

**STRÖER**

**Ströer SE**

**13th August 2015 | Q2/H1 2015 Presentation**



# Agenda H1/Q2 2015

01

## Highlights H1/Q2 2015

- Key financials
- Segment overview
- Update on sales
- Mobile & Shazam
- Acquisition of T-Online.de & Interactive Media

Udo Müller

02

## Acquisition of T-Online.de & Interactive Media

- Profile of assets
- Strategic rationale
- New Ströer Content Group
- New Ströer Digital Sales

Christian Schmalzl

03

## Financials H1/Q2 2015

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- Cash flow

Dr. Bernd Metzner

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- Details to KGaA
- Guidance 2015
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# Ströer SE 6M 2015 Results

€MM		6M 2015	▲	Q2 2015	▲
Revenues	Reported <sup>(1)</sup>	363.4	+9%	201.6	+7%
	Organic <sup>(2)</sup>		+8%		+7%
Operational EBITDA		78.4	+36%	52.1	+26%
Operational EBITDA margin		21.2%	+4.2%pts	25.4%	+3.9%pts
EBIT (adjusted) <sup>(3)</sup>		45.0	+30%	35.5	+20%
Net income (adjusted) <sup>(4)</sup>		33.8	+95%	29.3	+70%
Operating cash flow		38.5	+25.1%.	35.6	+40.1%
Capex <sup>(5)</sup>		38.3	>+100%	23.5	>+100%
		30. June 2015		31. Dec 2014	
Net Debt <sup>(6)</sup> / Leverage Ratio		325.4 / 1.9x		275.4 / 1.9x	

(1) According to IFRS 11

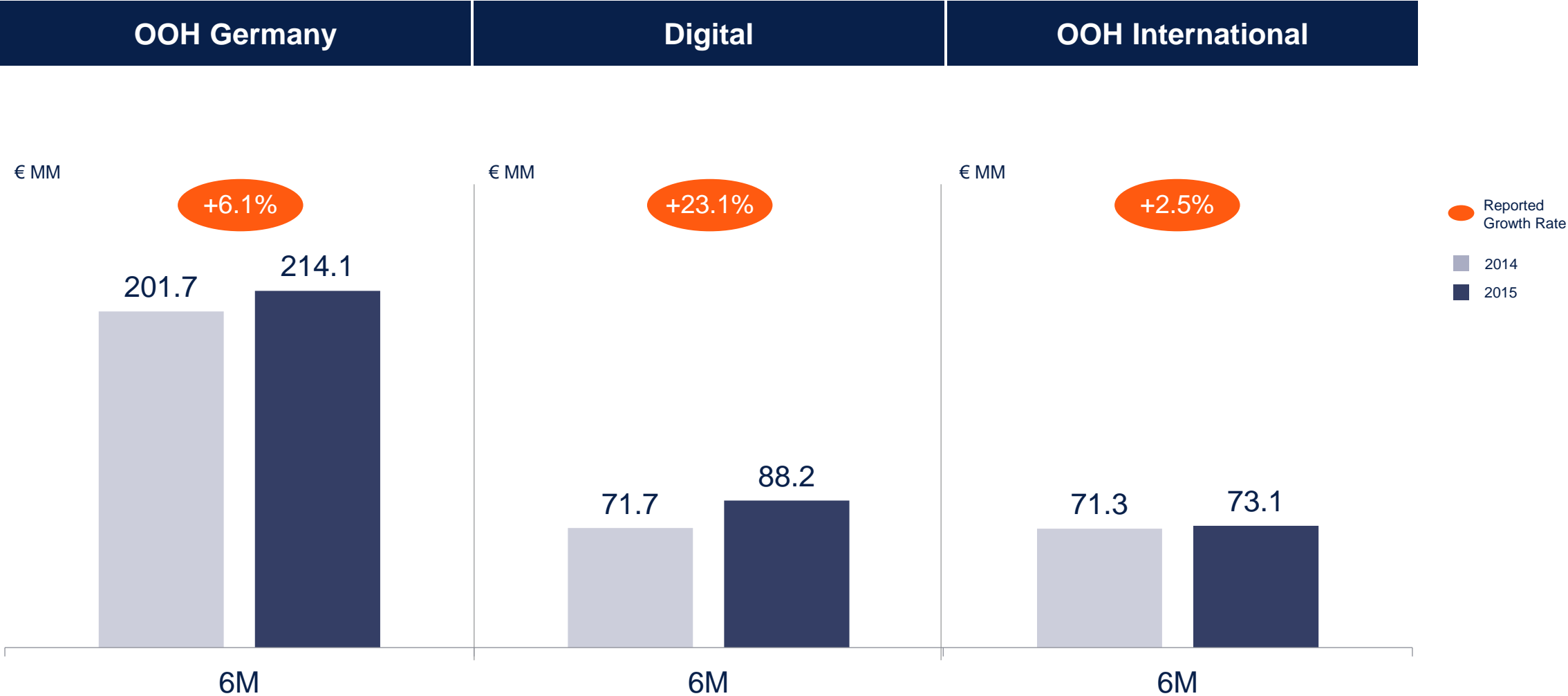
(2) Organic growth = excluding exchange rate effects and effects from the (de)consolidation and discontinuation of operations

(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 (32.5% tax rate)

