



H1/2016 Results Investor/Analyst Conference Call

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axel springer 

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Solid H1/16 – Full-year guidance for earnings confirmed, for revenues slightly lower

EBITDA

€273m – up 2.3%

Revenues

€1,585m – up 0.5% (+5.3% adj. for cons. and FX effects)

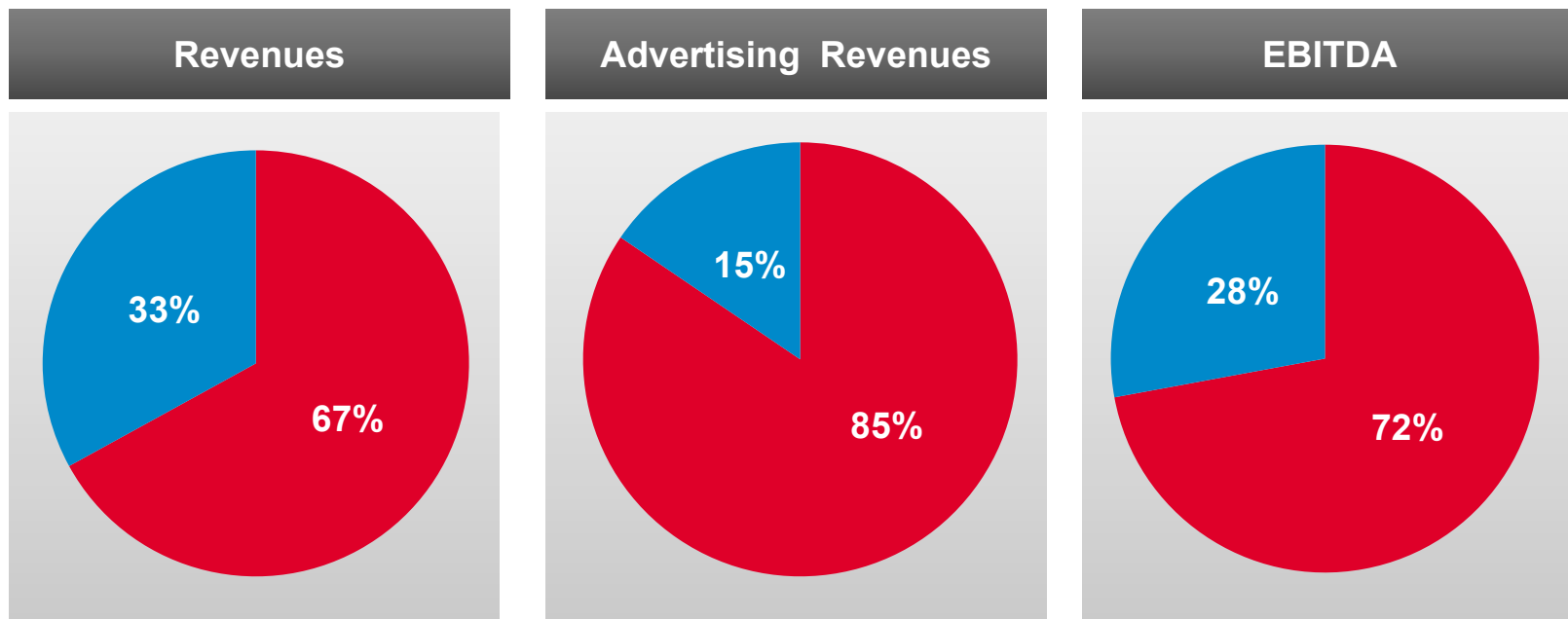
eps (adj.)

€1.20 – up 9.9%

New mid-term targets for value creation

Management incentivized to achieve market cap increase (plus dividend payments) of at least 40% within 4 years

85% of advertising revenues and 72% of EBITDA earned in digital in H1/16



■ Digital share. ■ Non-digital share.

Another milestone in the expansion into the English-speaking world



1

Strong position

Quoted ~65,000x each year by international media, majority of Fortune 500 companies as customers

2

Strong subscriber base

>1,000 subscribers, subscription revenues 81% of total revenues

3

Strong profitability and growth

35% EBITDA margin expected for 2016, revenues to grow double-digit (CAGR) until 2019, margin to reach 40%+

Strengthening classifieds vacation rentals vertical with two bolt-on acquisitions

— Traum-Ferienwohnungen



- One of the **leading online marketplaces for vacation rentals in Germany**
- **Majority** acquisition in April (50.01%) **by @Leisure** (Axel Springer stake 51%)
- **Founders** continue to lead the business

— Land & Leisure



- Land & Leisure brands **DanCenter** and **DanLand** with strong presence in Scandinavia
- Voluntary PTO by @Leisure with **cash offer price of DKK 6.05 per share** closed in July 16 with **take up of 76%** (purchase price of €47.0m)

Priorities 2016

We want to...

