



Interim Financial Report

as of June 30, 2016

Group Key Figures

in € millions	2 nd Quarter			Half Year		
	Q2/2016	Q2/2015	Change	H1/2016	H1/2015	Change
Group						
Revenues	801.9	796.7	0.7 %	1,585.3	1,577.3	0.5 %
<i>Digital media revenues share¹⁾</i>	<i>66.1 %</i>	<i>61.3 %</i>		<i>66.7 %</i>	<i>61.6 %</i>	
EBITDA²⁾	147.0	147.0	0.0 %	272.9	266.7	2.3 %
<i>EBITDA margin²⁾</i>	<i>18.3 %</i>	<i>18.4 %</i>		<i>17.2 %</i>	<i>16.9 %</i>	
<i>Digital media EBITDA share¹⁾</i>	<i>72.0 %</i>	<i>73.2 %</i>		<i>72.1 %</i>	<i>72.2 %</i>	
EBIT ²⁾	117.7	119.5	-1.5 %	215.9	214.8	0.5 %
Net income	63.8	68.0	-6.2 %	273.2	111.0	>100 %
Net income, adjusted ²⁾	80.9	78.8	2.6 %	146.2	136.5	7.1 %
Segments³⁾						
Revenues						
Classified Ad Models	211.7	179.2	18.2 %	424.7	355.3	19.5 %
Paid Models	368.2	390.6	-5.7 %	709.0	751.3	-5.6 %
Marketing Models	203.7	209.1	-2.6 %	414.1	428.1	-3.3 %
Services/Holding	18.3	17.8	2.6 %	37.5	42.5	-11.8 %
EBITDA²⁾						
Classified Ad Models	88.2	76.3	15.7 %	171.4	146.5	17.0 %
Paid Models	45.9	57.8	-20.7 %	83.0	101.3	-18.1 %
Marketing Models	27.0	26.0	4.1 %	46.5	48.0	-3.1 %
Services/Holding	-14.2	-13.1	-	-28.0	-29.1	-
Liquidity and financial position						
Free cash flow ²⁾	49.9	16.0	>100 %	116.3	86.9	33.8 %
Capex ⁴⁾	-35.5	-32.4	-	-67.0	-56.0	-
Total assets ⁵⁾	5,964.0	6,504.7	-8.3 %	5,964.0	6,504.7	-8.3 %
<i>Equity ratio^{2) 5)}</i>	<i>40.9 %</i>	<i>38.6 %</i>		<i>40.9 %</i>	<i>38.6 %</i>	
Net liquidity/debt ^{2) 5) 6)}	-844.0	-1,066.6	-	-844.0	-1,066.6	-
Share-related key figures⁷⁾						
Earnings per share, adjusted (in €) ^{2) 8)}	0.67	0.65	3.9 %	1.20	1.09	9.9 %
Earnings per share (in €) ⁸⁾	0.52	0.49	6.3 %	2.41	0.81	>100 %
Closing price (in €)	47.13	47.09	0.1 %	47.13	47.09	0.1 %
Market capitalization ⁹⁾	5,085.1	4,659.1	9.1 %	5,085.1	4,659.1	9.1 %
Average number of employees	15,075	14,871	1.4 %	14,986	14,781	1.4 %

¹⁾ Based on the operating business (without the segment Services/Holding).

²⁾ Explanations with respect to the relevant key performance indicators see page 13.

³⁾ Prior year figures adjusted accordingly due to an adjustment of the segment allocation in the financial year 2015.

⁴⁾ Capital expenditures on intangible assets, property, plant and equipment, and investment property.

⁵⁾ As of June 30, 2016 and December 31, 2015, respectively.

⁶⁾ In 2015, without the purchase price received in connection with real estate sales amounting to € 67.5 million, attributable to the plan assets created for our pension obligations.

⁷⁾ Quotations based on XETRA closing prices.

⁸⁾ Calculation based on average weighted shares outstanding in the reporting period (107.9 million; PY: 98.9 million).

⁹⁾ Based on shares outstanding at the closing price, excluding treasury shares (107.9 million; PY: 98.9 million).

Interim Financial Report as of June 30, 2016 of the Axel Springer Group

Summary of business performance and operating results

Development of revenues and earnings

Business developed according to our expectations in the first half of the current financial year. During the reporting period, revenues of € 1,585.3 million were slightly (0.5%) higher than the figure for the prior year. Adjusted for various consolidation and currency effects, revenues were 5.3% higher than the prior-year figure. The declines registered in the print business could again be more than compensated by growth in the Group's digital media activities.

During the first six months EBITDA was € 272.9 million, and therefore 2.3% above the prior-year figure (€ 266.7 million). A considerable increase within Classified Ad Models compensated for declines in results in the other operating segments. EBIT was € 215.9 million and therefore slightly up, by 0.5%, compared with the prior-year level (€ 214.8 million.). The adjusted earnings per share increased by 9.9% to € 1.20 (PY: € 1.09).

Comparison of business performance with our expectations

The increase in revenues of 0.5% was slightly below the low single-digit percentage gain expected for the year. Advertising revenues in the reporting period were – driven by developments in digital media – above the prior-year value, as anticipated, while circulation revenues and other revenues declined.

The development of EBITDA and EBIT in the first half of the year corresponds with the forecast of achieving an EBITDA increase in the low to mid single-digit percentage range and a development in EBIT slightly below the EBITDA. The development of the adjusted earnings per share also corresponds to the forecast of an increase in the mid to high single-digit percentage range for the whole of the year.

Outlook for 2016

For the 2016 financial year, we anticipate in the Group an increase in **revenues** approx. at the previous year's level, whereas previously an increase in the low single-digit percentage range was expected. Adjusted for consolidation and currency effects, primarily due to the deconsolidation of the activities in Switzerland, growth would be higher and would continue to be in the mid single-digit percentage range. We assume that the planned increase in advertising revenues will be confronted with a decline in circulation revenues and other revenues.

We still expect a rise in **EBITDA** in the low to mid single-digit percentage range.

For **EBIT** we expect the development to be slightly lower than for EBITDA due to higher depreciation, amortization and impairments.

For the **adjusted earnings per share**, we expect an increase in the mid to high single-digit percentage range.

Fundamentals of the Axel Springer Group

The fundamentals of the Axel Springer Group described in the Annual Report published on March 3, 2016 are still applicable.

In particular, we continue to systematically pursue a strategy of profitable growth, with the goal of becoming the leading digital publisher.

Economic Report

General economic conditions and business developments

General economic conditions

General economic environment

The International Monetary Fund (IMF) observed greater momentum in the **global economy** in the first half-year of 2016 which was above previous expectations. Especially the economic situation in the Eurozone and Japan saw a positive development. The recovery of raw material prices has on the other hand supported the economic development in some emerging and developing economies.

The surprising outcome of the EU referendum in the UK could in the future cause considerable uncertainty, especially in the European economies.

The ifo Institute forecasts a continuation of the robust upswing of the **German economy**. The institute's economic analysis particularly showed a considerable increase of 4.8% in industrial investments in real terms in the first half of 2016. Boosted by mild weather at the beginning of the year, construction investment increased by 4.2% in real terms. Private consumption also continued to grow strongly, by 2.3%, on account of price trends. Increasing wages and a decreasing oil price boosted this development. Exports increased by 2.9% in real terms in the first half of the year. However, imports increased significantly more, by 4.3%.

After deteriorating considerably at the beginning of the year, the ifo business climate continuously improved in the first half of 2016. In particular, business forecasts have recovered noticeably of late. The consumer climate as measured by the GfK Group rose slightly in the second quarter of 2016. The reappearance of a significantly stronger purchasing trend stands out, in particular.

Consumer prices stagnated in the second quarter of 2016 compared with the previous year's quarter, increasing only minimally, by 0.1%, according to the calculations of the Federal Statistical Office. In June 2016, the German Federal Employment Agency recorded 2.6 million unemployed. This was 3.6% less than the corresponding prior-year figure. The unemployment rate was 5.9%.

Distribution market

Whereas the circulation volumes of print media declined again in the first half of 2016, **online media** continued the growth trend of prior years. According to the study "digital facts 2016-04" published by the Working Group for Online Research (AGOF), 52.7 million people in Germany use the Internet today (Internet users within the last three months). That number represents 76.1% of German residents aged 14 and older. Of the total regular Internet users, 70.3% go online to obtain information about world events and 60.8% use the Internet for regional or local news. Thus, reading the news is one of the main reasons for using the Internet, besides online searches, email, online shopping, and weather forecasts. Job listings are also one of the 20 most-used online categories. Alongside the wired Internet, the mobile Internet continues to gain in importance, according to the study. In the last three months, 38.4 million people used mobile Internet (55.4% of the German-speaking residential population of Germany over 14 years of age). In most cases (96.3%), mobile Internet use mainly occurred in addition to stationary use. According to IVW, the content portals of German print media were visited much more frequently in the first half of 2016 than during the same period in 2015. The 20 most popular portals of German daily newspapers showed an aggregate increase in the number of visits of 10.3%, while visits to portals belonging to magazines rose by 10.0%.

The German **press distribution market** contracted somewhat further. The total paid circulation of newspapers/magazines was 5.0% below the corresponding prior-year figure. Thanks to the price increases implemented in the past four quarters, however, circulation revenues declined by only 1.7%.

The 341 IVW-registered **daily and Sunday newspapers** achieved total sales of 17.5 million copies per publication date. Compared with the prior-year figure, this corresponds to a decline of 7.4%. As in the prior year, newsstand sales (-10.8%) suffered a much greater decline than subscription sales (-7.1%). Within the press distribution market, the demand for daily and Sunday newspapers – as weighted for their respective publication frequencies – declined by 5.0%.

Overall sales of **general-interest magazines**, including membership and club magazines, was 96.2 million copies per publication date. Compared with the prior-year figure, this corresponds to a decline of 1.9%. IWW tracked a total of 782 titles (-1.3% compared with the prior-year figure). The demand for general-interest magazines – as weighted for their respective publication frequencies – declined by 4.8%.

Business performance

On January 1, 2016, Ringier and Axel Springer completed the establishment of the **joint venture Ringier Axel Springer Switzerland**. This comprises all Swiss-German and West Swiss newspaper titles (including their associated online portals) and the West Swiss broadsheet *Le Temps*, belonging to Ringier, and the entire business of Axel Springer in Switzerland. With the new company, the partners want to significantly improve their competitiveness in the Swiss readers and advertising market, and in particular accelerate the digitalization of its well-known brands. Axel Springer is consolidating the income from investments on a pro-rated basis.

In January 2016, as part of its efforts focusing on the digital growth strategy, Axel Springer closed the sale of its interest in **CarWale**, a leading online portal for automobiles in the Indian market, at a converted purchase price (after deduction of taxes) of € 64.0 million.

The sale of the first part of our Hamburg office building was also completed in January 2016.

Furthermore, in the first quarter of 2016 we additionally sold about 2.3% of our equity stake in **Doğan TV Holding A.S.**, Istanbul, Turkey, at a price of € 55.3 million.

At the end of April, **FUNKE Mediengruppe** prematurely repaid the 2014 vendor loan, including the accrued interest (a total amount of € 260.3 million), in connection with the sale of our national regional newspapers, as well as TV program guides and women's magazines. The repayment was initially budgeted for a period of up to two years, starting mid-2018.

At the beginning of May, Axel Springer Digital Ventures GmbH, a wholly-owned subsidiary of Axel Springer SE, together with the founders of **Smarthouse Media GmbH**, a leading full-service provider of online financial applications from Karlsruhe, sold this company to adesso AG. The sale of 91.0% of the shares was completed for a total of € 21.8 million.

