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axel springer 

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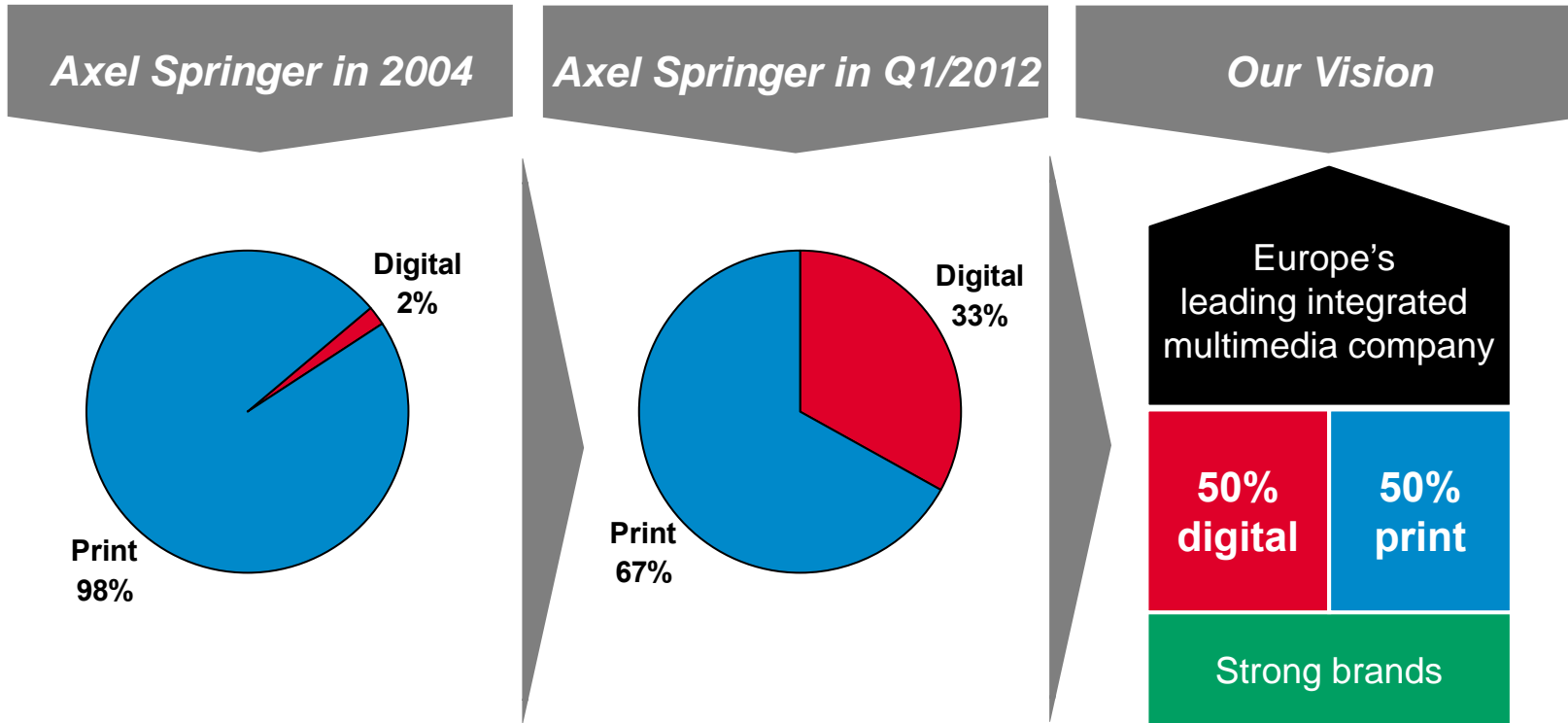
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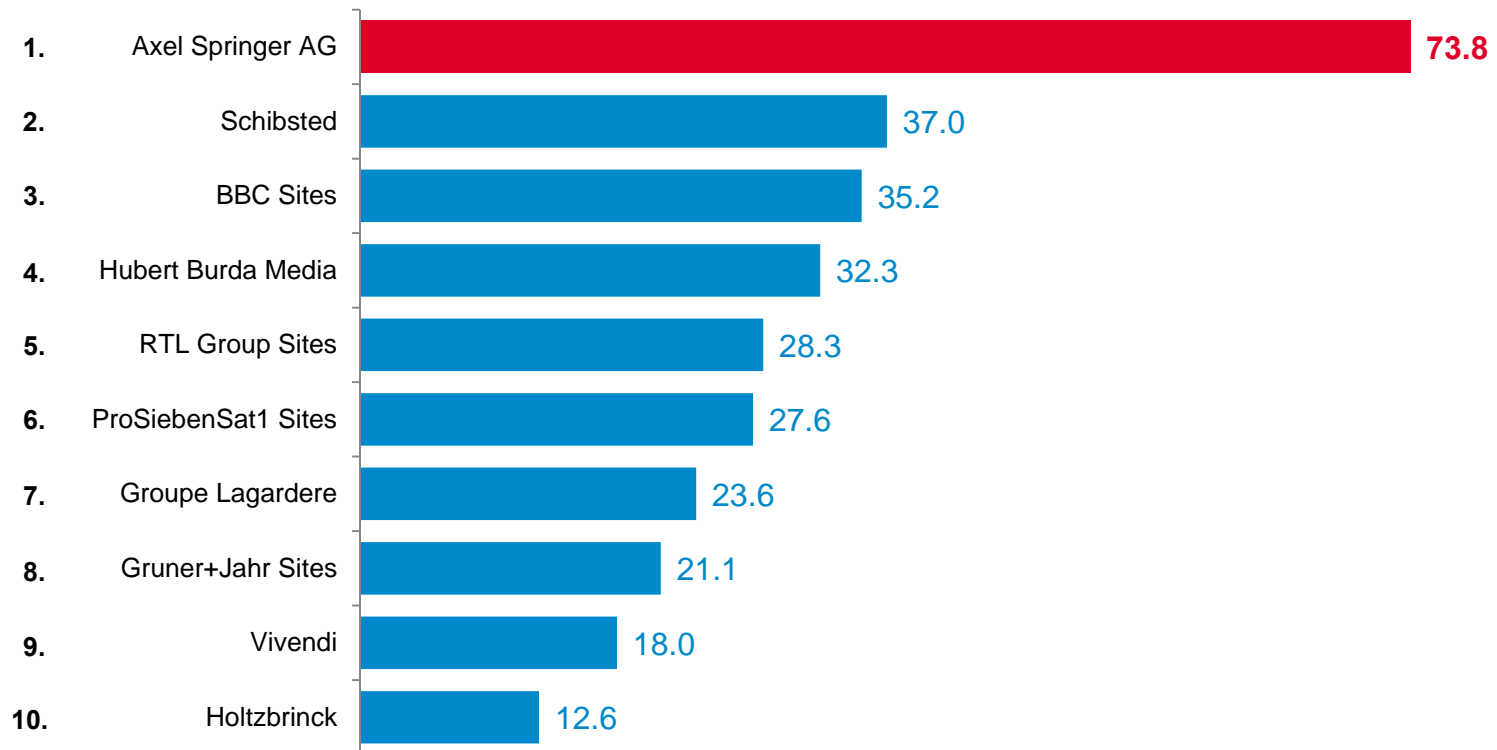
# Axel Springer: Successful transition to digital



