

**STRÖER**



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## HALF YEAR/Q2 2014 PRESENTATION

20th August 2014 | **Ströer Media AG**

# Agenda H1/Q2 2014

- 1** Key developments - Udo Müller, CEO
- 2** Operational highlights - Christian Schmalzl, COO
- 3** Financials - Dr. Bernd Metzner, CFO
- 4** Summary & Outlook - Udo Müller, CEO

# Ströer Media AG H1 2014 results

| €MM                                      |                         | H1 2014             | ▲ %      | Q2 2014            | ▲ %      |
|--|-------------------------|---------------------|----------|--------------------|----------|
| Revenues                                 | reported <sup>(1)</sup> | 334.7               | +19%     | 189.0              | +18%     |
|  | organic <sup>(2)</sup>  |                     | +8%      |                    | +11%     |
| Operational EBITDA                       |                         | 57.8                | +22%     | 41.3               | +22%     |
| Op. EBITDA margin                        |                         | 16.9%               | +0.5%pts | 21.5%              | +0.8%pts |
| EBIT (adj.)                              |                         | 34.5                | +37%     | 29.5               | +30%     |
| Net income (adj.) <sup>(3)</sup>         |                         | 17.3                | +76%     | 17.2               | +45%     |
| Investments <sup>(4)</sup>               |                         | 24.5                | -17%     | 15.4               | -34%     |
|  |                         | <b>30 June 2014</b> |          | <b>31 Dec 2013</b> |          |
| Net debt <sup>(5)</sup> / Leverage Ratio |                         | 325.3 / 2.5x        |          | 326.1 / 2.8x       |          |

Notes:

(1) Adjusted by IFRS 11

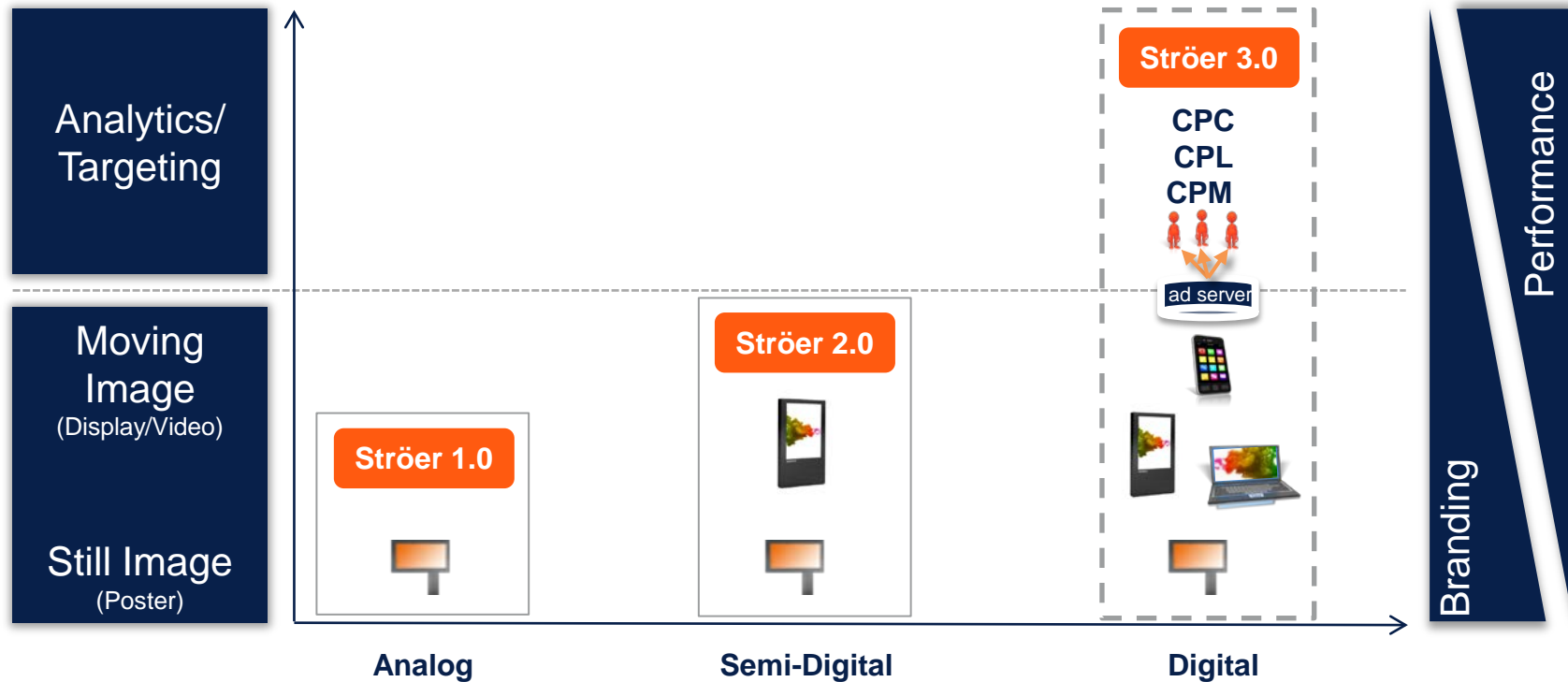
(2) Organic growth = excluding exchange rate effects and effects from the (de)consolidation and discontinuation of operations;

