

**STRÖER**

# Q1 2016 Presentation

12th May 2016 | Ströer SE & Co. KGaA

**Building bridges** to you



Building bridges to you

# Agenda

## 01

### Key Developments

- Results Q1 2016
- From Analogue to Digital
- Ströer's strategic answer
- OOH Digitisation
- Transformation (Step1&2)
- Content
- Ströer's value creation
- Value chain integration
- Local Products
- Strategic Roadmap

Udo Müller (CEO)

## 02

### Financials

- P&L Q1 2016
- Reported org. growth
- Ströer Digital
- Product Segment Digital
- Ströer OOH Germany
- Ströer OOH International
- Free Cash Flow
- Financial Status & Outlook

Dr. Bernd Metzner (CFO)

## 03

### Summary

- Summary Results Q1 2016
- Guidance
- Catalysts

Udo Müller (CEO)

# Ströer SE Q1 2016 Results

€MM		Q1 2016	Q1 2015	▲
Revenues	Reported <sup>(1)</sup>	226.2	161.8	+40%
	Organic <sup>(2)</sup>	11.5%	8.4%	+3%pts
Operational EBITDA		45.3	26.3	+72%
Operational EBITDA margin		19.7%	15.9%	+4%pts
EBIT (adjusted) <sup>(3)</sup>		25.9	9.5	>2 times
Net income (adjusted) <sup>(4)</sup>		20.1	4.5	>4 times
Operating cash flow		29.3	2.9	>10 times
Capex <sup>(5)</sup>		27.0	14.9	+81%
		<b>31 Mar 2016</b>	<b>31 Mar 2015</b>	
Net Debt <sup>(6)</sup> / Leverage Ratio		314.0 / 1.4x	304/ 1.9x	

(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)