▶ Digital activities represent 33% of revenues and 34% of EBITDA in Q1/2012

# Axel Springer with highest reach among Europe's top media companies

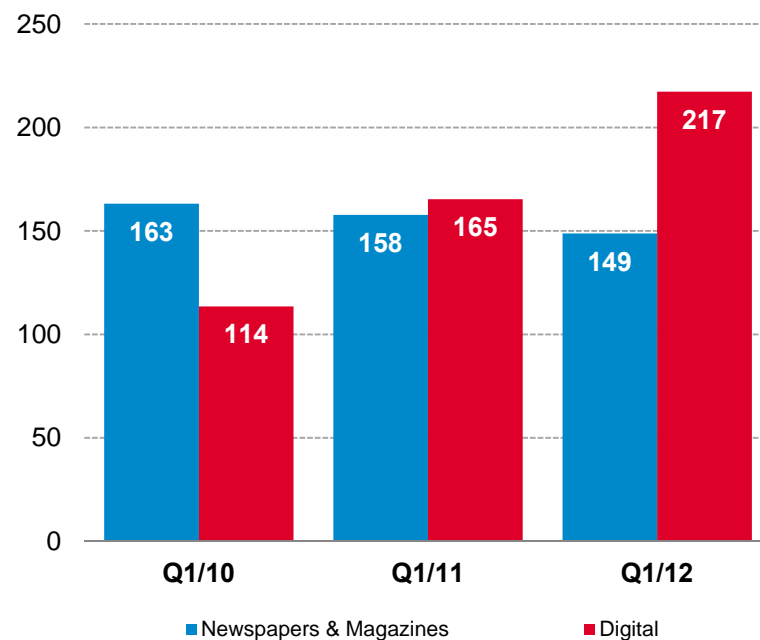
European media peers in m unique visitors



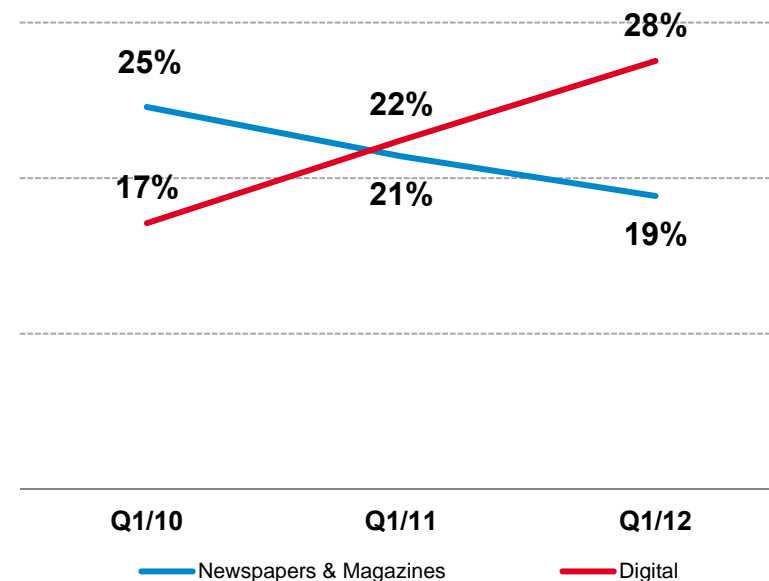
Source: comScore top 100 properties, March 2012

# Q1/2012: digital advertising revenues higher than German print advertising revenues

Advertising revenues in €m



Advertising revenues in % of group revenues

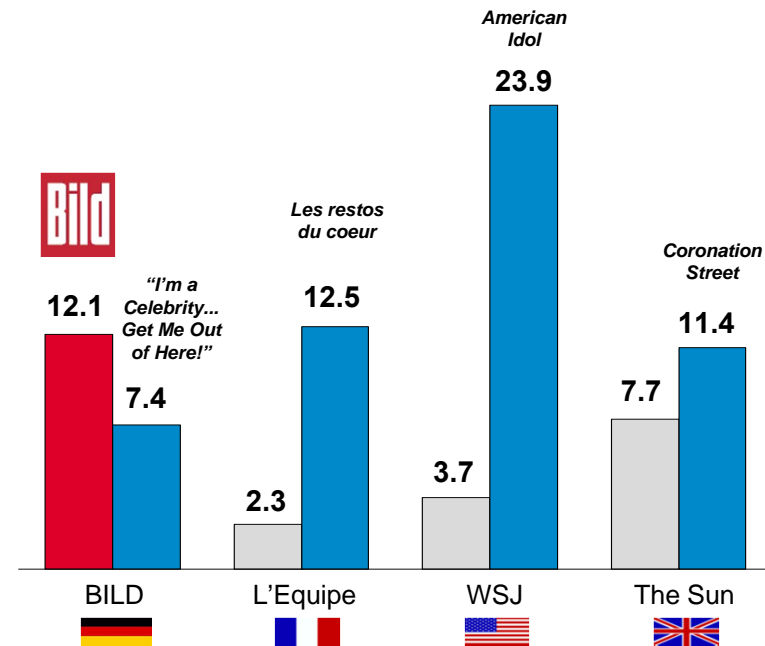


# Germany represents a unique newspaper market

## Key themes in German market

- Strong circulation revenues in Germany
  - Higher proportion of total revenues than in other countries
  - More resilient than in the UK and the US
  - Potential for regular cover price increases
- Higher share of younger readers
- No free sheets
- Strong position of BILD with 79%<sup>1)</sup> market share