In the second quarter of this year, **@Leisure Group**, a leading operator of online portals for vacation rentals in Europe that belongs to Axel Springer, announced two acquisitions for the purpose of expanding its portfolio.

In April, the company acquired the majority shareholding (50.01%) of **Traum-Ferienwohnungen GmbH**, which has its registered office in Bremen. Traum-Ferienwohnungen is a leading online marketplace for vacation rentals in Germany and operator of the booking platform "traum-ferienwohnungen.de".

At the end of May, a voluntary public takeover bid for the acquisition of all shares in **Land & Leisure A/S** was announced. Land & Leisure A/S brokers vacation properties under the brand name DanCenter and vacation park accommodation in Denmark, Sweden, Norway, and Germany under the brand name Danland. The aim of the takeover is to strengthen the market position of @Leisure Group in Scandinavia. The shares of Land & Leisure A/S are traded on NASDAQ Copenhagen. Land & Leisure A/S has issued 76 million shares. Based on a cash price of DKK 6.05 per share, the @Leisure Group purchased (after the approval of the responsible competition authorities and the expiry of the acceptance period) a total of 75.96% of the shares for approx. € 47.0 million on July 25, 2016.

In July, Axel Springer acquired approx. 93% of the shares in **eMarketer Inc.**, New York, USA, a leading provider of high-quality analyses, studies and digital market data for companies and institutions. The transaction is another milestone in the strategy of growing in the English-speaking regions – particularly the US market – through digital activities and expanding the portfolio of innovative Paid Models. With this takeover, Axel Springer also strengthens its position in business-related news and content. The transaction was based on an enter-

prise valuation of eMarketer of around USD 250 million (approx. € 220 million). For about 93 % of the shares, including cash and cash equivalents and liabilities, Axel Springer paid around € 207 million. In 2015, eMarketer generated revenues of approx. € 40.0 million and EBITDA of approx. € 11.9 million. In 2016, eMarketer expects revenues of around approx. € 47 million and EBITDA of around € 16.3 million, i.e. an EBITDA margin of around 35 %.

Financial performance of the Group

During the reporting period, **revenues** were € 1,585.3 million, and therefore slightly above (0.5 %) the prior-year figure (€ 1,577.3 million). The development was noticeably affected by consolidation effects, amongst other things, due to the deconsolidation of the activities in Switzerland. Adjusted for consolidation and currency effects, Axel Springer's revenues increased by 5.3 %.

The table below shows the organic **digital media revenues development**. The figures were adjusted for consolidation and currency effects.

Revenue development Digital Media, organic

yoy	H1/16	Q2/16
Digital media	11.0 %	11.0 %
Classified Ad Models	12.0 %	10.2 %
Paid Models	16.4 %	15.1 %
Marketing Models	8.0 %	10.0 %

Adjusted for consolidation and currency effects, the organic growth of digital media revenues was at 11.0 %. Paid Models generated the highest organic growth at 16.4 %, followed by Classified Ad Models at 12.0 %, and Marketing Models at 8.0 %.

The **pro forma revenue development** of digital media is illustrated in the table below.

Revenue development Digital Media, pro forma

yoy	H1/16	Q2/16
Digital media	8.7 %	8.4 %
Classified Ad Models	9.8 %	9.1 %
Paid Models	13.7 %	11.8 %
Marketing Models	5.4 %	6.1 %

Pro forma revenues, which rose 8.7 % during the first half-year, from € 947.8 million to € 1,030.2 million, take into consideration the development of the enterprises currently belonging to the Axel Springer Group for the full reporting period and previous year, partly on the basis of unchecked financial information.

International revenues rose slightly, from € 753.9 million or 0.4 %, to € 756.9 million, thus amounting to 47.7 % (PY: 47.8 %) of Axel Springer's revenues.

The increase in **advertising revenues** by 7.8 % to € 1,062.4 million (PY: € 985.9 million) is based on the growth in Classified Ads Models and Marketing Models. The decrease in advertising revenues of Paid Models was primarily impacted by consolidation effects. Adjusted for consolidation and currency effects, advertising revenues within the Group increased by 7.0 %. Advertising revenues as a proportion of revenues was 67.0 % (PY: 62.5 %). Of the advertising revenues, 84.5 % was generated by **digital media**.

Primarily due to consolidation effects, **circulation revenues** were € 313.2 million, 10.8 % lower than the prior-year figure (€ 351.1 million). Adjusted for consolidation and currency effects, they were 1.9 % lower than in the prior year. The proportion of circulation revenues as a percentage of revenues was 19.8 % (PY: 22.3 %).

Other revenues of € 209.8 million were 12.7 % below the prior-year figure (€ 240.3 million). Consolidation effects also had an impact, adjusted for consolidation and currency effects, they were 9.1 % higher than the prior-year figure. This corresponds to a proportion of 13.2 % (PY: 15.2 %) of revenues.

Compared to the prior year, **total expenses** increased by 1.5 % to € 1,504.9 million (PY: € 1,482.9 million).

The decrease in **purchased goods and services** by 4.0 % to € 469.5 million (PY: € 489.1 million) primarily resulted from the company disposals in the prior year and the deconsolidation of the Swiss business during the reporting period. The ratio of purchased goods and services decreased to 29.6 % (PY: 31.0 %).

Personnel expenses amounted to € 532.9 million (PY: € 523.8 million), slightly up (1.7 %) compared with the prior year. A decrease in restructuring expenses was offset by an increase in the number of employees in the digital business models business.

Depreciation, amortization and impairments amounted to € 100.0 million and were higher than the prior-year figure of € 92.3 million due to consolidation effects, higher depreciation, amortization and impairments from purchase price allocations as well as investments in intangible assets.

Other operating income was € 224.9 million and therefore considerably higher than the level of the prior year (PY: € 62.0 million). The reporting period contains income in connection with the establishment of the Swiss joint venture with Ringier (€ 103.4 million) and the sale of CarWale (€ 83.3 million). **Other operating expenses** were € 402.4 million, mainly due to the incorporation of acquired subsidiaries, and therefore above the prior-year figure (PY: € 377.6 million).

Income from investments came to € – 1.3 million (PY: € 5.2 million). The operating net investment shown in the EBITDA amounted to € 8.1 million (PY: € 4.1 million), thus up on the prior-year figure, particularly due to the establishment of the Swiss joint venture with Ringier.

Net financial income was € – 1.1 million, a figure higher than in the prior year (PY: € – 14.5 million). This primarily resulted from the currency effects stated in the prior reporting period from the depreciation of the euro as well as a decrease in compounding and discounting effects in connection with the decreasing market interest rate during the reporting period.

During the first half of the year, **income taxes** amounted to € – 64.3 million (PY: € – 52.1 million). The tax rate for the reporting period of 19.1 % (PY: 32.0 %) mainly originated from the largely tax-exempt income in connection with the establishment of the Swiss joint venture with Ringier, the majority of which did not incur any taxes, as well as proceeds from the sale of CarWale taxed at a lower rate.

Compared with the prior year, **EBITDA** rose by 2.3 % to € 272.9 million (PY: € 266.7 million). The EBITDA margin increased to 17.2 % (PY: 16.9 %). The **EBITDA of digital media** rose by 1.6 % from € 213.5 million to € 216.9 million. Based on the operating business, the digital business share in the EBITDA therefore amounted to 72.1 % (PY: 72.2 %). At the end of 2015, this figure was 69.6 %. As a result of the increase in depreciation, amortization and impairments, and write-ups reported in the prior year's period, **EBIT** increased by 0.5 % year-on-year to € 215.9 million (PY: € 214.8 million).

Net income developed as follows:

Net Income			
€ millions	H1/2016	H1/2015	Change
Net Income	273.2	111.0	>100 %
Non-recurring effects	- 165.8	- 0.7	-
Depreciation, amortization, and impairments of purchase price allocations	43.0	37.9	13.5 %
Taxes attributable to these effects	- 4.2	- 11.7	-
Net income, adjusted	146.2	136.5	7.1 %
Attributable to non-controlling interest	16.8	28.4	- 41.1 %
Adjusted net income from continuing operations attributable to shareholders of Axel Springer SE	129.5	108.0	19.8 %
Earnings per share, adjusted (in €)¹⁾	1.20	1.09	9.9 %
Earnings per share (in €)¹⁾	2.41	0.81	>100 %

¹⁾ basic = diluted; based on the average weighted number of shares outstanding in the reporting period (107.9m; PY: 98.9m).

Non-recurring effects mainly included income from the sale of business operations in the amount of € 187.1 million (PY: € 1.5 million), particularly in connection with the establishment of the Swiss joint venture and the sale of CarWale. They also contained expenses from the revaluation of contingent purchase price liabilities from options for non-controlling interests in the amount of € - 11.2 million (PY: income of € 0.6 million) and other initial consolidation effects, primarily resulting from incidental acquisition costs, of € - 6.1 million (PY: € - 1.4 million). In connection with the new Executive Board remuneration program, € 1.2 million (PY: € 0.0 million) was adjusted for the first time.

Net income attributable to non-controlling interest decreased due to the increase in our share of the Axel Springer Digital Classifieds Group completed in December 2015. By issuing 8,955,311 new Axel Springer shares in relation to this, the earnings per share were determined on the basis of 107.9 million outstanding shares (PY: 98.9 million).

Financial performance of the operating segments

Classified Ad Models

All business models which predominantly generate revenues in online classified advertising are summarized in the Classified Ad Models segment. The segment is sub-divided into jobs, real estate, and general/other.

Key Figures Classified Ad Models

€ millions	H1/2016	H1/2015	Change
Revenues	424.7	355.3	19.5 %
Advertising revenues	413.2	344.5	19.9 %
Other revenues	11.4	10.8	5.9 %
Jobs	194.8	170.3	14.4 %
Real Estate	132.9	101.6	30.9 %
General/Other	96.9	83.4	16.1 %
EBITDA¹⁾	171.4	146.5	17.0 %
Jobs	79.1	73.9	7.0 %
Real Estate	59.1	51.4	14.9 %
General/Other	36.0	25.1	43.5 %
EBITDA margin	40.4 %	41.2 %	
Jobs	40.6 %	43.4 %	
Real Estate	44.4 %	50.6 %	
General/Other	37.2 %	30.1 %	

¹⁾ Segment EBITDA includes non-allocated costs of € 2.7 million (PY: € 3.9 million).

Revenues in the Classified Ad Models segment increased by 19.5 % to € 424.7 million compared with the same period of last year (PY: € 355.3 million). Alongside an operational improvement, particularly from job portals, consolidation effects, in particular, had an influence due to the incorporation of Immowelt. Adjusted for consolidation and currency effects, revenues increased by 12.0 %. The currency effects mainly pertained to the job portal activities in Great Britain. Also, the increase in advertising revenues by 19.9 % to € 413.2 million (PY: € 344.5 million) can be attributed to organic growth as well as consolidation and

currency effects. Adjusted for these effects, growth came to 12.2%.

EBITDA of the segment increased considerably by 17.0% to € 171.4 million (PY: € 146.5 million). As in the case of revenues, a significant part of the increase can be attributed to consolidation effects. Adjusted for consolidation and currency effects, the increase amounted to 8.2%. The margin fell by 0.8 percentage points to 40.4% (PY: 41.2%). The margin decline is due to the increased spending for technological advancements and marketing as well as the inclusion of acquired subsidiaries, the margins of which are currently below the average value for the segment.