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

# What has changed from analogue 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**



# 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



# 1<sup>st</sup> Step to OoH Digitisation: Shopping Malls & Stations

More than 3.500 Video-Displays reaching appr. 30 Mio. People per Month

**Public Video Station (>1.000 Screens)**



**Supermotion (6 Boards)**



**Public Video Mall (>2.000 Screens)**

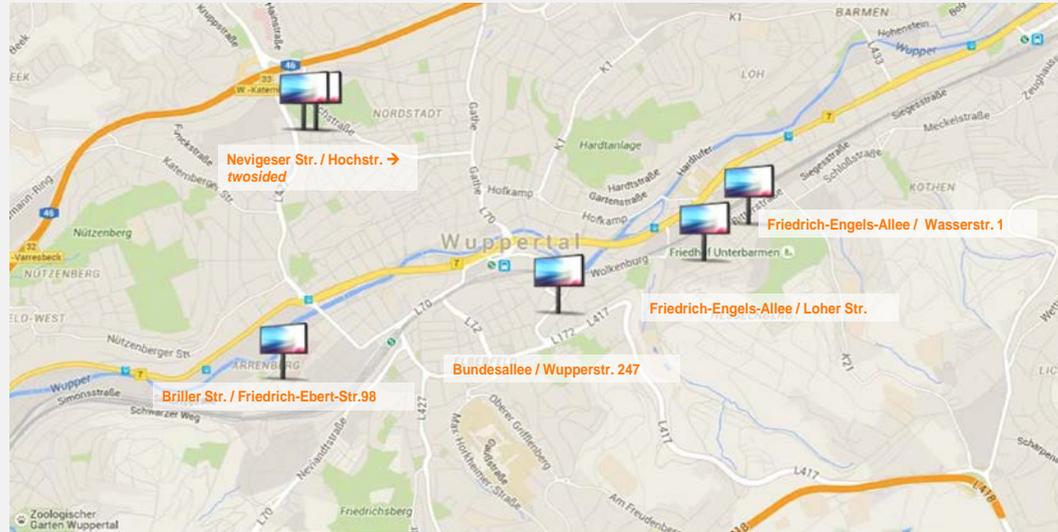