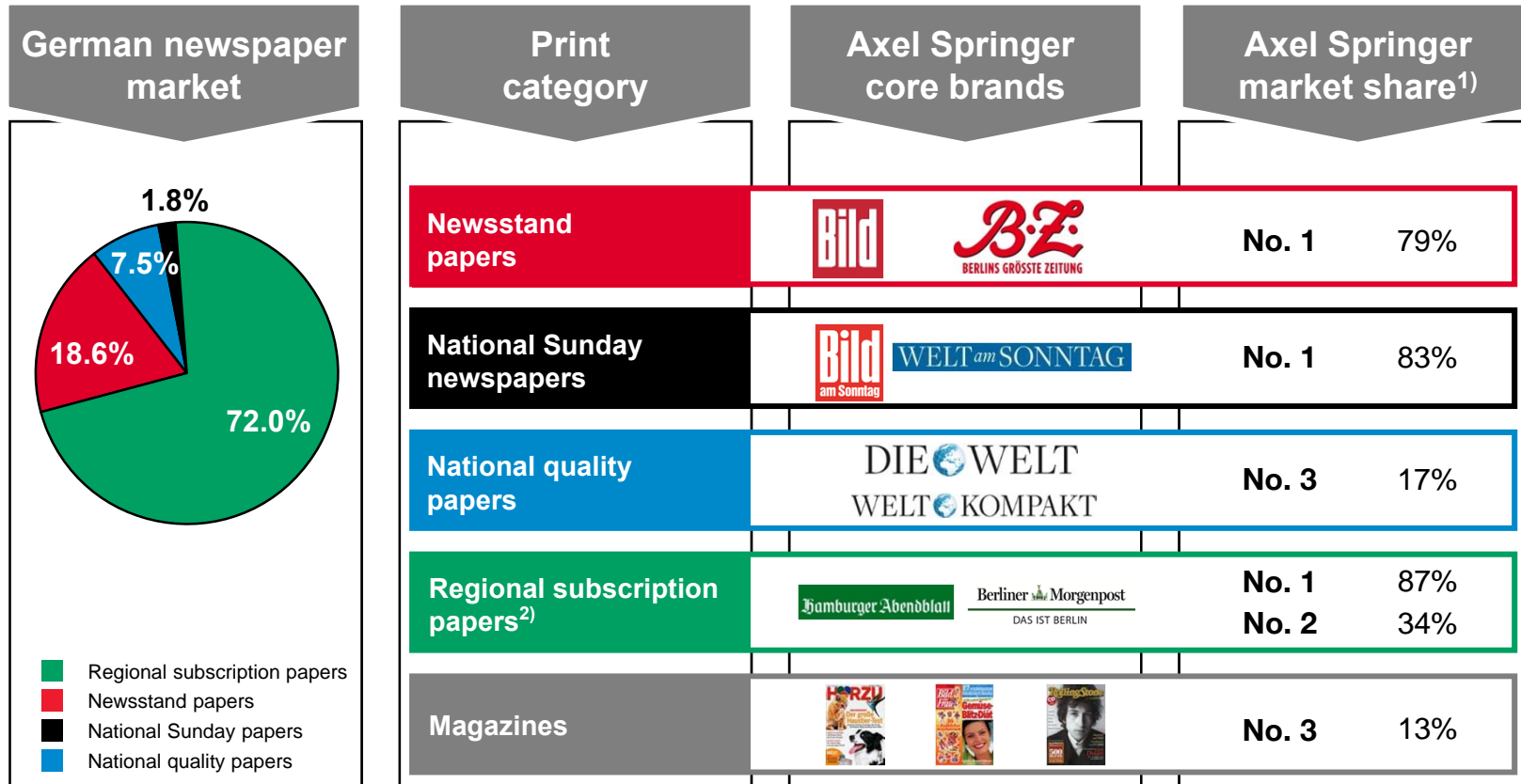
## BILD vs TV shows<sup>2)</sup>, reach in m



<sup>2)</sup> UK: TV reach for Coronation Street, BARB (Broadcasters Audience Research Board) week ending Jan 29<sup>th</sup> 2012; average reach of Sun between Jan-Jun 2011 NRS (National Readership Survey); USA: MRI Spring 2011, Nielsen Television - TV Ratings for Primetime Jan 2011 - Nov 2011, American Idol - Wednesday; France: Daily newspapers: EPIQ-Study 2010/2011, TV: Viewers 4J.+ Mediametrie 2011 Mediamat annuel; Germany: Average (2011) for "I'm a celebrity...", Viewers age 14+, AGF/GFK-TV Panel, ma 2012 Pressemedien I (Germany+EU)

<sup>1)</sup> Including Berlin newsstand newspaper B.Z.; market share based on paid circulation of newsstand newspapers

# Axel Springer is Germany's leading print publisher



<sup>1)</sup> Based on paid circulation IVW I 2012

<sup>2)</sup> Figures based on regional markets accordingly (Hamburg (according to market share): N°2 Bergedorfer Zeitung, N°3 Harburger Anzeigen und Nachrichten, Berlin (according to circulation): N°1 Berliner Zeitung, N°3 Tagesspiegel)

# Strong platform for international expansion – share of international revenues at 33%

## Ringier Axel Springer Media



- Combining reach of No. 1 tabloid positions in all JV countries
- Goal: Further growth and digitization in CEE

## Individual countries



- Country-by-country approach
- Strong media portfolios and market positions in each country