Key Figures Classified Ad Models

€ millions	Q2/2016	Q2/2015	Change
Revenues	211.7	179.2	18.2 %
Advertising revenues	205.9	173.6	18.6 %
Other revenues	5.8	5.5	3.7 %
Jobs	99.1	86.8	14.1 %
Real Estate	67.6	51.8	30.5 %
General/Other	45.0	40.5	11.0 %
EBITDA¹⁾	88.2	76.3	15.7 %
Jobs	43.2	38.7	11.6 %
Real Estate	30.7	29.0	5.8 %
General/Other	16.2	10.7	51.9 %
EBITDA margin	41.7 %	42.6 %	
Jobs	43.6 %	44.6 %	
Real Estate	45.4 %	56.0 %	
General/Other	36.0 %	26.3 %	

¹⁾ Segment EBITDA includes non-allocated costs of € 1.8 million (PY: € 2.1 million).

Paid Models

The national sub-segment of the Paid Models segment mainly comprises the BILD and WELT groups and in the international sub-segment the content-based, increasingly digitalized media models, as well as analog models in Europe and the USA.

Paid Models National

The circulation and reach figures for selected print offerings in the Paid Model segment as well as the associated online portals are shown in the following table.

Circulation, Digital Subscriptions, and Reach

Thousands	Circulation/ Digital-Subs ¹⁾	Change yoy	Reach ²⁾	Change ³⁾
Bild/B.Z.	1,976.9	-11.0 %	9,964.4	-4.2 %
Bild am Sonntag	1,010.5	-6.2 %	8,496.3	0.8 %
bild.de (total)	319.3	20.4 %	17,284.0	-
bild.de (stationary)	-	-	15,249.0	-
bild.de (mobile)	-	-	6,253.0	-
Die Welt/ Welt Kompakt	180.2	-10.3 %	703.5	4.5 %
Welt am Sonntag/ Welt am Sonntag Kompakt	382.4	-4.5 %	932.0	1.9 %
welt.de (total)	74.9	17.9 %	14,264.0	-
welt.de (stationary)	-	-	10,133.0	-
welt.de (mobile)	-	-	6,233.0	-

¹⁾ Source: IMF, average paid circulation H1/16; For bild.de (total) and welt.de (total): IWW, digital subscriptions (Paid Content), monthly average H1/16.

²⁾ Source: ma 2016 Pressemedien II; For bild.de and welt.de: AGOF 2016–04, Unique Users.

³⁾ Compared to ma 2016 Pressemedien I.

The circulation and reach figures of the print media declined during the reporting period due to market trends.

Paid Models International

The circulation and reach figures for the selected mass-circulation dailies within the countries of our joint venture Ringier Axel Springer Media as well as the net reach of the online portals are presented in the table below.

Circulation and Reach

Thousands	Circulation	Change yoy	Reach	Change yoy
Business Insider (total)	-	-	71,209.5 ¹⁾	9.6 %
Business Insider (USA)	-	-	44,793.8 ²⁾	11.4 %
Business Insider (USA, stationary)	-	-	16,984.2 ²⁾	9.4 %
Business Insider (USA, mobile)	-	-	32,595.1 ²⁾	20.9 %
onet.pl	-	-	14,372.3 ³⁾	-6.4 %
Fakt ⁴⁾	296.6	-7.3 %	1,644.5	8.3 %
fakt24.pl	-	-	3,266.2 ³⁾	-17.5 %
Blikk ⁵⁾	119.4	-8.3 %	731.7	-6.6 %
blikk.hu	-	-	1,166.4 ³⁾	59.3 %
Blic ⁶⁾	88.2	-14.7 %	493.5	-33.3 %
blic.rs	-	-	2,615.0 ³⁾	-8.6 %

¹⁾ Source: comScore USA, own estimates, monthly average (Jan-June 2016).

²⁾ Source: comScore USA, monthly average (Jan-June 2016).

³⁾ Source: comScore Europe, monthly average (Jan-June 2016).

⁴⁾ Poland. Circulation: ZKDP, 2016 (Jan-May) vs. 2015 (Jan-May); Reach: PBC General, 2016 (Jan-April) vs. 2015 (Jan-April).

⁵⁾ Hungary. Circulation: MATESZ, 2016 (Jan-March) vs. 2015 (Jan-March); Reach: Millward Brown, TNS, 2015 (Jan-Dec) vs. 2014 (Jan-Dec).

⁶⁾ Serbia. Circulation: ABC, 2016 (Jan-May) vs. 2015 (Jan-May); Reach: Ipsos Strategic Marketing, 2016 (Jan-May) vs. 2015 (Jan-May).

Business Insider saw double-digit growth in its reach, driven predominantly by strong growth in its mobile reach. There is no comparable data for mobile reach development for the net reaches of the online portals in other European countries shown in the table. As a result, the table does not reflect the dynamic growth for these portals based on the increasing use of mobile terminal devices. However, this is of great importance to some of our digital activities. The majority of circulation and reach figures of our international print media declined due to developments in the market.

Key Figures Paid Models

€ millions	H1/2016	H1/2015	Change
Revenues	709.0	751.3	-5.6 %
Advertising revenues	291.9	301.4	-3.2 %
Circulation revenues	313.1	350.9	-10.8 %
Other revenues	104.0	99.0	5.1 %
National	552.8	553.9	-0.2 %
Advertising revenues	212.5	216.8	-2.0 %
Circulation revenues	264.2	269.6	-2.0 %
Other revenues	76.2	67.5	13.0 %
International	156.2	197.4	-20.9 %
Advertising revenues	79.4	84.6	-6.1 %
Circulation revenues	49.0	81.3	-39.8 %
Other revenues	27.8	31.5	-11.7 %
EBITDA	83.0	101.3	-18.1 %
National	78.8	75.5	4.3 %
International	4.2	25.8	-83.7 %
EBITDA margin	11.7 %	13.5 %	
National	14.3 %	13.6 %	
International	2.7 %	13.1 %	

Revenues in the Paid Models segment were € 709.0 million, which is 5.6 % below the value for the prior year (€ 751.3 million). This is primarily attributable to the deconsolidation of the Swiss activities, which have been run in a joint venture with Ringier since the beginning of the year. Adjusted for consolidation and currency effects, revenues were slightly above the prior-year figure (+0.8 %). Advertising revenues in the Paid Models segment were € 291.9 million, which is 3.2 % below the value of the same quarter in the previous year (€ 301.4 million). Deconsolidation effects from the Swiss business had the greatest impact, which were offset by growth based on the consolidation of Business Insider. Adjusted for consolidation and currency effects, the decrease declined to -0.3 %. Mainly due to the deconsolidation, circulation revenues declined by 10.8 % to € 313.1 million (PY: € 350.9 million). Adjusted

for consolidation and currency effects, the decrease was only 1.8%. The other revenues increased by 5.1% to € 104.0 million (PY: € 99.0 million). The consolidation effects were primarily impacted by the sale of Runtastic in August 2015. Adjusted for consolidation and currency effects, the other revenues increased by 13.4%.

The EBITDA of € 83.0 million was 18.1% below the value for the prior year (€ 101.3 million). The decline was primarily due to the planned growth investment for Business Insider and upday. Compared to the same quarter last year, the segment margin declined from 13.5% to 11.7%.

Key Figures Paid Models

€ millions	Q2/2016	Q2/2015	Change
Revenues	368.2	390.6	-5.7 %
Advertising revenues	151.7	161.8	-6.2 %
Circulation revenues	158.6	176.7	-10.3 %
Other revenues	57.9	52.1	11.2 %
National	287.3	283.0	1.5 %
Advertising revenues	108.9	113.5	-4.0 %
Circulation revenues	134.3	135.1	-0.6 %
Other revenues	44.0	34.4	27.9 %
International	81.0	107.6	-24.8 %
Advertising revenues	42.8	48.4	-11.4 %
Circulation revenues	24.3	41.6	-41.7 %
Other revenues	13.8	17.6	-21.5 %
EBITDA	45.9	57.8	-20.7 %
National	40.5	40.8	-0.8 %
International	5.4	17.1	-68.3 %
EBITDA margin	12.5 %	14.8 %	
National	14.1 %	14.4 %	
International	6.7 %	15.8 %	

Marketing Models

In the Marketing Models idealo, aufeminin and the Bonial Group are primarily representing the Reach-based marketing segment, whereas performance-based marketing mainly consists of the zanox Group.

Key Figures Marketing Models

€ millions	H1/2016	H1/2015	Change
Revenues	414.1	428.1	-3.3 %
Advertising revenues	357.3	340.2	5.0 %
Other revenues	56.8	88.0	-35.4 %
Reach Based Marketing	138.6	156.7	-11.6 %
Performance Marketing	275.6	271.5	1.5 %
EBITDA¹⁾	46.5	48.0	-3.1 %
Reach Based Marketing	37.8	40.6	-6.9 %
Performance Marketing	12.2	11.8	3.6 %
EBITDA margin	11.2 %	11.2 %	
Reach Based Marketing	27.3 %	25.9 %	
Performance Marketing	4.4 %	4.4 %	

¹⁾ Segment EBITDA includes non-allocated costs of € 3.5 million (PY: € 4.4 million).

The decrease in revenues in the Marketing Models segment by -3.3% to € 414.1 million (PY: € 428.1 million) is solely attributable to consolidation effects, primarily due to the sale of the majority share in Talpa Germany, Smart AdServer, and Smarthouse Media. Adjusted for consolidation and currency effects, revenues increased by 8.0%. The increase in advertising revenues by 5.0% to € 357.3 million (PY: € 340.2 million) was achieved through growth in the area of reach-based marketing and in particular in the aufeminin Group as well as at Bonial. Adjusted for consolidation and currency effects, the increase amounted to 7.6%. The decrease in the other revenues by -35.4% to € 56.8 million (PY: € 88.0 million) was essentially caused by the aforementioned deconsolidation effects in relation to the Talpa Germany and Smart AdServer activities sold in the prior year as well as the Smarthouse Media activities sold in the reporting period.

Adjusted for consolidation and currency effects, other revenues increased by 11.1 %.

The segment EBITDA of € 46.5 million was 3.1 % below the value for the prior year (€ 48.0 million). Whilst EBITDA slightly improved in the Performance Marketing segment, results from Reach Based Marketing were below the prior-year figure, which was mainly due to the planned increase in expenses for the development of the business of the Bonial Group in the USA under the Retale brand name. The EBITDA margin was stable at 11.2 % (PY: 11.2 %).

Key Figures Marketing Models

€ millions	Q2/2016	Q2/2015	Change
Revenues	203.7	209.1	-2.6 %
Advertising revenues	177.6	167.3	6.2 %
Other revenues	26.0	41.9	-37.8 %
Reach Based Marketing	69.7	78.2	-10.9 %
Performance Marketing	134.0	130.9	2.4 %
EBITDA¹⁾	27.0	26.0	4.1 %
Reach Based Marketing	22.5	23.1	-2.9 %
Performance Marketing	6.3	5.2	21.5 %
EBITDA margin	13.3 %	12.4 %	
Reach Based Marketing	32.2 %	29.6 %	
Performance Marketing	4.7 %	4.0 %	

¹⁾ Segment EBITDA includes non-allocated costs of € 1.8 million (PY: € 2.4 million).

Services/Holding

The Services/Holding segment shows Group services, which also includes the three domestic printing plants, as well as holding functions. Group services are purchased by customers within the Group at standard market prices.

Key Figures Services/Holding

€ millions	H1/2016	H1/2015	Change
Revenues	37.5	42.5	-11.8 %
EBITDA	-28.0	-29.1	

Revenues in the Services/Holding segment decreased compared with the comparable prior-year period by 11.8 % due to market trends and were at € 37.5 million (PY: € 42.5 million).