1 ... further grow in classifieds

2 ... invest for further growth in Business Insider, upday, Retale

3 ... stabilize paid models segment ex growth investments for Business Insider/upday

Financials H1/2016

Solid H1/16 – Impacted by consolidation and FX effects

in €m	H1/16	yoy	Q2/16	yoy
Revenues	1,585.3	0.5%	801.9	0.7%
Advertising	1,062.4	7.8%	535.3	6.5%
Circulation	313.2	-10.8%	158.6	-10.2%
Other	209.8	-12.7%	108.0	-8.1%
EBITDA	272.9	2.3%	147.0	0.0%
Margin	17.2%	0.3pp	18.3%	-0.1pp
Restructuring Exp.	13.2	-12.7	6.8	-6.4
Launch Costs	26.0	14.9	13.7	7.5
EBITDA ex. Restr./LC	312.2	2.8%	167.4	0.7%
Margin	19.7%	0.4pp	20.9%	0.0pp

- Revenue growth adj. for cons. and FX effects +5.3% (ad revenues +7.0%, circulation revenues -1.9%, other revenues +9.1%)
- EBITDA up 2.3% (+0.3% adj. for cons. and FX effects) due to continued growth in classifieds, lower restructuring costs and despite investments for future growth

Increasing transparency for organic growth

Focus on group and segment figures adjusted for consolidation and FX effects

- ⇒ shows organic development of existing assets
- ⇒ takes currency effects into account

+

Reporting of pro forma digital revenue growth will be maintained at least during the current business year

- ⇒ compares today's portfolio to same portfolio in prior-year period
- ⇒ does not adjust for currency effects

Classified Ad Models continue with double-digit revenue growth

in €m	H1/16	yoy	Q2/16	yoy
Revenues	424.7	19.5%	211.7	18.2%
<i>organic growth*</i>		12.0%		10.2%
Advertising	413.2	19.9%	205.9	18.6%
Other	11.4	5.9%	5.8	3.7%
EBITDA**	171.4	17.0%	88.2	15.7%
Margin	40.4%	-0.9pp	41.7%	-0.9pp

- Revenue increase due to continued strong organic growth (+12.0%) and acquisitions
- EBITDA up 17.0% (+8.2% organic growth)

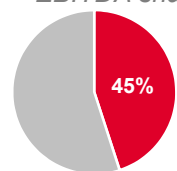
* Adjusted for consolidation and FX effects.

** Total EBITDA includes costs of €2.7m in H1/16 and €3.9m in H1/15 (thereof business development, M&A and other), not allocated to the three pillars.

Highest organic growth in classifieds verticals still in jobs with 16.7%

Jobs

EBITDA share

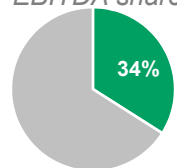


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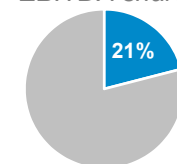
Real estate

EBITDA share



General/Other

EBITDA share



in €m

Revenues

organic growth*

EBITDA**

Margin

	H1/16	yoy	Q2/16	yoy
Revenues	194.8	14.4%	99.1	14.1%
organic growth*		16.7%		17.5%
EBITDA**	79.1	7.0%	43.2	11.6%
Margin	40.6%	-2.8pp	43.6%	-1.0pp

in €m

Revenues

organic growth*

EBITDA**

Margin

	H1/16	yoy	Q2/16	yoy
Revenues	132.9	30.9%	67.6	30.5%
organic growth*		3.1%		2.3%
EBITDA**	59.1	14.9%	30.7	5.8%
Margin	44.4%	-6.2pp	45.4%	-10.6pp

in €m

Revenues

organic growth*

EBITDA**

Margin

	H1/16	yoy	Q2/16	yoy
Revenues	96.9	16.1%	45.0	11.0%
organic growth*		13.2%		4.3%
EBITDA**	36.0	43.5%	16.2	51.9%
Margin	37.2%	7.1pp	36.0%	9.7pp

* Adjusted for consolidation and FX effects.

**Total EBITDA includes costs of €2.7m in H1/16 and €3.9m in H1/15 (thereof business development, M&A and other), not allocated to the three pillars.

