# 12

# Annual Report

axel springer

# Contents

# Group Key Figures

| € millions | Change yoy | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| **Total revenues** | **3.9 %** | **3,310.3** | **3,184.9** | **2,893.9** | **2,611.6** | **2,728.5** |
| *Digital Media revenues as percent of total revenues (pro forma)* | | *37.2 %* | *34.0 %* | - | - | - |
| *International revenues as percent of total revenues* | | *35.1 %* | *32.9 %* | *28.1 %* | *21.0 %* | *21.9 %* |
| Circulation revenues | −3.5 % | 1,162.6 | 1,204.5 | 1,174.3 | 1,176.2 | 1,215.8 |
| Advertising revenues | 9.4 % | 1,758.1 | 1,606.8 | 1,384.8 | 1,138.5 | 1,248.1 |
| Other revenues | 4.3 % | 389.6 | 373.5 | 334.8 | 296.9 | 264.7 |
| **EBITDA[1)]** | **5.8 %** | **628.0** | **593.4** | **510.6** | **333.7** | **486.2** |
| *EBITDA margin[1)]* | | *19.0 %* | *18.6 %* | *17.6 %* | *12.8 %* | *17.8 %* |
| Consolidated net income | −4.7 % | 275.8 | 289.4 | 274.1 | 313.8 | 571.1 |
| Consolidated net income, adjusted[1)] | 1.3 % | 347.9 | 343.3 | 283.2 | 152.6 | 254.6 |
| **Segments** | | | | | | |
| **Revenues** | | | | | | |
| Digital Media | 22.0 % | 1,174.2 | 962.1 | 711.8 | 470.4 | 378.2 |
| Newspapers National | −3.3 % | 1,126.1 | 1,164.9 | 1,194.2 | 1,213.7 | 1,277.6 |
| Magazines National | −3.9 % | 450.1 | 468.1 | 486.1 | 517.8 | 564.1 |
| Print International | −6.9 % | 440.8 | 473.5 | 400.9 | 311.7 | 409.8 |
| Services/Holding | 2.5 % | 119.1 | 116.2 | 100.8 | 98.1 | 99.0 |
| **EBITDA[1)]** | | | | | | |
| Digital Media | 53.6 % | 242.9 | 158.1 | 85.8 | 43.2 | 20.9 |
| Newspapers National | −9.4 % | 256.1 | 282.7 | 296.0 | 243.8 | 348.9 |
| Magazines National | −9.6 % | 93.3 | 103.2 | 101.0 | 55.0 | 88.8 |
| Print International | −11.9 % | 65.0 | 73.8 | 61.5 | 12.3 | 27.8 |
| Services/Holding | - | −29.3 | −24.4 | −33.7 | −20.5 | −0.2 |
| **Liquidity and financial position** | | | | | | |
| Free cash flow[2)] | 30.8 % | 384.4 | 293.9 | 299.3 | 231.3 | 219.7 |
| Capex[3)] | - | −80.7 | −112.7 | −59.2 | −38.9 | −46.7 |
| Total assets | 14.8 % | 4,808.2 | 4,187.5 | 3,603.2 | 2,934.3 | 2,809.1 |
| *Equity ratio* | | *46.9 %* | *46.1 %* | *49.2 %* | *40.8 %* | *38.0 %* |
| Net debt/liquidity | - | −449.6 | −472.8 | 79.6 | −193.0 | −369.5 |
| **Share-related key figures[4)]** | | | | | | |
| Earnings per share (in €) | −8.0 % | 2.41 | 2.62 | 2.73 | 3.40 | 6.18 |
| Earnings per share, adjusted (in €)[1)5)] | −0.9 % | 3.00 | 3.03 | 2.59 | 1.41 | 2.43 |
| Dividend (in €)[6)] | 0.0 % | 1.70 | 1.70 | 1.60 | 1.47 | 1.47 |
| Year-end share price (in €) | −2.8 % | 32.29 | 33.21 | 40.67 | 25.02 | 17.13 |
| Market capitalization as of December 31[7)] | −2.6 % | 3,189.9 | 3,274.7 | 3,999.2 | 2,236.5 | 1,525.4 |
| Free float | | 41.3 % | 41.1 % | 40.8 % | 23.5 % | 23.1 % |
| **Average number of employees** | **5.9 %** | **13,651** | **12,885** | **11,563** | **10,740** | **10,666** |

1) Adjusted for non-recurring effects and effects of purchase price allocation.
2) Cash flow from operating activities minus capital expenditures, plus cash inflows from disposals of intangible assets and property, plant and equipment.
3) Capital expenditures on intangible assets, property, plant, and equipment, and investment property.
4) Based on number of shares considering the share split in 2011. Quotations based on XETRA closing prices.
5) The adjusted earnings per share (diluted) was calculated on the basis of the weighted average shares outstanding (diluted) in the reporting year (98.728 million).
6) Dividend proposal for the financial year 2012.
7) Based on outstanding shares at the closing price, excluding treasury shares.

# Foreword

**Dr. Mathias Döpfner**
Chairman of the Executive Board

*“Our goal is to become the leading digital media group.”*

Dear Shareholders!

The Internet is the greatest invention in the history of civilization since language, writing, and printing. It is certainly the greatest business opportunity of our time. I believe we need to leverage this historic opportunity for the benefit of our company and our shareholders. And I am convinced that Axel Springer AG will derive a substantial benefit from these changes and sustainably increase the company’s value. Our goal is to become the leading digital media group.

Just a few years ago, our objective was to generate half our revenue and earnings from online activities. That goal is now within our reach: today more than one-third of our revenue and earnings come from our online activities. I believe it’s time to set the bar even higher. Our goal now is to fully transform Axel Springer AG into an online company.

Paper will still be used as a reading medium for many years. But the stakes are higher. We need to be concerned with protecting the future of quality journalism, whether print or online. Therefore, newspapers must be emancipated from paper as a carrier medium. We continue to fight for every newspaper and ad sold, with all our strength and creativity. But we do not want to defend paper as an information carrier in a protectionist manner. Why not? Because it is a fight that cannot be won. And because it is a fight that should not even be won. It is smarter to defend the future, in the form of journalism, content, and a business model based on branded media, instead of defending the past, meaning the regressive carrier medium of paper. Besides, the Internet has long been a more exciting place for journalism than print. These days, most young people start their journalism careers on the web. The greatest talents of the new generation can be found there, more than anywhere else. Economically, too, the Internet has become more attractive than paper. Marginal costs are lower, profit margins are often higher, distribution is less costly. Looking ahead, your money as shareholders is better invested in a digital media group.

Traditionally, journalism, advertising, and classifieds have been the three core competencies of Axel Springer. Therefore, we are systematically establishing a high-growth, high-return digital portfolio in three market segments: content portals, marketing, and classified ad portals. We will continue to invest in these three areas. And we will continue to prove that Axel Springer is a value-creating, value-enhancing partner. The crucial fact is that a company or business model will be more successful, grow its business more quickly, and operate more profitably in combination with the marketplaces and competencies of Axel Springer AG, than without. We have seen this time and again with our acquisitions. Business founders want to sell majority stakes to us because they know the value of their own stakes will be higher than if they go it alone or partner with a purely financial investor.

Axel Springer understands itself today as a group of "United Artists" – a house of creative people. Creative authors or programmers or business people. We are stronger together, but respect our individual differences, including our disparate opinions. We want passionate entrepreneurs to feel just as welcome at Axel Springer as the best journalists.

In addition to acquiring established online companies that are already profitable, we will look for startups and companies still in the early phases of their life cycles. This will allow us to accelerate the pace of innovation and further increase the efficiency of capital employed.

With these goals in mind, we recently sent a group of senior executives to Palo Alto, California, a practice which is now becoming a permanent institution of "visiting fellows." As a company based in Berlin, known as the "European Silicon Valley," we also want to benefit even more from dynamic business startups. The joint venture with a California-based business accelerator is one example of this effort.

In 2013, our priority will be introducing web-based pay models for our two-biggest multimedia brands, BILD and WELT. We are doing that from a position of strength, having generated EBITDA of more than € 600 million in financial year 2012. Our digital revenues passed the € 1 billion mark in 2012. That means digital media is already our biggest operating segment.

Besides investing in strong brands and editorial talent, we are also taking steps to ensure the high profitability of our print media against the background of structurally caused revenue declines. The most recent market trends for ad placements and circulation numbers are not encouraging: a negative development, but on a high level and with strong margins. In response, we are accelerating the pace of Axel Springer's transformation in the current year. That will result in substantial cost savings over the long term. We are weatherproofing our company with great determination. Because we are doing so well, and to make sure we will continue doing well in the future.

We do not fear the future, or the fundamental changes the media business is facing. We want to emerge from this revolution as a winner. And increase the value of your company substantially.

Sincerely yours,

Mathias Döpfner

# 4 Executive Board

## Dr. Mathias Döpfner

Chairman

Born 1963, journalist.
Career milestones:
Frankfurter Allgemeine Zeitung, Gruner+Jahr; Chief Editor Wochenpost, Hamburger Morgenpost, and DIE WELT. Member of the Executive Board since 2000, Chairman since 2002.

## Jan Bayer

President WELT Group and Printing

Born 1970, Master's degree in media studies. Career milestones: Süddeutsche Zeitung; Publisher Volksstimme, Magdeburg; Publisher Süddeutsche Zeitung; Chairman of the Management Board of the WELT Group. Member of the Executive Board from 2012.

## Ralph Büchi

President International Division

Born 1957, business economist. Career milestones: Editor Handelszeitung; Chairman of the Management Board of the Handelszeitung publishing group; CEO Axel Springer Schweiz AG; President of Axel Springer International. Member of the Executive Board from 2012.