EBITDA was € -28.0 million, which was on par with the prior-year figure (PY: € -29.1 million).

Key Figures Services/Holding

€ millions	Q2/2016	Q2/2015	Change
Revenues	18.3	17.8	2.6 %
EBITDA	-14.2	-13.1	

Liquidity

Cash flows

Cash flow from operating activities in the first half of the year was € 189.4 million and therefore significantly above the value for the prior-year period (€ 132.8 million). The development primarily resulted from the increased reduction of trade receivables as well as decreased net income tax payments.

The cash flow from investing activities amounted to € 229.0 million (PY: € -259.3 million) and alongside the slight increase in ongoing investments in intangible assets, property, plant, and equipment, was mainly impacted by the early repayment of the vendor loan granted to the FUNKE Mediengruppe, the payments from the sale of 2.3 % (PY: 2.6 %) of our equity stake in Doğan TV Holding (€ 55.3 million; PY: € 63.3 million), as well as the receipt of the purchase price payment (less taxes) of € 64.0 million from the sale of our shares in CarWale. In the prior year, the payments (less cash equivalents ac-

quired) from the acquisition of equity shares in consolidated subsidiaries and business units, as well as financial assets were accounted for, in particular by the acquisition of Immowelt, @Leisure, and a minority share of Business Insider.

The cash flow from financing activities of € –404.7 million (PY: € 22.5 million) was mostly due to the payment of dividends to shareholders of Axel Springer SE and the repayment of loans (PY: taking out loans). It also includes the share of the planned assets put aside for our pension commitments from the purchase price collected by Axel Springer from the sale of real estate assets at the beginning of 2016 (€ 67.5 million).

Net liquidity and financing

Net liquidity developed as follows during the reporting period:

Net Liquidity/Debt

€ millions	H1/2016	2015
Cash and cash equivalents ¹⁾	270.1	186.3
Financial liabilities	1,114.1	1,252.9
Net liquidity/debt	–844.0	–1,066.6

¹⁾ In 2015, without the purchase price received in connection with real estate sales amounting to € 67.5 million, attributable to the plan assets created for our pension obligations.

Besides the Schuldschein (promissory note) of € 580.5 million (December 31, 2015: € 637.0 million) which matures in April 2018 (nominal value of € 112.0 million), in October 2018 (nominal value of € 220.0 million), and in October 2020 (nominal value of € 248.5 million), as of June 30, 2016 there was a credit facility in the amount of € 1,500.0 million, the utilization of which is due for repayment in July or August 2020. Both the Schuldschein and the credit facilities may be used either for general business purposes or for financing acquisitions. As of June 30, 2016, € 535.0 million (December 31, 2015: € 618.0 million) of the existing long-term credit facility (€ 1,500.0 million) was taken as drawdowns. The total available amount of unutilized short-term and long-term credit facilities was € 985.0 million on the reporting date (December 31, 2015: € 902.0 million).

Financial position

The consolidated balance sheet was € 5,964.0 million, and therefore considerably lower than at the end of 2015 (€ 6,504.7 million).

At the beginning of January 2016, the establishment of the joint venture company with Ringier was completed, in which we included asset values of € 176.7 million as well as liabilities of € 66.0 million that had formerly been classified as held for sale. By contrast, we reported the participation in the joint venture company of € 140.8 million, a receivable due from related parties from the sale of the Swiss brand rights of € 40.6 million as well as other contractual claims and obligations totaling € –16.3 million. The currency effects previously reported in equity to the amount of € 49.0 million were realized through the income statement. The total profit resulting from the disposal transaction of € 103.4 million was adjusted as a non-recurring effect.

Furthermore, the sale of our subsidiary CarWale was completed in January 2016. We received a purchase price (after deducting taxes) of € 64.0 million. Assets of € 20.8 million and liabilities of € 20.7 million were deconsolidated and thus no longer reported as held for sale. The profit resulting from the disposal transaction of € 66.2 million was adjusted as a non-recurring effect.

At the end of April, the FUNKE Mediengruppe has prematurely repaid the vendor loan vis-à-vis Axel Springer SE that has been assumed for the acquisition of Axel Springer's German regional newspapers, TV program guides, and women's magazines as of 2014. The vendor loan has previously been recorded in other financial assets and amounted to € 260.3 million including accrued interest payments. In addition, financial assets were reduced by € 55.3 million due to exercising another put option on the sale of 2.3% of our equity stake in Doğan TV Holding.

A portion of our office building in Hamburg, which had previously been partially owner-occupied and partially rented out to a third party, was sold January 1, 2016. The carrying amounts of assets held for sale amounting to € 105.2 million and the corresponding liability from

finance lease totaling € 68.0 million and were derecognized as a result of the transaction. No gain or loss on disposal was recorded. Liabilities due to advance payments received in 2015 in the amount of € 115.6 million were realized. In January 2016, the portion of the purchase price received attributable to our planned assets for pension obligations (€ 67.5 million) was disbursed accordingly to our plan assets.

Equity amounted to € 2,441.5 million and was therefore below the prior-year status at the end of 2015 (PY: € 2,511.5 million). The decrease resulted from the dividend distribution to the shareholders of Axel Springer SE, and particularly from the currency conversion of consolidated financial statements and the recognition of actuarial losses caused by the reduction of the discount rate for our pension obligations by 1.3% to account for the current market level (as of December 31, 2015: 2.4%), which led to the increase of pension provisions and the reduced amount of deferred tax liabilities reported. The equity ratio increased to 40.9% (PY: 38.6%).

The decrease in other provisions resulted from the utilization of provisions from employee obligations which are to be accumulated during the reporting period. The development of other liabilities resulted from the realization of advance payment liabilities from the completed sale of the real estate in Hamburg as well as the reclassification of short-term option liabilities.

On account of the repayment of a *Schuldschein* due in April 2016 as well as part of the credit facility utilized, the Group was able to partially reduce its financial liabilities.

Explanations with respect to the relevant key performance indicators

In accordance with the International Financial Reporting Standards (IFRS), the performance indicators used in this interim financial report, EBITDA (earnings before interest, taxes, depreciation, and amortization), EBITDA margin, EBIT (earnings before interest and taxes), adjusted net income, adjusted earnings per share, free cash flow, net debt / liquidity and equity ratio are undefined performance indicators to be regarded as additional information.

EBITDA, EBITDA margin, EBIT, adjusted net income, and adjusted earnings per share do not include any non-recurring effects and amortization from purchase price allocations or taxes on these effects. Non-recurring effects are defined as effects resulting from the acquisition and sale of subsidiaries, divisions, and investments, as well as writedowns and writeups of investments, effects resulting from the sale of real estate, impairments, and writeups of real estate used for own operational purposes. In addition, expenses in connection with the long-term share-based Executive Board remuneration program launched at the beginning of May 2016 have also been adjusted. Purchase price allocation effects include the expenses of amortization, depreciation, and impairments of intangible assets, and property, plant, and equipment from the acquisition of companies and business divisions. The EBITDA margin is the ratio between EBITDA to revenues. The reconciliation of net income to EBITDA and EBIT is based on the Consolidated Segment Report. The financial performance of the Group contains the reconciliation of net income to the adjusted net income as well as the determination of the adjusted earnings per share.

The free cash flow results from the cash flow from operating activities less investments in intangible assets, property, plant and equipment, and investment property (capital expenditures), plus payments received for the disposal of intangible assets, property, plant and equipment and investment property. These partial amounts are stated separately in the Consolidated Statement of Cash Flows. Net debt / liquidity is the balance of cash and cash equivalents and financial liabilities.

The equity ratio reflects the ratio of equity to the balance sheet total as of the reporting date.

We consider EBITDA, EBITDA margin, EBIT, adjusted net income, and adjusted earnings per share to be suitable indicators for measuring the operational profitability of Axel Springer, because these indicators ignore effects that do not reflect the fundamental business performance of Axel Springer.

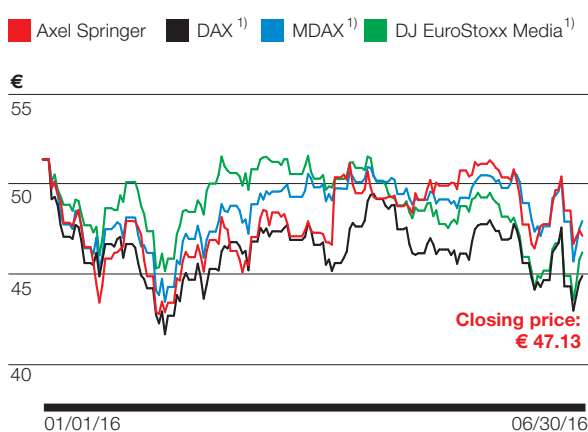
To assess our Group's current financing and capital structure as well as the future financing volume, we regard free cash flow, net debt / liquidity, and equity ratio to be suitable performance indicators.

Axel Springer share and investor relations

Development of the share price

In the first half of the year, the Axel Springer share outperformed most benchmark indices, but at € 47.13 remained 8.2 % below the share price at the beginning of the year (€ 49.74). The maximum rate in the course of the year was € 51.29 at the end of May. The DAX, the German benchmark index, closed the same period with a loss of 12.5%. The DJ EuroStoxx Media, which reflects the key European media shares, generated a loss of 10.0%. Only the MDAX, which contains the Axel Springer share, performed slightly better with a loss of 6.6 % at the end of June.

Performance Axel Springer Share



¹⁾ Indexed on the year-end share price of Axel Springer SE as of December 31, 2015.

Share Information

€	H1/2016	H1/2015	Change
Earnings per share (adjusted) ¹⁾	1.20	1.09	9.9 %
Earnings per share ¹⁾	2.41	0.81	>100 %
Closing price	47.13	47.09	0.1 %
Highest price	51.29	59.04	-13.1 %
Lowest price	42.81	46.46	-7.9 %
Market capitalization in € millions ²⁾	5,085.1	4,659.1	9.1 %
Daily traded volume (Ø, in € thousands)	6,872.3	8,836.2	-22.2 %

¹⁾ Calculation based on average weighted shares outstanding in the reporting period (107.9 million; PY: 98.9 million).

²⁾ Based on shares outstanding at the closing price, excluding treasury shares (107.9 million; PY: 98.9 million).

Currently, 18 brokers publish analyses regarding the Axel Springer share. A total of four brokers are expressing a "buy" recommendation, 13 recommend "hold/neutral", and one broker recommends "sell/underweight". You can find the latest recommendations and share price targets in the Investor Relations section at www.axelspringer.de.

In the first six months of the reporting period, we have participated in seven investor conferences in New York, London, Zurich, Nice, Frankfurt, Baden-Baden, and Berlin. Furthermore, we presented the company on road shows in New York, Boston, London, Frankfurt, and Paris and conducted numerous meetings with investors and analysts in Berlin.

In the reporting period, there were conference calls for investors and analysts at the publication of our annual report in March as well as on the occasion of the publication of the results of the first quarter in May. As usual, all events could be followed directly as a live broadcast on the Internet. The audio recordings of these telephone conferences, as well as all accompanying financial reports and presentations, are also available on our website.

Information on Listing

Share type	Registered share with restricted transferability
Stock exchange	Germany (Prime Standard)
Security Identification Number	550135, 575423, A2AABZ
ISIN	DE0005501357, DE0005754238, DE000A2AABZ9
Thomson Reuters	SPRGn.DE
Bloomberg	SPR GY

Annual shareholders' meeting

The annual shareholders' meeting of Axel Springer SE took place in Berlin April 13, 2016. Approx. 435 shareholders or 88.7 % of capital carrying voting rights participated. All resolutions proposed by the Management – including the proposal to pay a dividend of € 1.80 (PY: € 1.80) per qualifying share – were approved by majorities of at least 92.7 %. Based on the closing price of the company's share on the day of the annual shareholders' meeting, the dividend yield came to 3.6 %. The total dividend pay-out to our shareholders was € 194.2 million. This corresponds to a gain of 9.0 % compared with the prior-year figure.