**Infoscreen (>300 Screens)**

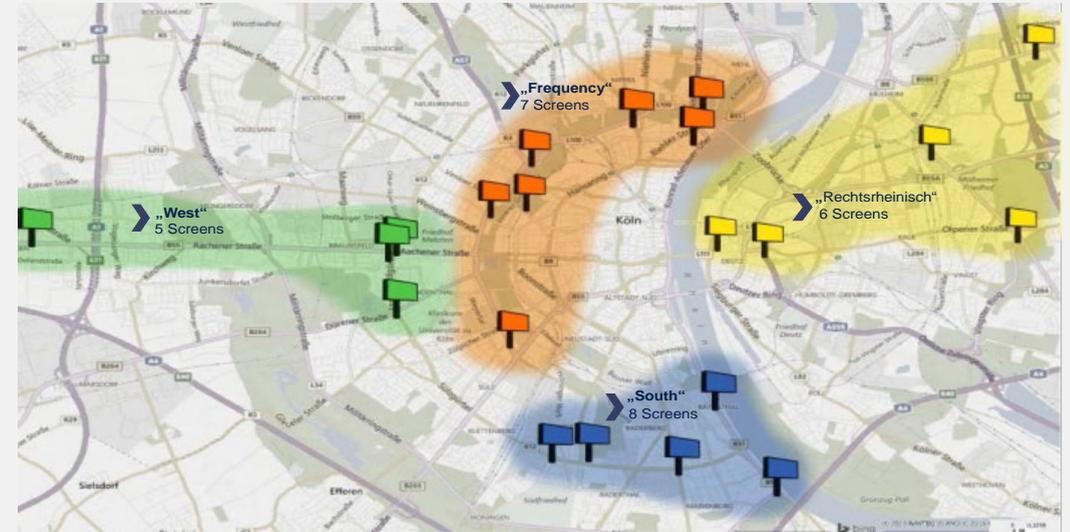


# 2<sup>nd</sup> Step in OoH Digitisation: Roadside Screens

## Pilot City: Wuppertal



## Roll-out City 1: Cologne

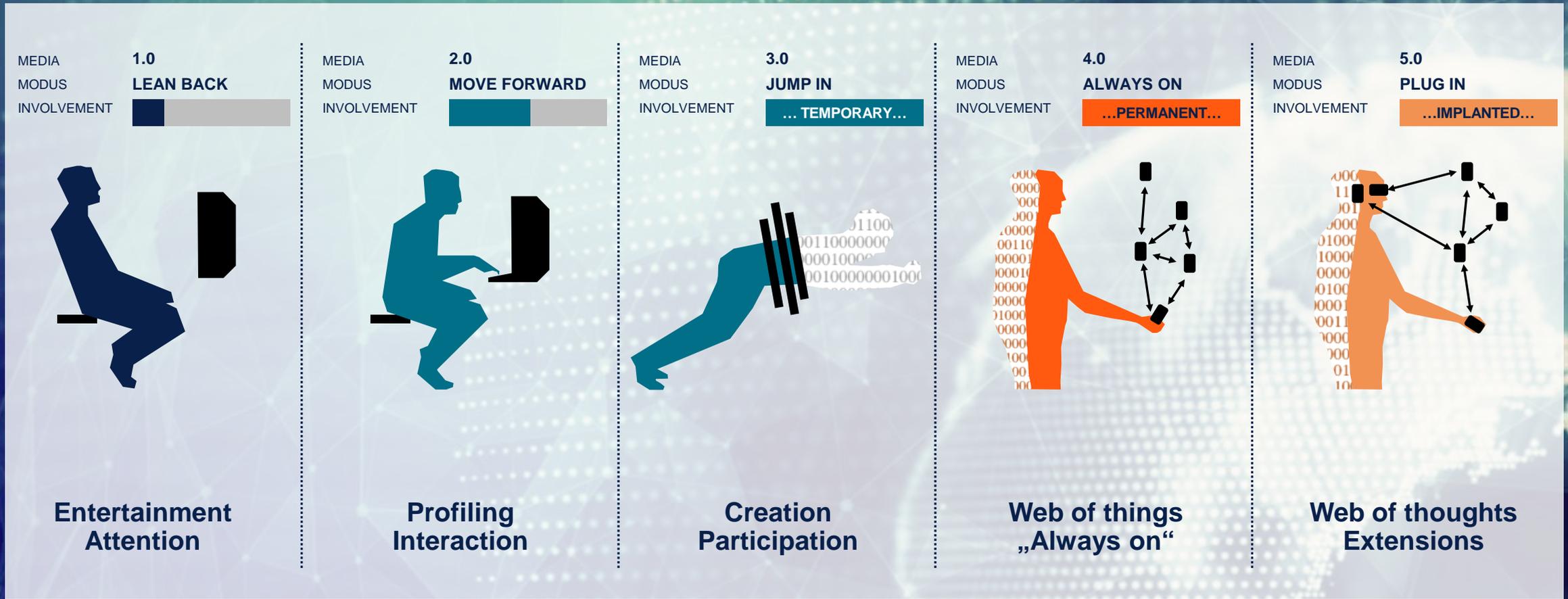




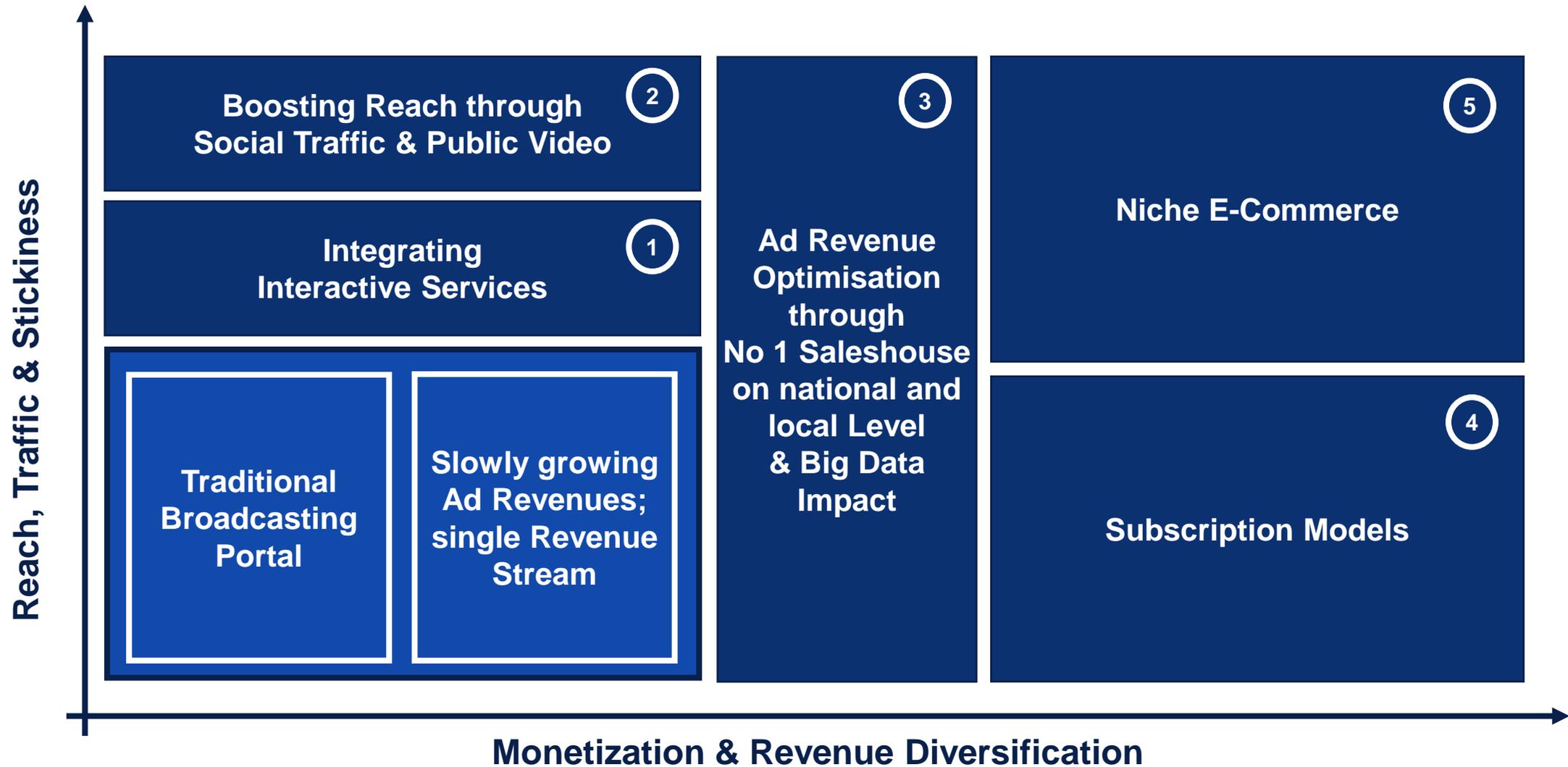
# Content

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

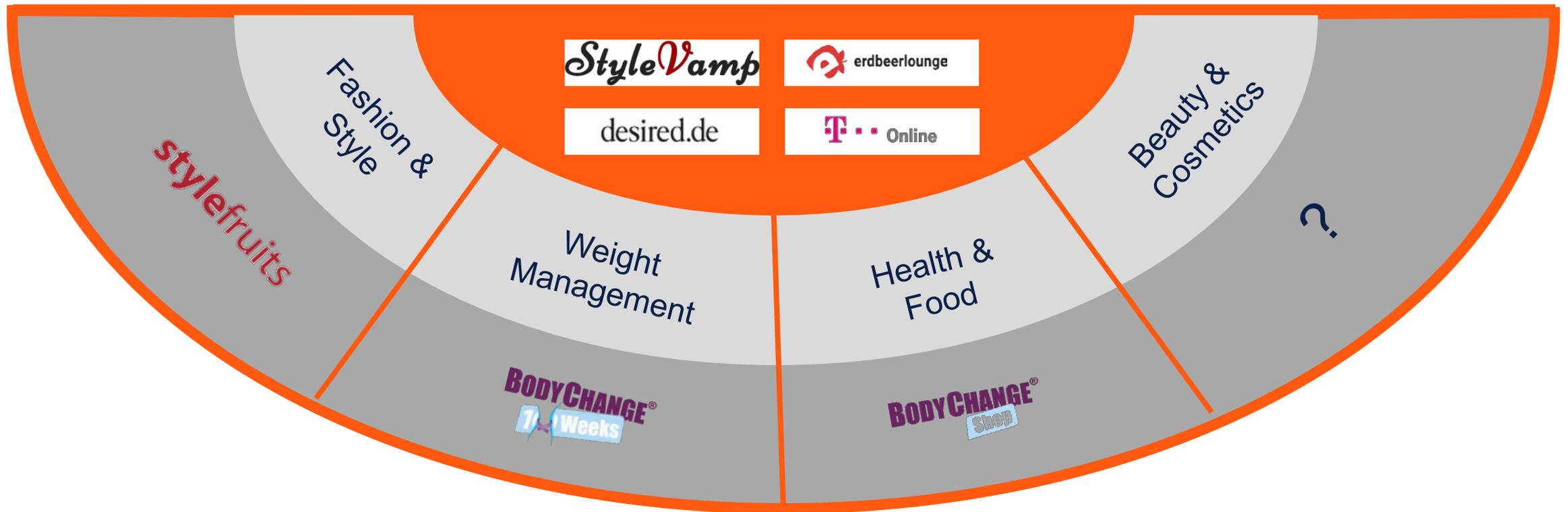
# Evolution of Media: The Consumer Perspective