## Lothar Lanz

Chief Financial Officer and Chief Operating Officer

Born 1948, Master's degree in commerce.
Career milestones: Bayerische Hypotheken- und Wechselbank AG; member of the Executive Board at HSB HYPO Service-Bank AG; member of the Executive Board at Nassauische Sparkasse; member of the Executive Board and Chief Financial Officer at ProSiebenSat.1 Media AG.
Member of the Executive Board since 2009.

## Dr. Andreas Wiele

President BILD Group and Magazines

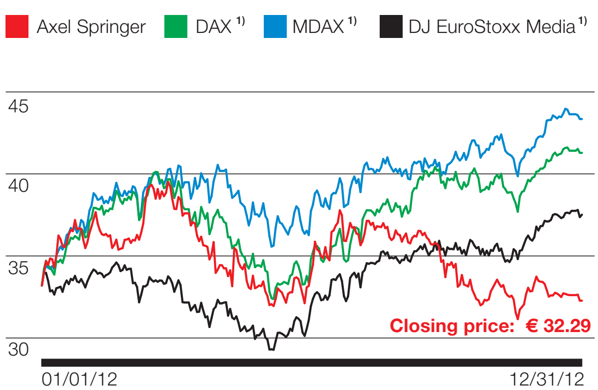
Born 1962, lawyer.
Career milestones: Editor, Hamburger Morgenpost; Head of Publishing Capital and Geo, Gruner+Jahr, Paris/France; Executive Vice President and Chief Operating Officer of Gruner+Jahr USA Publishing, New York.
Member of the Executive Board since 2000.

# 6 The Axel Springer share

## *2012 was a very good year for stock markets*

The leading German stock market index, the DAX, performed very well in 2012, rising 24.4 % from its level at the end of 2011 and reaching new five-year highs towards the end of the year. Indeed, the MDAX, which includes the Axel Springer share, reached an all-time high in mid-December and closed the year with a gain of 30.6 %. Investors were comforted by the various statements of the European Central Bank about supporting the euro and by the measures taken by the U.S. Federal Reserve, which contributed to the recovery of stock markets. The media industry index DJ EuroStoxx Media also did very well in 2012, gaining 13.0 % for the year.

**Performance Axel Springer Share**




[1] Indexed on the year-end share price of Axel Springer AG as of December 30, 2011.

## *Axel Springer share decoupled from the market trend in the second half*

At the beginning of the year, the Axel Springer share followed a similarly strong upward trend as the relevant comparison indexes. After a brief weak phase in February, the share re-closed the gap with the relevant indexes by the end of the first quarter and reached its high for the year of € 39.52 on March 26. Through the end of July, the Axel Springer share did not perform as well as the comparison indexes, but it trended in the same direction. Starting in August, however, the Axel Springer share exhibited a pronounced downward trend, while all the comparison indexes improved substantially in the further course of the year. The Axel Springer share reached its low for the year of € 31.16 on November 16, before recovering somewhat to reach € 32.29 by the end of the year, 2.8 % below its year-ago price. At year-end 2012, the company's market capitalization amounted to € 3.2 billion.

## *Expanded analyst coverage*

At the end of 2012, the Axel Springer share was covered by 19 (PY: 17) stock analysts. One firm discontinued coverage and three new firms took up coverage of the Axel Springer share in 2012. A continually updated, complete list of banks and investment banks that cover our share, along with their investment recommendations and share price targets, can be found on our website at www.axelspringer.de/ir.

## *Investor relations*

The company's Management and Investor Relations team presented the company and its strategy on a total of 17 days at investor conferences and roadshows in Europe and the United States. In addition, we held numerous discussions and telephone conferences throughout the year with investors, analysts, and other capital market participants. The telephone conferences conducted on the occasion of publishing our financial reports are streamed live on the Internet and are available to download afterwards. We held our fifth "Capital Markets Day" for stock analysts, institutional investors, and bankers at our corporate headquarters in Berlin on December 11, 2012. The event was broadcast live on the Internet as a webcast and could be downloaded afterwards, along with the presentations shown there. Up-to-date information on the latest developments can always be found in the Investor Relations section of our website at www.axelspringer.de.

### Share Information

| € | 2012 | 2011 | Change |
|---|---|---|---|
| Earnings per share | 2.41 | 2.62 | –8.0 % |
| Earnings per share (adjusted) | 3.00 | 3.03 | –0.9 % |
| Dividend[1] | 1.70 | 1.70 | 0.0 % |
| Total dividend payout (€ millions) | 167.9 | 167.6 | 0.2 % |
| Year-end share price | 32.29 | 33.21 | –2.8 % |
| Highest price | 39.52 | 41.67 | –5.2 % |
| Lowest price | 31.16 | 24.50 | 27.2 % |
| Market capitalization (€ millions)[2)3)] | 3,189.9 | 3,274.7 | –2.6 % |
| Daily traded volume (Ø, € thousands) | 5,288.4 | 7,296.6 | –27.5 % |
| Dividend yield[1)3)] | 5.3 % | 5.1 % | - |
| Total yield per share per year[4)] | 2.3 % | –14.4 % | - |

[1)] Dividend proposal for financial year 2012.
[2)] Calculated on the basis of the year-end closing price.
[3)] Based on shares outstanding, excluding treasury shares.
[4)] Share price development plus dividend payment.

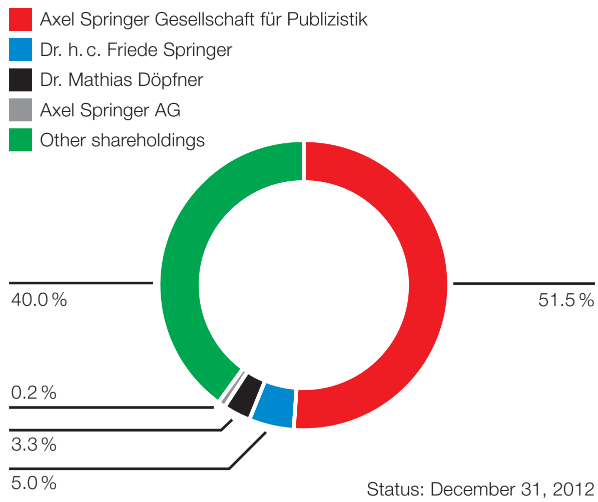
## *Another record dividend*

The annual shareholders' meeting of Axel Springer AG was held in Berlin on April 25, 2012. Approximately 450 shareholders, together representing about 84.5 % of voting capital, participated in the meeting. All the resolutions proposed by the management – including the payment of a dividend of € 1.70 per qualifying share – were approved by majorities of at least 97.5 %. Considering the effect of the 1:3 stock split conducted in 2011, the dividend was € 0.10 higher than the prior-year dividend and was therefore the highest dividend ever paid by Axel Springer AG. Based on the closing price of the company's share at the end of 2011, the dividend yield came to 5.1 %. The total dividend pay-out was € 167.6 million.

## *Share ownership program*

Our employees benefited directly from the appreciation of the company's value by participating in our share ownership program. Under this program, all employees of Axel Springer AG and its domestic subsidiaries who were eligible for a profit-sharing bonus for 2011, or who had entered into a target agreement, were given the chance in May 2012 to convert 50 % or 100 % of their profit-sharing bonus or performance-dependent compensation into shares of Axel Springer AG. To those employees who opted to convert half their profit-sharing bonus or performance-dependent compensation, Axel Springer contributed an additional 20 %, and to those employees who opted to convert all that amount, the company contributed an additional 30 %. The required holding period is four years, both for employees eligible for a profit-sharing bonus and for employees with target agreements. The shares were taken from the treasury stock of Axel Springer AG.

### Shareholder Structure




### Information on Listing

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

# 8 Combined Management Report

## *Summary of business performance and operating results in 2012*

Axel Springer hade a successful financial year 2012, meeting the forecast targets published in March 2012.

At € 3,310.3 million, the **total revenues** of the Axel Springer Group were 3.9 % higher than the prior-year figure of € 3,184.9 million. This increase resulted primarily from consolidation effects in the Digital Media segment. Adjusted for consolidation and currency effects, total revenues were on the level of the prior-year figure (+ 0.2 %). The Digital Media segment generated a double-digit revenue increase on the basis of organic growth, and acquisition effects gave an additional boost to growth. Earnings in the Digital Media segment rose stronger than revenues. Despite slightly lower revenues, the Print National segment was again very profitable. Axel Springer's international print media generated lower revenues, and returns on revenue were slightly less than the corresponding prior-year figure.

Consolidated **EBITDA** (earnings before interest, taxes, depreciation, and amortization) amounted to € 628.0 million, reflecting an increase of 5.8 % over the prior-year figure of € 593.4 million. The EBITDA margin of 19.0 % was likewise higher than the corresponding prior-year figure (18.6 %). This performance attests to the strong profitability of the Axel Springer Group. The lower earnings contributed by the print media were offset by the significantly higher earnings of the Digital Media segment.

The consolidated net income of € 275.8 million was slightly less than the prior-year figure (€ 289.4 million). This decrease resulted from non-operating, non-recurring effects and from purchase price allocation effects. Adjusted for non-operating effects, consolidated net income amounted to € 347.9 million, reflecting a moderate 1.3 % increase over the corresponding prior-year figure. Earnings per share were affected by the higher proportion of non-controlling interests, compared to the prior-year figure. Earnings per share fell to € 2.41 (PY: € 2.62). **Adjusted earnings per share** came to € 3.00, slightly below the corresponding prior-year figure (€ 3.03).

The Executive Board and Supervisory Board will propose a **dividend** of € 1.70 (PY: € 1.70) per qualifying share at the annual shareholders' meeting to be held on April 24, 2013.

