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Italien verabschiedet europäischen Fiskalpakt  
Personalmangel an Kindertagesstätten

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**Ströer Out-of-Home Media AG**  
Company Presentation  
Deutsche Bank Roadshow  
4 September 2012, London



- Organic rev. down (H1 -4.9%, Q2 -6.5%) due to challenging environment & single customer effect
- Increased revenues from ~1.200 OCs running at mid-single-digit million € amount in H1
- >1,500 additional BB units in marketing under new Istanbul contract & PBB installation started
- Lower H1 overheads despite increased FX rates due to first effects from cost savings program
- Op. EBITDA impacted by sales decline & Istanbul ramp-up
- H1 Group net income € 1m ahead of PY on the back of FX improvements
- Q2 net debt € 18m lower vs. Q1 2012 leading to almost unchanged leverage ratio of 2.8x
- New long-term financing with more favorable terms signed in July
- Tender prolongation and additional win of street furniture business in Ingolstadt



# Group financials at a glance:

## Lower top and bottom line in challenging market environment

€ MM	H1 2012	H1 2011	Change
Revenue	267.4	282.3	-5.3%
Organic growth <sup>(1)</sup>	-4.9%	7.3%	
Operational EBITDA	40.8	59.8	-31.8%
Net adjusted income <sup>(2)</sup>	2.9	16.5	-82.3%
Investments <sup>(3)</sup>	20.5	22.5	-8.8%
Free cash flow <sup>(4)</sup>	-12.1	1.7	n.d.
	30.06.2012	30.06.2011	Change
Net debt <sup>(5)</sup>	314.0	319.3	-1.7%
Leverage ratio	2.8x	2.4x	+17.3%

Notes: (1) Organic growth = excluding exchange rate effects and effects from the (de)consolidation and discontinuation of operations; (2) Operational EBIT net of the financial result adjusted for exceptional items, amortization of acquired intangible advertising concessions and the normalized tax expense (32.5% tax rate); (3) Cash paid for investments in PPE and intangible assets; (4) Free cash flow = cash flows from operating activities less cash flows from investing activities; (5) Net debt = financial liabilities less cash (excl. hedge liabilities)