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

# 6M 2015: Segment Perspective – Outstanding Growth in Digital





# OoH National: Extending Client Portfolio across all Industries

## FMCG, Retail & Automotive



**STORCK**

**DIESEL**

**HYUNDAI**

**DANONE WATERS**  
DEUTSCHLAND GMBH

**MITSUBISHI**  
**MOTORS**

**Maggi**

## Tech & Media



**audible**  
an amazon company

**mobile.de**

**com2us**

**PARSHIP.de**  
Die Online-Partneragentur

**bwin.com**



**indeed**

## Tourism



**KROATIEN**  
Kroatische Zentrale für Tourismus

**Visit Wales**

**Österreich Werbung**

**WIMDU**

**Herzlichst Zypern**

# Scaling up multi-level Sales Structure for local Ad Products

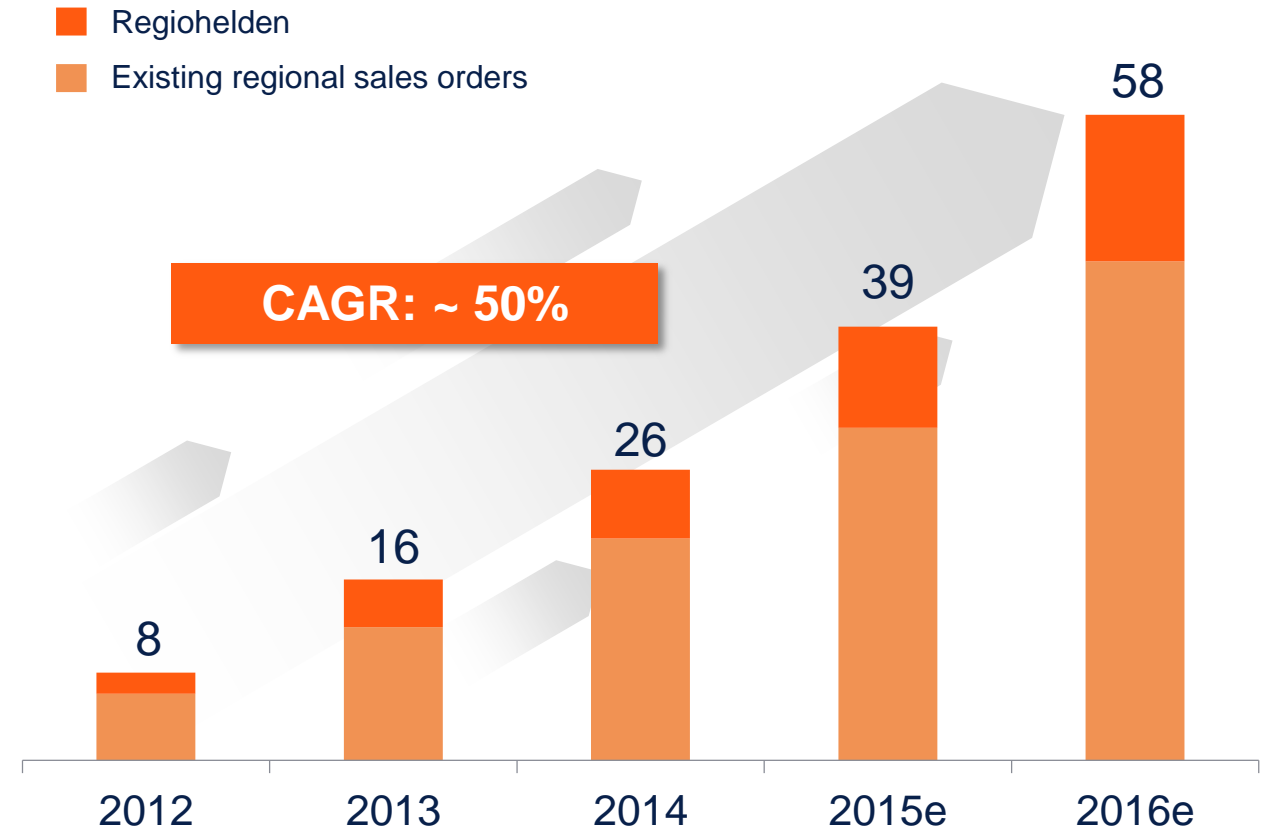
## Since 2012 built up of Regional Sales Structure

- Focus on regional customers which are neither served by agencies nor by a self service concept
- Headcount (2015E): 335, thereof
  - Backoffice personnel 50
  - Sales personnel 180
  - Additions ~100
- Solid platform for future growth

## + Regiohelden/yellow page product of digital age

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

## Development of Key Performance Indicator Sales Orders



# Digital Combination of OoH plus Mobile: Complementary Offering



## Co-operation with Ströer

- 230,000 sites
- 10,000 affiliated advertisers
- 5,700 advertising faces in railway stations
- 3,000 public video screens

## MAXIMUM REACH

Through **innovative and cross-media design** of customer campaigns

## MAXIMUM EFFICIENCY

Through **hyperlocal design** of the mobile campaign close to the OoH advertisements

forecast: mobile facts 2015-III

### 1. Ströer Digital



2. G+J Electronic Media
3. InteractiveMedia
4. Axel Springer Media Impact
5. TOMORROW FOCUS MEDIA
6. SevenOne Media
7. OMS
8. United Internet Media
9. iq digital Y
10. YOC

mobile facts 2015-I

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7. OMS



# Ströer acquires T-Online.de & Interactive Media

T-Online.de 	Interactive Media 
<ul style="list-style-type: none"><li>▪ Leading German content portal with excellent access to a broad customer base of ~ <b>25m UU* per month</b></li><li>▪ In 2014, T-Online.de was visited 175.3m times displaying 700m webpages and 1.38bn online ads</li><li>▪ <b>“Most trusted online brand”</b> in Europe</li></ul> 	<ul style="list-style-type: none"><li>▪ <b>#3 online sales house in Germany, reaching 33m* UU</b> (60% reach) per month</li><li>▪ T-online.de plus third party publisher portfolio</li><li>▪ Market and innovation leader in mobile, programmatic and data-driven-advertising</li></ul> 
New era: Game-Changer for Ströer and the German online market	
<ul style="list-style-type: none"><li>▪ Acquisition marks major step to become a <b>digital multi-channel media sales house</b></li><li>▪ Perfect match with Ströer Content Group</li><li>▪ T-Online supplementing <b>unique disruptive performance publishing strategy</b></li><li>▪ Ströer to be <b>TOP 3 Digital Publisher</b> in Germany</li></ul>	<ul style="list-style-type: none"><li>▪ Strengthen <b>No 1 position in the German online advertising market</b></li><li>▪ New digital marketing giant to set new standards (inventory quality, data depth, reach and technical infrastructure)</li><li>▪ Ströer becoming competitive with global players</li></ul>



# Game Changer: Acquisition of T-Online.de & Interactive Media

## Deal terms

- **Capital increase** in return for a non cash contribution
- Deutsche Telekom to become major **shareholder** in the Ströer SE
- Transaction value ~ **300 EURm**
- ~100 EURm revenue contribution (2015e)
- ~35EURm op.EBITDA contribution (2015e)
- Adj. **EPS accretion** is seen at > **5%** in 2016.

## Key financials

- **Cash flow** profile of Ströer will improve given the sound profitability and limited capex requirements of the acquisitions
- **FCF generation** builds the basis for continued increase in dividends
- **Sales synergies** and **cost synergies** on the basis of broad portfolio and tech based performance publishing.
- **Digital share of group sales** to increase to > **35%** next year (~25%: FY 2015)

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# T-Online.de: Germany's largest Internet Portal