## *Outlook for 2013*

For **financial year 2013**, we anticipate a low single-digit percentage increase in **total revenues**, assuming that the structurally declining trends of the print business do not worsen considerably. We anticipate that the expected decrease in circulation revenues will be more than offset by the planned increase in advertising revenues and by constant other revenues. We continue to expect organic growth in our digital media, strengthened by acquisition effects, while the revenues of our national and international print media are expected to decline further, in line with market trends.

We will increase our investments in the company's further development in financial year 2013. We will accelerate the pace of digitization and increasingly adjust the structures of our print business to reflect the structural changes. This plan will necessitate higher expenditures for expanding the digital business and significant expenses for structural adjustments in the print business. By reason of these expenditures, we anticipate a single-digit percentage decrease in the Group's **EBITDA**, compared to 2012.

By reason of the above-mentioned effects and the growing percentage of non-controlling interests, particularly in the Digital Media segment, **adjusted earnings per share** will be significantly less than the corresponding figure for 2012.

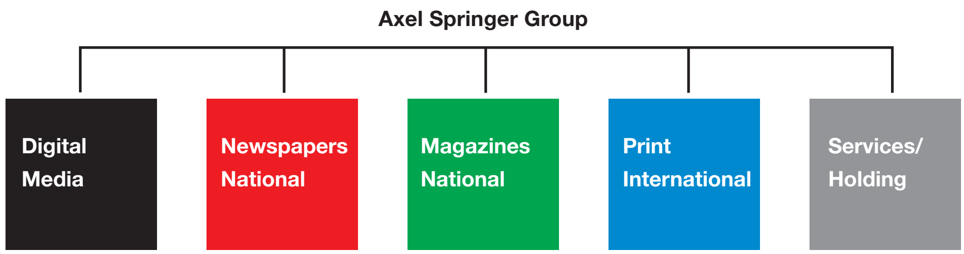
## *Introductory remarks*

The present combined management report for Axel Springer AG and the Group contains statements about the economic situation and business performance of the Axel Springer Group. These statements are also largely applicable to the parent company Axel Springer AG. Additional information on the economic situation of Axel Springer AG is provided in a separate chapter on page 38.

For the sake of better comparability, the operating earnings indicator EBITDA has been adjusted for non-recurring effects (see Section (31) of the notes to the financial statements).

# *Business and framework conditions*

**Segments**




## *Corporate structure and business activities*

### *Legal structure of the Group, business locations*

Axel Springer AG is an exchange-listed stock corporation with its registered head office in Berlin. The company also maintains offices in Hamburg, as well as at many other locations in Germany, through its subsidiaries. In addition, the Axel Springer Group comprises numerous companies in other European countries. Through our subsidiaries, joint ventures, and licenses, we are represented in a total of 44 countries. At December 31, 2012, the Axel Springer Group comprised 132 fully consolidated companies, including 75 outside of Germany. The consolidated shareholdings of the Group are listed in Section (42) of the notes to the financial statements.

The Executive Board of Axel Springer AG has resolved to propose to the annual shareholders' meeting to be held on April 24, 2013 that Axel Springer AG be converted into a European company (SE) in accordance with Art. 37, 2 para. 4 of the European Company Regulation (SE-Reg). By establishing a European legal form, Axel Springer AG intends to emphasize and facilitate the company's orientation to European and international markets. Also under the legal form of an SE, the company will maintain a dual corporate governance system consisting of a Executive Board and a Supervisory Board.

### *Business model*

Axel Springer is one of Europe's leading integrated multimedia companies, with a broad spectrum of print and digital offerings. The core competencies of Axel Springer are excellent journalism, marketing, and online classified ad portals. The broad media portfolio encompasses well-established brand families like those of the BILD Group and the WELT Group. Axel Springer also transfers its print brands and content to the digital world. The Group's portfolio also comprises online classified ad portals, performance marketing activities, and other activities.

### *Important products, services, and business processes*

The revenues of the Axel Springer Group are mainly composed of circulation and advertising revenues. Circulation revenues are generated on the sales of our newspapers, magazines, and digital information and entertainment offerings, while advertising revenues are generated by marketing the reach of our print and online media.

The company's value chain is designed on a cross-media basis. It encompasses all important processes of a media company, from conception, writing, and editing to production, distribution, and marketing.

### Cross-media conception
We strive continuously to enhance the presentation of our information and entertainment offerings, for example by improving existing formats with new editorial and graphic concepts or by introducing new products. In that respect, we place an especially strong emphasis on our digital media portfolio. The further development of our portfolio is crucial to the success of our operating business. For that reason, we also employ market research and pilot projects to identify highly promising trends and technologies at an early stage, and to participate in their progression. At the same time, we always apply a cross-media approach, so that we can make optimal use of synergies, expertise, and reach.

### Editorial content
Producing journalistic content in a creative and efficient way, and exploiting that content on a cross-media basis, is one of our core competencies. All journalistic content is gathered in our newsrooms and processed there in accordance with the demands of our print and online media. We operate integrated newsrooms for the print and online media of the BILD and WELT Groups, as well as BERLINER MORGENPOST, B.Z., and HAMBURGER ABENDBLATT, for example, and also for some of our international editorial teams. Furthermore, our newsrooms are increasingly being used to produce editorial content for different titles.

### Production
The production process for our digital media usually involves the processing and aggregation of information in databases, or the production of editorial content, which we then post on our websites or other digital resources. We produce our German newspapers in the Group's own three offset printing plants in Hamburg-Ahrensburg, Essen-Kettwig, and Berlin-Spandau, among other places. We perform all the necessary steps in the value chain ourselves, from plate production to shipping logistics.

### Distribution
We distribute our digital media through a variety of channels, including the Internet, mobile terminal devices, and download platforms like Apple's App Store and our internally developed distribution platform, iKiosk.

In Germany, our newspapers and magazines are distributed in more than 119 thousand retail sales outlets, which are supplied in a fast, reliable manner, employing a sophisticated logistics and transport system. We also distribute our media worldwide, via press wholesalers and press import companies.

### Marketing
The second important revenue source for Axel Springer, besides the traditional circulation revenues generated on sales of our print titles, are advertising revenues. In that respect, our journalistic content serves the purpose of reaching the target groups that are relevant to advertisers, so as to generate the reach that can be marketed in the form of ad space.

In the digital sphere, Axel Springer offers a wide range of online advertising, such as banners, layer ads, and wallpaper, as well as video formats, all of which are used for traditional reach marketing. We also seek to harness the potential of the growing online market by expanding our own online marketing activities.

Our portfolio also includes transaction-driven marketing models. As the leading provider of performance-based online marketing in Europe, the zanox Group brings advertisers and publishers together on the Internet, so as to generate new sales and marketing possibilities for them on an international level. Advertisers use our platforms to make their products and services available so that publishers can advertise those products and services by means of text links, ad banners, and online videos. The publishers receive a commission from the advertisers for every successfully completed online transaction. Our platforms serve as independent service providers, providing the necessary infrastructure, recording data flows and transactions, paying commissions to publishers, and offering tailored services.

Using the stationary and mobile Internet, kaufDA distributes the digitized advertising brochures of retailers specifically to the consumer's immediate environs. That way, advertisers can extend their traditional campaigns on a cross-media basis and tap new customer potential.

Axel Springer's newspapers and magazines, and its brand-derived digital media, are centrally marketed in Germany by Axel Springer Media Impact (ASMI), the country's leading cross-media marketer (based on gross market shares). ASMI began to make its digital marketing portfolio also available to outside companies in 2012. For example, ASMI has been marketing the display and video inventory of Sky.de since July of last year.

## *Segments of the Axel Springer Group*

Axel Springer's business activities are divided into five segments: Digital Media, Newspapers National, Magazines National, Print International, and Services/Holding. We link these different segments through our cross-media approach, in order to make optimal use of synergies and exploit all possibilities to create as much value as possible.

### *Digital Media*

Due to strong growth rates and intensive acquisition activity, the importance of Axel Springer's digital media activities has grown substantially. Of all five operating segments, the Digital Media segment contributed the highest shares of both revenues and earnings, for the first time ever, in the fourth quarter of financial year 2012. This segment is divided into three main areas of competence:

- Content portals and other digital media
- Performance marketing
- Axel Springer Digital Classifieds.

This portfolio comprises a large number of content portals and digital offerings. The principal activities are presented in the table below and explained in the following.

**Portfolio Digital Media**

| Content Portals and other Digital Media | Performance Marketing | Axel Springer Digital Classifieds |
|---|---|---|
| ■ Bild.de | ■ zanox | **Real estate** |
| ■ DIE WELT Online | ■ Digital Window | ■ SeLoger |
| ■ aufeminin | ■ M4N | ■ immonet |
| ■ Onet.pl | ■ eprofessional | ■ Immoweb.be |
| ■ Azet.sk | | |
| ■ idealo | | **Jobs** |
| ■ kaufDA | | ■ StepStone |
| ■ finanzen.net | | ■ Totaljobs |
| ■ Smarthouse | | |
| ■ Schwartzkopff TV | | ■ allesklar.com |

### Content portals and other digital media

The first area of competence comprises content portals and other digital business models.

The online activities of the BILD brand are bundled within BILD digital. Bild.de is Germany's biggest and widest-reach news and entertainment portal. With its apps for the iPhone, iPad, Android smartphones, tablet PCs, smart TVs, and a mobile portal, Bild.de is represented in all digital channels. Again in 2012, Bild.de was Germany's most-visited mobile media brand. According to the study entitled "mobile facts 2012-II" of the Working Group for Online Research (AGOF), the mobile portal of Bild.de enjoys a reach of 19.0 % or 4.0 million users, well ahead of its competitors. Axel Springer AG was awarded exclusive license rights to German National Soccer League highlights, for a four-year period starting with the 2013/2014 season. Bild.de will offer the highlights of all matches as video-on-demand, both on the Internet and on mobile terminal devices. BILD digital also includes products like stylebook.de, the meinKlub app, and the BILD Shop. The online portals of AUTO BILD hold a leading position in the automotive segment.