(3) EBIT (adj.) net of the financial result adjusted for exceptional items, amortization of acquired intangible advertising concessions and the normalized tax expense (32.5% tax rate)

(4) Cash paid for investments in PPE and intangible assets as well as for acquisition of consolidated entities

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

# Our focus in the last 18 months: Developing a fully integrated sales house



# Ströer's new strategy 3.0 pays off

**New structure  
Outdoor/Digital  
creates synergies  
from the start**

**Increased relevance  
to customers and  
agencies**

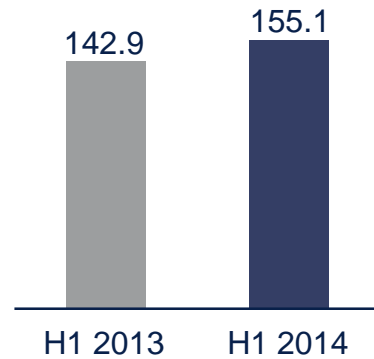
**Strong focus on  
regional  
development  
Outdoor/Digital**

**National sales under  
direct leadership of  
Board/COO**

# Fivefold revenue increase in Digital

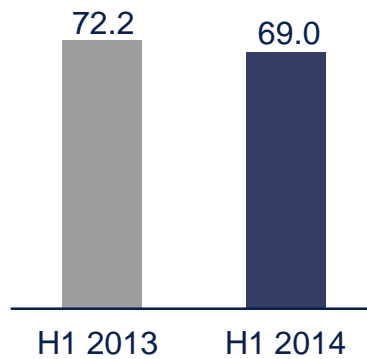
## BILLBOARD €MM

Reported % **+ 8.5%**



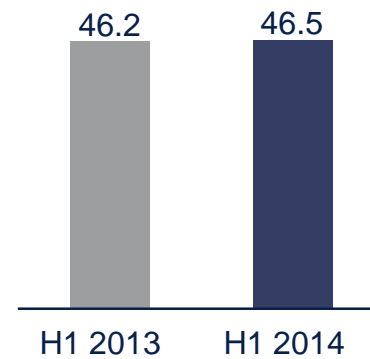
## STREET FURNITURE €MM

Reported % **- 4.4%**



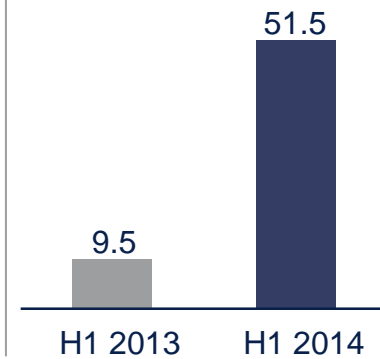
## TRANSPORT €MM

Reported % **+ 0.6%**



## DIGITAL (ONLINE) €MM

Reported % **x 5.5**



# Key drivers for the billboard product segment

- 2,000 unutilized network spaces released for selective location booking
- Doubling regional sales force to 200
- New agreements for third party sales/new contract wins
- Strong growth in giant poster business (BlowUp)



