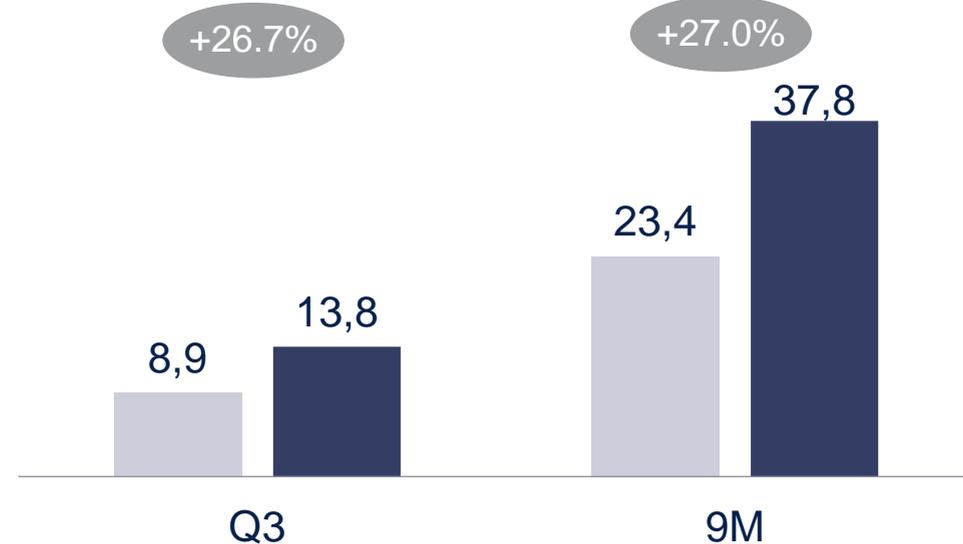
Revenues

€ MM



Operational EBITDA

€ MM



- Strong demand for Public Video, Online video, mobile products as well as yield optimization
- Very strong Operational EBITDA contribution in line with strong sales development and backed by cost efficiencies
- Continued integration activities and further portfolio optimization

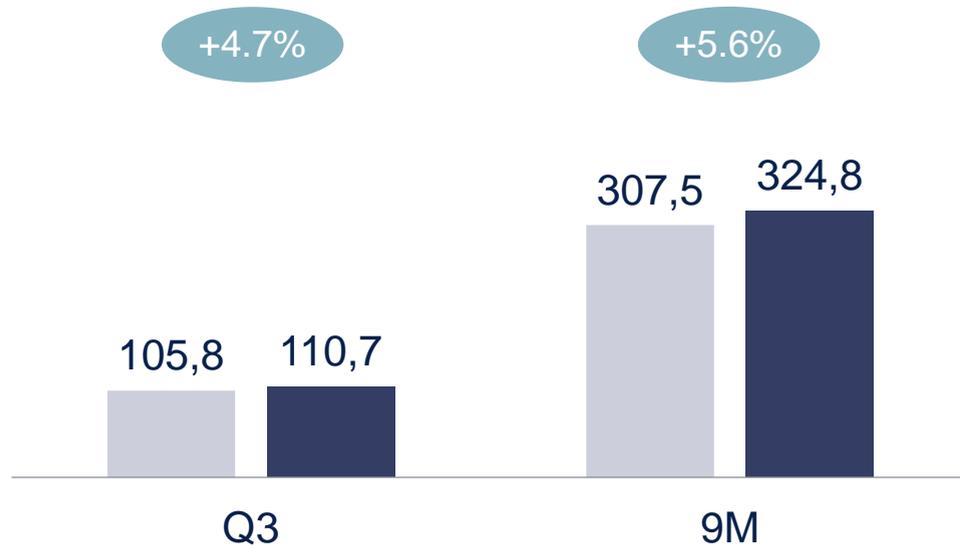
● Organic Growth Rate ● Margin ■ 2014 ■ 2015