On both the stationary and the mobile Internet, the WELT Group's portal is one of the most successful online sites of all German premium newspapers. Already the market leader in the relevant competition set on iPad and Kindle, DIE WELT introduced versions for other tablet PCs in

August 2012, thereby strengthening its leading position in the mobile segment. In December 2012, DIE WELT introduced new subscription models for its digital products, making it one of the first major German national online news sites to charge users to access a website that had previously been free (see page 21).

Our online portfolio is supplemented by the online sites of German regional newspapers and magazines and by those of our international print media. In addition, we offer our own self-produced editorial content via paid apps for mobile terminal devices like smartphones and especially tablets, which run on all relevant operating systems, as well as different TV platforms (see page 22). We also operate various digital portals in Germany and abroad.

Our women's portal aufeminin.com is the European market leader in the category of fashion, beauty, and lifestyle websites. As it continues to internationalize its business, aufeminin.com is now active in 14 countries. In August, the company acquired the online casting agency Etoile Casting, a website that connects artists with more than 2,000 professional partners.

In November, Ringier Axel Springer Media successfully completed the acquisition of the leading Polish online portal Onet.pl. Onet.pl reaches about 70 % of Polish Internet users. (See page 26 for more on the acquisition of Onet.pl). In addition, Ringier Axel Springer Media has held a majority interest in azet.sk, Slovakia's leading Internet portal since late 2010. In Serbia, the joint venture acquired mojauto.rs, the second-biggest car market portal, as well as nekretnine.rs, one of that country's most-visited real estate websites, in 2012.

idealo.de continues to be the leading, widest-reach portal for product searches and price comparisons in Germany. In order to show users the lowest prices for every product, the portal searched for more than one million products and displayed more than 50 million offers from thousands of online vendors in 2012. Aside from prices, users can also view consumer test results and user opinions for each product.

Germany's widest-reach financial portal finanzen.net provides up-to-date financial markets data on every business day. It also launched a portal in Switzerland in early 2012 and one in Austria in late 2012.

Under the roof of "Bonial International Group," the concept embodied by kaufDA.de as Germany's leading consumer information portal for local shopping was internationalized further, not only in France, but also through market entries in Spain, Russia, and Brazil.

Smarthouse Media, a leading European provider of complex, web-based financial applications for banks, online brokers, and other providers of financial services, expanded its activities in the financial center of London in 2012. To that end, it stepped up its sales activities and hired new staff.

In India, Axel Springer holds an equity interest in CarWale.com, one of the leading portals in that country's market for the online brokerage of new and used cars. In October 2012, the company also launched a new portal for motorcycle riders, BikeWale.com.

Axel Springer owns Schwartzkopff TV, a production company for TV entertainment formats. Axel Springer also holds an investment in the regional TV station Hamburg 1, as well as minority stakes in a few German radio stations. Axel Springer continues to hold a minority interest in Turkey's biggest private-sector TV and radio company, the Doğan-TV Group. Doğan TV is the market leader in that country, both in terms of audience share and advertising market share.

### Performance marketing

Through the zanox Group (including Affiliate Window, M4N, and eprofessional), Axel Springer operates the leading performance advertising network for success-based online marketing in Germany and Europe. zanox further strengthened its position in 2012. Advertising customers only pay when an ad is successfully placed via the zanox platform. zanox improved its products and services continuously in 2012; for example, it introduced new statistical tools with which its customers can analyze the performance of partner programs and websites even more easily, quickly, and more effectively than before. Once again, zanox was named the best German-language affiliate network in 2012. It continued to press forward with the internationalization of its business.

### Axel Springer Digital Classifieds

Over the last few years, Axel Springer has built up a portfolio of leading online classified portals, focused primarily on real estate and job listings. To accelerate the pace of growth in this strategically important sector, Axel Springer entered into an agreement with the global growth investor General Atlantic LLC in the first quarter of 2012, under which the latter purchased a 30 % equity interest in the newly formed company Axel Springer Digital Classifieds GmbH (see page 25 for more information on this subject). After contributing SeLoger, immonet, and StepStone to this new company and acquiring Totaljobs, allesklar.com, and Immoweb.be, all of Axel Springer's most important classified portals are now consolidated under the roof of a single company.

SeLoger and Immoweb.be are the leading online real estate portals in France and Belgium, respectively.

SeLoger is the leading real estate portal in France and one of the innovation drivers in its segment. It celebrated its 20th anniversary in 2012. The company expanded its leading position further in 2012. Through the acquisition of Villaweb, the operator of the website vacances.com, in June of 2012, SeLoger reinforced its presence and broadened its offering in the segment of vacation home rentals. Thus, SeLoger continues to follow a course of expansion.

As part of its online classifieds growth initiative, Axel Springer Digital Classifieds purchased 80 % of the equity of Immoweb S.A. in early November 2012. This company operates Immoweb.be, the leading online real estate portal in Belgium.

immonet.de, one of Germany's leading real estate portals, increased its customer base significantly over the prior-year period. A new service is the professional online market appraisal of residential properties; immonet is the first German real estate portal to offer such a service. Thanks to the strategic partnership concluded with the Madsack Group in February 2012 (under which Madsack purchased 11.3 % of immonet's shares from Axel Springer), immonet has been integrated into all of Madsack's newspaper portals, giving a greater reach to real estate searches conducted via immonet. immonet also introduced an iPad app for real estate searches in August 2012.

StepStone is the market leader in the category of private-sector job exchanges in Germany and Belgium and is one of Europe's leading online job exchanges. This portal, which specializes in managerial and expert careers, widened the reach gap with its competitors even further, especially in Germany. StepStone further strengthened its position as one of Europe's leading job portals by acquiring Totaljobs, the United Kingdom's biggest online recruiting company.

Axel Springer Digital Classifieds acquired allesklar.com AG in early October. The most important property of this company is Germany's leading regional portal meinestadt.de, which complements Axel Springer's portfolio of nationwide online classified marketplaces perfectly. meinestadt.de provides extensive information on more than 11 thousand German cities and towns.

## *Newspapers National*

The Newspapers National segment comprises 14 newspapers and advertising papers published in Germany. These publications are subdivided by newsstand vs. subscription sales and by regional vs. national distribution. The titles of the BILD Group and WELT Group, as well as HAMBURGER ABENDBLATT, BERLINER MORGENPOST, and B.Z., are among Germany's leading daily newspapers, although this segment is shrinking, in line with the general trend of print media. The main titles are presented in the table below:

**Portfolio Newspapers National**

| Newsstand Newspapers | | Subscription Newspapers | |
|---|---|---|---|
| **National** | **Regional** | **National** | **Regional** |
| ■ BILD<br>■ BILD am SONNTAG | ■ B.Z.<br>■ B.Z. am SONNTAG | ■ DIE WELT<br>■ WELT KOMPAKT<br>■ WELT am SONNTAG<br>■ WELT am SONNTAG KOMPAKT | ■ HAMBURGER ABENDBLATT<br>■ BERLINER MORGENPOST |

BILD is Europe's biggest and widest-reach daily newspaper; in the category of newsstand newspapers, it is far and away the market leader in Germany, with a market share 75.6 % (market share data for German newspapers and magazines based on paid circulation according to IVW). On the occasion of BILD's 60th anniversary, 41 million free copies of the special edition BILD für ALLE were distributed to practically every household in Germany, creating the highest reach of all time. The holiday editions BILD am FEIERTAG, which appeared on May 1 and on October 3, were likewise very successful. Many large corporations served as marketing partners for these special editions of BILD.

In the category of subscription newspapers, DIE WELT is Germany's third-largest premium daily, with a market share of 17.3 % (including WELT KOMPAKT, based on paid circulation). As a consequence of strictly aligning its production processes with the online segment, DIE WELT introduced a more focused brand architecture in 2012; since that time, all media offerings, whether print, online, or mobile, have been published under the same brand name, DIE WELT. This move reflects the complete editorial integration of print and online content. In October 2012, we took another important step to upgrade our editorial competence by further expanding the joint editorial pool for WELT Group and BERLINER MORGENPOST, which has proven successful for ten years now. Together with HAMBURGER ABENDBLATT, the biggest subscription newspaper in the city of Hamburg and the surrounding area, we established a new editorial pool, so as to combine regional and national content even more efficiently. Our Sunday newspapers BILD am SONNTAG and WELT am SONNTAG are the uncontested leaders in the category of national newspapers, with a circulation market share of 83.1 %.

### *Magazines National*

With its portfolio of 23 magazines, Axel Springer is the third-largest German magazine publisher. It holds leading market positions in key segments, although they are shrinking in line with the general trend of print media. The main titles are:

**Portfolio Magazines National**

| TV Program Guides and Women's Magazines | Automotive, Computer, and Sports Magazines | Music Magazines |
|---|---|---|
| **TV Program Guides** | **Automotive** | **Music** |
| ■ HÖRZU<br>■ TV DIGITAL<br>■ FUNK UHR | ■ AUTO BILD<br>■ AUTO TEST<br>■ AUTO BILD KLASSIK | ■ ROLLING STONE<br>■ MUSIKEXPRESS<br>■ METAL HAMMER |
| **Women's** | **Computer** | |
| ■ BILD der FRAU<br>■ FRAU von HEUTE | ■ COMPUTER BILD<br>■ COMPUTER BILD SPIELE | |
| | **Sports** | |
| | ■ SPORT BILD | |

In the category of **TV program guides and women's magazines**, the biweekly TV DIGITAL further extended its position as the highest-circulation TV program guide in the high-price segment, amid a declining market trend. HÖRZU continues to be the market leader in the category of weekly premium TV program guides. In the category of women's magazines, BILD der FRAU is the biggest women's title in Germany, with a circulation market share of 20.3 %.