Paid Models EBITDA impacted by growth investments

in €m	H1/16	yoy	Q2/16	yoy
Revenues	709.0	-5.6%	368.2	-5.7%
<i>thereof digital (reported)</i>	194.0	19.8%	102.3	14.9%
<i>thereof digital (organic growth*)</i>		16.4%		15.1%
Advertising	291.9	-3.2%	151.7	-6.2%
Circulation	313.1	-10.8%	158.6	-10.3%
Other	104.0	5.1%	57.9	11.2%
EBITDA	83.0	-18.1%	45.9	-20.7%
Margin	11.7%	-1.8pp	12.5%	-2.3pp
Restructuring Exp.	10.4	-4.7	5.2	-2.0
Launch Costs	17.0	11.0	9.6	5.6
EBITDA ex. Restr./LC	110.4	-9.8%	60.7	-12.0%
Margin	15.6%	-0.7pp	16.5%	-1.2pp

- Revenue development impacted by consolidation (mostly Swiss activities) and FX effects, adjusted for these effects up 0.8%
- 27% of revenues now from digital
- Organic advertising revenue growth -0.3% (National -2.1%, International +6.2%)
- Circulation revenues down only 1.8% organically
- EBITDA impacted by planned growth investments

* Adjusted for consolidation and FX effects.

Marketing Models impacted by consolidation effects and higher growth investments

in €m	H1/16	yoy	Q2/16	yoy
Revenues	414.1	-3.3%	203.7	-2.6%
<i>organic growth*</i>		8.0%		10.0%
Advertising	357.3	5.0%	177.6	6.2%
Other	56.8	-35.4%	26.0	-37.8%
EBITDA**	46.5	-3.1%	27.0	4.1%
Margin	11.2%	0.0pp	13.3%	0.9pp
Restructuring Exp.	0.1	-0.3	0.0	-0.1
Launch Costs	8.8	3.8	4.0	1.7
EBITDA ex. Restr./LC	55.5	3.7%	31.1	9.5%
Margin	13.4%	0.9pp	15.2%	1.7pp

- Consolidation effects due to sale of stake in Talpa Germany and Smart AdServer in 2015 as well as sale of Smarthouse in 2016
- Revenues with 8.0% organic growth (ad revs +7.6%, other revs +11.1%)
- EBITDA development driven by higher launch costs for Retale

* Adjusted for consolidation and FX effects.

** Total EBITDA includes costs of €3.5m in H1/16 and €4.4m in H1/15 (thereof business development, M&A and other), not allocated to the two pillars.

Adjusted eps up 9.9% yoy in H1/16 – guidance for FY 16 mid to high single-digit growth

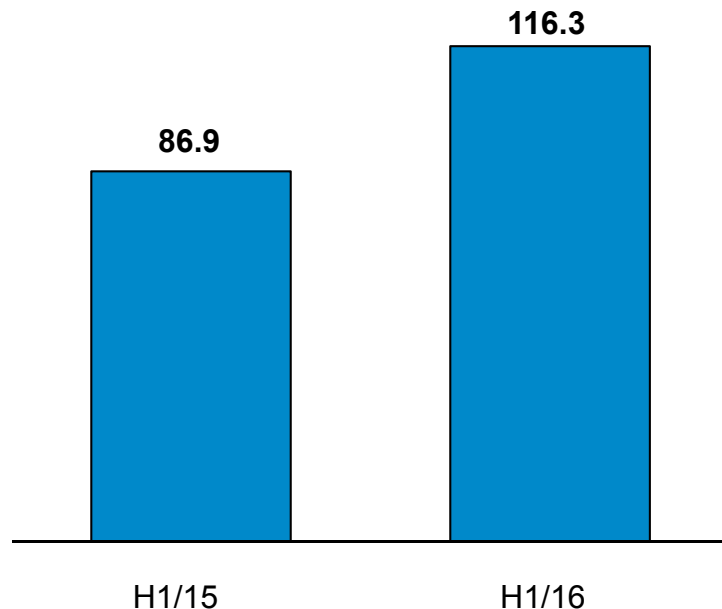
<i>in €m</i>	H1/16	H1/15	Q2/16	Q2/15
Net income	273.2	111.0	63.8	68.0
<i>yoy change</i>	>100 %		-6.2%	
Non-recurring effects	-165.8	-0.7	6.0	-4.9
Effects of purchase price allocations	43.0	37.9	21.4	20.6
Taxes attributable to these effects	-4.2	-11.7	-10.3	-4.9
Adjusted net income	146.2	136.5	80.9	78.8
<i>yoy change</i>	7.1%		2.6%	
Thereof attributable to non-controlling interests	16.8	28.4	8.2	14.7
Adjusted net income attributable to shareholders of Axel Springer SE	129.5	108.0	72.7	64.2
<i>yoy change</i>	19.8%		13.4%	
<i>in €</i>				
Adjusted eps	1.20	1.09	0.67	0.65
<i>yoy change</i>	9.9%		3.9%	

¹⁾ Based on weighted average number of shares outstanding in H1/16: 107.9m (H1/15: 98.9m).

Leverage of 1.4x before closing of acquisitions – FY 16 FCF expected to be slightly below prior year

Net financial debt¹⁾ of €844m as of June 2016 (leverage 1.4x²⁾)

– Free cash flow (FCF) in €m



– Future cash flows

Inflows

- Strong free cash flow generation
- Payments from sale of stake in Dogan TV of €171m expected in 2020/ 2022.