# Building a strong platform for future digital growth

|  |   |
|--|---|
| <br>50.4%                       | B2B marketer of SME, business and finance portals                 |
| <br>100%                        | Strong independent marketer of premium channels                   |
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| <br>97%                         | Important German ad exchange platform                             |
| <br>100%<br><i>(asset deal)</i> | Pioneer in location based advertising                             |
| <br>62.3%                       | International online marketer with presence in Turkey and Poland  |
| <br>79.1%                       | Technology leader in precise target group identification          |
| <br>70%                       | Leading marketer of in-game advertising in Germany                |
| <br>51%                       | Leading German online video channel Network                       |
|                               | Agreement for exclusive Sales & Marketing of advertising products |

Top 3 digital marketer straight from the start

Integration well on track

Fivefold revenue increase

58% organic revenue growth yoy

~ EUR120m revenues p.a. expected



# Operational Highlights Q2/H1



# Strong performance of Public Video: World cup campaign for adidas

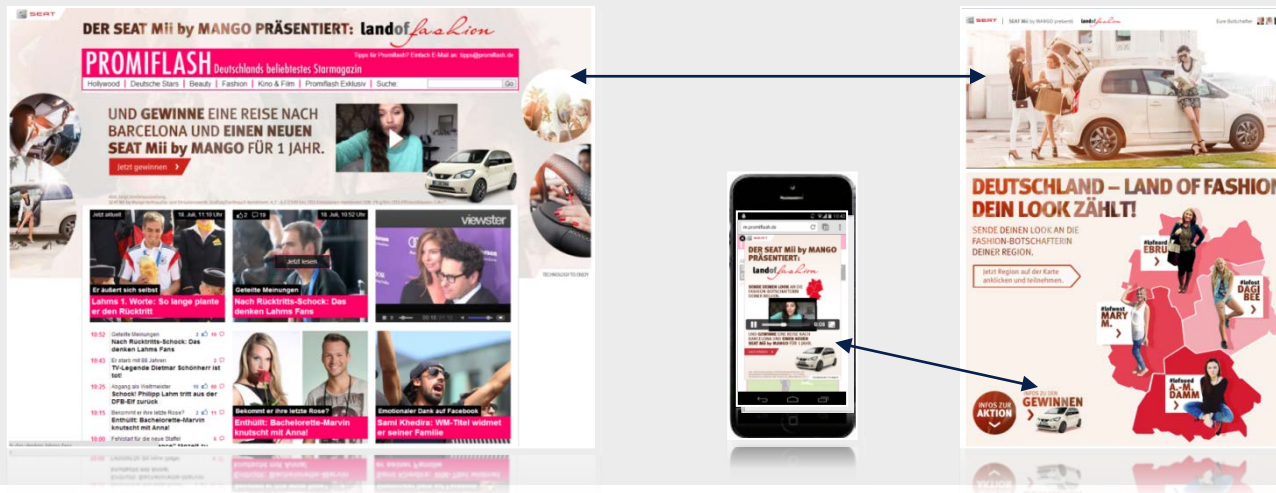
- Reactive video content ads right after matches of the German team
- 30 sec teaser campaign
- More than 30 different copies



- Flexible copy switch daily at 5.30am
- Leveraging high frequently spots at stations & underground
- Fully integrated element of a broader OoH campaign

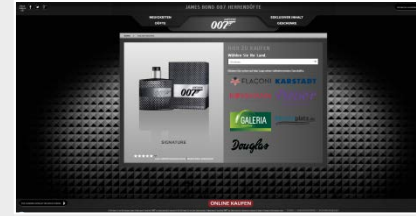
# Growing number of integrated digital concepts: Advertorial video campaign for Seat by Mango

- Regional styling contest to activate customers for Mango & Seat
- Integrated bundling of: Online video advertising; our youtube multichannel network tubeone; advertorials with Promiflash and mobile marketing
- Modular set up allows smart scaling for other clients