# Ströer Value Creation Model for Digital Content Assets



# Women & Lifestyle Vertical: Full Value Chain Integration





# Local Markets

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

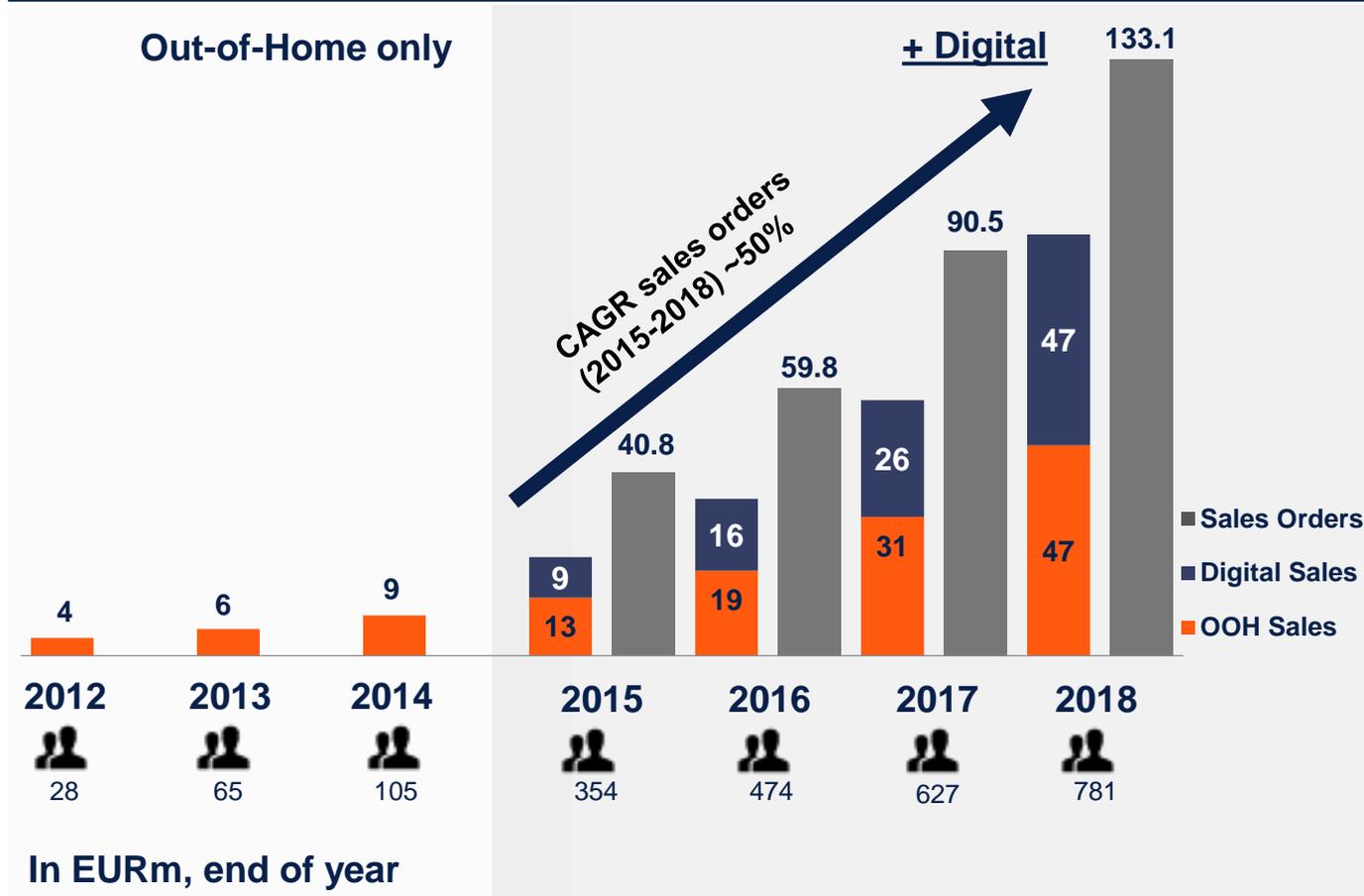
# 360° Integrated Online Marketing Suite for local SMBs