Employees

Axel Springer has an average of 14,986 employees (PY: 14,781) (excluding vocational trainees and journalism students). The 1.4 % increase over the corresponding prior-year figure resulted mainly from the higher number of employees in Classified Ad Models and Marketing Models, due to acquisitions and organic growth in these segments, which overcompensated for the deconsolidation of CarWale, for instance, and the activities in Switzerland.

Share-based payment

As of May 1, 2016, current members of the Executive Board were granted a long-term variable remuneration in the form of a long-term incentive plan ("LTIP") with a duration – including lock-up periods – until 2023. The LTIP stipulates a participation in the increase in the company value, measured on the basis of market capitalization. It will be distributed in the form of a cash bonus and contains a subsequent obligation to purchase Axel Springer shares in the corresponding amount.

The compensation entitlement requires market capitalization of Axel Springer SE to increase by at least 40 % within three, four, and maximally five years (respective performance periods). No claim for compensation can be made below this threshold. In the event of targets being achieved, the whole Executive Board is entitled to payment amounting to a total of 4 % of the increase in market capitalization. The compensation entitlement will increase only up to a growth in market capitalization by maximally 60 %.

The increase in market capitalization will be calculated once a year, namely on a basis of share price developments of the Axel Springer share within the last 90 calendar days before May 1, 2016, or before the end of the respective performance period, multiplied by the number of outstanding Axel Springer shares (less treasury shares) adding dividend payments during the performance period.

In the event of targets being achieved, an amount in the value of 50 % of the total amount ("payout amount I") will be paid out. On meeting the targets after four or five years respectively, a lock-up period of two or one year respectively follows, before the remaining 50 % of the total amount ("payout amount II") will be paid out. Should targets be met prematurely after three years, each Executive Board member will have the option to request payout amount I. Payout amount II will then only be remunerated after targets are once again met after four or five years, and after a lock-up period of two, or one year respectively. The net amount of all payouts (after the Executive Board member's taxes and duties are paid) in each case has to be fully invested in Axel Springer shares by the Executive Board member. Regarding the shares acquired with payout amount I, or II respectively, the Executive Board member has to retain the shares for a minimum of two years, or one year respectively. The LTIP contains the usual provisions for early resignation. It follows that all claims from the LTIP not yet paid out as per contract will become invalid, if the Executive Board member wishes to leave the Board at his own request prior to the termination of the lock-up period.

At the reporting date, the LTIP is measured at fair value as a cash-settled share-based payment and is recognized proportionally in accordance with the projected vesting. At the grant date, the value of the LTIP was determined at € 32.1 million using a stochastic model for the valuation of stock options. In the reporting period, the calculated remuneration component recognized as personnel expenses amounted to € 1.2 million accumulated for all members of the Executive Board.

Events after the reporting date

At the beginning of July 2016, the acquisition of eMarketer Inc. – which was contractually initiated in June 2016 – was finalized (see page 4).

After approval by the responsible competition authorities and after the expiration of the deadline for the takeover bid, the @Leisure Group acquired in total 75.96 % of the shares in Land & Leisure A/S as of July 25, 2016 (see page 4).

Report on risks and opportunities

Compared to the disclosures in the Annual Report 2015, the risk and opportunities profile of Axel Springer has improved overall. At the end of April 2016, the vendor loan issued to FUNKE Mediengruppe was repaid early in full, including all interest accrued until that point. The market and use based revaluation of the printing plant risks as well as the sale of the publishing house in Hamburg also significantly reduced the overall risk. Risks that could endanger Axel Springer's continued operation as a going concern can still not be discerned.

Forecast report

General economic environment

Against the backdrop of the EU referendum in the UK, the International Monetary Fund (IMF) has slightly lowered its growth forecast for the global economy. In its economic outlook of July 2016, the IMF expects a real global economy growth of 3.1 % for the complete year of 2016. The Euro states, for which the IMF has predicted a real growth rate of 1.6 % by now, should experience a slight setback in 2016. The US should overcome the temporary recession from the first quarter during the rest of 2016 and achieve a price-adjusted growth of 2.2 %.

The ifo Institute expects a continuation of the upward trend in Germany. In the economic forecast published prior to the "Brexit" referendum, the ifo Institute expects real economic growth of 1.8 % in 2016. Following the referendum, the institute reduced the expected growth rate only marginally to 1.7 % as it claims that there are no discernible risks to the upward trend, which has been continuing for three years now.

According to the ifo economic forecast for 2016, companies are likely to increase their investments in equipment by 3.7 %, adjusted for price, in view of the continuously favorable financing conditions. Construction investment is also expected to rise sharply by 3.6 %. In view of the favorable developments in the labor market, private consumption should increase disproportionately by 1.9 % in real terms. The growth in exports is likely to be 2.9 % in real terms. Imports are likely to increase more quickly than exports, due to high domestic dynamism, with a price-adjusted increase of 4.1 % compared to an increase in exports of 2.9 %.

The ifo economic researchers expect a slight increase in consumer prices. According to forecasts, inflation during 2016 will continue to remain very moderate at 0.5 %. The lower level of energy prices compared with 2015 has slowed down the price trend. The number of gainfully employed persons will increase by an average of 517,000 in 2016, according to ifo's expectations. The unemployment rate is expected to decline from 6.4 % to 6.1 %.

Anticipated Economic Development (Selection)

Change in gross domestic product compared to prior year (real)	2016
Germany	1.7 %
France	1.5 %
United Kingdom ¹⁾	1.7 %
Poland	2.4 %
Switzerland ²⁾	1.2 %
Hungary	1.2 %
Belgium	1.5 %
Slovakia	3.5 %
Netherlands	1.4 %
Serbia ²⁾	1.8 %
Ireland	5.6 %
Italy	1.1 %
Spain	3.2 %
USA ¹⁾	2.2 %
Israel ²⁾	2.8 %
India ¹⁾	7.4 %
China ¹⁾	6.6 %

Source: ifo Institute, June 2016.

¹⁾ Source: IMF, July 2016.

²⁾ Source: IMF, April 2016.

A forecast published by the German Institute for Economic Research (DIW) is positive about the **countries in central and eastern Europe**. The EU funds for central and eastern Europe, particularly for Poland, will once again provide significant funds until 2020. In addition, the region benefits from continuously low interest rates. These should have a positive effect on investing activities. However, the indicator for estimating the economic situation in Hungary has been decreasing continuously since the beginning of the year.

Industry environment

The German Advertising Association (ZAW) assumes in its current forecast for 2016, issued in June, that net advertising revenues will be approximately 2 % higher than the prior-year figure. This gain also takes into account the non-recurring effects originating from the two major sport events, the European Football Championship in France and the Olympics in Rio de Janeiro. The effects

of the general economic and political uncertainties caused by the “Brexit” on the development of advertising income cannot be estimated at present.

According to the current advertising market forecast by ZenithOptimedia, an increase of 4.1 % is expected for 2016 worldwide (nominal). ZenithOptimedia therefore corrected its forecast of +4.7 % from March 2016 downwards. At present, this positive development is driven by the US presidential elections, the Olympics in Rio de Janeiro, and the UEFA European Football Championship. General impulses in the global advertising market are primarily generated by media capable of transporting moving images, such as moving image formats on the stationary and mobile Internet as well as digital out-of-home advertising where particularly the digitization of the advertising spaces facilitates new offers and formats.

Currently available forecasts for **Germany** predict mixed developments for the different types of media. ZenithOptimedia expects net advertising market revenue (marketing revenues net of rebates and agent’s commission) in Germany for 2016 to increase by 2.6 % (nominal). Thus, the total advertising market will not grow as fast as the general economy, which is expected to expand at a nominal rate of 3.7 % (+ 1.7 % in real terms) according to the ifo Institute. The advertising market growth is driven by digital (+ 7.9 %), outdoor (+ 7.5 %), TV (+ 3.0 %), and radio (+ 1.6 %). ZenithOptimedia is predicting a decrease in net advertising revenues for newspapers (–2.0 %) and magazines (–3.5 %).

The forecast data also reflects the structural shift of advertising expenditures in favor of digital platforms. The proportion of total advertising expenditures targeted to online and mobile platforms will rise further.

Global trends also set the tone for Germany. Growth in the advertising market is technology-driven, particularly in the mobile, online moving images (video) and programmatic growth segments. Due to the continued spread of mobile devices, technical improvements in advertising forms and increase in the variety of advertising forms, and technical

innovations in controlling multi-device campaigns, considerable growth in advertising expenditure is expected.

Progressive automation of an advertising booking via programmatic buying platforms is also seen as a driver for online and mobile advertising.

ZenithOptimedia’s forecast for the **international markets** in which Axel Springer conducts business through its own subsidiaries paints a mixed picture. The net advertising volume on the online market in western Europe in 2016 will increase by 10.1 % to USD 36.8 billion, based on the assumption of consistent exchange rates.

Anticipated Advertising Activity 2016 (Selection)

Change in net ad revenues compared to prior year (nominal)	Online	Print
Germany	7.9 %	–2.6 %
United Kingdom	11.2 %	–7.1 %
France ¹⁾	5.5 %	–7.1 %
Poland ¹⁾	12.0 %	–14.8 %
Switzerland ²⁾	10.8 %	–2.0 %
Ungarn	15.0 %	–5.3 %
Belgium ²⁾	10.0 %	–0.7 %
Slovakia ¹⁾	14.5 %	–4.8 %
Netherlands	8.7 %	–5.8 %
Serbia ¹⁾	11.0 %	8.7 %
Ireland	23.0 %	–5.3 %
Italy ¹⁾	7.2 %	–4.5 %
Spain ¹⁾	12.0 %	–0.3 %
USA	15.6 %	–6.4 %
Israel	12.4 %	–10.9 %
Brazil	2.1 %	–8.1 %

Source: ZenithOptimedia, Advertising Expenditure Forecast (June 2016).

¹⁾ Excluding Classified ads, that means exclusively sales from display advertising.

²⁾ Gross advertising revenues (excluding classified ads).

Axel Springer

Strategic orientation

The highest strategic priority for Axel Springer is to pursue the consistent digitization of our business. We aim to attain the goal of becoming the leading digital publisher by further developing our digital offerings in Germany and abroad, and by making targeted acquisitions.

Anticipated business developments and financial performance of the Group

For the fiscal year 2016, we anticipate in the Group that **revenues** will be approximately at the level of the previous year, after having initially anticipated an increase by an amount in the low single-digit percentage range. Adjusted for consolidation and currency effects, primarily due to the deconsolidation of the activities in Switzerland, growth would be higher and would be in the mid single-digit percentage range. We assume that a planned increase in advertising revenues will be offset by a decline in circulation revenues and other revenues.

We still expect a rise in **EBITDA** in the low to mid single-digit percentage range.

For **EBIT** we expect developments to be slightly lower than for EBITDA due to higher depreciation, amortization and impairments.

For the **adjusted earnings per share**, we expect an increase in the mid to high single-digit percentage.

Anticipated business developments and financial performance of the segments

The revenues of the **Classified Ad Models** segment are expected to rise in the low double-digit percentage range due mainly to organic growth. We expect EBITDA to increase in the lower two-digit percentage range due to increased investments in technology and higher Marketing expenditure.