# Next level premium online display sales: 360° ad campaign for Procter & Gamble

## Men's Health Style Guide presented by James Bond 007



- 5 months cooperation
- Integration of advertorials
- Raffles: targeting and performance elements
- Sponsoring ads
- Mobile advertising package

# Unique mobile click-through optimization: Local activation campaign for T-Mobile

## Campaign mechanics

1 Localised User

2 Localised landing page

3 Pushing store traffic

## Results | Example Berlin



# Leveraging client portfolio across OoH markets: Successful enhancement of HRS for Turkey

## OoH campaign Germany



- Cross market & cross country deal with key customer
- OoH as key launch medium for HRS market entry in Turkey
- Based on client deal structure: 100 per cent share with Ströer

## HRS Launch campaign Turkey



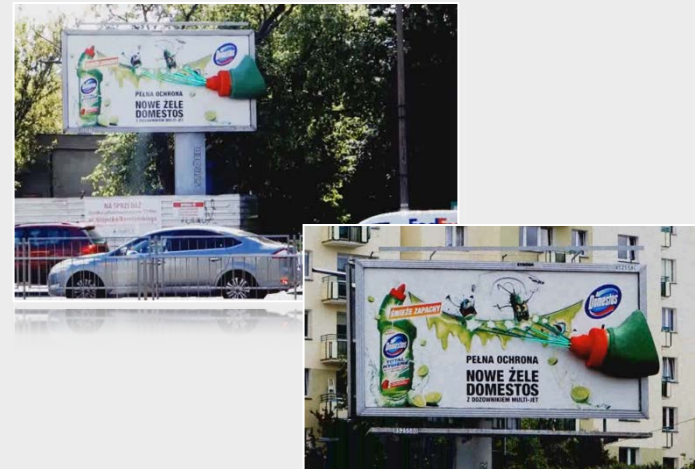
# Re-energizing sales activities in Poland: Exemplary cases for Costa Coffee & Unilever

## Talk of the Town Campaign



Pushing best-in-class cases for marketing of OoH media

## Special ad installation



Broadening customer base through dedicated new business activities (FMCG)

# Strong development across all BlowUp markets: Broadening customer base in UK and Germany



- Berlin Kurfürstendamm
- adidas presented Bastian Schweinsteiger and his football boot in May in Berlin
- Size: 901 m<sup>2</sup>



- London, Birmingham, Liverpool, Glasgow, Coventry
- Virgin Media used multiple locations to attract attention in the UK
- Size: 61 to 490 m<sup>2</sup>



# Financials



# Ströer Media AG H1 2014 results

| (€MM)                                       | H1 2014      | H1 2013      | Change (%)  |
|---|--------------|--------------|-------------|
| <b>Revenues (reported)*</b>                 | <b>334.7</b> | <b>282.4</b> | <b>+19</b>  |
| Adjustments (IFRS 11)                       | 6.2          | 6.6          | -6          |
| Direct costs                                | -207.4       | -171.8       | -21         |
| SG&A  | -80.0        | -72.4        | -11         |
| Other operating result                      | 4.2          | 2.6          | +64         |
| <b>Operational EBITDA</b>                   | <b>57.8</b>  | <b>47.4</b>  | <b>+22</b>  |
| Margin %                                    | 16.9         | 16.4         |             |
| Depreciation                                | -19.7        | -20.0        | +1          |
| Amortisation                                | -17.6        | -15.9        | -10         |
| Exceptional items                           | -3.5         | -4.0         | +11         |
| <b>EBIT (adjusted)</b>                      | <b>34.5</b>  | <b>25.3</b>  | <b>+37</b>  |
| <b>Net income (adjusted) <sup>(1)</sup></b> | <b>17.3</b>  | <b>9.8</b>   | <b>+76</b>  |
| <b>Net income*</b>                          | <b>3.4</b>   | <b>-1.7</b>  | <b>n.d.</b> |