Nearly all of Axel Springer's **automotive, computer, and sports media** belong to the BILD family of brands. Europe's biggest automotive magazine AUTO BILD increased its market share slightly to 56.8 %, based on paid circulation. It continues to be Germany's leading automotive magazine. As of year-end 2012, AUTO BILD appears in 33 countries worldwide. Based on paid circulation, our magazines COMPUTER BILD and SPORT BILD also hold the leading positions in their respective categories in Europe, with market shares in Germany of 40.6 % and 48.3 %, respectively. As part of our digitization strategy, the print and online editorial teams of COMPUTER BILD, COMPUTER BILD SPIELE, and AUDIO VIDEO FOTO BILD were merged within COMPUTER BILD Digital GmbH in 2012. This move further intensifies the existing linkage between print and online content.

Axel Springer's **music magazines** include ROLLING STONE, MUSIKEXPRESS, and METAL HAMMER.

### *Print International*

All of Axel Springer's international print publications are managed within the Print International segment. They include both newspapers and magazines, both of which experienced declining circulation numbers, in line with the general trend of print media. Beyond Germany, Axel Springer operates through its subsidiaries and joint ventures, and under licensing agreements. The mass-circulation dailies published by the joint venture Ringier Axel Springer Media are the market leaders in currently four countries of central and eastern Europe: Poland, the Czech Republic, Slovakia, and Serbia. Axel Springer is also active in Hungary and Russia. In western Europe, our activities are focused on Switzerland, France, and Spain.

**Markets Print International**

| Central and Eastern Europe | Western Europe |
|---|---|
| **Ringier Axel Springer Media** | |
| ■ Poland | ■ Switzerland |
| ■ Czech Republic | ■ France |
| ■ Slovakia | ■ Spain |
| ■ Serbia | |
| ■ Hungary | |
| ■ Russia | |

#### Central and eastern European markets

Our joint venture with Ringier is the biggest publishing house in the **Czech Republic**, with six newspapers and 18 magazines. In addition to the leading mass-circulation daily BLESK and the leading news magazine REFLEX, our automotive magazines also lead their respective market segments and BLESK PRO ZENY is the widest-reach women's magazine. On the occasion of the 20th anniversary of BLESK in 2012, more than 4 million copies of an XXL special edition were distributed to nearly every household free of charge.

Ringier Axel Springer Media publishes three newspapers and more than ten magazines in **Poland**. With FAKT as the country's leading newsstand newspaper, and PRZEGLAD SPORTOWY as the country's only national sports daily, we reach a market share of 40.7 % among national daily newspapers (based on paid circulation), making us the biggest newspaper publisher in Poland. NEWSWEEK POLSKA continued its successful development. Under a new editor-in-chief, it overtook the market leader in the segment of weekly magazines within a period of only one year and solidified its position as the country's leading weekly publication.

Ringier Axel Springer Media's market leadership position in **Slovakia** is mainly rooted in the NOVY CAS family of brands, consisting of two newspapers and four magazines. With a market share of 41.9 %, the mass-circulation daily bearing that name is the country's biggest newspaper. All together, Ringier Axel Springer Media publishes nine magazines in Slovakia.

In **Serbia**, three newspapers and eight magazines make Ringier Axel Springer Media the publishing house with the highest circulation and reach. The joint venture also publishes the country's biggest mass-circulation dailies, ALO! and BLIC. In mid-2012, a new regional edition DAILY BLIC was introduced to the market in Montenegro.

In **Hungary**, Axel Springer publishes more than 60 magazines and more than ten daily newspapers, including the corresponding Sunday editions. With a market share of 20.6 % (based on paid circulation), it is the country's second-biggest publisher. Amid a tough operating environment, KISKEGYED not only defended, but actually extended its position as the country's second-biggest women's magazine. We are also the leader in TV program guides, regional and business newspapers, home and garden, automotive, and puzzle magazines.

We publish a total of nine titles in **Russia**, including the business magazine FORBES, COMPUTER BILD, GALA BIOGRAFIA, and OK!, as well as three magazines of the GEO brand family.

Western European markets

In **Switzerland**, Axel Springer publishes the newspaper HANDELSZEITUNG and 12 magazines. Based on paid circulation, it holds the market leadership position in the categories of business magazines, consumer advice magazines, and TV program guides. The business magazine BILANZ and the newspaper HANDELSZEITUNG are among the biggest publications in the business segment. In the category of consumer advice magazines, Axel Springer holds the market leadership position with BEOBACHTER, the biggest subscription magazine in Switzerland. It is also the market leader in the category of TV program guides, with TELE and TV STAR.

In **France**, we publish a total of nine titles in the TV program guides, women's magazines, and cooking magazines sector, as well as four automotive magazines through a joint venture with the Mondadori Group.

Axel Springer publishes nine magazines in **Spain**. We hold leading positions in particular in the categories of video-game and computer magazines, as well as automotive magazines. Five titles were discontinued due to the difficult economic situation in Spain.

### *Services/Holding*

The Services/Holding segment comprises the company's three national newspaper printing plants, the Logistics Division, and various service and holding company functions.

## *Management and supervision*

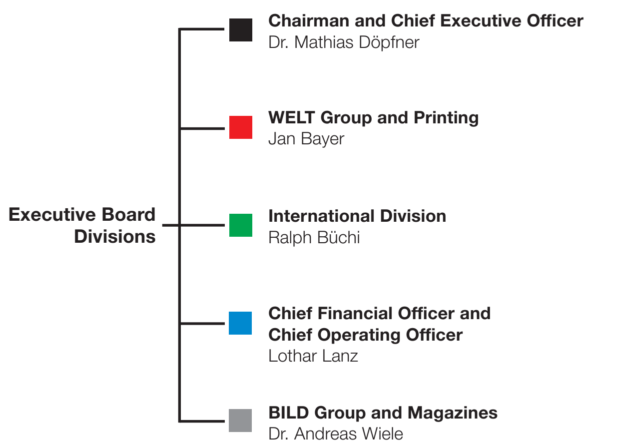
### *Management principles*

Axel Springer's management principles are aligned with our core values of creativity, entrepreneurship, and integrity, as well as the five principles enshrined in Axel Springer's own corporate constitution. For more information on our internal guidelines, please refer to the corporate governance statement pursuant to Section 289a HGB contained in the section entitled "Important management practices" on page 61 of the present Annual Report.

### *Management divisions*

Axel Springer's Executive Board is composed of five members, whose work is supported and supervised by a Supervisory Board composed of nine members.

**Axel Springer Executive Board Divisions**




Executive Board responsibilities are divided as follows:

Besides serving as Executive Board Chairman, Dr. Mathias Döpfner is additionally responsible for the Executive Board division of Digital Media, as well as the corporate staff function of Information and Public Relations. Furthermore, all editors-in-chief report to him. His responsibilities also include Executive Personnel, Security, Public Affairs, Customer Loyalty Reinforcement, and the Axel Springer Academy.

Jan Bayer is the Executive Board member in charge of the WELT Group and Printing. This division covers regional and subscription newspapers (WELT Group, BERLINER MORGENPOST, HAMBURGER ABENDBLATT) and the company's printing plants.

Ralph Büchi is responsible for the Executive Board division of International Business, which encompasses all the activities in Axel Springer's international markets.

Lothar Lanz is the Executive Board member in charge of Human Resources, Finance, and Services, which includes business administration functions and the Internal Audit. He is also responsible for M&A and Strategy, Governance, Risk & Compliance, Legal, and Purchasing.

Dr. Andreas Wiele is the Executive Board member in charge of the BILD Group and Magazines. His division encompasses the cross-media publications of the BILD family of brands and the related magazines, which are subdivided into the publishing groups BILD and BILD am SONNTAG, Automotive, Computer and Sports Media, TV Program Guides, and Women's Media, and B.Z. He is also responsible for IT and Logistics & Services.

### *Basic principles of the compensation system*

The compensation of all our employees, all the way up to the top management level, consists of a fixed component and (for eligible employees) an additional variable component. Variable compensation is determined on the basis of individual performance and the company's success; to this end, individual target agreements encompassing both company-wide targets and division targets are adopted every year anew. The part of variable compensation that corresponds to corporate success is based primarily on the financial indicator EBITDA. In 2012, moreover, we paid a voluntary, profit-sharing bonus of € 1,200 (PY: € 800) to qualifying employees. The compensation of the Executive Board is also composed of a fixed component and a variable component, based on the attainment of corporate goals and individual goals and on the long-term appreciation of the company's value, as measured by the performance of Axel Springer's share. A detailed description of Executive Board compensation can be found in the "Compensation Report" section of the "Corporate Governance" chapter (starting on page 69).There, you will also find information on the compensation of our Supervisory Board members (starting on page 71).

## *Strategy and success monitoring*

The goal of our corporate strategy, which comprises the three main tenets of market leadership in the German-speaking world, internationalization, and digitization, is to sustainably increase the company value of Axel Springer by means of profitable growth.

### *Strategy*

The highest strategic priority for Axel Springer is to pursue the consistent digitization of our business. By further developing our digital offerings in Germany and abroad and making targeted acquisitions, we aim to achieve our goal of becoming the leading digital media group. We are accelerating the growth of our digital business by means of targeted investments. In the print business, our primary goals are to preserve our market leadership position on the strength of excellent journalism and to practice strict cost discipline. Our corporate structure and equity investments are geared to these goals.