In the **Paid Models** segment we expect a decline in revenues in the mid single-digit percentage range for the 2016 financial year. This is predominantly due to consolidation effects, especially of the activities in Switzerland. We expect a decline in circulation revenues, amongst other reasons, due to the structural declines within the national and international print business. We expect advertising revenues to decline slightly, after previously expecting revenues to be at the prior-year levels. Other revenues are expected to increase slightly, after initially expecting levels to be approximately in line with the prior year. We now also expect a decline in EBITDA in the high single-digit percentage range, after previously expecting a decline in the mid to high single-digit percentage range, due to planned investments for new digital business models, primarily for Business Insider and upday. Including the acquisitions made since the beginning of the year, we expect a decline in the mid single-digit percentage range.

We expect revenues of the **Marketing Models** segment at the prior year's level after an increase by an amount in the mid single-digit percentage range was previously expected. This is predominantly due to currency effects. We expect a decline in advertising revenues while an increase is expected in other revenues due to the sale of Talpa Germany and Smart AdServer in the prior year. We expect EBITDA around the previous year level, due to, amongst other things, planned expenditure for the internationalization of digital business models and planned investments in product development and technology within the field of Reach Based Marketing. Taking into account the disinvestments that occurred since the beginning of the year, we expect a decrease in EBITDA in the lower to mid single-digit percentage range.

Due to decreasing printing plant revenues and lower rental revenues in connection with the sale of parts of the building on the Hamburg site, we expect a clear decline in revenues in the **Services/Holding** segment. Due to considerably reduced project-related costs and further one-time items, we expect a slight improvement in EBITDA compared to the prior-year figure. A clear deterioration was anticipated for EBITDA before.

For EBIT we expect developments for the Classified Ad Models and Paid Models to be similar to those for EBITDA, while EBIT development for Marketing Models and the Services/Holding segment should be presumably under that of EBITDA development, due to increased depreciation, amortization and impairments.

Anticipated liquidity and financial position

Based on the capital expenditure projects planned to date, investments in property, plant, and equipment, and intangible assets are likely to be higher than the corresponding prior-year figure with regards to the liquidity and financial position. Financing will be provided by operating cash flow.

Dividend policy

Subject to the condition of sound financial performance in the future, Axel Springer will pursue a dividend policy of stable or slightly increased dividend distribution, while also allowing for the financing of growth.

Anticipated development of the workforce

The average full-year number of employees in 2016 will be higher than in the prior year. This is mainly due to organic growth and acquisitions in connection with the digital transformation of the Group's business.

Planning assumptions

We plan the future development of the financial performance, liquidity, and financial position on the basis of assumptions that are plausible and sufficiently probable from today's perspective. However, actual developments could possibly be much different from the assumptions applied and thus from the business plans and trend forecasts prepared on the basis of those assumptions

Basically, the forecast is based on the assumption that no significant deterioration in the economic environment will follow.

The forecasts for EBITDA, EBIT, and the adjusted earnings per share do not reflect any possible effects resulting from possible future acquisitions, divestitures, and capital measures as well as from unplanned restructuring expenses.

Consolidated Statement of Financial Position

€ millions		
ASSETS	06/30/2016	12/31/2015
Non-current assets	5,000.6	5,187.2
Intangible assets	3,850.4	3,897.0
Property, plant, and equipment	504.5	507.5
Investment property	30.3	33.2
Non-current financial assets	501.3	662.7
Investments accounted for using the equity method	234.4	91.6
Other non-current financial assets	266.9	571.0
Receivables due from related parties	25.7	0.1
Receivables from income taxes	7.9	7.9
Other assets	39.5	32.1
Deferred tax assets	41.1	46.8
Current assets	963.4	1,317.4
Inventories	20.4	20.1
Trade receivables	500.1	570.9
Receivables due from related parties	13.9	7.1
Receivables from income taxes	38.7	58.2
Other assets	113.8	96.2
Cash and cash equivalents	270.1	253.8
Assets held for sale	6.5	311.1
Total assets	5,964.0	6,504.7

€ millions

EQUITY AND LIABILITIES	06/30/2016	12/31/2015
Equity	2,441.5	2,511.5
Shareholders of Axel Springer SE	1,990.1	2,062.7
Non-controlling interests	451.4	448.8
Non-current provisions and liabilities	2,200.7	2,455.5
Provisions for pensions	393.6	316.3
Other provisions	64.6	65.0
Financial liabilities	1,113.0	1,195.3
Trade payables	0.2	0.3
Liabilities due to related parties	4.4	4.4
Other liabilities	181.0	393.0
Deferred tax liabilities	444.0	481.2
Current provisions and liabilities	1,321.7	1,537.8
Provisions for pensions	21.8	23.0
Other provisions	183.4	234.6
Financial liabilities	1.1	57.6
Trade payables	338.7	342.9
Liabilities due to related parties	24.6	19.3
Liabilities from income taxes	21.8	42.8
Other liabilities	730.2	656.8
Liabilities related to assets held for sale	0.0	160.8
Total equity and liabilities	5,964.0	6,504.7

Consolidated Statement of Comprehensive Income

€ millions

Consolidated Income Statement	Q2/2016	Q2/2015	H1/2016	H1/2015
Revenues	801.9	796.7	1,585.3	1,577.3
Other operating income	36.2	28.1	224.9	62.0
Change in inventories and internal costs capitalized	18.5	11.8	34.7	16.0
Purchased goods and services	-234.1	-238.9	-469.5	-489.1
Personnel expenses	-270.3	-262.9	-532.9	-523.8
Depreciation, amortization, and impairments	-50.7	-48.0	-100.0	-92.3
Other operating expenses	-212.7	-189.2	-402.4	-377.6
Income from investments	1.3	6.2	-1.3	5.2
Result from investments accounted for using the equity method	-3.2	-1.9	-6.4	-3.5
Other investment income	4.5	8.1	5.1	8.7
Financial result	-0.7	-1.9	-1.1	-14.5
Income taxes	-25.7	-33.9	-64.3	-52.1
Net income	63.8	68.0	273.2	111.0
Net income attributable to shareholders of Axel Springer SE	56.5	48.8	259.7	80.3
Net income attributable to non-controlling interests	7.3	19.3	13.4	30.7
Basic/diluted earnings per share (in €)	0.52	0.49	2.41	0.81

€ millions

Consolidated Statement of Recognized Income and Expenses	Q2/2016	Q2/2015	H1/2016	H1/2015
Net income	63.8	68.0	273.2	111.0
Actuarial gains/losses from defined benefit pension obligations	-26.4	35.7	-47.5	23.3
Items that may not be reclassified into the income statement in future periods	-26.4	35.7	-47.5	23.3
Currency translation differences	-14.3	-6.5	-93.5	90.9
Changes in fair value and realization of gains and losses in connection with available-for-sale financial assets	-0.1	-0.1	-0.2	0.0
Changes in fair value of derivatives in cash flow hedges	2.6	-0.9	2.6	0.1
Other income/loss from investments accounted for using the equity method	0.0	-0.1	0.0	0.4
Items that may be reclassified into the income statement in future periods if certain criteria are met	-11.8	-7.6	-91.1	91.4
Other income/loss	-38.2	28.1	-138.6	114.7
Comprehensive income	25.6	96.1	134.6	225.7
Comprehensive income attributable to shareholders of Axel Springer SE	22.5	79.6	126.9	182.3
Comprehensive income attributable to non-controlling interests	3.1	16.5	7.6	43.4

Consolidated Statement of Cash Flows

€ millions	H1/2016	H1/2015
Net income	273.2	111.0
Reconciliation of net income to the cash flow from operating activities		
Depreciation, amortization, impairments, and write-ups	100.0	89.8
Result from investments accounted for using the equity method	6.4	3.5
Result from disposal of consolidated subsidiaries and business units and intangible assets, property, plant, and equipment, and financial assets	-185.7	-10.1
Changes in non-current provisions	6.1	-2.6
Changes in deferred taxes	-9.5	2.0
Other non-cash income and expenses	-4.6	-2.6
Changes in trade receivables	66.2	16.6
Changes in trade payables	-8.2	-23.9
Changes in other assets and liabilities	-54.5	-51.0
Cash flow from operating activities	189.4	132.8
Proceeds from disposals of intangible assets, property, plant, and equipment, and investment property less costs of disposal	-6.1	10.1
Proceeds from disposals of consolidated subsidiaries and business units, less cash and cash equivalents given up	76.6	30.1
Proceeds from disposals of non-current financial assets including repayment of vendor loan	306.3	65.3
Purchase of short-term financial funds	-1.9	0.0
Purchases of intangible assets, property, plant, equipment, and investment property	-67.0	-56.0
Purchases of shares in consolidated subsidiaries and business units less cash and cash equivalents acquired	-59.5	-269.9
Purchases of investments in non-current financial assets	-19.3	-38.8
Cash flow from investing activities	229.0	-259.3
Dividends paid to shareholders of Axel Springer SE	-194.2	-178.1
Dividends paid to other shareholders	-4.2	-4.5
Purchase of non-controlling interests	-2.2	-23.0
Disposal of non-controlling interests	2.4	0.2
Issuance of treasury shares	0.0	0.1
Repayments of liabilities under finance leases	-0.4	-0.3
Proceeds from other financial liabilities	15.8	312.8
Repayments of other financial liabilities	-154.4	-84.7
Other financial transactions	-67.5	0.0
Cash flow from financing activities	-404.7	22.5
Cash flow-related changes in cash and cash equivalents	13.8	-104.0
Changes in cash and cash equivalents due to exchange rates	-2.2	6.6
Changes in cash and cash equivalents due to changes in companies included in consolidation	0.0	-0.2
Cash and cash equivalents at beginning of period	253.8	383.1
Changes to cash and cash equivalents in connection with assets held for sale	4.7	-0.4
Cash and cash equivalents at end of period	270.1	285.2

Consolidated Statement of Changes in Equity

€ millions	Subscribed capital	Additional paid-in capital	Accumulated retained earnings	Treasury shares	Accumulated other comprehensive income				Shareholders of Axel Springer SE	Non-controlling interests	Equity
					Currency translation	Changes in fair value		Other equity			
						Available-for-sale financial assets	Derivatives in cash flow hedges				
Balance as of 01/01/2015¹⁾	98.9	45.3	2,041.2	0.0	-28.5	0.3	-0.4	-132.9	2,024.1	481.6	2,505.7
Net income			80.3						80.3	30.7	111.0
Other income/loss					78.1	0.0	0.1	23.8	102.0	12.7	114.7
Comprehensive income			80.3		78.1	0.0	0.1	23.8	182.3	43.4	225.7
Dividends paid			-178.1						-178.1	-4.3	-182.4
Issuance of treasury shares			0.0	0.1					0.1		0.1
Change in consolidated companies			-124.2						-124.2	74.4	-49.9
Purchase and disposal of non-controlling interests			-14.0						-14.0	-6.3	-20.4
Other changes		0.3	-3.5						-3.2	4.6	1.4
Balance as of 06/30/2015¹⁾	98.9	45.6	1,801.7	0.1	49.6	0.3	-0.3	-109.1	1,886.9	593.3	2,480.3
Balance as of 01/01/2016	107.9	499.8	1,508.4	0.1	31.5	12.4	-0.3	-97.1	2,062.7	448.8	2,511.5
Net income			259.7						259.7	13.4	273.2
Other income/loss					-87.7	-0.2	2.6	-47.5	-132.8	-5.8	-138.6
Comprehensive income			259.7		-87.7	-0.2	2.6	-47.5	126.9	7.6	134.6
Dividends paid			-194.2						-194.2	-2.6	-196.8
Change in consolidated companies			-6.4					6.4	0.0	-1.1	-1.1
Purchase and disposal of non-controlling interests			-2.0						-2.0	-0.1	-2.1
Other changes			-3.4						-3.4	-1.1	-4.5
Balance as of 06/30/2016	107.9	499.8	1,562.1	0.1	-56.2	12.2	2.3	-138.2	1,990.1	451.4	2,441.5

¹⁾ Adjusted due to the change of carry-forward values in 2015 (see Annual Report 2015, note (4a)).