Ströer OoH Germany: Steady Profitable Growth

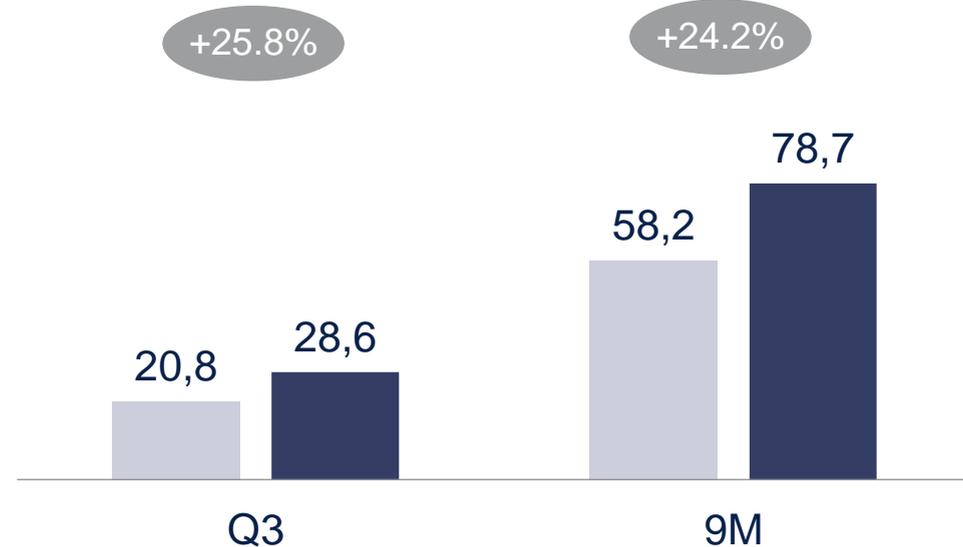
Revenues

Operational EBITDA

€ MM



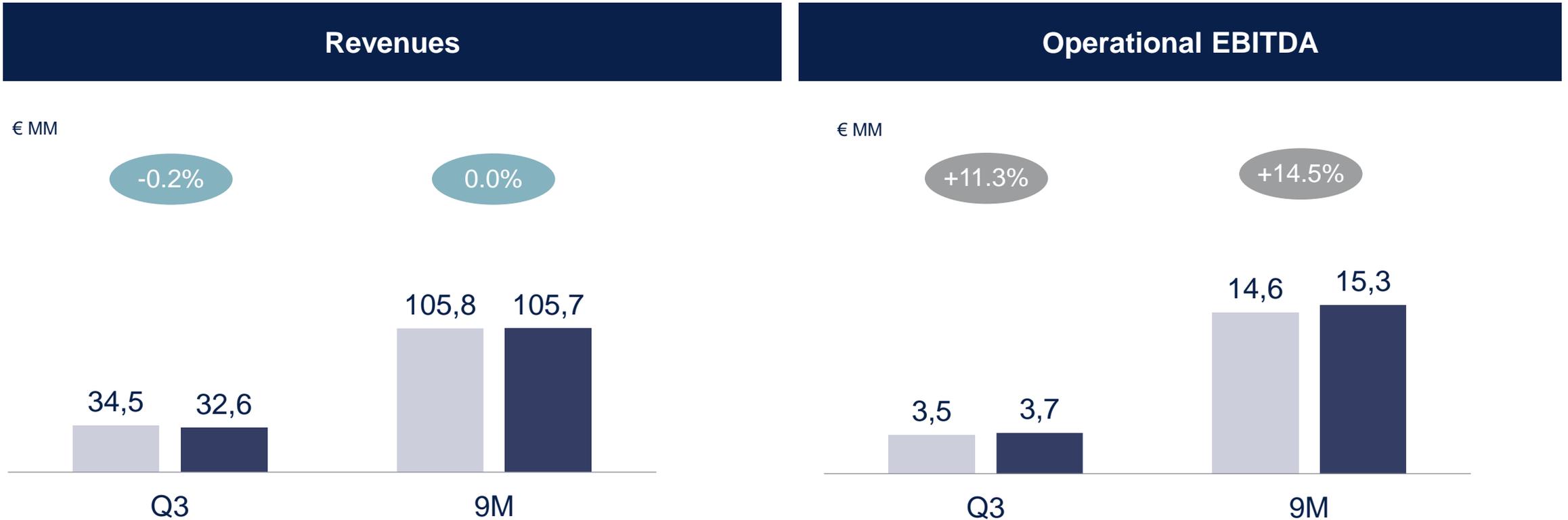
€ MM



- Strong regional and national sales performance drive revenue growth
- Beneficial product mix effects support margin improvement
- Full year effects of cost efficiency program lead to further EBITDA margin improvements