## Digital

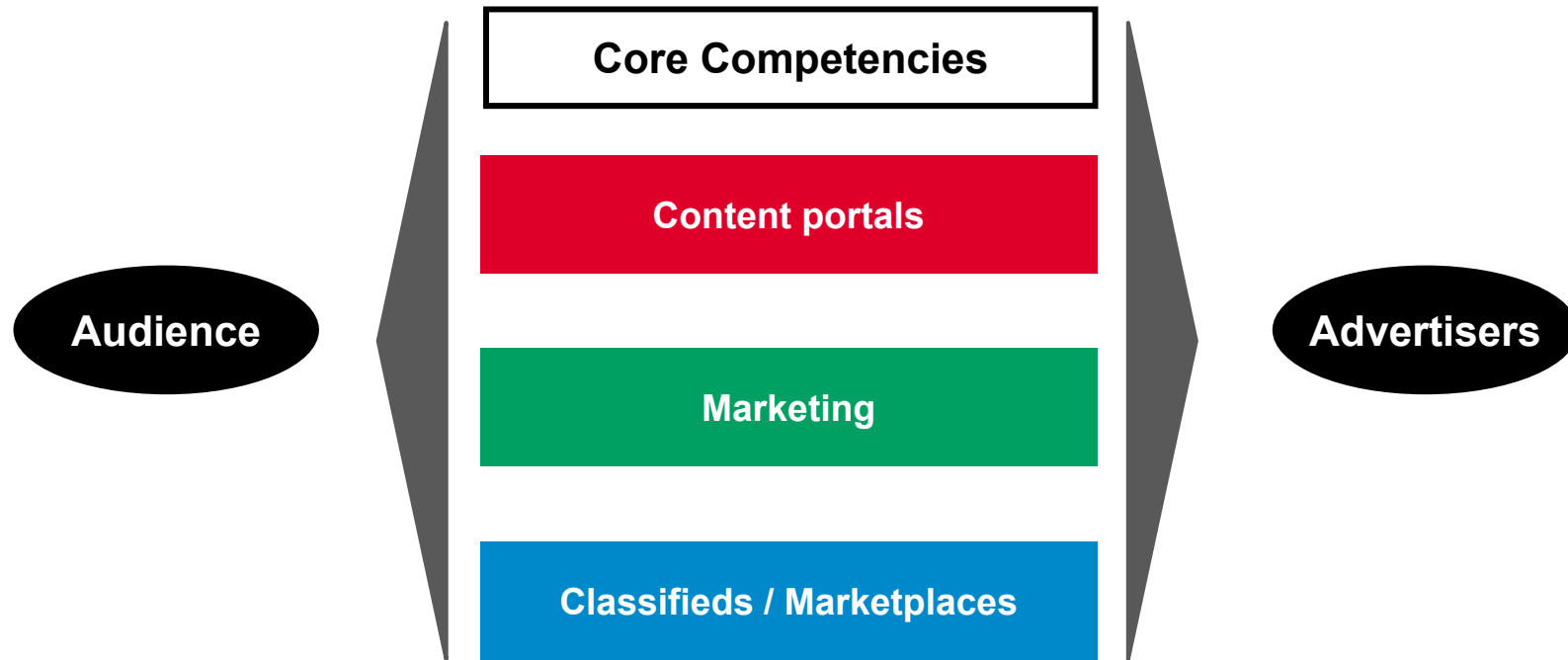


- International roll-out of successful digital business models (partly without physical presence)
- Making use of network effects and economies of scale

<sup>1)</sup> Filing of cartel authorization withdrawn in May 2011, further options regarding new filing currently under evaluation.



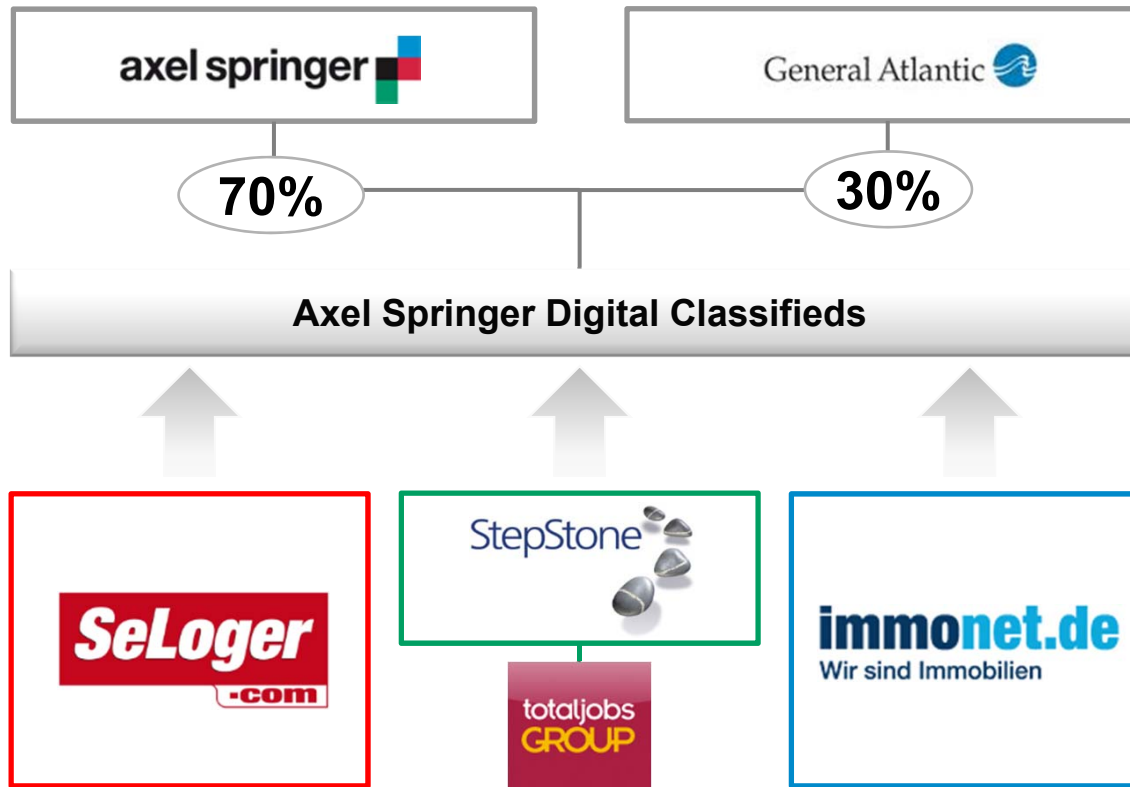
# Digital strategy along core competencies



Cross-synergies between core competencies increase revenues and profitability

# Growth initiative in the online classifieds business with strategic partnership

## Transaction structure



## Key facts

Consolidation of the online classifieds business within a new, independent company