#### Market leadership in the German-language core business

Axel Springer is the market leader in the German-language print business. Based on paid circulation, we are the No. 1 publisher of newspapers and the No. 3 publisher of magazines. We strive to secure and solidify our market leadership position by continually developing and implementing creative new journalism concepts, and by improving our existing print media or adapting them to suit changing reader preferences, in matters of conception, journalistic quality, and layout. We also conduct targeted marketing campaigns and other activities to reinforce the brand loyalty of our readers. Most of all, we focus on continually improving our strong brands in combination with innovative cross-media advertising formats, in order to allow for optimal exploitation of the wide reach of our print and online media.

Internationalization

As part of our internationalization strategy, we strive to expand our digital activities in international markets, establish or acquire new titles, and grant or purchase licenses for magazines and newspapers. Appropriate investments are chosen on the basis of business strategies that fit in well with those of the Axel Springer Group, as well as the professionalism of their management, and the monetization potential of their digital business models.

With currently four market-leading mass-circulation newspapers in attractive growth markets, the partnership with Ringier in the joint venture Ringier Axel Springer Media provides an outstanding basis for the further expansion of our core business of journalism; it also creates ideal conditions for the further expansion of our digital media business.

The growth in international revenues has also been driven by the internationalization of digital business models and acquisitions, such as the acquisition of the leading online portal in Poland, Onet.pl (see also page 26).

Digitization

Thanks to their strong growth rates, digital media have become an extremely important part of Axel Springer's business. In the digital business, we focus on our three areas of core competence: content portals, online marketing, and classified ads. We develop this business even further by means of organic growth and acquisitions.

We strive to transfer those attributes that make our print media so outstanding – journalistic quality and strong brands – in a targeted manner to our national and international content portals, which are bundled in the competence area of **content portals and other digital media**. Thanks to the continuous improvement of editorial content and intensive networking with virtual networks and online communities, the target groups, and consequently also the reach values of our content portals, are growing as well. In our content portals, we are increasingly moving also in the direction of paid premium content and offerings, putting to good use the experiences we have gathered from the formats introduced in the last few years. By that means, we are exploiting new revenue sources.

We are also exploiting the potential of the growing online market by expanding the **performance marketing** activities of the zanox Group. In line with our strategy, we are also seeking to further expand the online marketing activities of our marketing arm Axel Springer Media Impact.

We are also developing the strategically important sector of online classifieds in a targeted manner. Classified ad portals are mainly focused on real estate and job listings. The most important real estate and jobs portals (SeLoger, StepStone, and immonet) are bundled within **Axel Springer Digital Classifieds** GmbH, which was founded in 2012. The purpose of this new company and the 30 % investment held by the global growth investor General Atlantic is to expand our activities in the attractive field of online classified markets in a targeted manner. The shared goal is to become a leading international player in this field, through organic growth and further acquisitions. The synergies arising from the combination with our content portals and print titles will support this goal.

### *Internal management system*

We have designed our internal management system and defined suitable control parameters on the basis of our corporate strategy. We use both financial and non-financial performance indicators to measure the success of our strategy.

Detailed monthly reports are an important element of our internal management and control system. Those reports contain the monthly results of our most important publications, along with a consolidated statement of financial position, income statement, and cash flow statement. We use these reports to compare actual values with budget values; in case of deviations, we conduct further analyses or initiate suitable corrective measures.

These reports are supplemented by periodic forecasts of anticipated advertising revenues in the next few weeks and months and forecasts of the probable development of our financial performance.

### Financial performance indicators

Our central focus is to sustainably increase both the profitability and value of our company. The most important target and control parameters for the company's financial performance are revenues and earnings (measured by EBITDA). EBITDA also forms the basis for the performance-based remuneration of our Executive Board and other top executives (please refer to page 69 and following for more information on our compensation system). Both these indicators and the EBITDA margin derived from them are anchored in our internal planning and controlling system.

We employ various relative indicators to monitor the successful implementation of our strategy, including the proportion of consolidated revenues represented by international revenues, for the purpose of analyzing the progress we are making towards the goal of internationalization, and the revenues of the Digital Media segment to measure the progress we are making on digitization.

We employ a capitalized value method based on weighted capital costs to assess the economic efficiency of investments in new or existing business lines. The weighted capital cost rate is calculated on the basis of an ideal capital structure.

The risk of a capital investment project is generally represented by using a capital markets equilibrium model, applying a beta factor (for the business-specific, systematic risk), and a market premium (for the country-specific, non-systematic market risk). As a general rule, it is assumed that the company's systematic risk is equivalent, on average, to that of comparable companies in our peer group of European media companies. Other specific risks are additionally reflected in the updated, weighted capital costs.

**Financial Control Parameters**

| Selected financial control parameters on the Group level, € millions | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|---|---|---|---|---|
| Consolidated revenues | 3,310.3 | 3,184.9 | 2,893.9 | 2,611.6 | 2,728.5 |
| *International revenues as percent of total revenues* | *35.1 %* | *32.9 %* | *28.1 %* | *21.0 %* | *21.9 %* |
| *Digital Media revenues as percent of total revenues* | *35.5 %* | *30.2 %* | *24.6 %* | *18.0 %* | *13.9 %* |
| *Digital Media revenues as percent of total revenues (pro forma)*[1] | *37.2 %* | *34.0 %* | - | - | - |
| EBITDA | 628.0 | 593.4 | 510.6 | 333.7 | 486.2 |
| *EBITDA margin* | *19.0 %* | *18.6 %* | *17.6 %* | *12.8 %* | *17.8 %* |

[1] Basis: Pro-forma revenues in the Digital Media segment and pro-forma total revenues.

### Non-financial performance indicators and early indicators

Besides financial performance indicators, we also employ non-financial performance indicators to measure our success relative to the further development of our company, the implementation of our strategies, and the enhancement of our company's value. Although the non-financial performance indicators are not reflected in our income statement, they are nonetheless key drivers of Axel Springer's value-driven development. They serve as early indicators, both of changes in financial performance and of the success of strategic measures, and therefore they enable us to quickly initiate corrective measures when necessary.

The following non-financial performance indicators are significant for monitoring the company's performance relative to customers, markets, and products offered:

- Average monthly unique visitors/visits, and other business model-specific indicators of our online media, and the resulting market position;
- Average paid circulation of all principal newspapers and magazines;
- Reach values of our media in the advertising market and indicators of brand and advertisement familiarity.

Axel Springer has also set itself the goal of being Europe's most customer-friendly media company. We use an elaborate measurement and evaluation system, developed back in 2006 in cooperation with the institution TNS Infratest, to measure our annual customer retention index. This index is the most important indicator of satisfaction and loyalty of our readers, users, and advertising customers. It is composed of numerous factors, including the perceived quality of our publications, the brand loyalty of our customers, repeat purchase rates, and the respective competitive advantage. Besides serving as a non-financial performance indicator, the customer retention index is the starting point for a continuous improvement process that contributes to the long-term enhancement of the company's profitability.

In addition to the above-mentioned control parameters, Axel Springer also counts social and ecological factors among its non-financial performance indicators. For their observation, we rely on the sustainability criteria of the Global Reporting Initiative (GRI). Our activities in this area are described in a comprehensive Sustainability Report, which we publish every two years. Additional information on this subject can be found on page 41 and following of the present Annual Report. More detailed information is presented in our latest Sustainability Report, which can be found on our website at www.sustainability.axelspringer.com.

## *Research and development*

Axel Springer does not have a traditional research and development department of the kind that can be found in industrial enterprises; nonetheless, throughout the company, we constantly strive to optimize our offerings and to establish innovative products in the market. Above all, we seek to continuously expand our offering through innovations in the digital sector, as well as new print formats, besides continuously improving our editorial content and upholding journalistic excellence. In that regard, we pay especially close attention to identifying changing media usage habits as early as possible.

We introduced new digital subscription models for DIE WELT in December 2012. We were the first major German national online news site to launch a paid-content model for a website that had previously been free. This move is the next logical step in the premium initiative we launched in 2009. The goal of this initiative is to develop journalistic content that online users are willing to pay for. Following the example of the New York Times, the subscription model for DIE WELT depends on the level of usage. A certain number of articles can be read free of charge; users can read additional articles only after paying a subscription fee. Articles linked to search engines, social networks, or other websites can be read for free.

In the digital sector, we are continuously adding new apps for our print media and improving those already in circulation. These include, for example, the AUTO BILD

INTERNATIONAL iPad App and the BILD HD app. BILD now has apps for all relevant digital devices and software systems in the market. In line with our multi-platform strategy, we are pursuing the goal of placing our content on virtually all channels. Through cooperation arrangements with most TV manufacturers and digital TV providers, we are seeking to make BILD available on TV screens as well. With the TV DIGITAL app for smart TVs and set-top boxes introduced in January 2012, users can use their remote control units to comfortably browse the main programming information produced by the TV DIGITAL editorial team.

Germany's leading consumer information portal kaufDA has completely redesigned the kaufDA brochure viewer and specialized it for various tablet systems. Smarthouse Media, Europe's leading provider of complex, web-based financial applications, introduced new technologies operating on a simplified platform in 2012. These new technologies enable us to implement financial solutions more competitively, at a lower cost of time and other resources, for smaller companies as well; furthermore, some of the development work can be outsourced to customers or other partners.