● Organic Growth Rate
 ● Margin
 2014
 2015

Ströer OoH International: Improved profitability in challenging environment

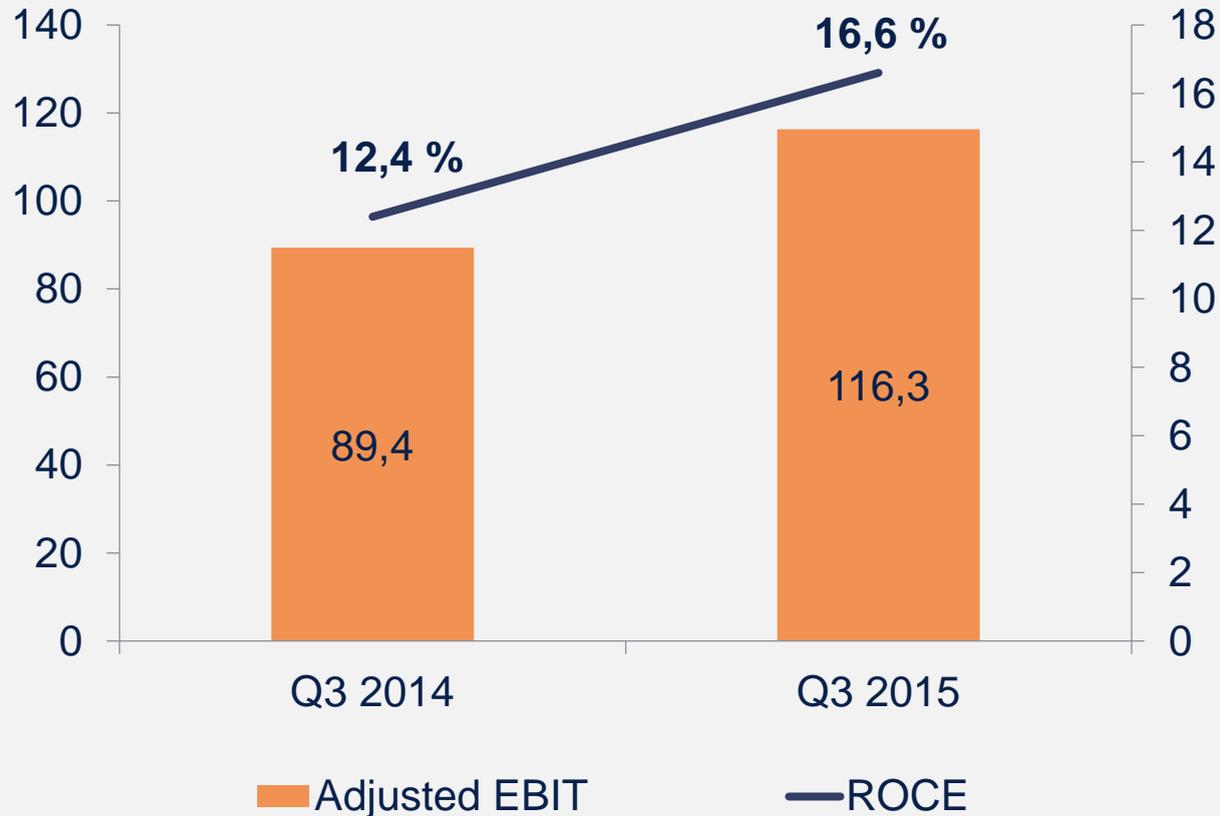


- Q3 revenues in Turkey affected by market uncertainties and devaluation of Turkish Lira
- Continuously soft market dynamics in Poland as well as UK (blowUP)
- Improved cost base leading to higher operational EBITDA y-o-y

● Organic Growth Rate ● Margin ■ 2014 ■ 2015

Financial Outlook - ROCE

Improving ROCE



Adjusted EBIT/Capital Employed

- Adjusted EBIT: is defined as the reported EBIT adjusted for exceptional items, amortization of acquired advertising concessions and impairment losses on intangible assets
- Adjusted EBIT up 30% yoy
- Capital employed stable

Assessment

- Improved operational performance lead to increase of ROCE by more than 30%
- Given lower WACC, we significantly increased the company value