Enterprise value of €1.25bn

Axel Springer will be the majority shareholder, with a 70% stake

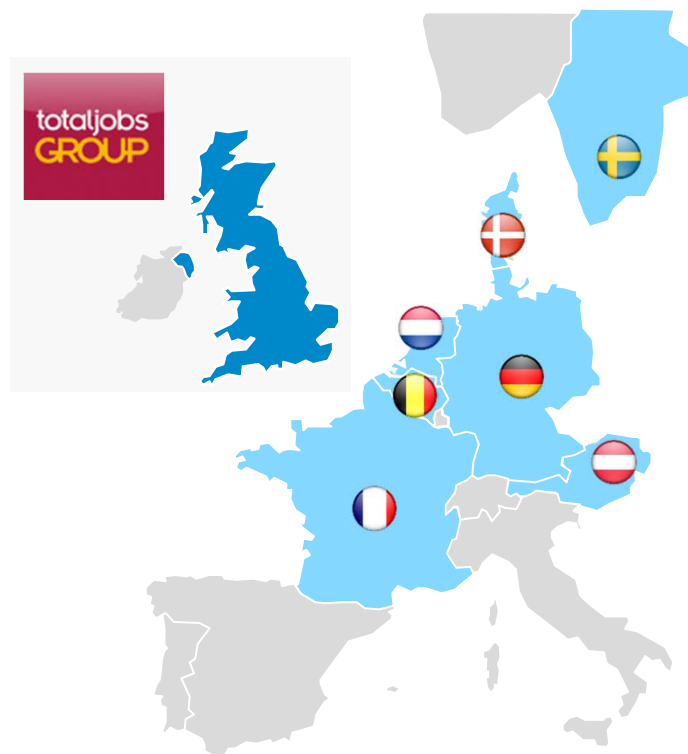
General Atlantic to be partner in the new company with a 30% interest

Objective: international growth

Note: Partnership with General Atlantic - closing expected in May 2012

# StepStone acquires UK market leader Totaljobs

## Strengthening StepStone's market position



## Strategic fit

### **Axel Springer Digital Classifieds:**

First transaction in the context of the joint venture with General Atlantic

**Digitization:** Expansion of digital classifieds activities as key growth area

**Internationalization:** Securing strong position in one of the biggest European markets

**Market Leader:** #1 in UK with regard to revenue and reach (7m Unique Users)

**Purchase Price:** approx. €132m for 100%

**Potential for synergies and organic development**

# Bundesliga highlight rights foster premium, video, and sports strategy at BILD Digital

## Premium

- Initiating paradigm shift
- Establishing attractive paid content on all digital devices

## Video

- New Smart TV App
- Complementing each article with video footage
- Creating innovative web video formats
- Covering live sports events

## Sports

- Editorial focus on prominent sports events 2012 („UEFA Euro“ / Olympics)
- Adjacent offerings:



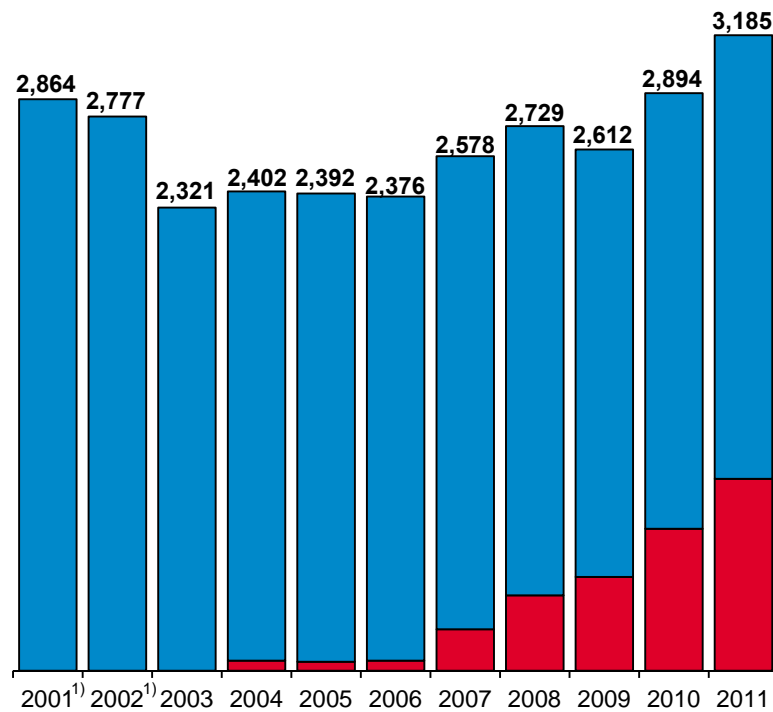
- Acquisition of packages for stationary and mobile internet
- Highlights of all first and second division Bundesliga matches
- Seasons 2013/2014 through 2016/2017
- Available as paid VoD service as of one hour after each match



# Financial performance

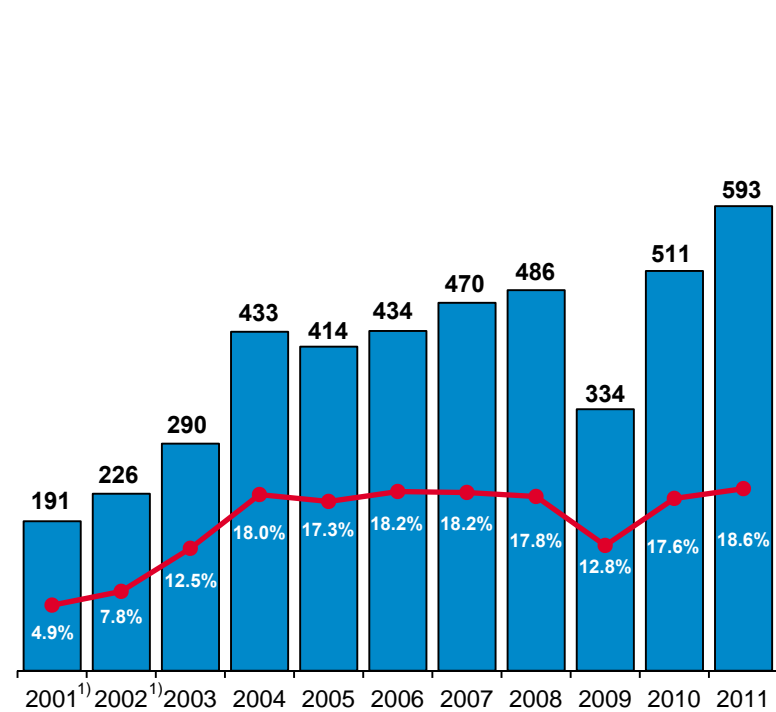
# Strong financial performance and EBITDA on all-time high in 2011