Consolidated Segment Report

Operating segments

€ millions	Classified Ad Models		Paid Models		Marketing Models		Services/Holding		Consolidated totals	
	Q2/2016	Q2/2015	Q2/2016	Q2/2015	Q2/2016	Q2/2015	Q2/2016	Q2/2015	Q2/2016	Q2/2015
Revenues	211.7	179.2	368.2	390.6	203.7	209.1	18.3	17.8	801.9	796.7
Internal revenues	0.1	0.1	0.9	0.7	0.4	3.3	35.0	39.0		
Segment revenues	211.9	179.3	369.1	391.4	204.1	212.4	53.3	56.8		
EBITDA¹⁾	88.2	76.3	45.9	57.8	27.0	26.0	-14.2	-13.1	147.0	147.0
EBITDA margin¹⁾	41.7%	42.6%	12.5%	14.8%	13.3%	12.4%			18.3%	18.4%
Thereof income from investments	0.0	-0.3	4.4	1.7	4.1	3.7	0.1	0.0	8.6	5.1
Thereof accounted for using the equity method	0.0	-0.3	0.6	0.1	-1.0	-1.7	0.0	0.0	-0.4	-1.9
Depreciation, amortization, impairments, and write-ups (except from non-recurring effects and purchase price allocations)	-9.0	-6.4	-7.6	-8.0	-3.5	-3.2	-9.2	-9.8	-29.3	-27.4
EBIT²⁾	79.2	69.9	38.3	49.5	23.6	22.9	-23.4	-22.7	117.7	119.5
Amortization and impairments from purchase price allocations	-14.6	-13.3	-5.1	-4.9	-1.7	-2.4	0.0	0.0	-21.4	-20.6
Non-recurring effects	-14.7	-7.2	-3.1	4.3	13.1	8.2	-1.3	-0.5	-6.0	4.9
Segment earnings before interest and taxes	49.9	49.4	30.0	48.9	35.0	28.7	-24.7	-23.2	90.2	103.8
Financial result									-0.7	-1.9
Income taxes									-25.7	-33.9
Net income									63.8	68.0

¹⁾ Adjusted for non-recurring effects.

²⁾ Adjusted for non-recurring effects and amortization and impairments from purchase price allocations.

Geographical information

€ millions	Germany		Other countries		Consolidated totals	
	Q2/2016	Q2/2015	Q2/2016	Q2/2015	Q2/2016	Q2/2015
Revenues	418.3	413.1	383.6	383.6	801.9	796.7

Operating segments

€ millions	Classified Ad Models		Paid Models		Marketing Models		Services/Holding		Consolidated totals	
	H1/2016	H1/2015	H1/2016	H1/2015	H1/2016	H1/2015	H1/2016	H1/2015	H1/2016	H1/2015
Revenues	424.7	355.3	709.0	751.3	414.1	428.1	37.5	42.5	1,585.3	1,577.3
Internal revenues	0.2	0.2	2.3	1.5	1.3	5.0	75.6	79.8		
Segment revenues	424.9	355.6	711.4	752.8	415.5	433.1	113.1	122.3		
EBITDA¹⁾	171.4	146.5	83.0	101.3	46.5	48.0	-28.0	-29.1	272.9	266.7
EBITDA margin¹⁾	40.4%	41.2%	11.7%	13.5%	11.2%	11.2%			17.2%	16.9%
Thereof income from investments	0.0	-0.6	4.8	2.9	3.1	1.9	0.2	0.0	8.1	4.1
Thereof accounted for using the equity method	0.0	-0.6	-1.0	0.8	-2.3	-3.7	0.0	0.0	-3.3	-3.5
Depreciation, amortization, impairments, and write-ups (except from non-recurring effects and purchase price allocations)	-17.2	-12.8	-15.1	-15.9	-6.8	-6.1	-18.0	-17.1	-57.0	-51.9
EBIT²⁾	154.3	133.7	67.9	84.9	39.7	41.9	-46.1	-45.7	215.9	214.8
Amortization and impairments from purchase price allocations	-29.3	-24.0	-10.1	-9.2	-3.7	-4.6	0.0	0.0	-43.0	-37.9
Non-recurring effects	68.6	-5.8	85.8	5.3	13.1	5.5	-1.7	-4.4	165.8	0.7
Segment earnings before interest and taxes	193.6	103.9	143.7	81.0	49.1	42.8	-47.7	-50.1	338.6	177.6
Financial result									-1.1	-14.5
Income taxes									-64.3	-52.1
Net income									273.2	111.0

¹⁾ Adjusted for non-recurring effects.

²⁾ Adjusted for non-recurring effects and amortization and impairments from purchase price allocations.

Geographical information

€ millions	Germany		Other countries		Consolidated totals	
	H1/2016	H1/2015	H1/2016	H1/2015	H1/2016	H1/2015
Revenues	828.4	823.5	756.9	753.9	1,585.3	1,577.3

Notes to the Consolidated Financial Statements

General information

Axel Springer SE is an exchange-listed stock corporation with its registered head office in Berlin, Germany.

The interim financial report of Axel Springer SE as of June 30, 2016, fulfils the requirements of the German Securities Trading Act (WpHG). The consolidated interim financial statements were prepared in condensed form in conformity with the regulations of IAS 34, and by application of Section 315a HGB in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) and the interpretations of the IFRS Interpretations Committee (IFRS IC) approved by the IASB, in effect and recognized by the European Union (EU) as of the reporting date and applicable to interim financial reporting. The reporting currency is the Euro (€); unless otherwise indicated, all figures are stated in million Euros (€ millions). Totals and percentages have been calculated based on the Euro amounts before rounding and may differ from a calculation based on the reported million Euro amounts.

The accounting and valuation methods and the estimation methods applied in the interim financial statements as of June 30, 2016, are basically the same as those applied in the consolidated financial statements as of December 31, 2015. A detailed description of these methods has been published in the notes to the consolidated financial statements for 2015.

Companies included in the consolidated financial statements

The following table shows the composition of the companies included in the consolidated financial statements:

	06/30/2016	12/31/2015
Fully consolidated companies		
Germany	79	75
Other countries	112	105
Investments accounted for using the equity method		
Germany	5	5
Other countries	6	6

In the reporting period, the changes arose mainly from the ensuing circumstances:

At the beginning of January, our Swiss business has been merged into the newly formed Ringier Axel Springer Schweiz AG, Zurich, Switzerland, in which we hold a 50 % stake. Since then, the joint venture has been included in our consolidated financial statements using the equity method.

In January, we sold our stake in the previously fully consolidated Automotive Exchange Private Limited, Mumbai, India (CarWale). At the end of January, we also sold our shares in MDB SAS, Evry Cedex, France, which had been accounted for under the equity method.

At the end of January, we acquired 100 % of the shares in Good & Co Labs Inc., San Francisco, USA. We have fully consolidated the company since then.

In mid-April, we purchased 50.01 % of the shares in Traum-Ferienwohnungen GmbH, Bremen. The company has been fully consolidated since the acquisition date.

At the beginning of May, we sold our shares in the previously fully consolidated Smarthouse Media GmbH, Karlsruhe.

Acquisitions and divestitures

At the beginning of January, Ringier and Axel Springer completed the establishment of the joint venture company **Ringier Axel Springer Schweiz AG**, Zurich, Switzerland. This gathers all Swiss-German and West Swiss newspaper titles (including their associated online portals) and the West Swiss broadsheet, *Le Temps*, belonging to Ringier, and the entire business of Axel Springer in Switzerland.

The gain on disposal recorded in other operating income amounted to € 103.4 million and was adjusted as a non-recurring effect. The following table shows the carrying amounts of the assets merged into the joint venture as of beginning of 2016 as well as the corresponding assets and liabilities and the realization of foreign exchange effects recorded in profit or loss that had previously been recognized directly in accumulated other comprehensive income in equity:

€ millions	Carrying amount
Fair value of investment	140.8
Receivable from disposal of trademarks	40.6
Other contractual claims and obligations	-16.3
Additions net assets	165.1
Goodwill	62.3
Intangible assets	88.1
Property, plant, and equipment and non-current financial assets	4.1
Trade receivables	3.0
Other assets	6.2
Deferred tax assets	9.0
Cash and cash equivalents	4.0
Provisions and liabilities	-56.0
Deferred tax liabilities	-10.0
Disposal net assets	110.7
Cumulative translation differences	49.0
Gain on disposal	103.4

In line with our strategy to expand our digital activities in English-speaking regions – particularly the US market –

and to complement our portfolio of innovative Paid Models, we acquired approx. 93 % of the shares in **eMarketer Inc.**, New York, USA, at the beginning of July. eMarketer is a leading provider of high-quality analyses, studies and digital market data for companies and institutions. The transaction was conducted on the basis of a company valuation of approx. € 220 million. Taking into account cash and cash equivalents as well as debts, the purchase price for the approx. 93 % share in eMarketer totaled approx. € 207 million. The acquisition-related expenses recorded in other operating expenses of the fiscal year amounted to € 1.3 million. For the remaining 7 % of the shares, mutual contingent considerations have been agreed on, in which the fair value depends on the future results of eMarketer.

In order to strengthen our market position in the Scandinavia, the @Leisure Group announced a public voluntary take-over bid at the end of May to purchase all outstanding shares of **Land & Leisure A/S**, Copenhagen, Denmark. Land & Leisure A/S brokers vacation properties under the brand name DanCenter and vacation park accommodation in Denmark, Sweden, Norway, and Germany under the brand name Danland. After approval by the responsible competition authorities and after the expiration of the deadline for the takeover bid, the @Leisure Group acquired a total of 75.96 % of the shares for approx. € 47.0 million as of July 25, 2016.

Because the acquisitions of eMarketer and Land & Leisure A/S occurred shortly before the publication of this interim report, audited financial information concerning the acquired net assets is not yet available.

Further business combinations that occurred in the reporting period related to the acquisitions of 50.01% of the shares in Traum-Ferienwohnungen GmbH, Bremen, as well as 60.4% of the shares in infoRoad GmbH, Heroldsberg and 100% of shares in the companies Good & Co Labs Inc., San Francisco, USA and Milkround Online Limited, London, UK. The acquisitions were carried out in the context of our strategy to become the leading digital publisher, and individually had no material effects on the financial position, liquidity, and financial performance of the Axel Springer Group.

The acquisition costs for the acquisitions – which are partly preliminary – finalized in the reporting period amounted to € 41.2 million and contained besides the purchase prices paid also contingent considerations totaling € 2.6 million. The acquisition-related expenses recorded in other operating expenses of the fiscal year amounted to € 0.2 million.

The contingent considerations resulted from earn-out agreements as well as from option rights to purchase the remaining shares and were recorded at fair value at the acquisition date. The fair value predominantly depends on the estimated results of the acquired companies in the years prior to possible payment or exercise dates.