Notes

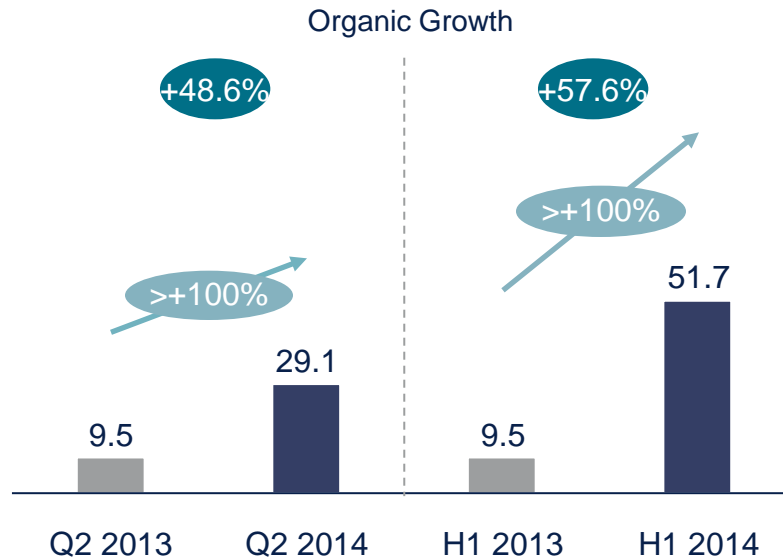
(1) Net Income mainly adjusted for EUR 14.0m relating to the non-cash amortization of hidden reserves from advertising concessions which were recognized in connection with earlier acquisitions