## 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

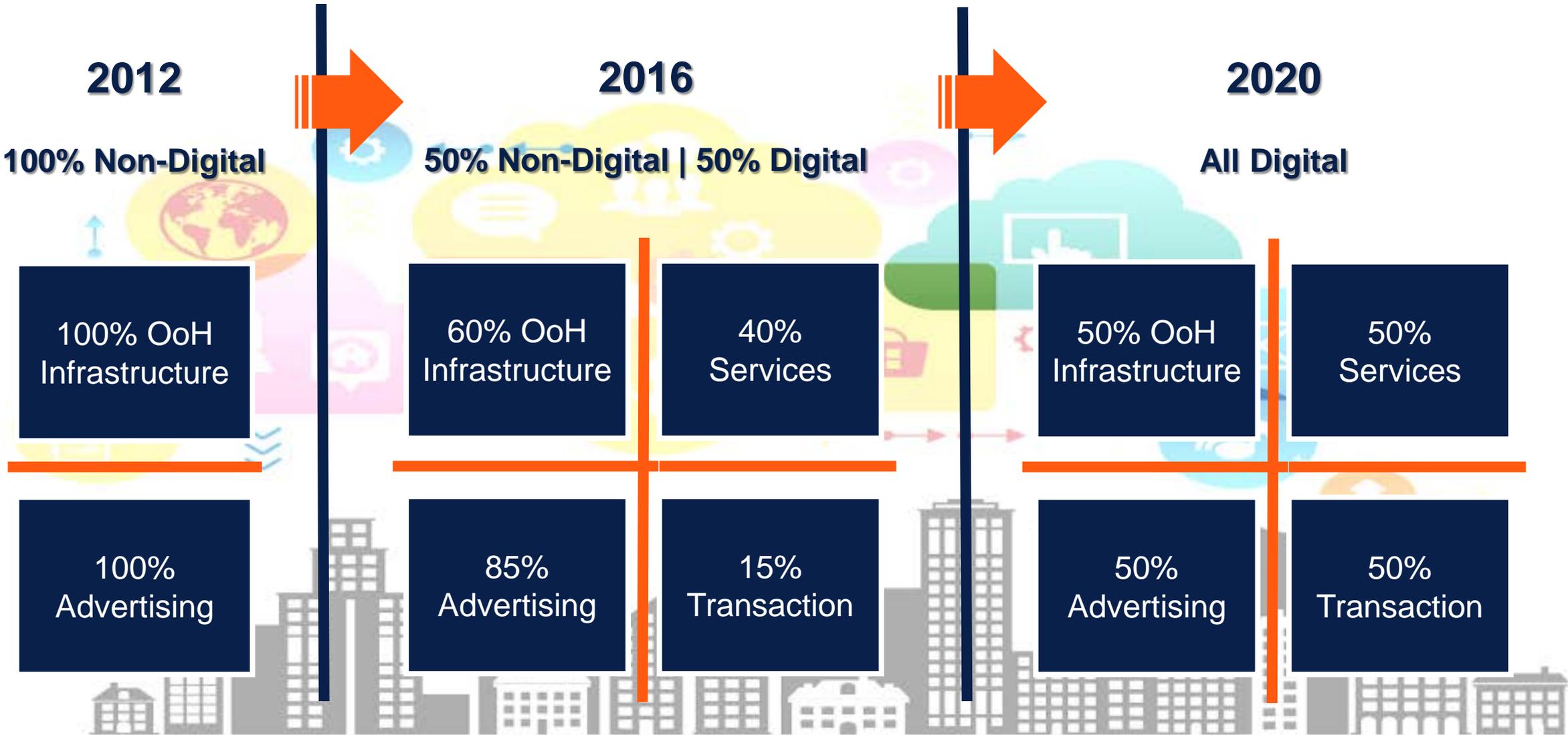
Creation of marketing websites, Google adwords, display performance and SEO services



### 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!



# Agenda

## 01

### Key Developments

- Results Q1 2016
- From Analogue to Digital
- Ströer's strategic answer
- OOH Digitisation
- Transformation (Step1&2)
- Content
- Ströer's value creation
- Value chain integration
- Local Products
- Strategic Roadmap

Udo Müller (CEO)

## 02

### Financials

- P&L Q1 2016
- Reported org. growth
- Ströer Digital
- Product Segment Digital
- Ströer OOH Germany
- Ströer OOH International
- Free Cash Flow
- Financial Status & Outlook