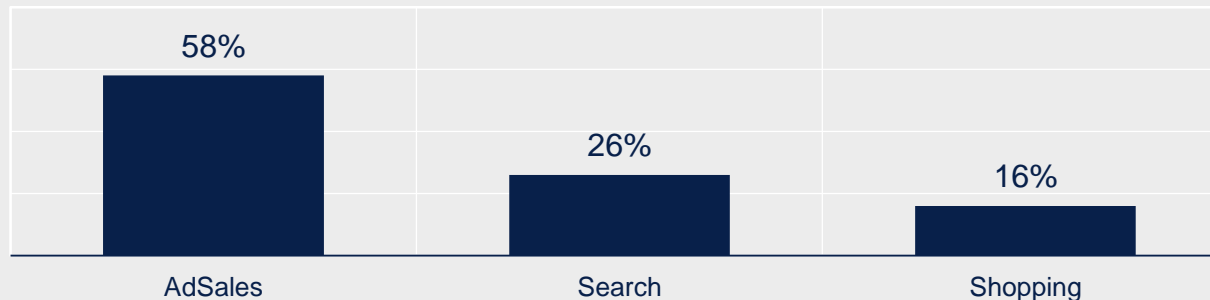
## T-Online.de



### Market Position (Unique User per month)

#	AGOF Ranking	User (%)
1	<b>T-Online</b>	<b>25,39</b>
2	eBay.de	20,30
3	BILD.de	16,88
4	FOCUS Online	15,07
5	gutefrage.net	14,59
6	WEB.de	13,57
7	CHIP online	13,33
8	computerbild.de	12,57
9	<b>Ströer Content Group</b>	<b>12,20</b>
10	Chefkoch.de	11,76

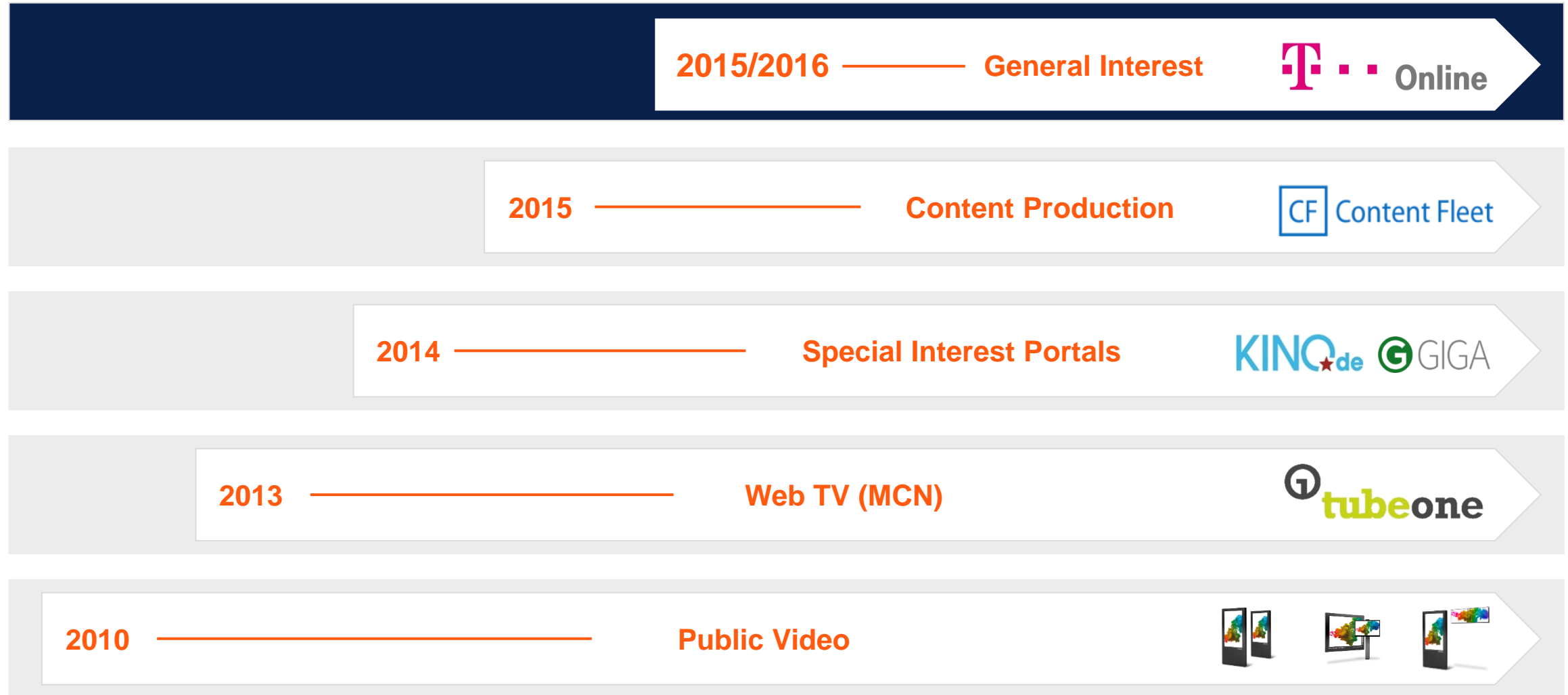
### Revenue & Product Mix



### Profile & Key Characteristics

- #3 Email-Provider with 8.5m unique active users. 90% of users check their account at least every three days
- #1 news portal, #1 real-estate/interior portal, #3 sports portal, #3 business portal, #3 entertainment/celebrity portal
- #4 search provider – very close to Yahoo's position in Germany (using Google technology)
- 94% of top online marketing spenders in Germany have advertised on TOL in 2014
- Vertical portals (e.g. wanted.de, desired.de, zuhause.de, wetter.info, einfachtierisch.de) incl. TOL: 25m UU per month

# Ströer Content Group: Complementing a strong Digital Publishing Portfolio





# Ströer Public Video serve as a Reach-multiplier for Content Distribution

**Infoscreen**



**Digital projectors at subway and tram stations**

**Mall Video**



**Video publishing in shopping centers**

**Station Video**



**Video publishing at the 200 largest train stations**

**Globally unique public video network:  
3.500 screens and 1 billion video views per month**

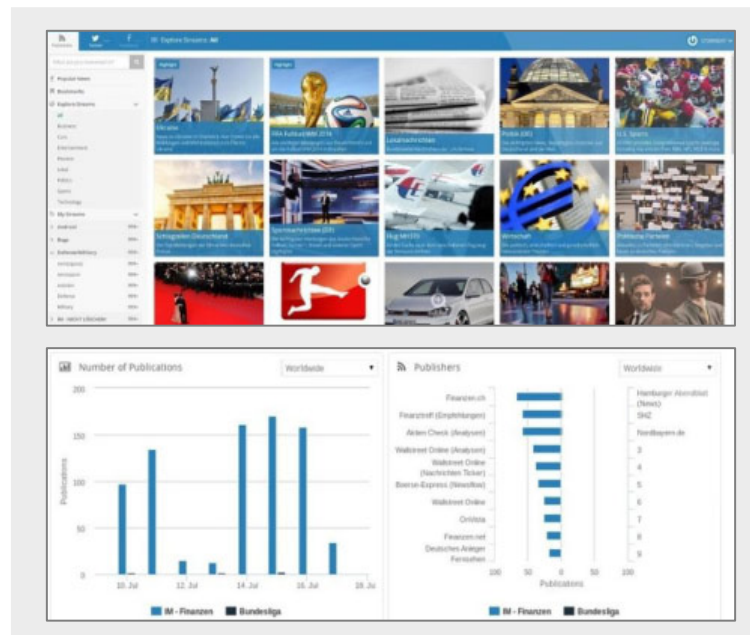
**Connected to online ad-serving technology:  
Seamlessly integrated in online universe**