Revenues in €m



■ Digital revenues ■ Print revenues

EBITDA in €m

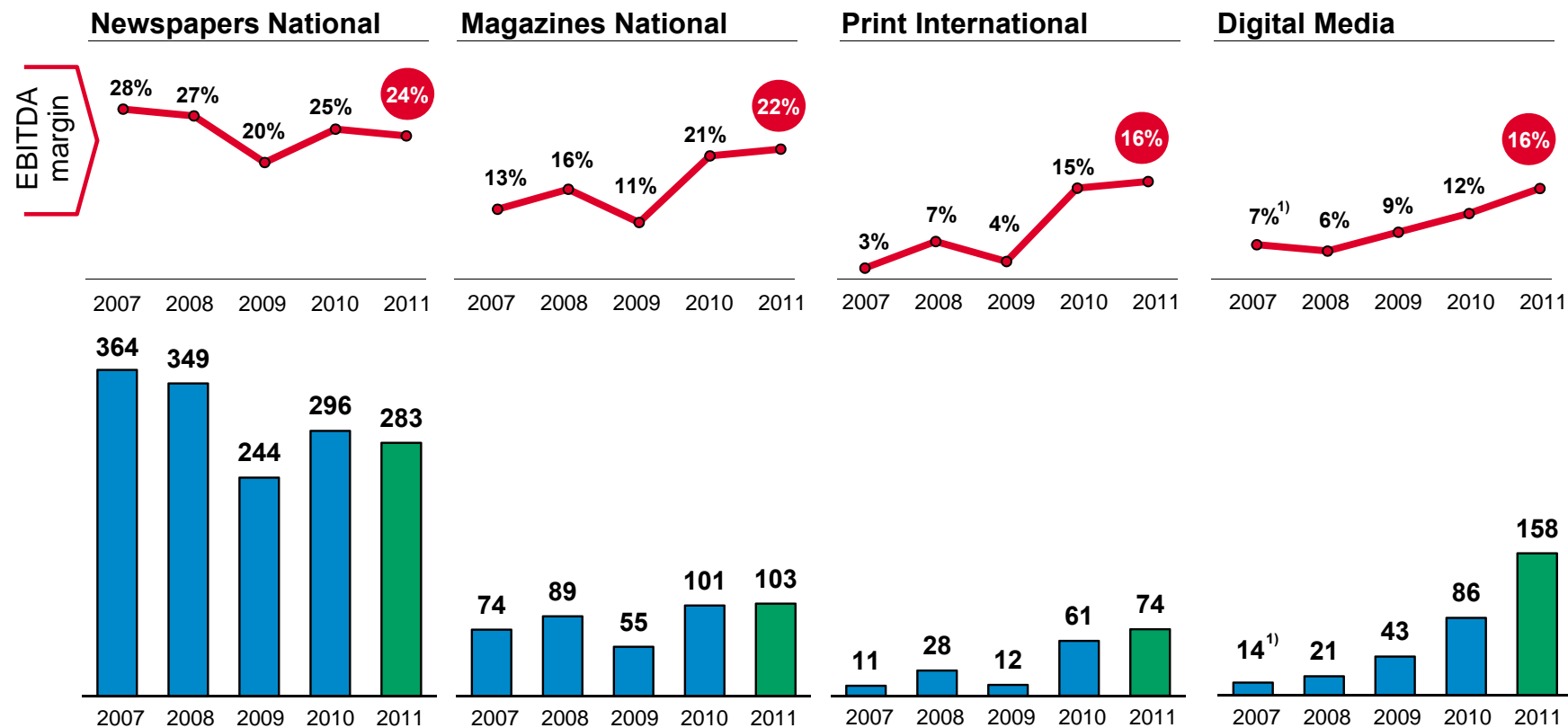


■ EBITDA ● EBITDA margin

<sup>1)</sup> According to HGB (German Commercial Code)

# Increasing EBITDA contribution from international and digital business

EBITDA in €m

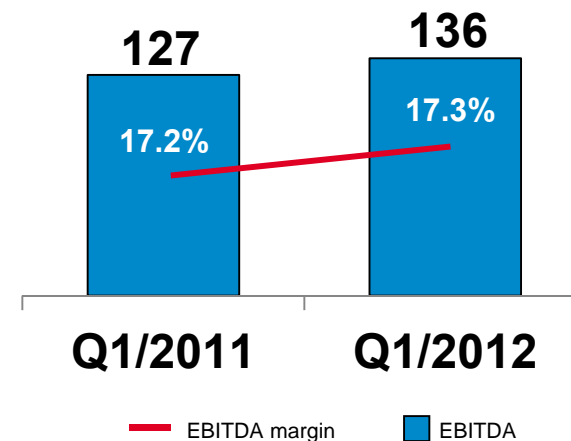
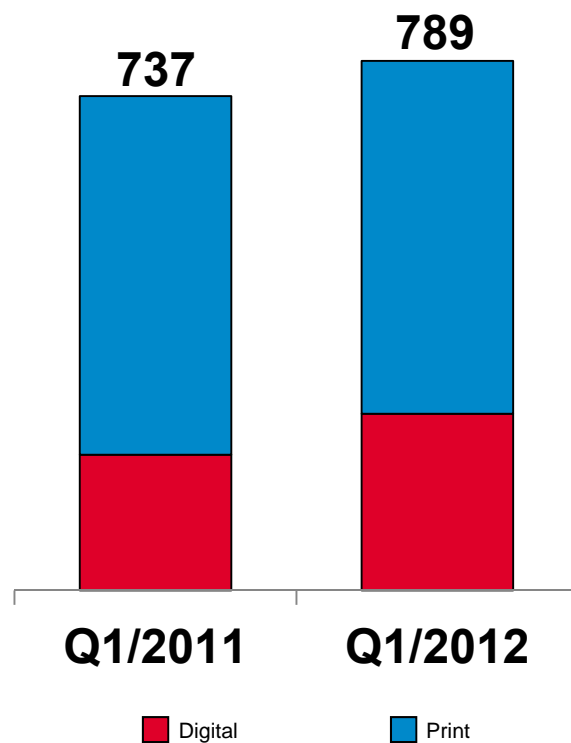


<sup>1)</sup> Excluding dividend payment from P7S1 (€23m)