# Product group performance: Fewer national campaigns impacting Billboards & Street Furniture

€ MM

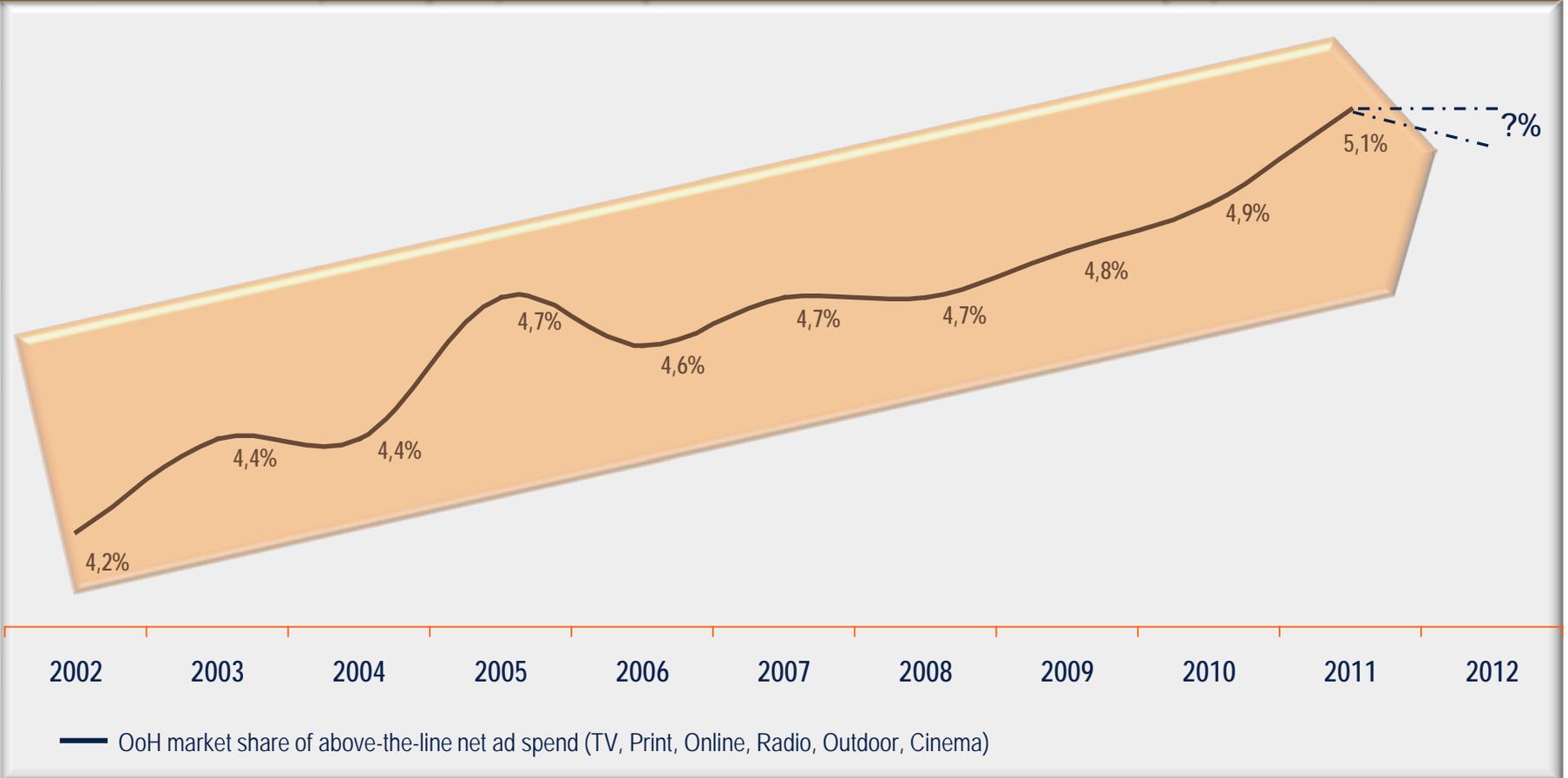


- Billboard performance notably affected by key customer loss in Germany (Telco operator)
- Street furniture development reflects lower campaigning of national accounts
- Flat transport revenues supported by growing German OC business

# Latest ZAW net ad market data supports long-term structural growth of OoH



2012 temporarily impacted by soft overall ad market and key sport events



Source: ZAW; May 2012



## Foundation for Growth

# OC Station & OC Mall now with combined network marketing



- Some 1,200 screens in stations and malls nationwide
- Launch of marketing activities for OC Mall
  - High-impact exposure for brands and impressive ad visuals
  - Available in 59 shopping malls run by ECE in Germany
  - Network comprises more than 1,000 flat screens and 140 Out-of-Home-Channels
- OC target group reach
  - OC Station: 23 million ad media contacts per week\*
  - OC Mall: 15 million ad media contacts per week\*\*



\* Based on full network capacity; 10 sec. spot during one week, population 14+, Source: ENIGMA GfK Medien- und Marketingforschung GmbH, June 2012

\*\* Based on ECE center frequency measure, Visitor Frequencies, ECE Projektmanagement G.m.b.H. & Co. KG, 2009

# Insight Mall Study proves high advertising impact of shopping malls



- Most mall visitors with positive mindset leading to high receptiveness for advertisements
- Product ads benefit from appealing mall environment and premium advertising medium
- High frequency of visitors measured in malls with OCs (9.8m people / week)\*, of which some 50% come at least once a week and stay for >90 mins\*
- Upgrade of infotainment broadcasts with new partners Tagesschau and Sky Sport



\*Based on ECE center frequency measure, Visitor Frequencies, ECE Projektmanagement G.m.b.H. & Co. KG, 2009

\*\* Insight Mall Study, 2012, Akademie für Kultur, Markt und Medien (AKM), on behalf of Ströer



# Capacity Expansion Turkey: Installation of first Premium Billboards in Istanbul

- Start of set-up in August with currently >50 units installed.
- 300-500 units planned until end 2012
- Marketing mainly in combination with BB network to add premium feature
- Pre-marketing customer response very positive
- Mobile Telco operator Avea as first pilot customer