# TubeOne: One of Germany's leading Web-TV Networks (MCN)



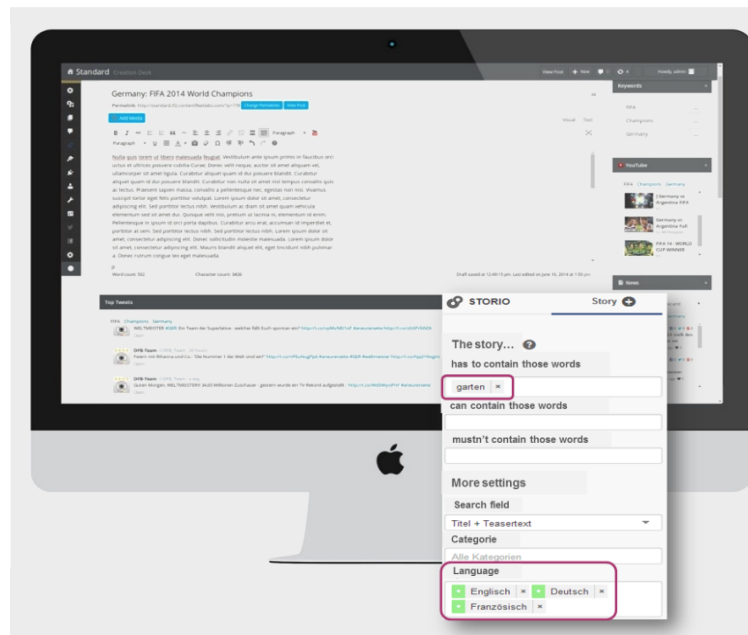
# Content Fleet: Disruptive, tech-based Performance Publishing

## Finding topics



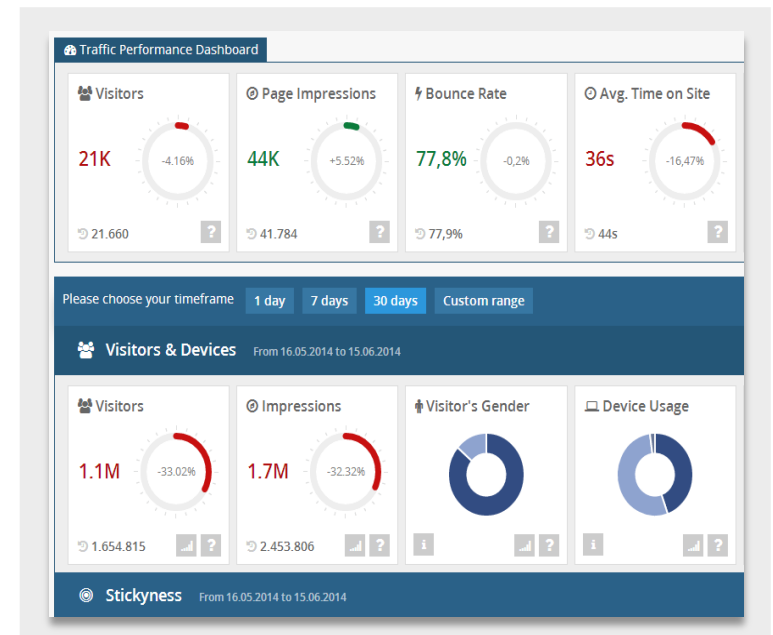
Tools **STORYBEAT** and **TRENDRADAR** are guiding the publishing teams

## Content Creation



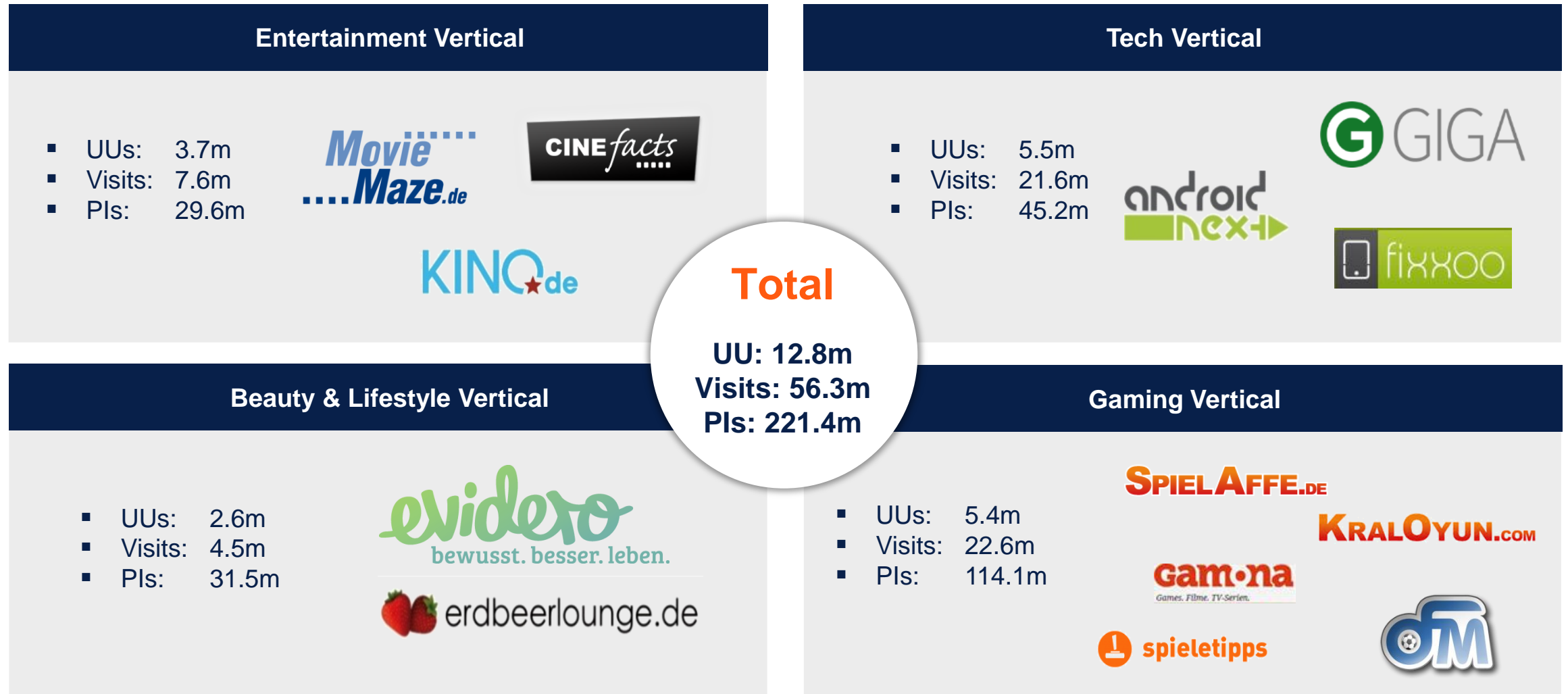
**CONTENT CREATION DESK** to fully automate publishing process