Outflows

- Purchase price payments for eMarketer and Land & Leisure (€254m) paid in 7/2016
- Put-Call-Options following acquisitions, volume expected to be ~€30m for 2016

¹⁾ Excl. pension liabilities. ²⁾ Based on Bloomberg EBITDA consensus for 2016.

Outlook 2016

Axel Springer

Group

Revenues On prior-year level
EBITDA Low to mid single-digit % growth
eps (adj.) Mid to high single-digit % growth

	Classified Ad Models	Paid Models	Marketing Models	Services/ Holding
Revenues	Low double-digit % growth	Mid single-digit % decline	On prior-year level	Significant decline
EBITDA	Low double-digit % growth	Mid single-digit % decline*	Low to mid single-digit % decline*	Slight improvement

* Including effects from acquisitions/divestments since start of the year.

Appendix

Paid Models International: EBITDA impacted by growth investments for BI and upday

in €m	Paid Models National				Paid Models International			
	H1/16	yoy	Q2/16	yoy	H1/16	yoy	Q2/16	yoy
Revenues	552.8	-0.2%	287.3	1.5%	156.2	-20.9%	81.0	-24.8%
<i>thereof digital (reported)</i>	121.1	18.1%	63.8	16.4%	72.9	22.8%	38.5	12.5%
<i>thereof digital (organic growth*)</i>		17.6%		15.5%		13.7%		14.2%
Advertising	212.5	-2.0%	108.9	-4.0%	79.4	-6.1%	42.8	-11.4%
Circulation	264.2	-2.0%	134.3	-0.6%	49.0	-39.8%	24.3	-41.7%
Other	76.2	13.0%	44.0	27.9%	27.8	-11.7%	13.8	-21.5%
EBITDA	78.8	4.3%	40.5	-0.8%	4.2	-83.7%	5.4	-68.3%
Margin	14.3%	0.6pp	14.1%	-0.3pp	2.7%	-10.4pp	6.7%	-9.2pp
Restructuring Exp.	10.2	-4.4	5.1	-1.8	0.2	-0.2	0.1	-0.2
Launch Costs	2.0	-2.5	1.2	-1.3	15.0	13.5	8.3	6.9
EBITDA ex. Restr./LC	91.0	-3.9%	46.8	-6.8%	19.4	-30.2%	13.9	-26.1%
Margin	16.5%	-0.6pp	16.3%	-1.4pp	12.4%	-1.7pp	17.1%	-0.3pp

* Adjusted for consolidation and FX effects.

Reach Based Marketing: Revenues adjusted for consolidation and FX effects up 15%

in €m	Reach Based Marketing				Performance Marketing			
	H1/16	yoy	Q2/16	yoy	H1/16	yoy	Q2/16	yoy
Revenues	138.6	-11.6%	69.7	-10.9%	275.6	1.5%	134.0	2.4%
<i>organic growth*</i>		14.8%		15.2%		5.3%		7.7%
Advertising	113.6	18.4%	58.7	16.5%	243.7	-0.2%	119.0	1.7%
Other	25.0	-58.9%	11.1	-60.5%	31.9	17.0%	15.0	7.9%
EBITDA**	37.8	-6.9%	22.5	-2.9%	12.2	3.6%	6.3	21.5%
Margin	27.3%	1.4pp	32.2%	2.7pp	4.4%	0.1pp	4.7%	0.7pp
Restructuring Exp.	0.0	0.0	0.0	-0.1	0.1	-0.3	0.0	0.0
Launch Costs	8.8	3.8	4.0	1.7	0.0	0.0	0.0	0.0
EBITDA ex. Restr./LC	46.6	2.0%	26.5	3.7%	12.3	1.4%	6.3	21.7%
Margin	33.7%	4.5pp	37.9%	5.3pp	4.5%	0.0pp	4.7%	0.8pp

* Adjusted for consolidation and FX effects.

** Total EBITDA includes costs of €3.5m in H1/16 and €4.4m in H1/15 (thereof business development, M&A and other), not allocated to the two pillars.

Pro forma revenue development digital media

<i>yoy</i>	H1/16	Q2/16	Q1/16
Classified Ad Models	9.8%	9.1%	10.5%
<i>Jobs</i>	13.4%	13.0%	13.8%
<i>Real Estate</i>	5.8%	5.2%	6.3%
<i>General/Other</i>	8.6%	6.8%	10.2%
Paid Models	13.7%	11.8%	16.0%
<i>National</i>	17.8%	15.9%	20.0%
<i>International</i>	7.6%	5.6%	9.8%
Marketing Models	5.4%	6.1%	4.7%
<i>Reach Based</i>	14.4%	14.3%	14.4%
<i>Performance Based</i>	1.5%	2.4%	0.7%

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