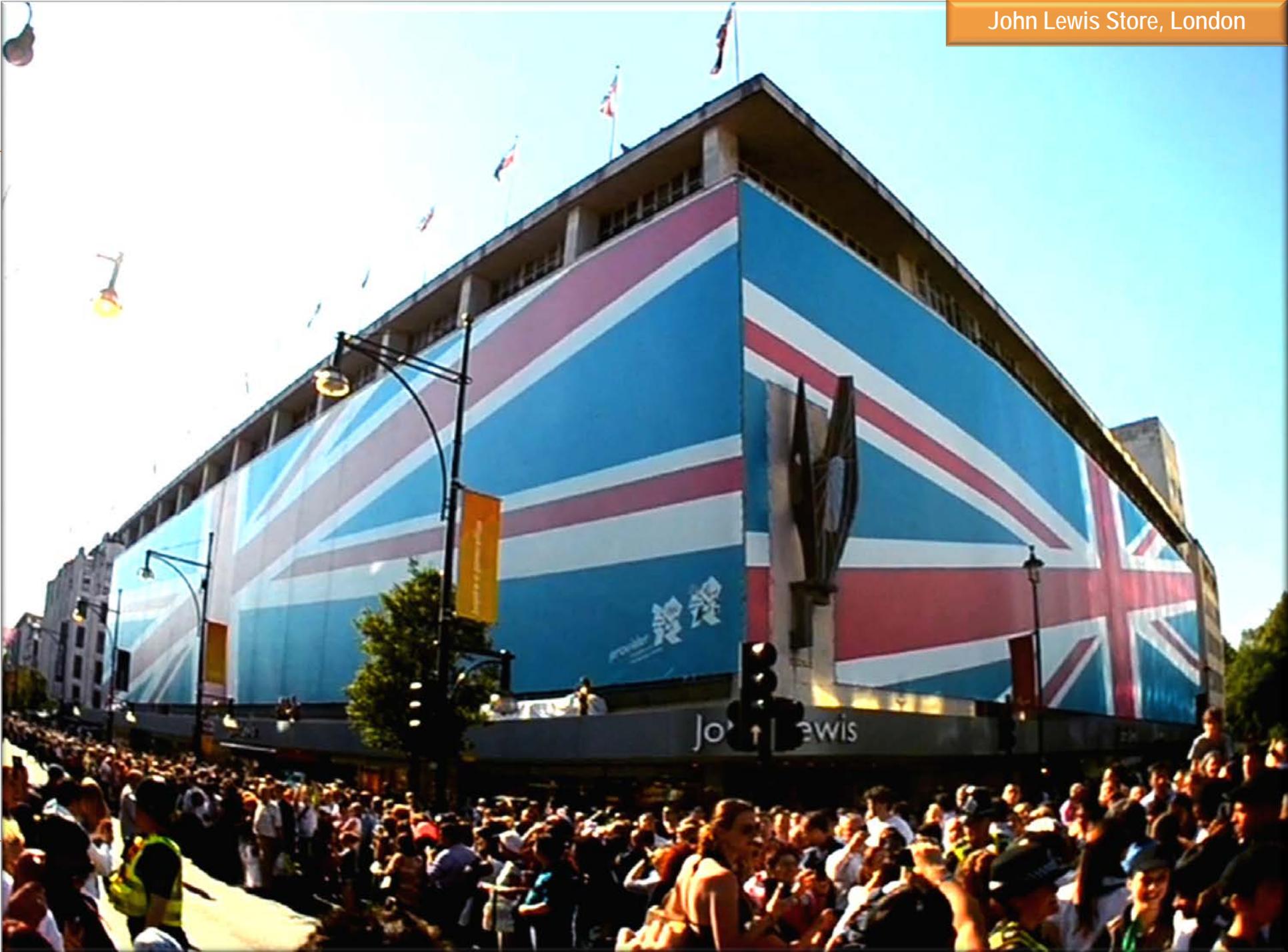
# Blow UP: Highly-visible ad opportunities along with strong presence during London Olympics

- John Lewis 'Wraps' flagship store on Oxford Street with 4,000 square feet Union Jack in celebration of London 2012 with public unveiling event during Olympic torch relay
- P&G launch of 3 giant 540m<sup>2</sup> poster sites for Gillette at Stratford Towers as largest OoH site dominating East London's skyline
- Oversized Kinder Surprise Egg campaign on up to 400 m<sup>2</sup> giant posters in Berlin, Stuttgart, Munich, Frankfurt, Hamburg and Cologne
- Current top customers:



L'ORÉAL®







**Gillette**

**NOTHING  
BEATS  
A GREAT  
START.**





# Financials

# New long-term Group financing secured in July 2012

- Total loan package EUR 500m (EUR 275m term loan + EUR 225m revolving credit facility); no collateral requirement
- 5 year term until July 2017 provides stable financial foundation; separates any refinancing effort from potential turbulence in the financial markets 2013/2014
- Despite the improvements and more flexible loan documentation, credit margins only slightly above favorable conditions secured during 2011 amendment
- Lower interest charges going forward due to a more flexible loan structure (savings of low single digit million EUR amount from 2013)
- Targeted leverage ratio remains in comfort zone of 2.0 - 2.5 x
- “Club deal” syndicate consists of ten major national and international banks

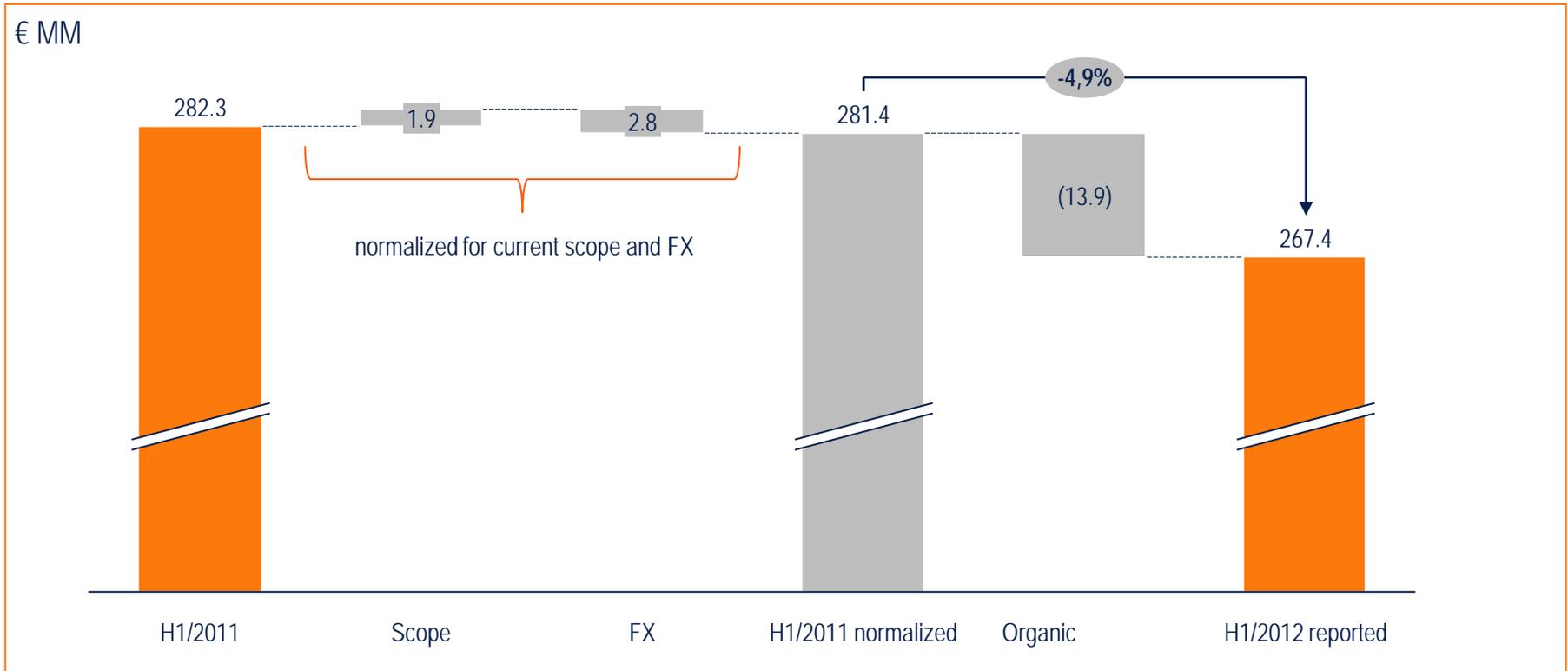
# Ströer Group H1 2012 P&L management view: Group net income up 1m EUR thanks to positive FX effects