## Performance Tracking



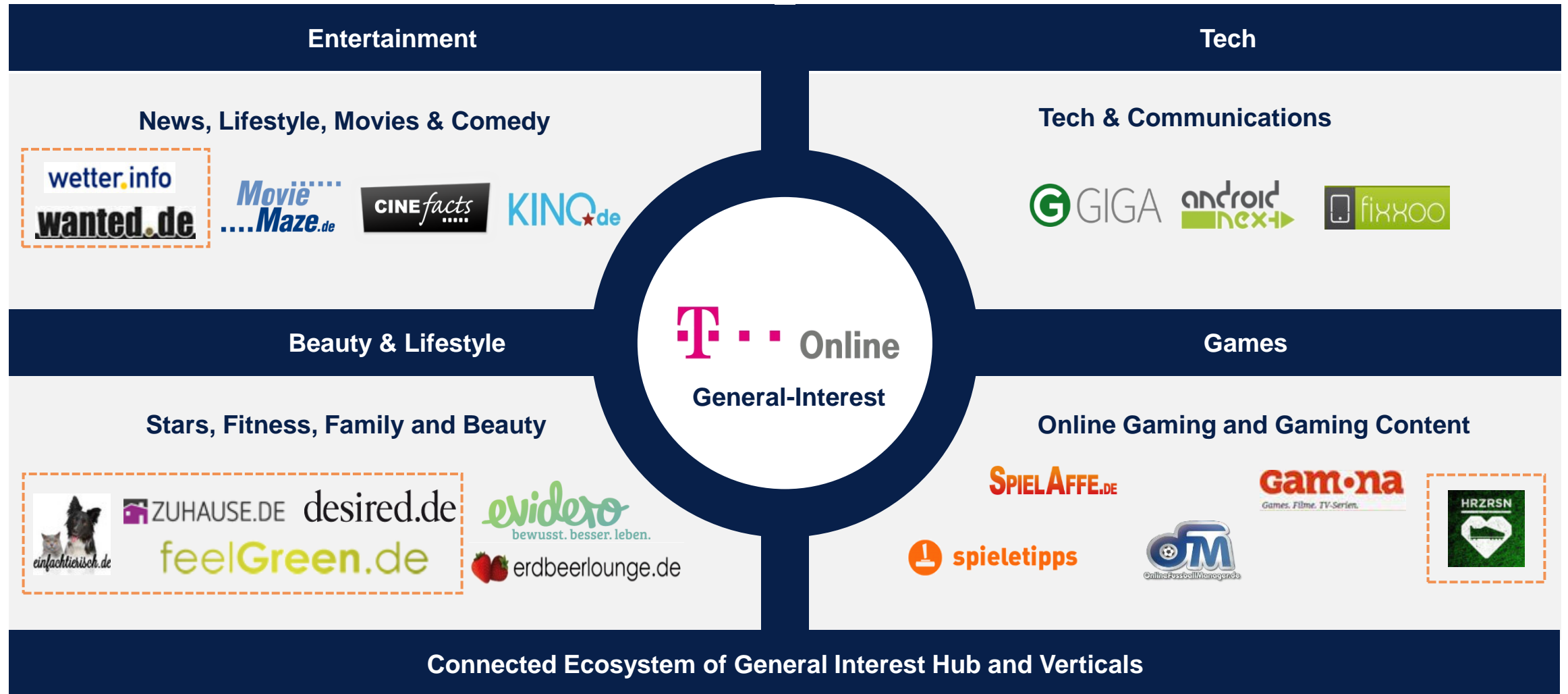
**KPI-TRACKING** ensures production of content that pays off!

# Strong Verticals in Place: Focus on high-margin, high-growth Segments





# General Interest Portal pushes Publishing Ecosystem to the next Level



# Interactive Media: One of the leading German digital Saleshouses

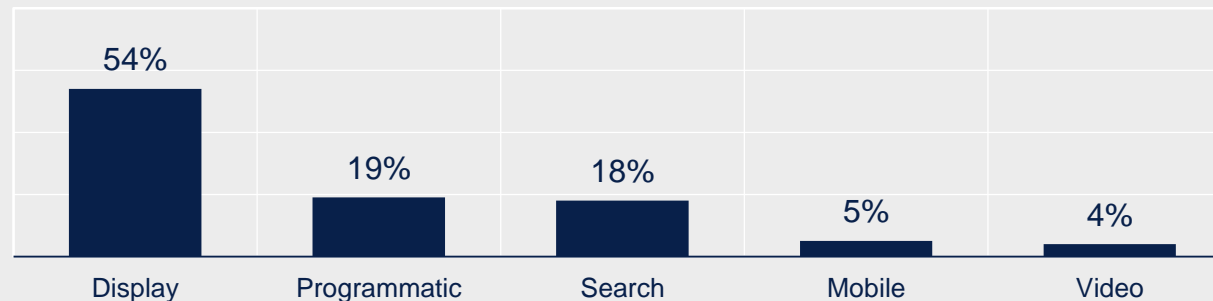
## Interactive Media

InteractiveMedia

### Market Position (Unique User per month)

#	AGOF Ranking	Nutzer * (%)	Nutzer * (Mio.)
1	Ströer Digital	66,3	36,77
2	Axel Springer Media Impact	60,3	33,44
3	InteractiveMedia CCSP	59,6	33,09
4	SevenOne Media	58,6	32,52
5	Tomorrow Focus Media	56,2	31,17
6	United Internet Media	55,8	30,95
7	IP Deutschland	50,7	28,13
8	OMS	45,3	25,13
9	eBay Advertising Group	40,4	22,43
10	G+J Electronic Media Sales	39,9	22,13