\* Adjusted by IFRS 11

# Ströer Digital: Reported revenues increased fivefold

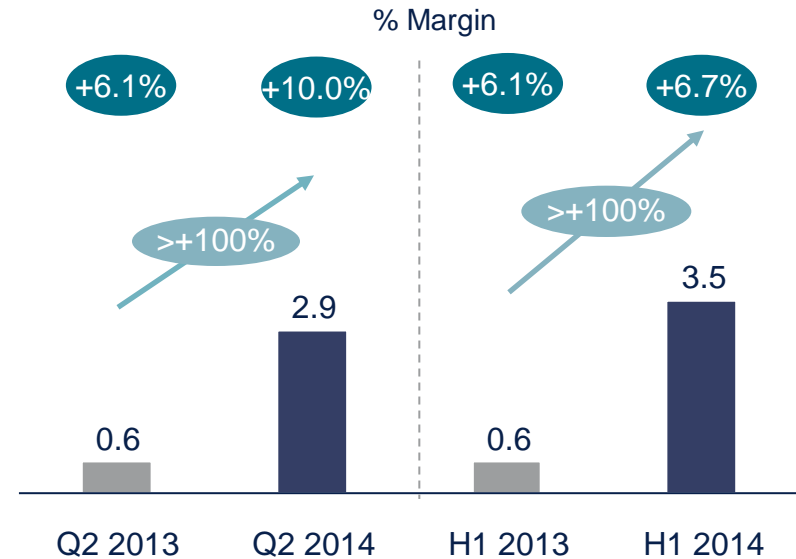
## REVENUES

€ MM



## OPERATIONAL EBITDA

€ MM

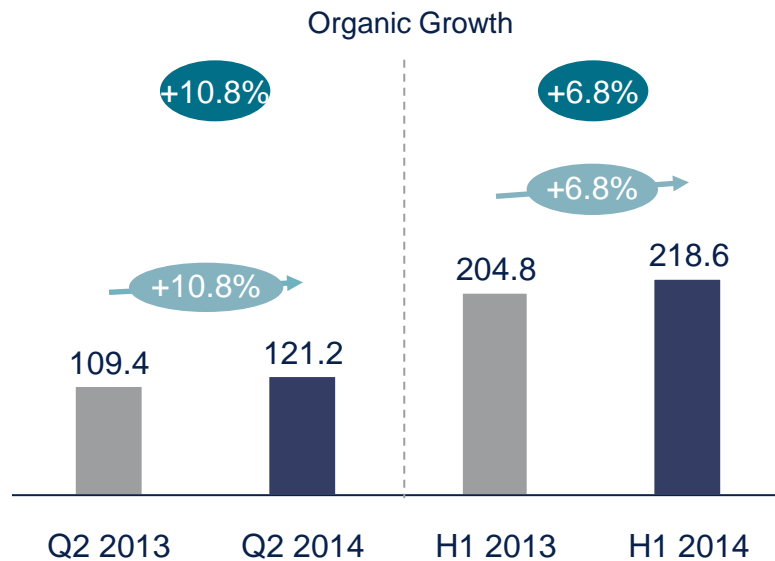


- Fivefold revenue increase to 51.7 € MM
- Organic growth at 58% yoy
- Operational EBITDA in line with expectation

