PRESS RELEASE

Ströer: Slightly improved development in Q3 2012

- **Consolidated revenue down 4.5% to EUR 397.4m**
- **Organic revenue falls 5.1%**
- **Decline in operational EBITDA from EUR 84.0m to EUR 58.5m**
- **New advertising formats in Turkey**
- **Revenue growth in the digital business**

Cologne, 13 November 2012 The third quarter of 2012 saw Ströer Out-of-Home Media AG continue to invest selectively in its specific growth projects in Germany and abroad. The Group focused particularly on the roll-out of digital advertising media and premium billboards and is seeing positive developments especially in the digital business. However, this trend was overshadowed by the ongoing financial and economic crisis and the defensive booking behavior among major customers. Therefore the high revenue figures of the prior year could not be repeated. The consolidated organic revenue went down 5.1% (prior year: up 5.8%). Overall, revenue fell 4.5% to EUR 397.4m (prior year: EUR 416.3m).

The fall in revenue was accompanied by a EUR 14.4m increase in the cost of sales to EUR 286.5m in the same period. This was mainly attributable to inflation-related rent adjustments and start-up costs for newly acquired contracts in Turkey. These developments saw operational EBITDA decrease to EUR 58.5m (prior year: EUR 84.0m) and the operational EBITDA margin drop to 14.7% (prior year: 20.2%). The financial result was positively influenced by the appreciation of the Turkish lira and the Polish zloty against the euro and first interest savings from the new Group financing agreed in July 2012. Profit for the period adjusted for exceptional items decreased from EUR 21.1m to EUR 2.8m.

“We announced that we would continue to invest in the digital business in particular, despite the generally weak economic environment. The figures from our business prove we are on the right track: the Out-of-Home-Channel at the two most frequented public places – train stations and shopping malls – showed a significant percentage growth in revenue in the first nine months. We expect the trend toward the digitalization of the media landscape and the stronger cross-linking of traditional business and digital services to continue and be the driving force for the development of Ströer’s new business segments,” said Udo Müller, CEO of Ströer.

At EUR 23.0m, cash flows from operating activities are EUR 31.5m down on the prior year. Cash flows from investing activities continued to be shaped by investments in growth projects such as the Out-of-Home-Channel and the roll-out of premium billboards in Turkey. Despite significantly scaled down investment activity in the third quarter, free cash flow decreased to EUR -10.9m (prior year: EUR 18.8m) owing to the overall weaker business volume. Together with the transaction costs incurred for the new loan, this pushed net debt up to EUR 317.5m, which equates to a leverage ratio of 2.97.

Operating segments

Ströer Germany

The Ströer Germany segment was also unable to match the prior-year revenue figures in the third quarter, although the decline was less pronounced than in the second quarter. This ongoing unfavorable development was largely due to the continued cautious approach to bookings taken by major national customers for high-margin products and the loss of a major customer from the mobile communications sector. A slight increase in revenue was recorded in regional operations both in the third quarter and the reporting period as a whole. Revenue in the digital business was extremely positive in the third quarter, underscoring the potential of Ströer’s digital offering.

Nevertheless, at EUR 293.4m, revenue from this segment in the first nine months of 2012 was down 4.6% on the prior-year period, which was shaped by particularly strong growth (prior year: EUR 307.7m). Organic revenue declined by 5.2% (prior year: up 7.4%). Against this backdrop, the segment's operational EBITDA decreased for the third quarter running from EUR 77.2m to EUR 61.0m, as did the operational EBITDA margin, falling from 25.1% to 20.8%.

Ströer Turkey

The Ströer Turkey segment is being hit by consistently weak domestic demand, which is also severely limiting growth in the advertising market this year. The cautious approach taken by customers was especially evident towards the end of September, when orders that had already been placed were canceled at short notice. The segment also terminated low-margin contracts at the end of 2011, leading to the loss of an additional EUR 2.5m in revenue year to date. Against this background and supported by positive FX effects, revenue in the third quarter increased only slightly on the 2011 comparative figure. In the first nine months 2012, revenue fell 1.6% from EUR 64.0m to EUR 62.9m. Organic growth stood at -3.2%, compared with 2.9% in the prior year.