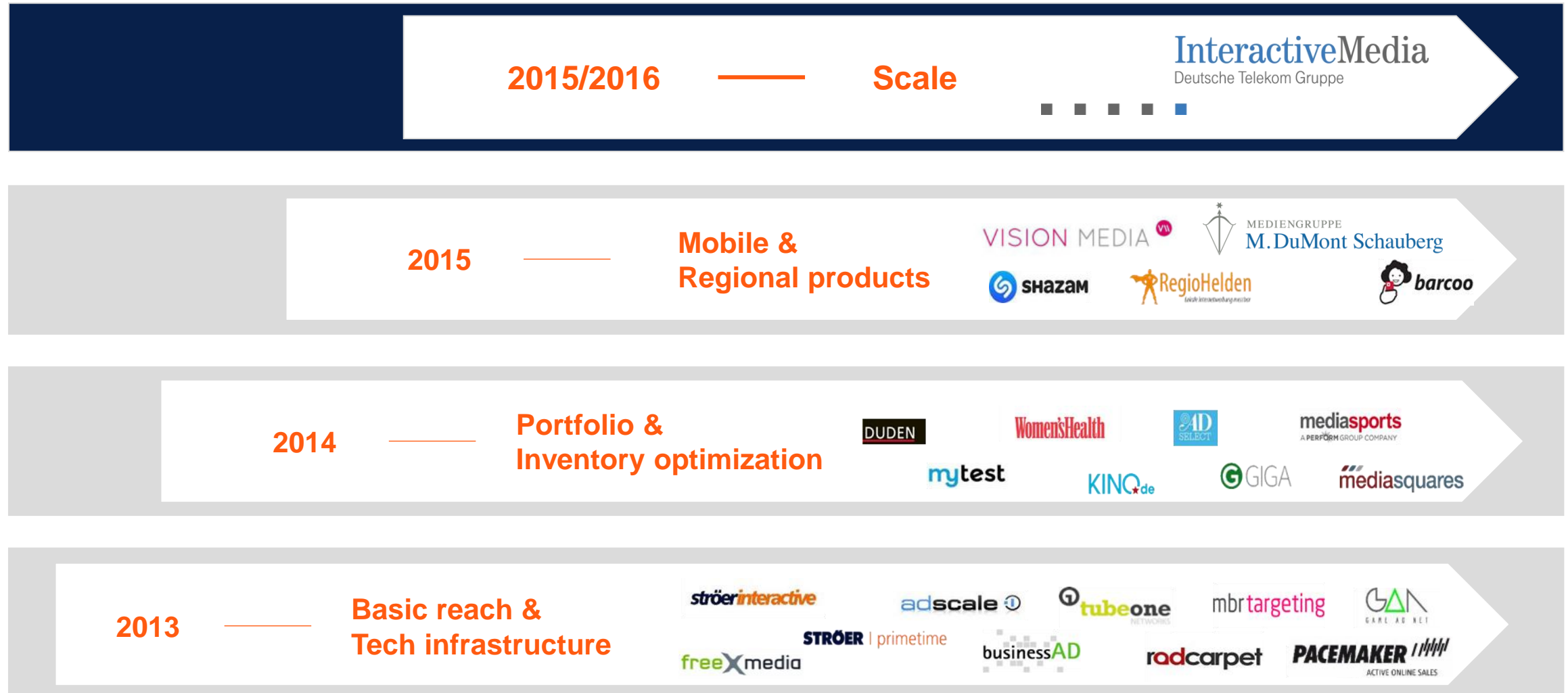
### Revenue & Product Mix



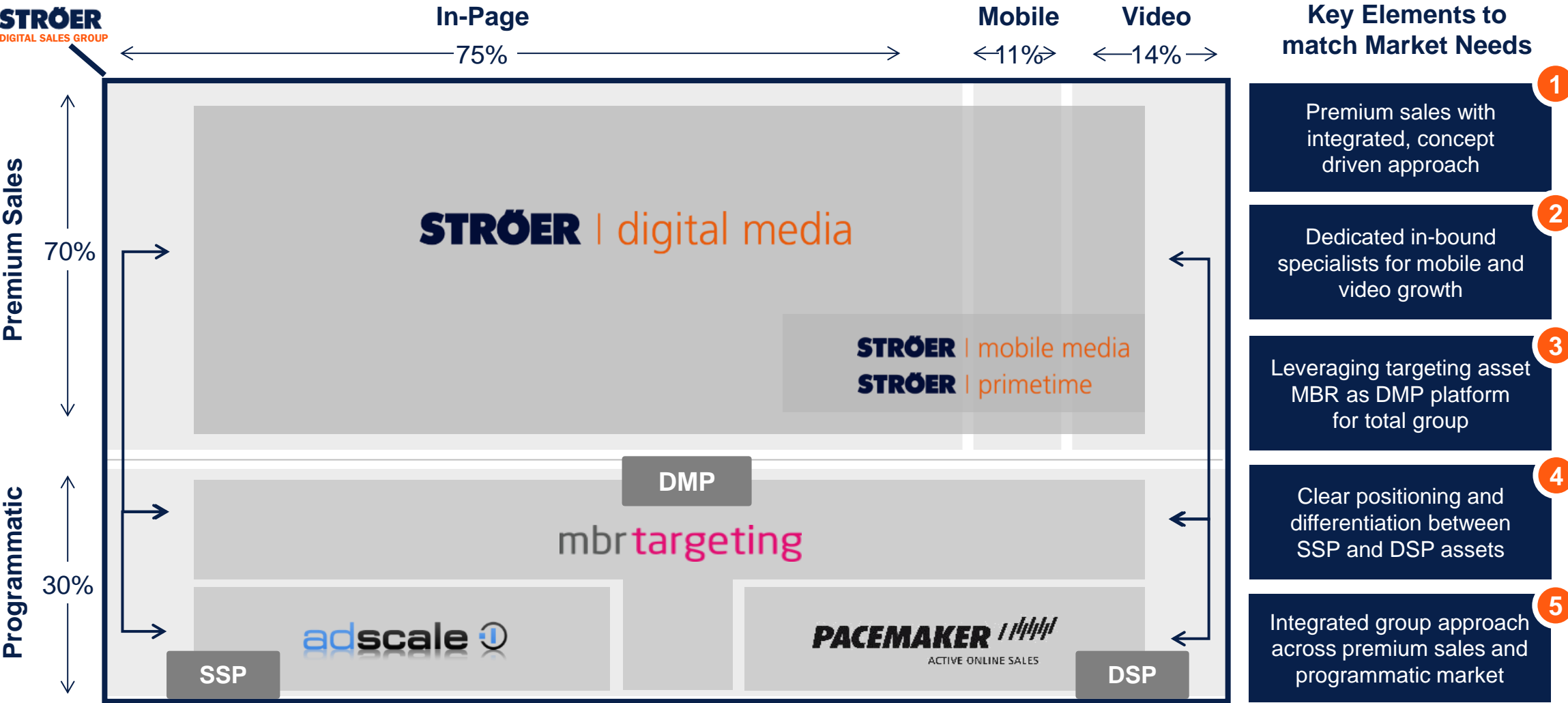
### Profile & Key Characteristics

- #3 online sales house in Germany, reaching 33m UU (60% reach) per month
- Exclusive marketer of t-online.de, complemented by strong third party publisher portfolio
- Strong programmatic buying and data driven advertising capabilities enable IAM to increase CPMs for customers' inventory monetization
- Strong set of performance products and wide range of performance and e-commerce oriented clients
- Efficient multi-screen capabilities for Display, Mobile and growing video inventory (50m video views per month)