# Q1/2012: Axel Springer with EBITDA on all-time high

Revenues in €m

EBITDA in €m





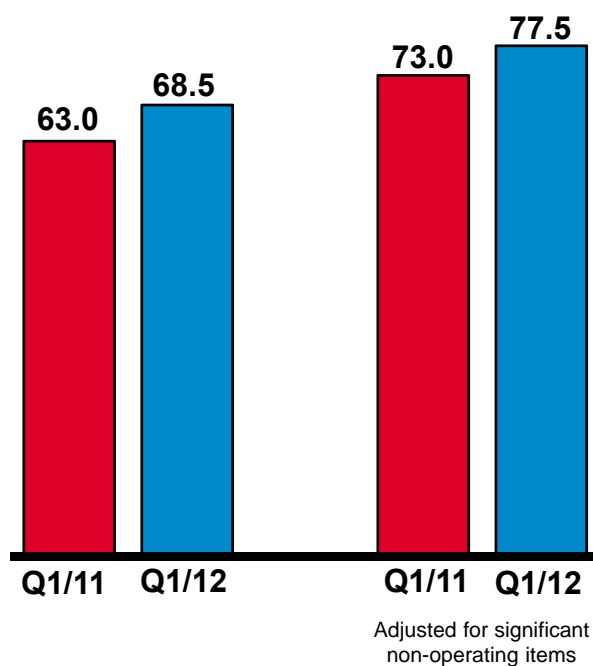
# Operating segments: Digital Media driving growth

in €m

	Newspapers National			Magazines National			Print International			Digital Media		
	Q1/12	Q1/11	yoy	Q1/12	Q1/11	yoy	Q1/12	Q1/11	yoy	Q1/12	Q1/11	yoy
<b>Revenues</b>	<b>275.9</b>	<b>279.9</b>	<b>-1.4%</b>	<b>115.5</b>	<b>113.9</b>	<b>+1.4%</b>	<b>104.6</b>	<b>112.9</b>	<b>-7.3%</b>	<b>263.1</b>	<b>202.2</b>	<b>+30.1%</b>
Circulation	150.0	147.7	+1.6%	79.2	75.5	+4.9%	64.6	66.6	-3.0%	-	-	-
Advertising	119.6	125.9	-5.0%	29.2	31.8	-8.3%	33.6	39.1	-14.1%	217.3	165.3	+31.4%
Other	6.4	6.3	1.3%	7.1	6.6	+6.9%	6.4	7.2	-10.4%	45.8	36.8	+24.6%
<b>EBITDA</b>	<b>64.6</b>	<b>62.4</b>	<b>3.6%</b>	<b>24.4</b>	<b>23.4</b>	<b>+4.0%</b>	<b>11.9</b>	<b>19.1</b>	<b>-37.8%</b>	<b>46.9</b>	<b>25.8</b>	<b>+81.8%</b>
<b>Margin</b>	<b>23.4%</b>	<b>22.3%</b>		<b>21.1%</b>	<b>20.6%</b>		<b>11.4%</b>	<b>17.0%</b>		<b>17.8%</b>	<b>12.8%</b>	

# Net income

in €m

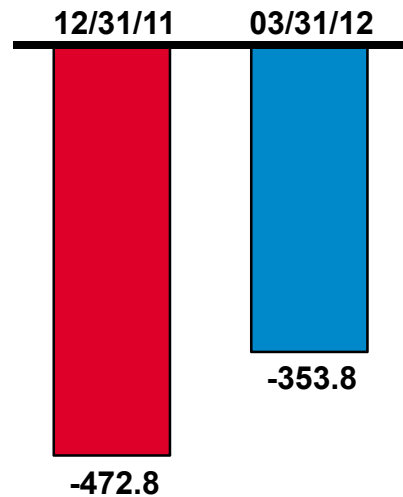


	Q1/2012	Q1/2011
<b>Net income</b>	<b>68.5</b>	<b>63.0</b>
Non recurring-effects	-0.2	3.3
Effects of purchase price allocations	12.4	10.4
Taxes attributable to these effects	-3.1	-3.8
<b>Adjusted net income</b>	<b>77.5</b>	<b>73.0</b>
Thereof attributable to non-controlling interests	10.1	10.3
<b>Adjusted net income attributable to shareholders of Axel Springer AG</b>	<b>67.4</b>	<b>62.7</b>
Weighted average number of shares outstanding (in m) <sup>1)</sup>	98.6	98.6
<b>Adjusted eps (in €)</b>	<b>0.68</b>	<b>0.64</b>

<sup>1)</sup> Based on weighted average number of shares outstanding in Q1/2012.

# Comfortable financial situation

## Net financial debt / liquidity<sup>1)</sup> in €m



## Attractive refinancing secured

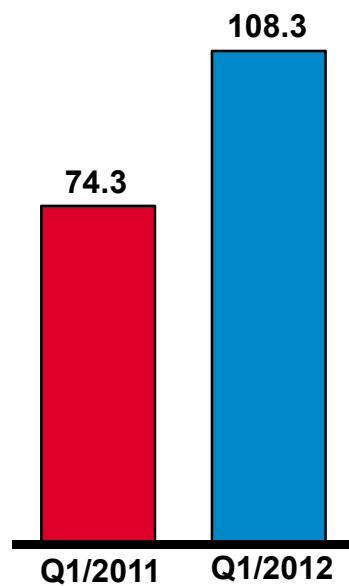
- Current credit line
  - €1.5bn secured until 2012
  - €1.0bn thereof extended until 2013
  - Margin between 15bp and 32.5bp
- Promissory note<sup>2)</sup>: successful transaction in April 2012
  - Volume: €500m
  - Maturity of 4/6 years
  - Favourable interest rates

<sup>1)</sup> Excl. pension liabilities (12/31/11: -€327m, 03/31/12: -€349m) and treasury shares (12/31/11: 0.3m shares; 03/31/12: 0.3m shares)