# Ströer Germany: Strong growth in a stable market environment

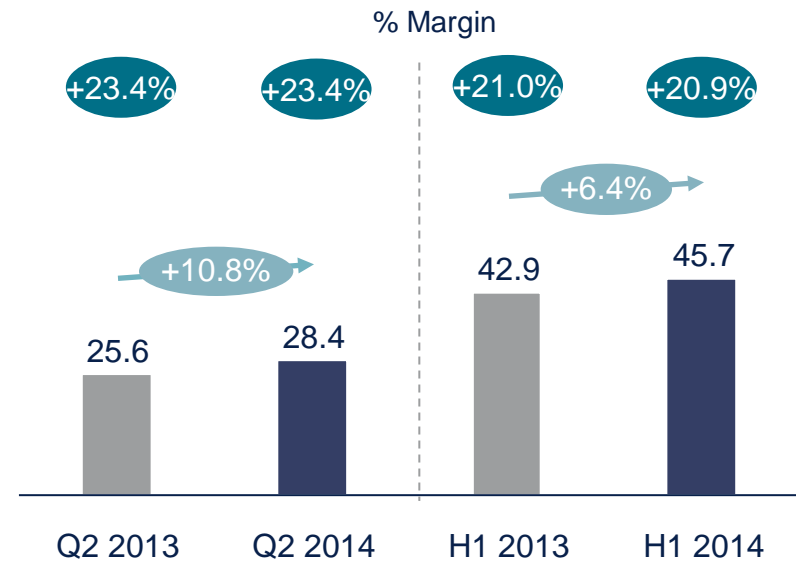
## REVENUES

€ MM



## OPERATIONAL EBITDA

€ MM

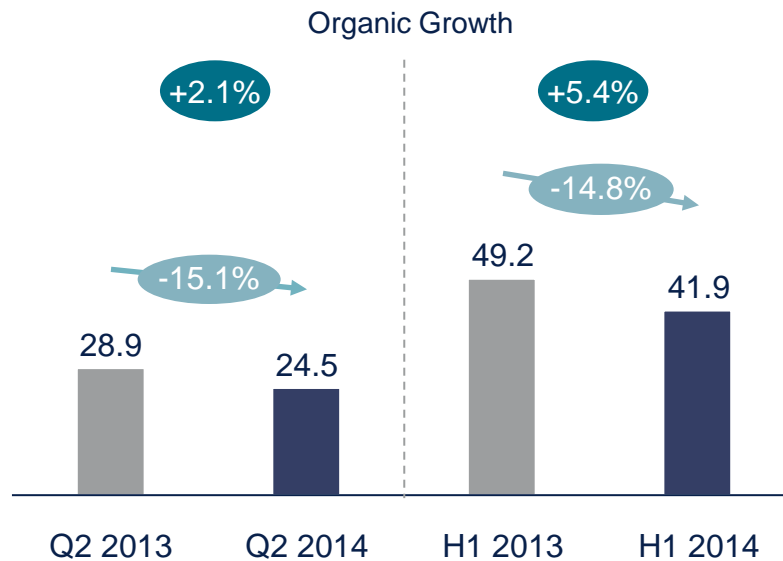


- Revenue Growth especially due to the billboard product segment

# Ströer Turkey: Solid organic growth

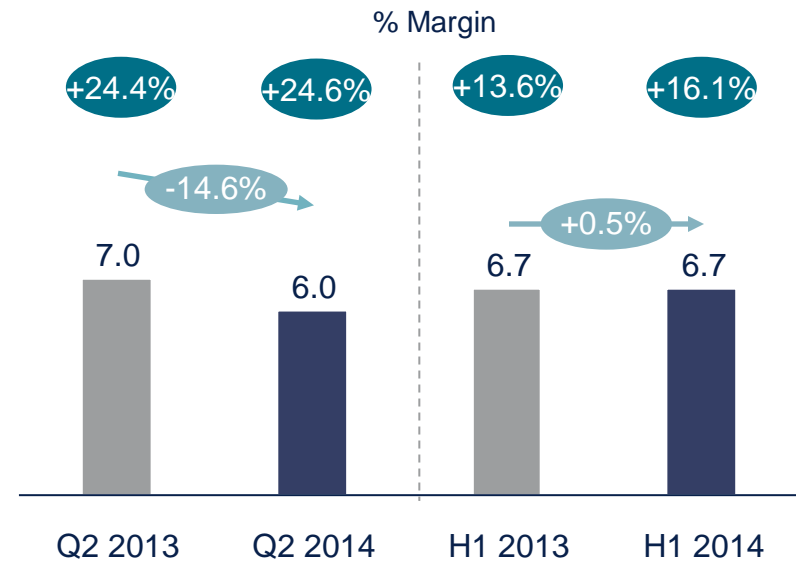
## REVENUES

€ MM



## OPERATIONAL EBITDA

€ MM

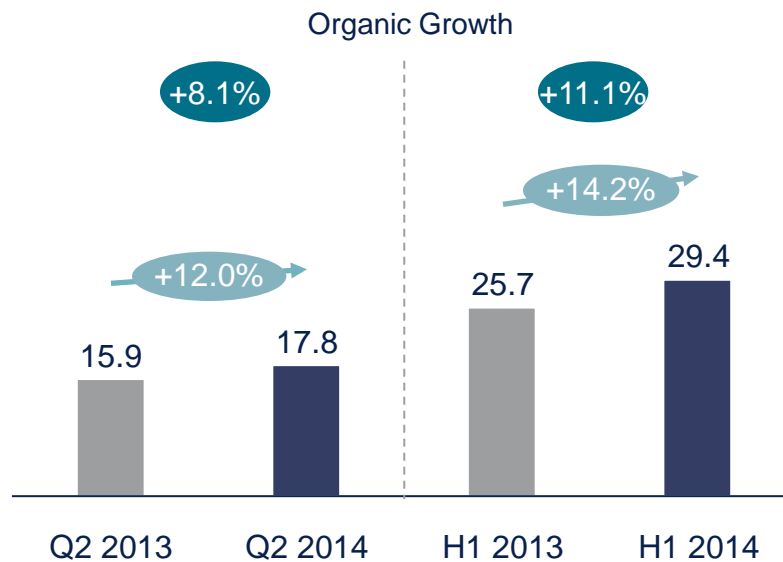


- Solid organic growth based on regional demand despite macro uncertainties
- Currency devaluation effects impaired reported revenue line by 14.8% in the first half of 2014, organic revenue up 5.4%