In the area of performance marketing, we added new services to the zanox marketplace. With "zanox Shared Tracking," a powerful new real-time tracking solution, publishers can monitor their traffic in much more detail than ever before; they can also respond quickly and initiate performance-boosting measures. Because the tracking solution does not rely on the use of cookies, it ensures maximum security for publishers and advertisers. In addition, zanox offers its more than 4,000 customers a new statistical tool, with which they can analyze and improve the performance of ongoing partner programs even more easily and effectively than before. It reduces the time and effort required to generate reports substantially, thereby making it possible to boost performance efficiently.

In the area of classified ad portals, immonet introduced an iPad app for searching real estate listings and another iPad app for home building. By tapping on the screen, users of the real estate app can select a certain neighborhood to search. The home building app generates exclusive 360° interior views of numerous properties, making it possible to "walk through" these rooms on the iPad.

In the area of print media, Axel Springer distributed free anniversary editions of two of its newspapers for the first time ever in 2012. In Germany, the special edition BILD für ALLE was distributed to nearly every household in Germany, on the occasion of BILD's 60th anniversary. Many large companies participated in this special campaign as marketing partners. This edition generated the highest reach of all time. In the Czech Republic, the XXL edition of BLESK DAILY commemorating the 20th anniversary of this newspaper was also very attractive to our advertising customers. In October, moreover, we launched the first mobile virtual network operator (MVNO) for the GSM network in the Czech Republic, in cooperation with TelefonicaO2 BLESKmobil, based on the model of BILDmobil.

We have also developed and already implemented innovative printing technologies such as hybrid newspaper printing, for example, in our printing plant in Ahrensburg. In the world's first-ever pilot installation of this kind, conventional offset printing is combined with digital high-speed ink-jet printing, so that variable data can be printed into static content efficiently, at full production speed. This technology makes it possible to produce different or tailored versions of advertising campaigns, because static advertising content can be enriched with variable information and graphical components, such as QR codes or sequential prize numbers, for example. Thus, different versions of the same ad can appear in different copies of the same issue. This attention-grabbing feature is especially useful in connection with multichannel advertising campaigns.

Through the many innovations introduced primarily in the digital sector, but also in its print media, Axel Springer again proved itself to be a pioneering force in 2012 and extended its leadership position with respect to its competitors.

# General economic environment and business developments

## General economic environment

The **global economy** weakened progressively over the course of 2012. All regions of the world were affected by this trend. According to the ifo Institute, economic activity in the industrialized nations remained generally weak and economic growth in the emerging-market countries slowed considerably. In particular, the global economy was weighed down in 2012 by the euro zone, which slid into recession, and by the United States. In several key emerging-market countries, the rate of economic expansion was slowed by monetary policies aimed at countering high rates of inflation and overheating in the credit markets. In China, moreover, exports were slowed by rising wage costs. The International Monetary Fund (IMF) estimates that the global economy expanded at a rate of 3.3 % in 2012.

The persistent uncertainty related to the European debt crisis also significantly weakened the economy in **Germany**. On the domestic front, consumer spending was higher, but capital investment was lower in 2012, compared to 2011. According to preliminary calculations of the German Federal Statistical Office, consumer spending rose by 0.8 % in 2012, on a price-adjusted basis. On the other hand, investment in plant and equipment was significantly lower (–4.4 %) than the corresponding prior-year figure. Construction spending fell by 1.1 % in real terms. Despite the slowing world economy, German export activity was robust in 2012. On a price-adjusted basis, Germany exported 4.1 % more goods and services in 2012 than in 2011. Imports rose by 2.3 % in the same period. On a price-adjusted basis, the German economy expanded by 0.7 % in 2012.

The number of unemployed job-seekers fell to 2.9 million in 2012, 2.6 % less than the prior year. Accordingly, the unemployment rate was only 6.8 %. The consumer sentiment index measured by the market research firm GfK Group held steady on a high level in 2012. Increasingly worried about future economic conditions, however, consumers' purchasing propensity weakened considerably towards the end of the year. According to calculations of the German Federal Statistical Office, consumer prices rose by 2.0 % in 2012, mainly due to higher energy prices.

The drop in demand from the euro zone stalled the economic recovery in all countries of central and eastern Europe. While Poland and Slovakia still experienced positive growth, the rate of economic expansion slowed considerably from 2011. Hungary and the Czech Republic have been in recession already since the beginning of 2012.

**Anticipated Economic Development (Selection)**

| Change in gross domestic product compared to prior year (real) | 2012 |
|---|---|
| Germany | 0.7 % |
| Switzerland[1] | 0.8 % |
| France | 0.1 % |
| United Kingdom | –0.1 % |
| Spain | –1.3 % |
| Hungary | –1.4 % |
| Poland | 2.3 % |
| Czech Republic | –1.0 % |
| Slovakia | 2.5 % |
| Serbia[1] | –0.5 % |
| Russia | 3.0 % |

Source: ifo Institute, December 2012.
[1] Source: IMF, October 2012.

## *Industry environment*

### Press distribution market

Continuing the trend of prior years, the German **press distribution market** contracted slightly in 2012. The total paid circulation of newspapers and magazines was 3.7 % less than the corresponding prior-year figure. Thanks to price increases, however, circulation revenues only declined by 1.5 %.

The 366 **daily and Sunday newspapers** tracked by the German market research institute IVW generated total sales of 21.2 million copies per issue, reflecting a decrease of 3.2 % from the prior-year figure. As in the prior year, newsstand sales suffered a much greater decline (–7.8 %) than subscription sales (–2.3 %). Within the press distribution market, the demand for daily and Sunday newspapers (weighted for their respective publication frequencies) declined by 3.6 %.

At 109.7 million copies per issue, total sales of **general-interest magazines** (including membership and club magazines) was 0.9 % less than the corresponding prior-year figure. IVW tracked a total of 876 titles in 2012, 0.4 % fewer than in 2011. Weighted for their respective publication frequencies, the demand for general-interest magazines declined by 3.7 %.

Whereas the circulation volumes of print media declined again in 2012, **online media** continued the growth trend of prior years. According to the study entitled “internet facts 2012-10” by the online research association AGOF, 50.8 million people in Germany use the Internet today (Internet users within the last three months). That number represents 72.4 % of German residents aged 14 and older. Of the 50.8 million people who use the Internet on a regular basis, 71.2 % go online to obtain information about world events and 62.9 % use the Internet for regional or local news. Thus, getting the news is one of the main reasons for using the Internet, besides e-mail, online searches, online shopping, and weather reports. Jobs and real estate listings were also two of the 20 most-used online categories. According to the study “mobile facts 2012-II,” the mobile Internet is becoming increasingly important, in addition to the stationary Internet. Compared to the first half of 2012, the monthly number of mobile Internet users rose by 11 % to an average of 21.3 million in the second half. In most cases (70.4 %), people use the mobile Internet primarily in addition to the stationary Internet.

According to IVW, the content portals of German print media were visited much more frequently in 2012 than in 2011. The 20 most popular portals of German daily newspapers registered an average 21.5 % increase in the number of visits, those of magazine portals an average 14.6 % increase.

### Advertising market

According to the latest advertising market forecast of ZenithOptimedia (“Advertising Expenditure Forecast,” December 2012), the total volume of the German advertising market in 2012 was slightly higher than the prior-year figure.

According to these surveys, **total net advertising revenues** (including classified ads and advertising supplements, less discounts granted and agency commissions, and excluding production costs) amounted to € 18.5 billion in 2012, reflecting a small nominal increase of 0.3 % from the prior-year figure. This gain resulted from the growth of both online media, and television and radio advertising.

In the category of print media, the net advertising revenues of **newspapers** (newspapers, advertising papers, and newspaper supplements) amounted to € 5.7 billion in 2012, reflecting a 4.2 % decrease from the prior-year figure. According to ZenithOptimedia, the net advertising revenues of **magazines** (general-interest magazines and trade magazines, directory media) declined by 3.9 % to € 3.3 billion in 2012.

In the German **online market** (display ads, search term marketing, and affiliates), net advertising revenues rose by 11.2 % to € 3.8 billion in 2012.

In 2012, **television** advertising in Germany rose by 1.8 % to € 4.1 billion and **radio** advertising rose by 3.6 % to € 735 million. The net advertising revenues of outdoor advertising declined by 4.5 % to € 774 million.

ZenithOptimedia issued the following advertising market forecasts for selected countries in 2012.

**Anticipated Advertising Activity 2012 (Selection)**

| Change in net ad revenues compared to prior year (nominal) | Newspapers | Magazines | Online |
|---|---|---|---|
| Germany | −4.2 % | −3.9 % | 11.2 % |
| Switzerland | −5.3 % | −3.4 % | 11.6 % |
| France[1] | −5.4 % | −4.8 % | 5.6 % |
| United Kingdom | −7.3 % | −6.3 % | 10.5 % |
| Spain[1] | −20.3 % | −16.5 % | 1.0 % |
| Hungary | −33.5 % | 29.1 % | 5.8 % |
| Poland[1] | −20.1 % | −16.5 % | 8.0 % |
| Czech Republic[1] | −17.2 % | −9.2 % | 12.0 % |
| Slovakia[1] | −13.0 % | −6.3 % | 29.6 % |
| Serbia[1] | 7.5 % | 8.6 % | 43.1 % |
| Russia | 10.2 % | 2.5 % | 40.0 % |
| India[1] | 6.6 % | 8.5 % | 34.5 % |

Source: ZenithOptimedia, Advertising Expenditure Forecast (December) 2012.
[1] Excluding classified ads.

## *Significant events affecting Axel Springer's business performance in 2012*

In the first quarter of 2012, we entered into an agreement with the global growth investor General Atlantic, under which the latter acquired a 30 % equity interest in the newly formed company **Axel Springer Digital Classifieds GmbH**. Axel Springer's online classified activities are bundled within this company. Axel Springer contributed the leading French real estate portal SeLoger, as well as the company's majority interest in the German real estate portal immonet, and the European jobs exchange StepStone (valued at € 1.25 billion for purposes of the transaction) to the new company. The transaction was finalized in the second quarter of 2012, and Axel Springer as the majority shareholder now holds 70 % of the stock in Axel Springer Digital Classifieds GmbH.