# Ströer Digital Sales Group: Focused & dynamic Growth Strategy



# Ströer Digital Sales Group 2015: Consolidated Ecosystem





# Ströer Digital Sales Group & Interactive Media (IAM)

Market Game-Changer regarding Reach/Market Share, Quality of Inventory, Depth of Data and Tech Infrastructure



# Our Digital Segment and T-Online.de/Interactive Media: Excellent Fit

## Ströer Content Group



- Unique combination of Public Video, Social Web TV, Content Marketing and Web Portals within Ströer Digital Group
- Existing network of verticals (Web Portals)

### Reach & Reputation of leading German Content Portal integrated into Ströer Content Group

- Existing Ströer network is expanded with a new and fully incremental element
- Mutual reinforcement for all portals and assets
- Establishing a unique digital multi-channel network across internet & "outernet"

T-Online.de



## Ströer Digital Sales Group



- Unique ecosystems of premium sales, tech & data infrastructure and programmatic advertising
- Highly scalable setup after integration of various acquisitions

### Game-Changer for Ströer & Online Market: Next Level Market Consolidation

- New dimension for local, German digital sales houses after merger of #1 and #3
- Non-substitutable offering regarding reach and depth of inventory within a still fragmented market
- Massive scale-effects in leveraging tech infrastructure and data

Interactive Media



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# Ströer SE 6Months 2015 Results

€MM	6M 2015	6M 2014	▲
<b>Revenues (reported) <sup>(1)</sup></b>	363.4	334.7	+9%
Adjustments (IFRS 11)	7.3	6.2	+17%
Direct costs	-214.8	-207.4	-4%
SG&A	-80.0	-80.0	0%
Other operating result	2.5	4.2	-39%
<b>Operational EBITDA</b>	78.4	57.8	+36%
Margin %	21.2	16.9	+4.2%pts
Depreciation	-19.1	-19.7	+3%
Amortisation	-29.8	-18.8	-59%
Exceptional items	-6.2	-3.5	-76%
<b>EBIT (adjusted) <sup>(2)</sup></b>	45.0	34.5	+30%
<b>Net income (adjusted) <sup>(3)</sup></b>	33.8	17.3	+95%
<b>Net income</b>	18.8	2.5	>+100%

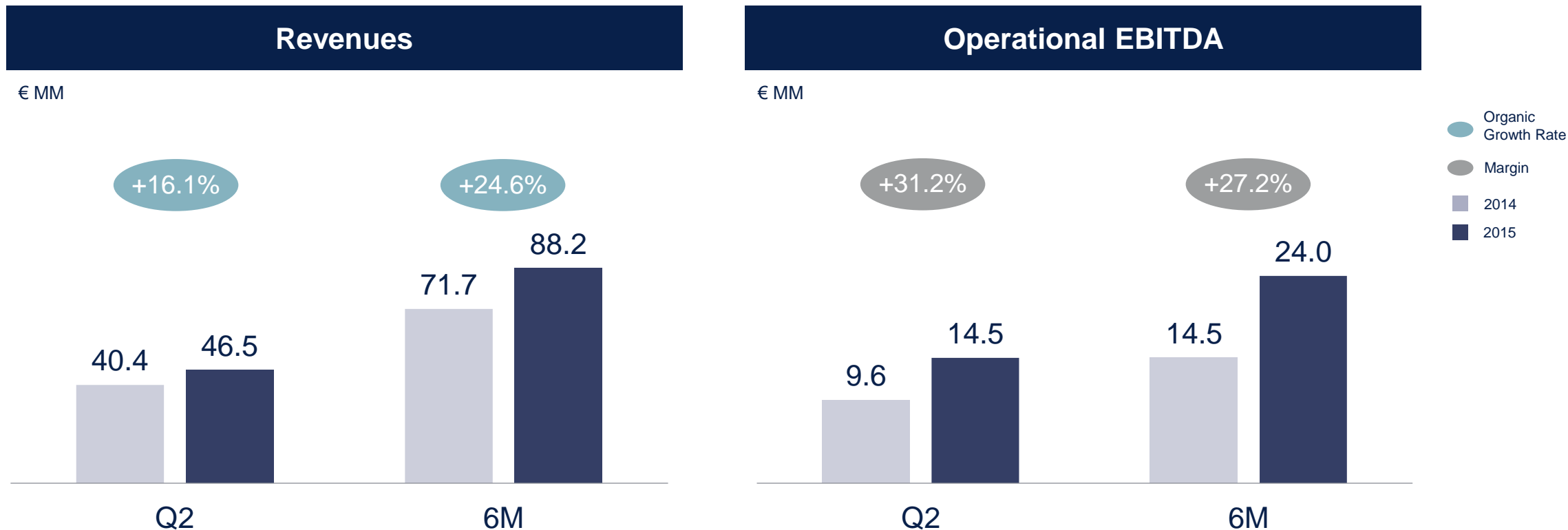
(1) According to IFRS

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

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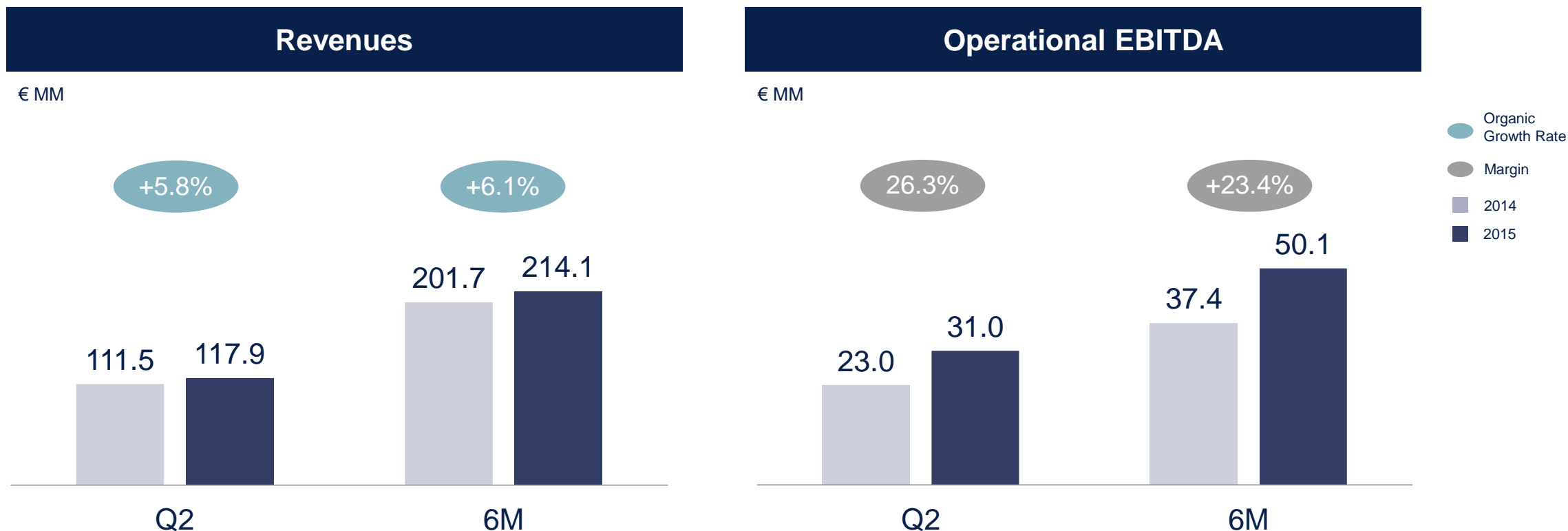