Dr. Bernd Metzner (CFO)

## 03

### Summary

- Summary Results Q1 2016
- Guidance
- Catalysts

Udo Müller (CEO)

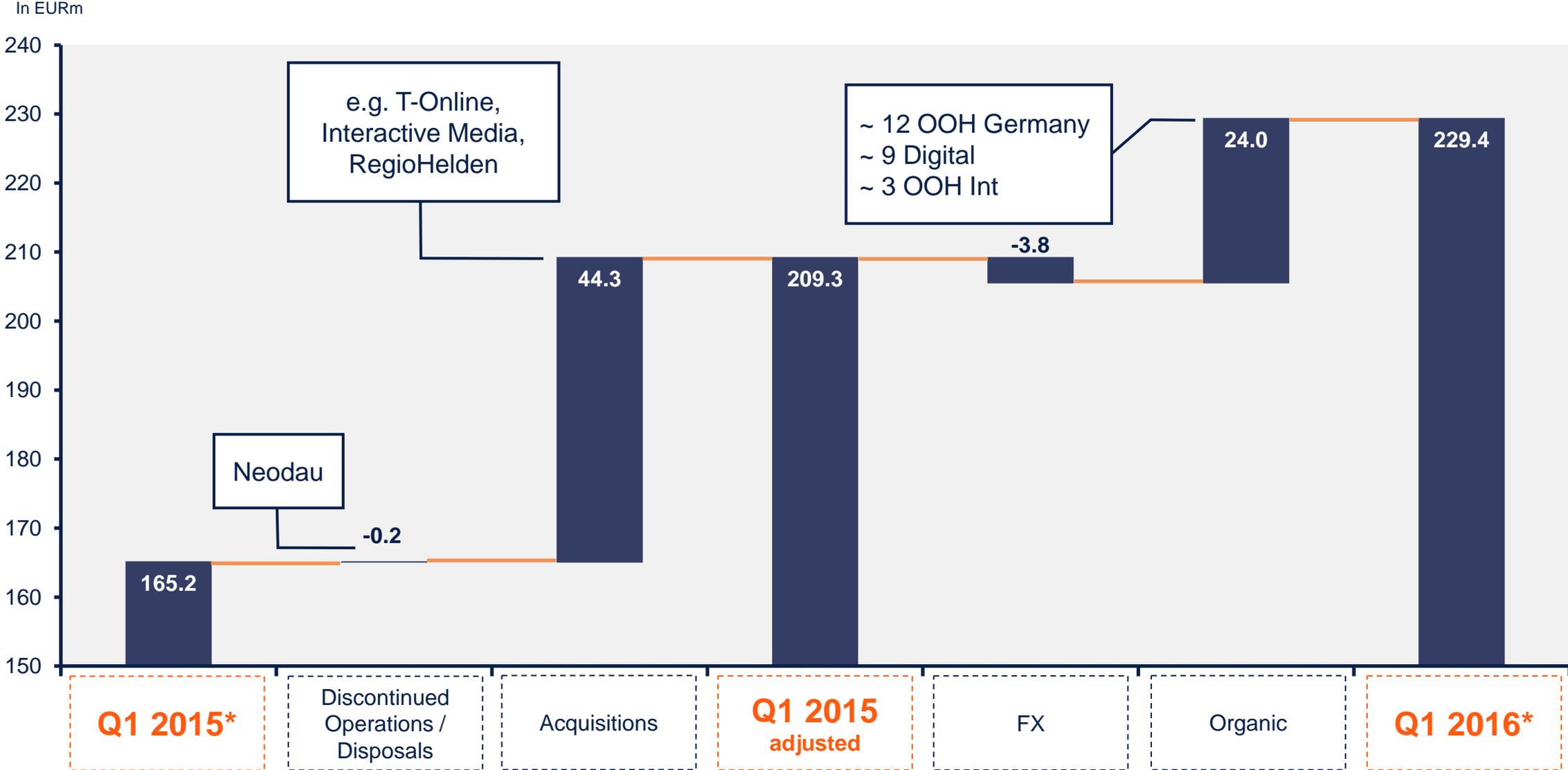
# Profit and Loss Statement Q1 2016

EURm	Q1 2016	Q1 2015	▲ %	Analysis
<b>Revenues (reported) <sup>(1)</sup></b>	226.2	161.8	+40%	 Expansion driven by 11.5% organic growth and M&A
Adjustments (IFRS 11)	3.3	3.4	-4%	
<b>Revenues (Management View)</b>	229.4	165.2	+39%	
<b>Operational EBITDA</b>	45.3	26.3	+72%	 On track to deliver > 280 EURm for the FY 2016
Exceptionals	-5.4	-2.6	> 2 times	 Higher Exceptionals than expected
IFRS 11 adjustment	-1.0	-1.0	-1%	
<b>EBITDA</b>	38.9	22.7	+72%	
Depreciation & Amortisation	-31.3	-24.2	-29%	 Increase in D&A base on larger consolidation scope
<b>EBIT</b>	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	
<b>Net Income</b>	5.1	-3.0	n.D	
Adjustment <sup>(2)</sup>	15.0	7.5	~ 2 times	 Higher adjustment due to PPA-amortization
<b>Net income (adjusted)</b>	20.1	4.5	> 4 times	 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 11.5 % 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