€ MM	H1 2012	H1 2011	Change
<b>Revenue</b>	<b>267.4</b>	<b>282.3</b>	<b>-5%</b>
Direct costs	-159.3	-154.4	-3%
SG&A	-70.0	-70.7	+1%
Other operating result	2.7	2.5	+6%
<b>Operational EBITDA</b>	<b>40.8</b>	<b>59.8</b>	<b>-32%</b>
<i>Margin %</i>	<i>15.3</i>	<i>21.2</i>	
Depreciation	-18.1	-16.1	-13%
Amortisation	-14.3	-13.9	-3%
Exceptional items	-2.2	-6.6	+66%
<b>EBIT</b>	<b>6.1</b>	<b>23.2</b>	<b>-74%</b>
Net financial result	-10.9	-23.6	+54%
Income taxes	4.6	-0.7	n.d.
<b>Net income</b>	<b>-0.2</b>	<b>-1.2</b>	<b>+82%</b>
<b>Net adjusted income</b>	<b>2.9</b>	<b>16.5</b>	<b>-82%</b>



# Group organic revenue growth bridge: Without scope and FX effects revenues trail 4.9% behind last year

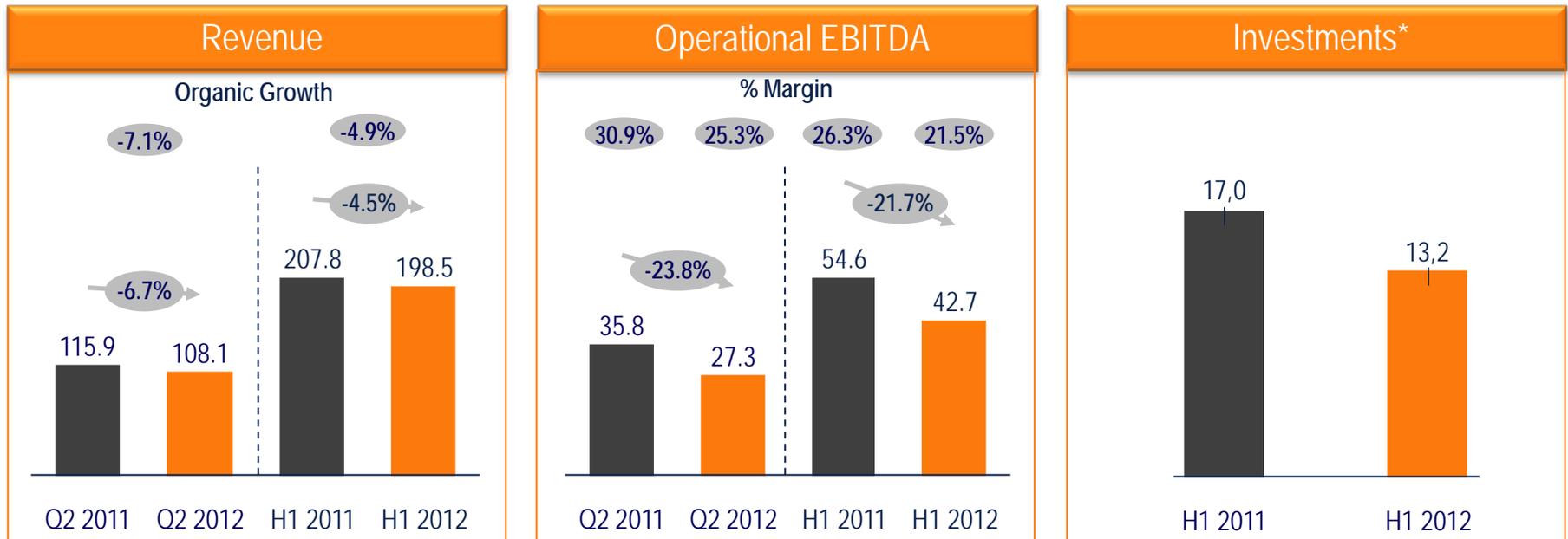


- Scope effects relate to ECE flatmedia in Germany and small bolt-on take-over in Turkey
- FX adjustments driven by depreciation of Turkish Lira and Polish Zloty vs. EUR
- -1.2% organic growth w/o effects from single Telco customer & terminated sales contracts in TR