# Ströer Digital: Sustaining Growth Driver of entire Group



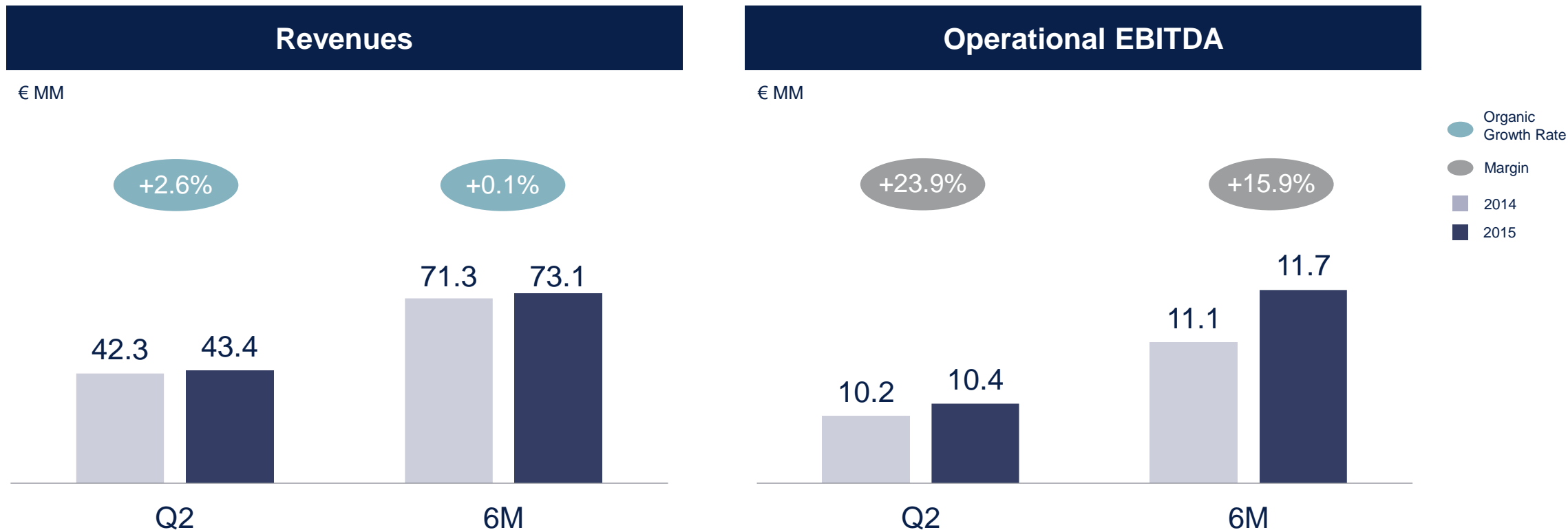
- Improved publisher base in Germany and continuously increasing demand for Public Video products
- Very strong Operational EBITDA contribution in line with strong sales development and backed by cost efficiencies
- Ongoing integration activities and portfolio optimization

# Ströer OoH Germany: Continued Growth Momentum



- Regional sales offensive and strong national sales performance drive dynamic revenue uplift
- Strong growth of margin attractive products
- Additional EBITDA margin improvements backed by rigorous costs efficiency program initiated in 2014

# Ströer OoH International: Revenue Growth in challenging Markets



- Q2 revenues benefitting from political campaigns before parliamentary election in June in Turkey
- Soft market dynamics in Poland as well as UK (blowUP)
- Improved cost base leading to higher operational EBITDA y-o-y

# Free Cash Flow Perspective Q2 2015

Free Cash Flow	Q2 2015 € MM	Q2 2014 € MM
<b>Op. EBITDA</b>	<b>52.1</b>	<b>41.3</b>
- Interest (paid)	-2.4	-6.2
- Tax (paid)	-2.4	-3.6
-/+ WC	-9.0	-5.1
- Others	-2.8	-0.2
<b>Operating Cash Flow</b>	<b>35.6</b>	<b>26.2</b>
<b>Investing Cash Flow</b>	<b>-23.4</b>	<b>-10.3</b>
<b>Free Cash Flow</b>	<b>12.2</b>	<b>15.9</b>

- Strong operational cash generation in line with increased operational EBITDA
- Further reduced interest payments after succesful refinancing in 2014 and 2015
- Working Capital largely affected by unfavourable phasing between quarters throughout the fiscal year
- Higher Investments due to LED technology, growth expansion within the the Cologne contract as well as modernisation of existing IT technology
- Stable Leverage Ratio at 1.9 in June 2015 vs. 1.9 in December 2014

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# Change of Legal Form – Ströer to become a KGaA

- Change of legal form of Ströer SE into a partnership limited by shares (“KGaA”)
- Ströer’s business development shows proof of strength by a family-owned business model
- Focus on sustainably maximizing shareholder value with long term thinking
- Ensure full flexibility in the future business development of Ströer
- Opportunity to use shares as currency for further acquisitions





## Summary: Good first Half of 2015

**Total revenue growth by 8.6%**



**Operational EBITDA expanded by 36% to 78.4 EURm**



**Net income (adj.) doubled to 34 EURm**



**Leverage Ratio stable at 1.9 x EBITDA despite strong M&A activity**



**Game changing acquisition of T-Online.de & Interactive Media**



# Guidance Statement 2015: Confirmed

**We confirm our full-year 2015 guidance:  
For 2015 we expect a mid to high single  
digit organic growth rate and an  
operational EBITDA of at least  
180 Million Euro**



## Guidance Statement 2016: Raised

**For 2016 we expect total revenue of approx. 1 billion Euro , a total operational EBITDA margin from 23 to 24 percent and a triple digit million figure for Operational EBITDA in the Digital segment**

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