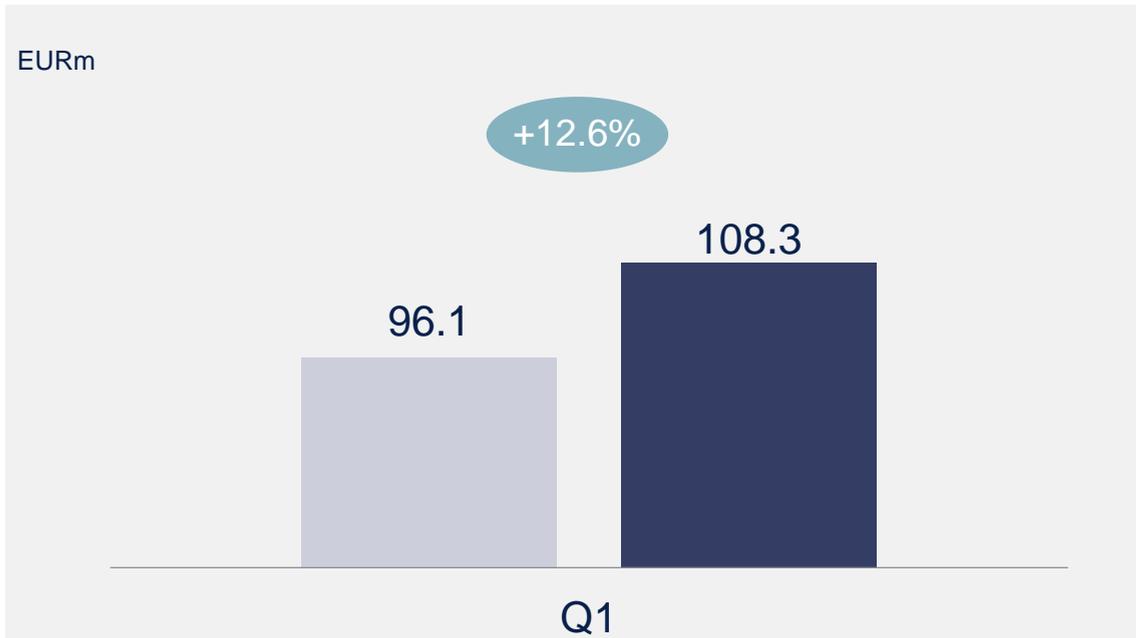
# Details on Digital Segment: Product group development