# Ströer Germany: Revenues down due to reduced national campaigning & single customer effect



€ MM



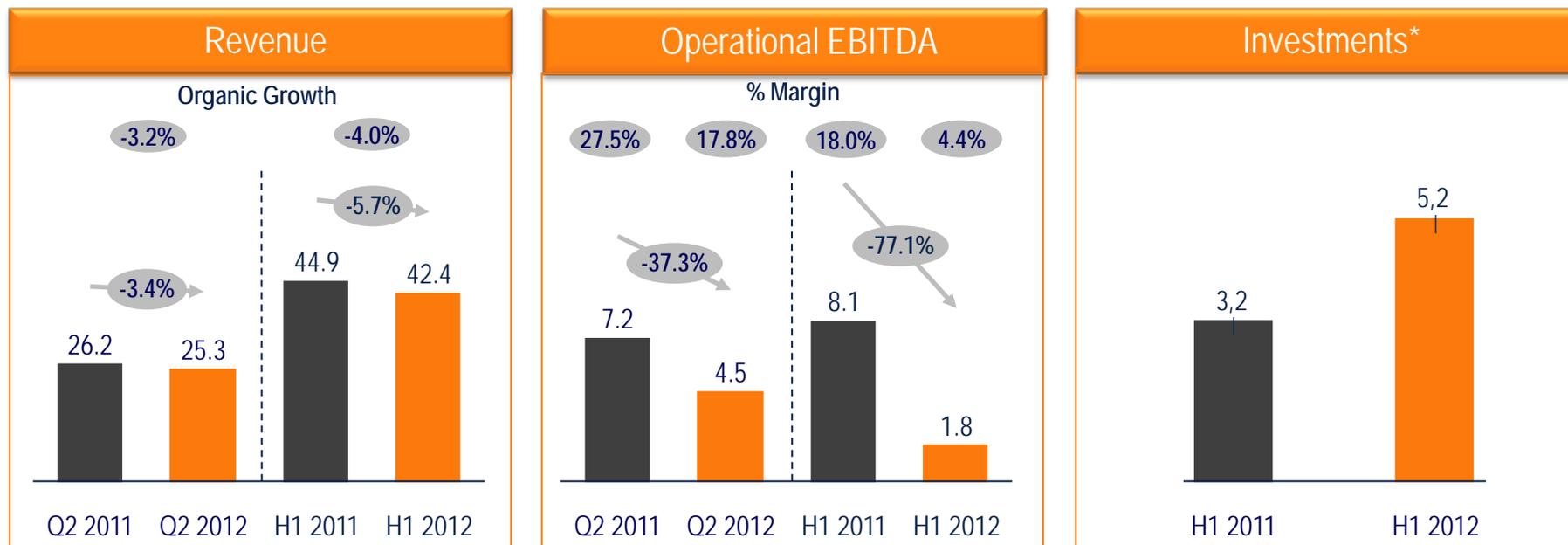
- Underlying H1 organic revenue growth excluding temporarily inactive Telco account just -0.8%
- H1 revenue from ~1.200 Out-of-Home Channels at mid-single-digit million € amount
- Op. EBITDA margin impacted by lower share of high margin products (fewer national campaigns)