# Ströer Other\*: Strong EBITDA contribution from both BlowUP and Ströer Poland

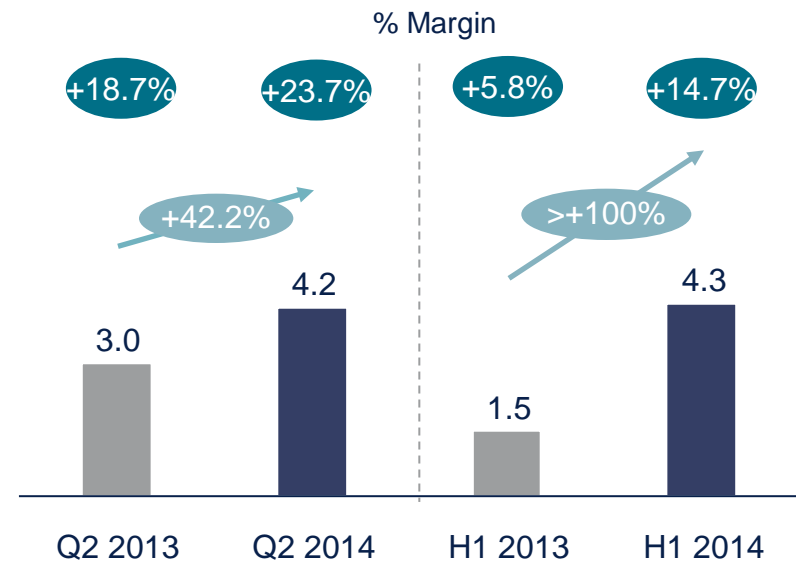
## REVENUES

€ MM



## OPERATIONAL EBITDA

€ MM

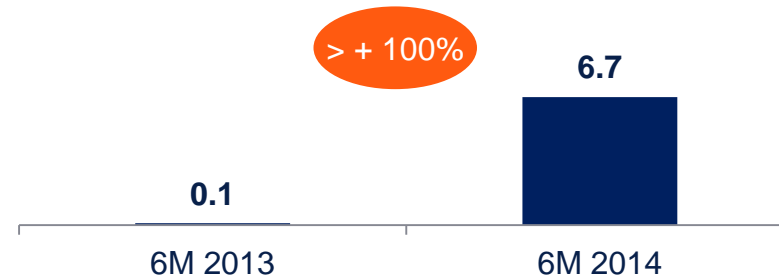


- BlowUP with strong topline and operational EBITDA performance
- In Poland, media markets still soft but continuously stabilizing
- Op. EBITDA of Ströer Poland benefitting from rigorous cost saving program

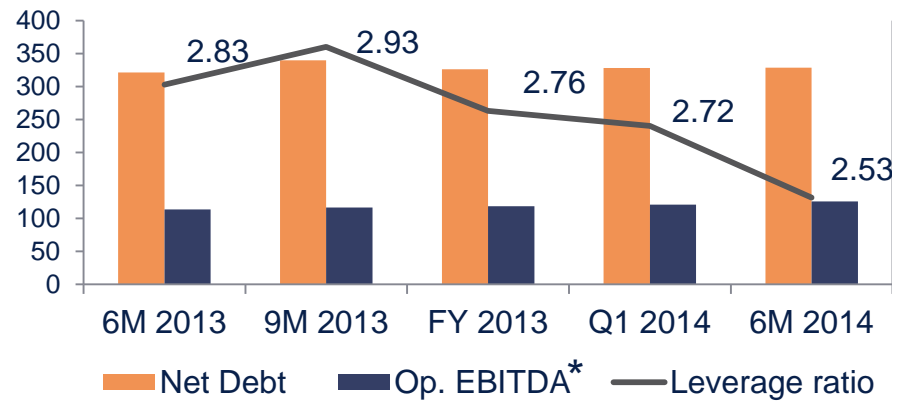
# Strong free cash flow & improving leverage

- Higher free cash flow driven by strong operational performance
- Improvement of net debt in spite of dividend payment in Q2
- Successful refinancing structure in place
- Continuing and consequent deleveraging

## Strong free cash flow generation



## Improving leverage



\*last 12 months

# Summary & Outlook



STRÖER



La Crema  
Kaffee & Co.



## Summary: Ströer 3.0 pays off

- ✓ Revenue Growth by 18.5% to 334.7 Million €
- ✓ Digital Business increased fivefold to 51.7 Million €
- ✓ Operational EBITDA expanded by 21.9% to 57.8 Million €
- ✓ Net income (adj.) grew by 76% to 17.3 Million €
- ✓ Strong financial position, leverage down to 2.5x EBITDA

**For the third quarter of 2014 we expect total group revenue growth from 10 to 15% with organic growth of around 10%**

**For the full year of 2014 we expect our total group revenue to grow at a high single digit organic growth rate compared to the previous year and operational EBITDA of at least EURm135**

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