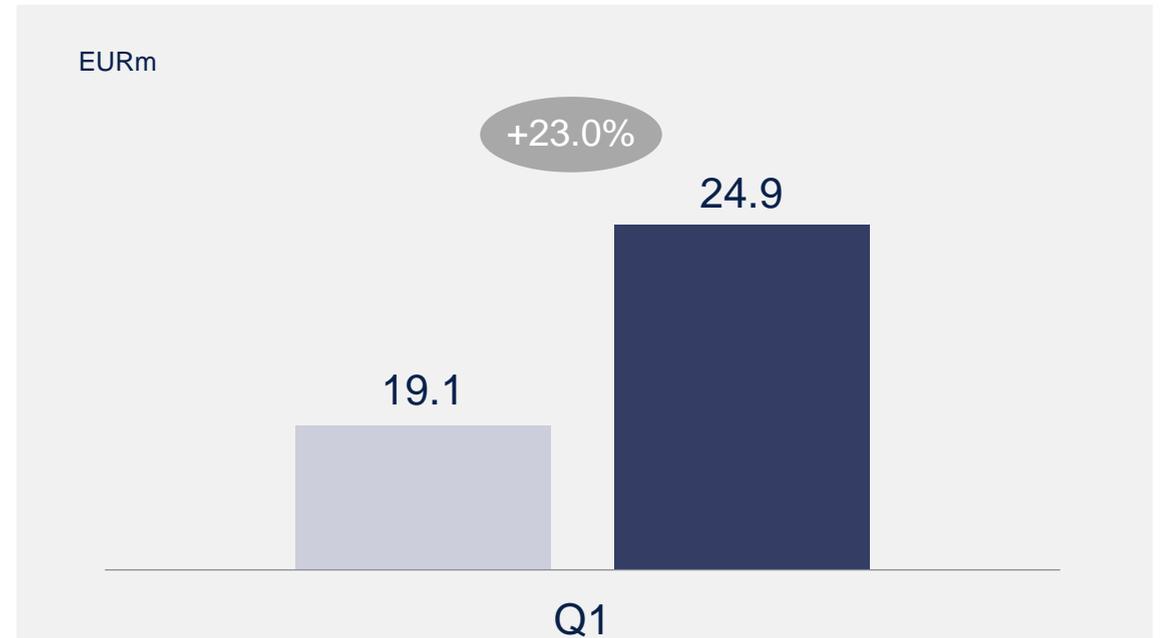
■ 2016 ■ 2015 ● Growth rate

# 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



- 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

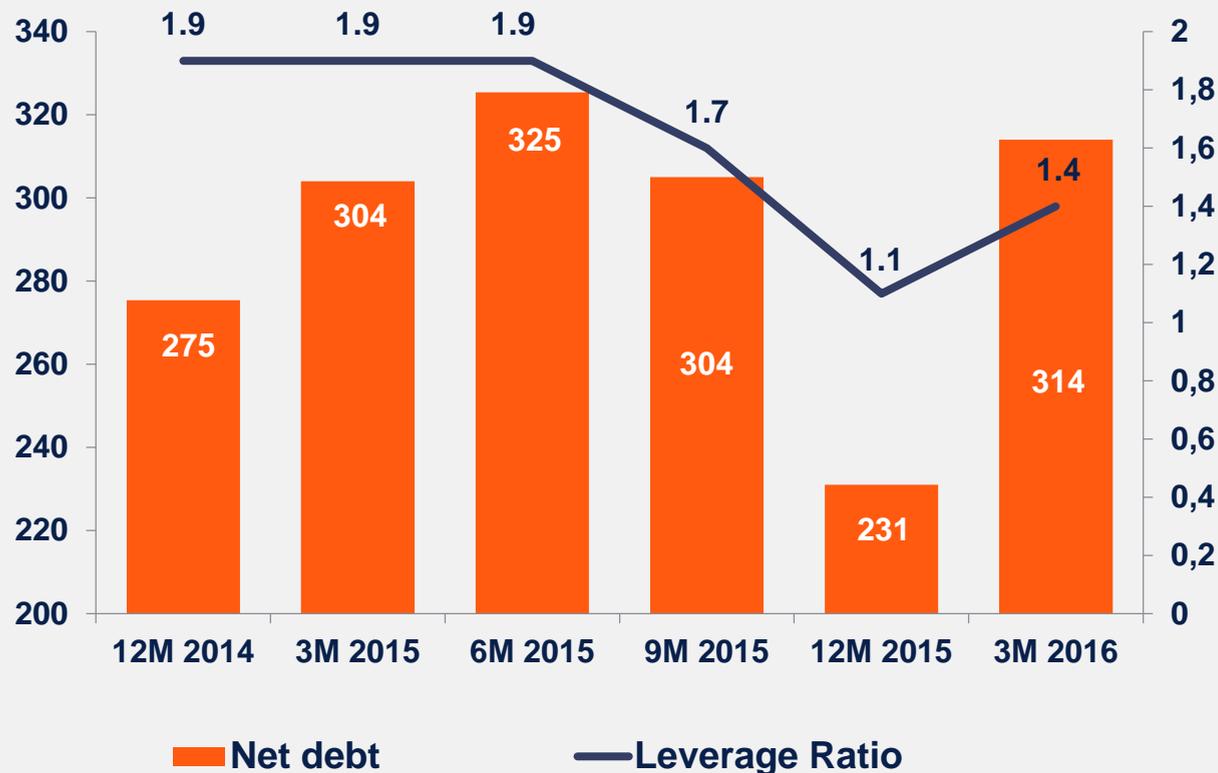
# Free Cash Flow Perspective Q1 2016

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

Analysis
<ul style="list-style-type: none"> <li>▪ Strong operational cash generation in line with increased operational EBITDA</li> <li>▪ Further reduced interest payments after successful refinancing in 2014 and 2015</li> <li>▪ Higher exceptionals due to M&amp;A and Integration efforts</li> <li>▪ Higher investments due to LED technology, further Digitalization, IT-infrastructure and various other projects</li> </ul>

# 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

### Key Developments

- Results Q1 2016
- From Analogue to Digital
- Ströer's strategic answer
- OOH Digitisation
- Transformation (Step1&2)
- Content
- Ströer's value creation
- Value chain integration
- Local Products
- Strategic Roadmap

Udo Müller (CEO)

## 02

### Financials

- P&L Q1 2016
- Reported org. growth
- Ströer Digital
- Product Segment Digital
- Ströer OOH Germany
- Ströer OOH International
- Free Cash Flow
- Financial Status & Outlook

Dr. Bernd Metzner (CFO)

## 03

### Summary

- Summary Results Q1 2016
- Guidance
- Catalysts

Udo Müller (CEO)

## 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 23<sup>rd</sup> June 2016**



**Quarterly Report to be published on 11<sup>th</sup> August 2016**