\*Cash paid for investments in PPE and intangible assets

# Ströer Turkey: Istanbul ramp-up leads to temporary decline in profitability



€ MM

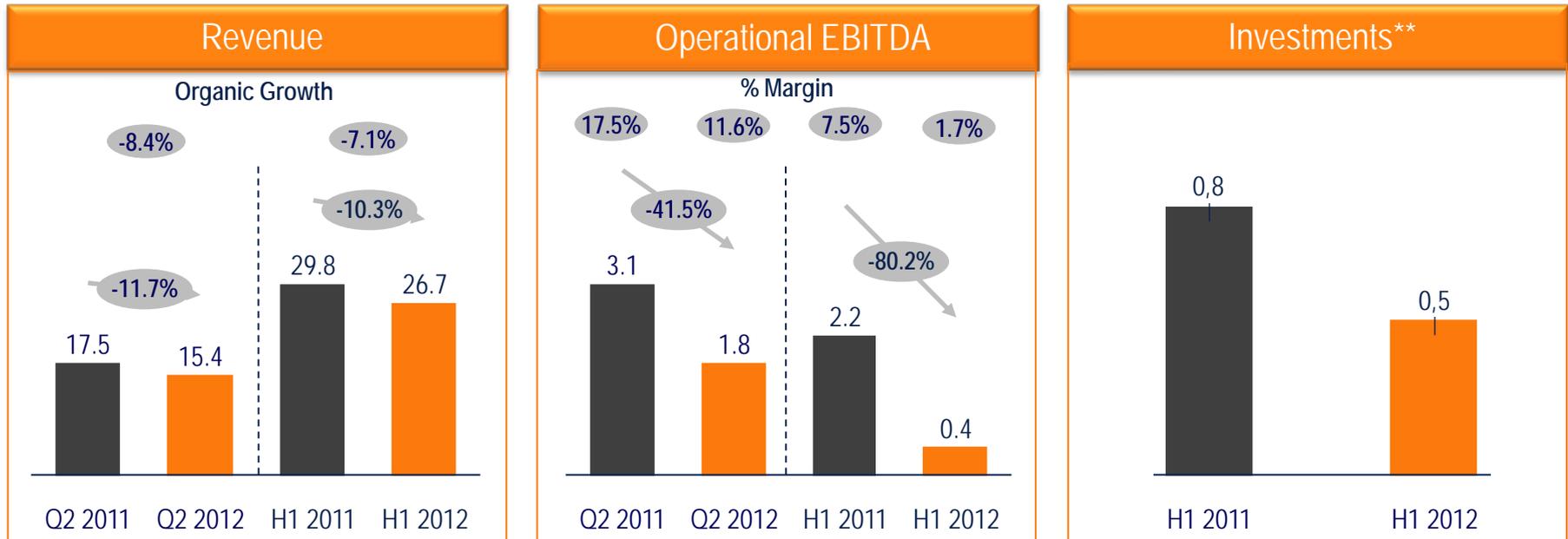


- H1 organic rev. growth w/o effect from terminated low margin sales contract in Q4 11 runs at +0,6%
- Margins affected by incremental Istanbul BB fixed rents and underlying rent inflation adjustments
- Capex increase reflects capacity uplift program in Istanbul (>2000 incremental BB/PBB units)

\* Cash paid for investments in PPE and intangible assets

# Ströer Rest of Europe\*: Unfavourable ad activity affecting both Poland and Giant Posters

€ MM



- blowUP top- and bottom line down on grounds of fewer international cross-country campaigns
- Cost improvement measures leading to margin uplift in Poland
- Adverse impact from Euro championship in PL

\* blowUP Media Group and Ströer Poland

\*\* Cash paid for investments in PPE and intangible assets



# Group cash flow and cash position:

## Free cash flow movement mirrors operational performance

€ MM

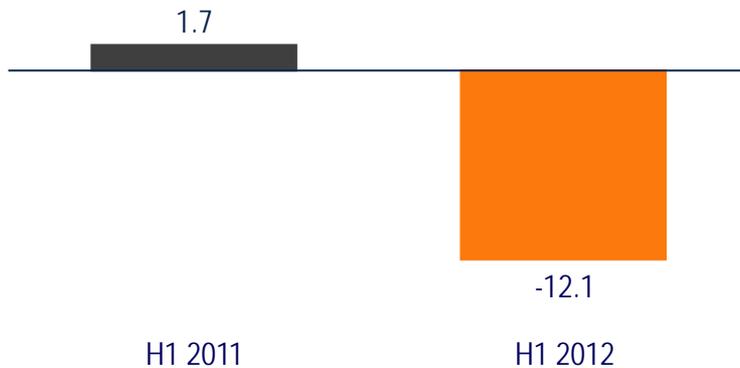
### Cash flows from operations



### Cash flows from investing activities



### Free cash flow



### Comments

- Declining operational cash flow in line with movement in underlying profit development
- Lower investing cash flows despite growth investments in Istanbul and Germany
- Cash balance as of 30.6.2012 some 6m € ahead of PY leading to net debt of 314m€

# Strategic response to current environment

-  Cost savings program initiated in Q2 with mid-single-digit million Euro effect in 2012 to achieve flat overheads yoy
-  Expected improvements in product mix leading to a better drop-through ratio in H2 compared to H1
-  New business initiative for H2 with focus on national accounts and digital operations
-  Extending regional sales coverage through development of new distribution channels
-  Increased utilization of Istanbul BB concession by reaping benefits from installation of 500 incremental PBB
-  Capex spending 2012 reduced from initially € 50-60m to around € 45m without sacrificing growth initiatives

Currently, we are not forecasting any macro or media market improvement in the third quarter of this year. Out-of-home advertising markets will continue to be affected by the uncertainty on the financial markets and temporary shifts in advertising budgets due to the Olympics. As a result, we expect the Group organic revenue growth rate in Q3 to be similar to that in the second quarter of this year.

**STRÖER**

**out of home media**

# Disclaimer

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