Ströer Turkey's cost of sales again rose year on year in the third quarter, due in particular to start-up costs for the expansion of the billboard marketing concession in Istanbul. Compared with the end of 2011, the number of marketable advertising faces increased by more than 2,000 units. In this context, Ströer presented two new advertising formats: Premium Billboards, which are marketed as part of the traditional billboard network, and Giant Boards, consisting of four connected billboards which are marketed as one giant advertising face. Overall, neither lower overheads nor increased margins from portfolio optimization were able to offset the additional leasing expenditures. As a result, the Ströer Turkey segment saw its operational EBITDA fall to EUR 1.4m (prior year: EUR 10.9m) year on year in the first nine months of 2012 and its operational EBITDA margin drop to 2.3% (prior year: 17.0%).

Other segment

The “Other” segment includes our Polish out-of-home activities and the western European giant poster business of the blowUP division. The performance of the two sub-segments has differed in the year to date.

Ströer Poland posted a market-related double-digit percentage decline in revenue in the first nine months. This is attributable to the sustained high level of price competition, lower capacity utilization rates and the absence of the prior-year boost from the parliamentary elections. Cuts in running costs and overheads were able to only partly cushion these effects. As a result, both operational EBITDA and the operational EBITDA margin were below the prior-year level.

The blowUP sub-segment was also unable to match its strong prior-year revenue figures in the reporting period, despite recording significant third-quarter revenue growth from giant poster activities in the Benelux countries and the UK. Overall, revenue in the “Other” segment dropped 8.6% to EUR 41.2m (prior year: EUR 45.1m), while organic growth deteriorated to -7.4% (prior year: -2.1%). Operational EBITDA decreased from EUR 3.2m to EUR 1.5m. The operational EBITDA margin declined from 7.0% to 3.7%.

Forecast

Out-of-home advertising markets continue to be affected by the uncertainty on the economic and financial markets as well as cautious customer sentiment. However, we are seeing relative improvements in Q4 booking behavior in comparison to Q3. We therefore expect a low single digit percent decline in Group organic revenues in the fourth quarter of 2012.

The Group's financial figures at a glance

In EUR m	9M 2012	9M 2011	Change
Revenue	397.4	416.3	-4.5%
Ströer Germany	293.4	307.7	-4.6%
Ströer Turkey	62.9	64.0	-1.6%
Other	41.2	45.1	-8.6%
Billboard	207.6	223.4	-7.1%
Street furniture	102.7	105.8	-3.0%
Transport	61.8	61.2	1.1%
Other	25.3	25.9	-2.6%
Organic growth[1]	-5.1%	5.8%	
Gross profit[2]	110.9	144.3	-23.1%
Operational EBITDA[3]	58.5	84.0	-30.4%
Operational EBITDA[3] margin	14.7%	20.2%	
Adjusted EBIT[4]	29.3	58.6	-50.1%
Adjusted EBIT[4] margin	7.4%	14.1%	
Adjusted profit or loss for the period[5]	2.8	21.1	-86.9%
Adjusted earnings per share[6] (EUR)	0.09	0.54	-83.3%
Profit or loss for the period[7]	-17.4	-17.5	0.5%
Earnings per share[8] (EUR)	-0.39	-0.37	-3.8%
Investments[9]	30.1	36.0	-16.5%
Free cash flow[10]	-10.9	18.8	n.d.
	30 Sep 2012	**31 Dec 2011**	**Change**
Total equity and liabilities	882.8	982.6	-10.2%
Equity	261.4	273.5	-4.4%
Equity ratio	29.6%	27.8%	
Net debt[11]	317.5	304.3	4.4%
Employees[12]	1,761	1,730	1.8%