Based on the purchase price allocations, which are partly preliminary, the cumulative acquisition costs were allocated to the purchased assets and liabilities at the respective acquisition dates as follows:

€ millions	Carrying amount after acquisition
Intangible assets	5.7
Property, plant, and equipment and non-current financial assets	0.7
Trade receivables	0.3
Other assets	1.3
Cash and cash equivalents	0.9
Trade payables	-0.1
Financial liabilities	-0.2
Provisions and liabilities	-7.8
Deferred tax liabilities	-1.9
Net assets	-1.2
Acquisition cost (preliminary)	41.2
Goodwill (preliminary)	40.3

The purchase price allocations consider all subsequent events related to the acquisition date and have not yet been completed for some acquisitions because of their occurrence shortly before the publication of this interim report.

Of the intangible assets acquired, intangible assets with carrying amounts of € 3.5 million have indefinite useful lives. The non-tax-deductible goodwills are above all attributable to inseparable values such as employee expertise and expected synergy effects from the integration, and were allocated to the Classified Ad Models (€ 38.2 million) and Paid Models (€ 2.1 million) segments.

Since their respective initial consolidations, these companies contributed to consolidated revenues 2016 in the amount of € 2.9 million and to consolidated net income 2016 in the amount of € 0.0 million. If these acquisitions had already been finalized at January 1, 2016, consolidated revenues would have increased by € 6.3 million and, consolidated net income would have changed by € - 0.4 million.

In January, we finalized the sale of our 90.3 % stake in **Automotive Exchange Private Limited**, Mumbai, India (CarWale), at a disposal price totaling € 81.1 million. The disposal price after deduction of taxes amounted to € 64.0 million. The gain on disposal recorded in other operating income amounted to € 83.3 million and was adjusted as a non-recurring effect. The following table shows the carrying amounts of the assets and liabilities disposed of:

€ millions	Carrying amount
Goodwill	11.0
Intangible assets	5.1
Property, plant, and equipment	0.7
Trade receivables	1.2
Other assets	2.6
Cash and cash equivalents	0.1
Trade payables	-0.5
Financial liabilities	-15.5
Provisions and liabilities	-4.2
Deferred tax liabilities	-1.6
Disposal net assets	-1.2
Share of non-controlling interests in net assets	-1.2
Cumulative translation differences	2.2
Selling price	81.1
Gain on disposal before taxes	83.3

Further divestitures that occurred in the reporting period related to the sale of our 91.0 % share in **Smart-house Media GmbH**, Karlsruhe. The transaction had no material effects on the financial position, liquidity, and financial performance of the Axel Springer Group. The gain on disposal recorded in other operating income amounted to € 16.3 million and was adjusted as a non-recurring effect. The following table shows the carrying amounts of the assets and liabilities disposed of:

€ millions	Carrying amount
Goodwill	1.9
Intangible assets	1.0
Property, plant, and equipment	0.9
Trade receivables	4.0
Other assets	0.4
Cash and cash equivalents	0.6
Trade payables	-0.4
Financial liabilities	-0.2
Provisions and liabilities	-2.0
Deferred tax liabilities	-0.3
Disposal net assets	5.8
Share of non-controlling interests in net assets	0.4
Selling price	21.8
Gain on disposal	16.3

Additional transactions carried out in the reporting period had no material effects individually and collectively on the financial position, liquidity, and financial performance of the Axel Springer Group.

Share-based payment

As of May 1, 2016, current members of the Executive Board were granted a long-term variable remuneration in the form of a long-term incentive plan ("LTIP") with a duration – including lock-up periods – until 2023. The LTIP stipulates a participation in the increase in the company value, measured on the basis of market capitalization. It shall be distributed in the form of a cash bonus and contains a subsequent obligation to purchase Axel Springer shares in the corresponding amount.

At the reporting date, the LTIP is measured at fair value as a cash-settled share-based payment and is recognized proportionally in accordance with the projected vesting. At the grant date, the value of the LTIP was determined at € 32.1 million using a stochastic model for the valuation of stock options. In the reporting period, the calculated remuneration component recognized as personnel expenses amounted to € 1.2 million accumulated for all members of the Executive Board.

For further information we refer to page 15 of the interim management report.

Relationships with related parties

From January to June 2016, we supplied goods and services to related companies in the value of € 9.6 million (PY: € 8.3 million). The goods and services received from related companies during the reporting period had a total value of € 5.4 million (PY: € 12.4 million).

In general, the transactions giving rise to the goods and services received and supplied were in line with the scope of business dealings described in the consolidated financial statements as of December 31, 2015

Other disclosures

At the beginning of January, we sold a part of our office building located in Hamburg, which had previously been partially owner-occupied and partially rented out. The carrying amounts of assets held for sale amounting to € 105.2 million and the corresponding liability from finance lease totaling € 68.0 million were derecognized as a result of the transaction. No gain or loss on disposal

was recorded. Liabilities due to advance payments received in 2015 in the amount of € 115.6 million were realized. In January 2016, the portion of the purchase price received attributable to our planned assets for pension obligations (€ 67.5 million) was disbursed accordingly to our plan assets.

At the end of April, the FUNKE Mediengruppe prematurely repaid the vendor loan vis-à-vis Axel Springer SE that had been assumed for the acquisition of Axel Springer's German regional newspapers, TV program guides, and women's magazines as of 2014. The vendor loan was previously recorded in other financial assets and amounted to € 260.3 million including accrued interest payments.

Apart from the ensuing exceptions, financial assets and liabilities were valued at amortized costs. In this regard, except for the financial liabilities towards banks, the carrying amounts were equal to the fair values. The carrying amount of these financial liabilities amounted to € 1,113.1 million, whereas their fair value was € 1,126.3 million (values as of December 31, 2015: carrying amount: € 1,251.5 million, fair value: € 1,259.6 million).

The following table shows the assets and liabilities measured at fair value:

€ millions	06/30/2016			12/31/2015		
	Fair value based on market price (level 1)	Fair value based on observable market data (level 2)	Fair value not based on observable input factors (level 3)	Fair value based on market price (level 1)	Fair value based on observable market data (level 2)	Fair value not based on observable input factors (level 3)
Other non-current investments and securities			14.2			14.2
Derivatives designated as a hedging instrument (positive fair value)		3.6				
Derivatives not designated as a hedging instrument (positive fair value)		2.4	154.4		5.1	203.8
Derivatives designated as a hedging instrument (negative fair value)		0.7			0.7	
Derivatives not designated as a hedging instrument (negative fair value)		31.2			54.6	
Contingent consideration			298.0			307.8

By exercising a put option in January 2016, we sold approx. 2.3 % of our shares in Doğan TV Holding A.S., Istanbul, Turkey, in the reporting period with proceeds amounting to € 55.3 million. The value for the contractually agreed put option rights – recorded at the end of the previous fiscal year with the value of the discounted payment claims – was reduced correspondingly so that there was no income effect in the reporting period. As of June 30 2016, the remaining put options were measured at fair value on the basis of non-observable parameters (discounted payment claims) within the balance sheet item financial assets with an amount of € 154.4 million (value as of December 31, 2015: € 203.8 million). In the reporting period, a profit in the amount of € 4.5 million was recorded in the income statement as a result of compounding. Assuming a variation of 25 basis points with respect to the interest rate, the fair value of the put options would change by approx. € 1.7 million.

The further financial derivatives not designated as a hedging instrument were mainly used to hedge loans of foreign subsidiaries in Norway and in Great Britain nominated in Euro (nominal values: € 150.0 million and € 50.0 million), and were recorded within the balance sheet items other assets and other liabilities. The valuation of these financial derivatives is based on observable parameters using generally accepted valuation models

Events after the reporting date

At the beginning of July 2016, the acquisition of eMarketer Inc. – which was contractually initiated in June 2016 – was finalized (see page 29).

After approval by the responsible competition authorities and after the expiration of the deadline for the takeover bid, the @Leisure Group acquired in total 75.96 % of the shares in Land & Leisure A/S as of July 25, 2016 (see page 29).

and is mainly influenced by the development of forward rates and interest yield curves. Like the effects from currency translation of the underlying transactions, the changes in fair values were recorded in the income statement.

The fair value of obligations from contingent consideration – which is premised on non-observable parameters – amounted to € 298.0 million (value as of December 31, 2015: € 307.8 million) and was recorded within the balance sheet item other liabilities. During the reporting period, € 20.3 million were paid as a result of exercised put options. In the course of revaluation and compounding, total expenses and income in the amount of € 10.6 million (PY: € -2.7 million) was recorded in the income statement. The fair valuation of obligations from contingent consideration predominantly depends on the estimated results of the acquired companies in the years prior to possible exercise dates of the options. The earnings used as a basis for measurement are generally EBITDA figures adjusted for material non-recurring effects. In case of an increase of the relevant earnings measures by 10 %, the value of the contingent consideration would increase by 11 %, in case of a decrease of the relevant earnings measures by 10 %, the value of the contingent consideration would decrease by 8 %.

Review Report

We have reviewed the condensed consolidated interim financial statements – comprising the statement of financial position, income statement, statement of recognized income and expenses, statement of changes in cash flows, statement of changes in equity, and selected explanatory notes – together with the interim group management report of Axel Springer SE for the period from January 1 to June 30, 2016, which are components of the interim financial report pursuant to Section 37w (3) WpHG, (“Wertpapierhandelsgesetz”: German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the legal representatives of the company. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review. We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the review so that we can preclude, through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and thus provides less assurance than an audit. Since, in accordance with our engagement, we have not performed a financial statements audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Berlin, August 2, 2016

Ludwig
Wirtschaftsprüfer

Mielke
Wirtschaftsprüferin

Declaration of the legal representatives

To the best of our knowledge, and in accordance with the applicable reporting principles for interim reporting, the consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the interim Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Berlin, July 27, 2016

Axel Springer SE

Dr. Mathias Döpfner

Jan Bayer

Dr. Julian Deutz

Dr. Andreas Wiele

Report of the Audit Committee of the Supervisory Board

The interim financial report as of June 30, 2016 and the independent auditor's review report of the interim consolidated financial statements, which served as the basis for the auditor's certification, were presented to the Audit Committee of the Supervisory Board and were explained by the Management Board. These documents were discussed by the Audit Committee of the Supervisory Board with the Management Board and the independent auditor. The Audit Committee approved the interim financial statements.

A reproduction of the review report of the independent auditor is provided in the notes to the interim financial statements of this interim financial report.

Berlin, in August 2016

Lothar Lanz

Chairman of the Audit Committee

Disclaimer

This interim financial report contains forward-looking statements, which are necessarily fraught with certain risks and uncertainties. The future development and results of Axel Springer SE and the Axel Springer Group may differ considerably from the assumptions applied for purposes of this interim financial report. The present interim financial report does not constitute an offer to sell, nor an invitation to submit an offer to buy, securities of Axel Springer SE. The present interim financial report does not entail an obligation on the part of the company to update the statements contained therein.

Additional Information

Financial calendar 2016

Annual Financial Statements Press Conference	March 3, 2016
Annual Shareholders' Meeting	April 13, 2016
Quarterly Statement as of March 31, 2016	May 11, 2016
Interim Financial Report as of June 30, 2016	August 3, 2016
Quarterly Statement as of September 30, 2016	November 3, 2016

Contacts

Axel Springer SE
Axel-Springer-Straße 65
10888 Berlin
Tel. +49 (0) 30 25 91-0

Investor Relations
Fax +49 (0) 30 25 91-7 74 22
ir@axelspringer.de

Claudia Thomé
Co-Head of Investor Relations
Tel. +49 (0) 30 25 91-7 74 21
claudia.thome@axelspringer.de

Daniel Fard-Yazdani
Co-Head of Investor Relations
Tel. +49 (0) 30 25 91-7 74 25
daniel.fard-yazdani@axelspringer.de

Additional information about Axel Springer SE is available on the Internet at www.axelspringer.de. The interim financial report is also available in the original German.