Free Cash Flow Perspective Q3 2015

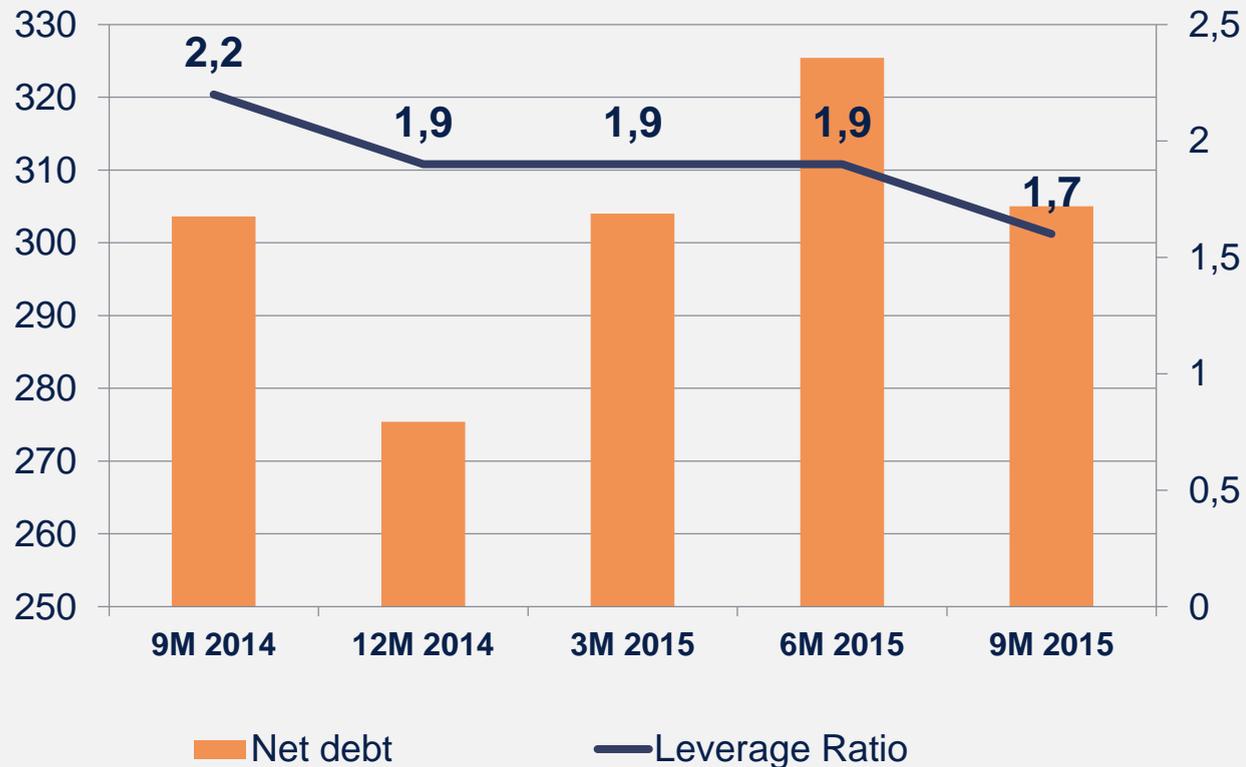
Free Cash Flow	Q3 2015 € MM	Q3 2014 € MM
Op. EBITDA	43.4	30.1
- Interest (paid)	-2.2	-4.0
- Tax (paid)	+0.2	-2.6
-/+ WC	+15.1	+18.4
- Others	-8.2	-1.0
Operating Cash Flow	48.3	40.9
Investments	-11.5	-8.5
Free Cash Flow	36.8	32.4

Free Cash Flow up 12% yoy

- 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 especially TOL/IAM
- Higher investments due to LED technology, public video and various other projects

Financial Outlook - Leverage

Improving leverage ratio



Short term financial outlook

- Free Cashflow before M&A FY 2015 should be higher than 80 EURm
- Leverage below 1.5 x by year-end

Long term financial outlook

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

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Summary: Good Q3 2015

Total organic revenue growth by 10%



Operational EBITDA expanded by 44% to 43.4 EURm



Net income (adj.) doubled to 19.2 EURm



Leverage Ratio down to 1.7 x EBITDA despite strong M&A activity



Game changing acquisitions of T-Online.de, InteractiveMedia & OMS



Guidance Statement 2015: RAISE

For 2015 we expect a high single digit organic growth rate and
an operational EBITDA of up to
200 Million Euro

Guidance Statement 2016: RAISE

**For 2016 we expect total revenue between 1.1 and 1.2 billion Euro,
and an operational EBITDA of 270 to 280 Million Euro
(with 50% coming from Digital)**

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