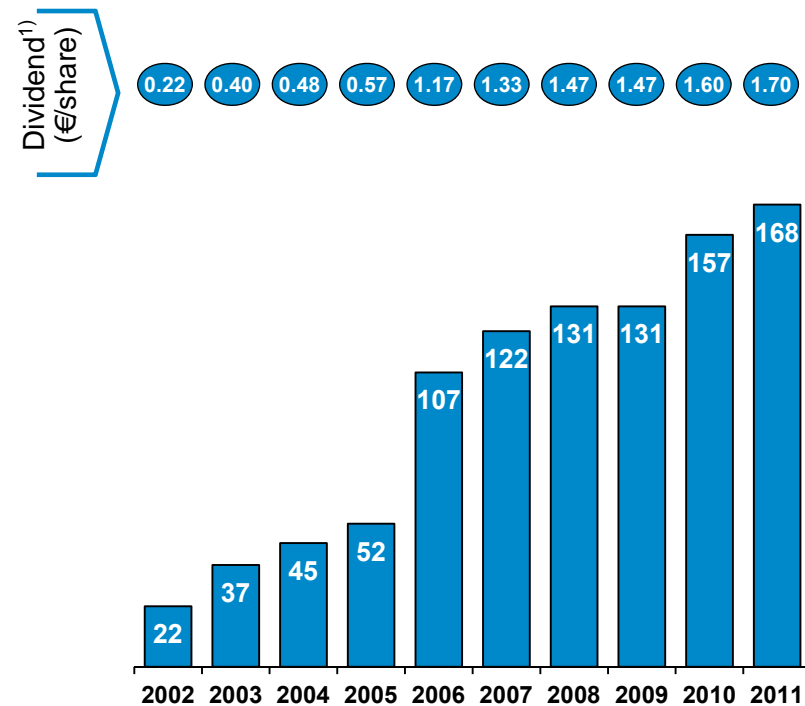
<sup>2)</sup> Schuldscheindarlehen

# Free cash flow / dividend

Free cash flow in €m



Dividend volume in €m



<sup>1)</sup> Based on new number of shares after 3 for 1 share split in 2011

# Outlook 2012

<b>GROUP</b>	<b>REVENUES</b> Single digit increase yoy	
	Circulation	< 2011
	Advertising	> 2011
	Other	> 2011
	<b>EBITDA</b> Slight increase yoy	

<b>SEGMENTS</b>		<b>REVENUES</b>	<b>EBITDA</b>
	Newspaper National	≤ 2011	< 2011
	Magazines National	< 2011	< 2011
	Print International	< 2011	< 2011
	Digital Media	> 2011	> 2011
	Services / Holding	< 2011	< 2011

# Backup - Financials Q1/2012

# Axel Springer with EBITDA on all time high in Q1/12

in €m

	Q1/2012	Q1/2011	yoy
<b>Revenues</b>	<b>789.0</b>	<b>736.7</b>	+7.1%
Circulation	293.8	289.8	+1.4%
Advertising	399.6	362.1	+10.3%
Other	95.6	84.8	+12.8%
<b>EBITDA</b>	<b>136.5</b>	<b>126.9</b>	+7.5%
Margin	17.3%	17.2%	+0.1pp

- Revenues up 7.1% yoy, adjusted for consolidation effects +2.8%
- Circulation revenues slightly up by 1.4%, no major consolidation effects (1.5% adj.)
- Advertising growth driven by digital media, adjusted for consolidation effects up by 2.9%
- EBITDA on all-time high

# Cost increase driven by consolidation effects

in €m

	Q1/2012	Q1/2011	yoy
Personnel	220.0	196.2	+12.2%
Purchased goods and services	259.5	250.9	+3.4%
Other operating	185.4	180.7	+2.6%
<b>Total Costs</b>	<b>664.9</b>	<b>627.8</b>	<b>+5.9%</b>

- Total costs up by €37.1m, mainly due to consolidation effects and below revenue development
- Adjusted for consolidation effects, total costs up by 2.9%, mainly due to organic revenue growth of digital media
- Increase in personnel costs due to consolidation effects and build-up in digital media, stable in print
- Purchased goods and services costs stable adjusted for consolidation effects



# Newspapers National: EBITDA margin improvement

in €m

	Q1/2012	Q1/2011	yoy
<b>Revenues</b>	<b>275.9</b>	<b>279.9</b>	-1.4%
Circulation	150.0	147.7	+1.6%
Advertising	119.6	125.9	-5.0%
Other	6.4	6.3	+1.3%
<b>EBITDA</b>	<b>64.6</b>	<b>62.4</b>	+3.6%
Margin	23.4%	22.3%	+1.1pp

- Circulation slightly up, supported by BILD copy price increase in May 2011
- Advertising revenues in Q1/12 down yoy in line with expectations
- EBITDA up by 3.6% and margin up on prior-year quarter

# Magazines National: higher revenues, EBITDA and margin

in €m

	Q1/2012	Q1/2011	yoy
<b>Revenues</b>	<b>115.5</b>	<b>113.9</b>	+1.4%
Circulation	79.2	75.5	+4.9%
Advertising	29.2	31.8	-8.3%
Other	7.1	6.6	+6.9%
<b>EBITDA</b>	<b>24.4</b>	<b>23.4</b>	+4.0%
Margin	21.1%	20.6%	+0.5pp

- Total revenues slightly up by 1.4%, supported by calendar effects
- Circulation revenues up by 4.9%
- Advertising revenues down by 8.3%
- Strong EBITDA margin of 21.1%

# Print International: markets still difficult

in €m

	Q1/2012	Q1/2011	yoy	yoy adjusted <sup>1)</sup>
<b>Revenues</b>	<b>104.6</b>	<b>112.9</b>	-7.3%	-5.5%
Circulation	64.6	66.6	-3.0%	-1.2%
Advertising	33.6	39.1	-14.1%	-12.8%
Other	6.4	7.2	-10.4%	-6.5%
<b>EBITDA</b>	<b>11.9</b>	<b>19.1</b>	-37.8%	-37.0%
Margin	11.4%	17.0%	-5.6pp	-

- Revenues down by 7.3%, adjusted for consolidation and FX effects down by 5.5%
- Advertising markets still negatively affected by macroeconomic situation
- EBITDA margin down yoy due to lower revenues, restructuring expenses and one-offs

<sup>1)</sup> Adjusted for consolidation and foreign exchange effects

# Digital Media: strong and profitable growth

in €m

	Q1/2012	Q1/2011	yoy
<b>Revenues</b>	<b>263.1</b>	<b>202.2</b>	+30.1%
Advertising	217.3	165.3	+31.4%
Other	45.8	36.8	+24.6%
<b>EBITDA</b>	<b>46.9</b>	<b>25.8</b>	+81.8%
Margin	17.8%	12.8%	+5.1pp

- Revenue growth of 30.1% in Q1/2012
- Organic growth of 15.8% in Q1/2012
- Digital Media revenues at 33.3% of total revenues (Q1/2011 pro forma: 29.8%)
- EBITDA up by 81.8%, margin up from 12.8% to 17.8%

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