[1] Excluding exchange rate effects and effects from the (de-)consolidation and discontinuation of operations
[2] Revenue less cost of sales
[3] Earnings before interest, taxes, depreciation and amortization adjusted for exceptional items
[4] Earnings before interest and taxes adjusted for exceptional items, amortization of acquired advertising concessions and impairment losses on intangible assets
[5] Adjusted EBIT before non-controlling interests net of the financial result adjusted for exceptional items and the normalized tax expense
[6] Adjusted profit or loss for the period net of non-controlling interests divided by the number of shares outstanding after the IPO (42,098,238)
[7] Profit or loss for the period before non-controlling interests
[8] Actual profit or loss for the period net of non-controlling interests divided by the number of shares outstanding after the IPO (42,098,238)
[9] Including cash paid for investments in property, plant and equipment and in intangible assets but excluding cash paid for investments in non-current financial assets and cash paid for the acquisition of consolidated entities
[10] Cash flows from operating activities less cash flows from investing activities
[11] Financial liabilities less derivative financial instruments and cash
[12] Headcount (full and part-time employees)

Financial figures of the segments

Ströer Germany

in EUR m			Change	Change
	9M 2012	9M 2011	in EUR m	in %
Revenue	293.4	307.7	-14.3	-4.6%
Billboard	122.7	134.9	-12.2	-9.0%
Street furniture	86.0	89.1	-3.1	-3.5%
Transport	61.2	60.1	1.1	1.8
Other	23.7	23.7	-0.1	-0.3%
Organic growth	-5.2%	7.4%		n.d.
Operational EBITDA	61.0	77.2	-16.2	-21.0%
Operational EBITDA margin	20.8%	25.1%		-4.3% points

Ströer Turkey

in EUR m			Change	Change
	9M 2012	9M 2011	in EUR m	in %
Revenue	62.9	64.0	-1.0	-1.6%
Billboard	46.3	46.8	-0.5	-1.0%
Street furniture	16.3	16.4	0.0	-0.1%
Transport	0.1	0.8	-0.7	-83.4%
Organic growth	-3.2%	2.9%		n.d.
Operational EBITDA	1.4	10.9	-9.5	-86.8%
Operational EBITDA margin	2.3%	17.0%		-14.8% points

Other

in EUR m			Change	Change
	9M 2012	9M 2011	in EUR m	in %
Revenue	41.2	45.1	-3.9	-8.6%
Billboard	38.7	41.8	-3.1	-7.4%
Street furniture	0.4	0.4	0.0	-3.3%
Transport	0.5	0.3	0.3	>100%
Other	1.7	2.7	-1.1	-39.1%
Organic growth	-7.4%	-2.1%		-5.3% points
Operational EBITDA	1.5	3.2	-1.7	-52.7%
Operational EBITDA margin	3.7%	7.0%		-3.4% points

Note: all figures are rounded

About Ströer

Ströer Out-of-Home Media AG, Cologne, together with its subsidiaries, specializes in all forms of out-of-home advertising media, from traditional posters and advertising at bus and tram stop shelters and on vehicles, through to sophisticated digital out-of-home advertising media. The Group commercializes more than 280,000 advertising faces and, with consolidated revenue of EUR 577.1m for fiscal year 2011, is one of the leading out-of-home advertising companies in Germany, Turkey and Poland. In terms of revenue, Ströer is one of Europe's largest providers of out-of-home advertising.

The advertising media portfolio of the Cologne-based SDAX-listed company comprises digital moving-picture networks in Germany's largest train stations, in underground and suburban railway stations and in the country's largest shopping malls.

In addition, Ströer boasts a broad offering of out-of-home advertising products that set new standards in terms of the quality, innovation and design of advertising media and street furniture. Ströer's street furniture has won 27 international awards. The Ströer Group has approximately 1,700 employees at over 70 locations.

For more information on the Company, please visit www.stroeer.de.

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