By bundling these activities and bringing in General Atlantic as an experienced partner and co-investor, Axel Springer laid the groundwork for purposefully expanding its business in the attractive market of online classifieds and for becoming a leading international player in this sector. Besides pursuing investment and growth opportunities in Europe, we are also contemplating investments in other developed and emerging-market countries.

StepStone's acquisition of the United Kingdom's biggest online recruiting company **Totaljobs Group Ltd.**, in early April 2012, was the first step in the planned growth initiative in the online classifieds sector. The purchase price was approximately € 130 million. Founded in 1999, London-based Totaljobs operates a total of seven online portals. StepStone's acquisition of Totaljobs further extended the company's already strong position as one of Europe's leading online job exchanges.

In October, Axel Springer Digital Classifieds continued its growth campaign by acquiring **allesklar.com AG**, the operator of Germany's leading regional information portal meinestadt.de. Founded in 1996, this company is based in Siegburg. The portal meinestadt.de provides extensive information on more than 11 thousand German cities and towns and reaches an average of 6.7 million users per month.

Furthermore, in early November, Axel Springer Digital Classifieds acquired an 80 % equity interest in the Belgian **Immoweb S.A.** for a purchase price of around € 139 million. Founded in 1996, this Brussels-based company operates Immoweb.be, the leading online real estate portal in Belgium, with more than 2.4 million unique visitors and approximately 136 thousand listings.

**Ringier Axel Springer Media** took an important step in the digitization of its business by acquiring 75 % of the stock in the Polish company Grupa Onet.pl S.A., a wholly owned subsidiary of the Polish media company TVN S.A., for a purchase price of PLN 956.3 million (approximately € 215 million). As the leading online portal in Poland, Onet.pl reaches roughly 70 % of all Polish Internet users. The contracts were signed in June 2012 and the transaction was finalized in November 2012.

Further information on the effects of these transactions on the company's financial performance, liquidity, and financial position can be found in Section (2c) of the notes to the financial statements.

### *Development of the company's share price*

After getting off to a good start in the new year, the share of Axel Springer AG did not participate in the very strong run-up in global equity prices, particularly in the second half of 2012. The closing price of € 32.29 on December 31, 2012 was 2.8 % below the price at the beginning of the year (€ 33.21).

## *Executive Board's overall assessment of the company's business performance and the economic environment*

The economic environment for media companies is heavily influenced by the trend of digitization. For that reason, the business performance of the Axel Springer Group again varied widely, depending on the operating segment, as expected.

Thanks to double-digit organic growth and targeted acquisitions, the Digital Media segment contributed the largest revenue share of the Group's five operating segments in financial year 2012, for the first time ever.

The development of Axel Springer's newspapers and magazines followed the generally negative trend of print media. Circulation numbers and circulation revenues were mostly lower than the respective prior-year figures. Advertising revenues were also lower.

This development proves that our strategy of consistent digitization is the right one.

# *Financial performance, liquidity, and financial position*

## *Comparison of actual business performance with forecast business performance*

We met the full-year targets set out in the forecast we published in March 2012.

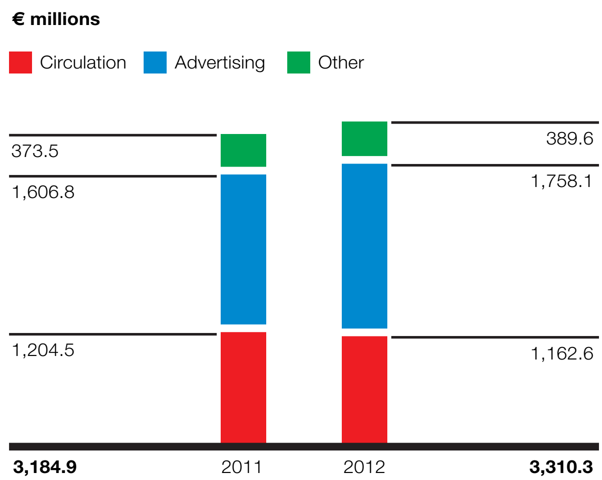
At 3.9 %, the growth of **total revenues** was in line with the forecast of a single-digit percentage increase. As we suggested in March, the 3.5 % decrease in circulation revenues was more than offset by the 9.4 % increase in advertising revenues. This outcome was aided by the slight, 4.3 % increase in other revenues.

As expected, the consolidated **EBITDA** of € 628.0 million was slightly higher than the corresponding prior-year figure. The 5.8 % increase resulted from the higher earnings of the Digital Media segment.

## *Financial performance of the Group*

Axel Springer generated **total revenues** of € 3,310.3 million in 2012, reflecting a 3.9 % increase over the corresponding prior-year figure (PY: € 3,184.9 million), thanks to the higher revenues contributed by the Digital Media segment. Adjusted for consolidation and currency effects, total revenues were on the level of the prior-year figure (+0.2 %).

**Total Revenues**

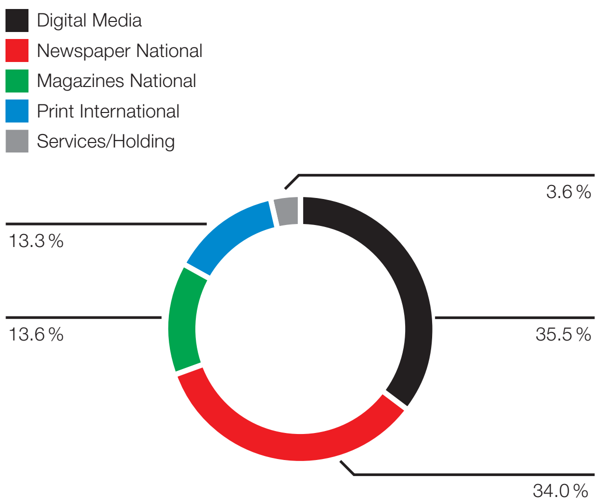



By reason of the declines reported by the three print media segments, the **circulation revenues** of € 1,162.6 million were down slightly, by 3.5 %, from the prior-year figure (PY: € 1,204.5 million). Thus, they accounted for 35.1 % of total revenues (PY: 37.8 %).

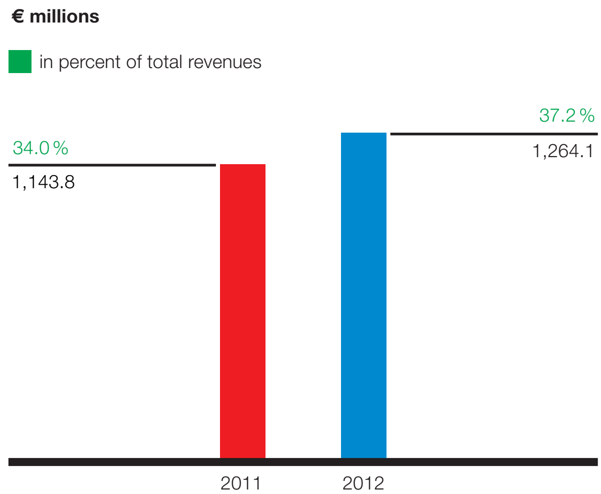
The **advertising revenues** of € 1,758.1 million were 9.4 % higher than the prior-year figure (PY: € 1,606.8 million), thanks to growth in the Digital Media segment. More than half (56.4 %) of total advertising revenues were generated in digital activities. The advertising revenues generated in the Group's print activities were lower than the prior-year figure. Advertising revenues accounted for 53.1 % of total revenues (PY: 50.5 %).

The **other revenues** of € 389.6 million were 4.3 % higher than the corresponding prior-year figure (PY: € 373.5 million) and accounted for 11.8 % (PY: 11.7 %) of the Group's total revenues. Although other revenues were higher in all segments, the increase was most pronounced in the Digital Media segment.

**Segment Revenues**




**Digital Media Revenues (Pro forma)**

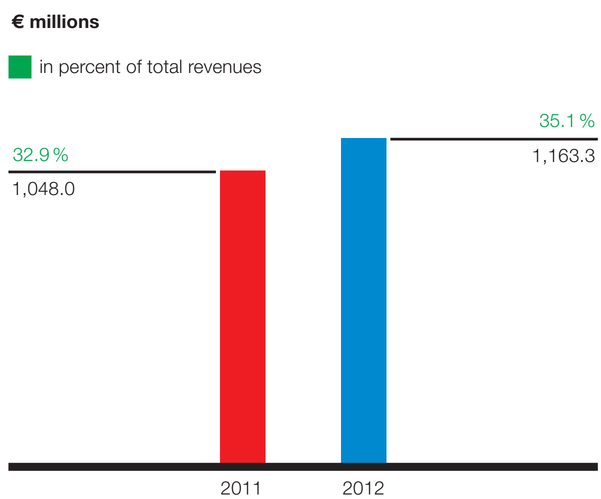



As in prior years, the comparison of **segment revenues** reveals substantial growth in digital media revenues, coupled with a decrease in print revenues, due to market conditions. The digital business exhibited substantial growth of 22.0 %. The underlying organic growth was supplemented by consolidation effects. Whereas German newspapers and magazines sustained declines of 3.3 % and 3.9 %, respectively, international print revenues were 6.9 % less than the prior-year figure, due to the difficult economic conditions in individual countries.

The **pro-forma revenues of the Digital Media segment** rose to € 1,264.1 million (PY: € 1,143.8 million), reflecting organic growth of 10.5 %. Thus, they accounted for 37.2 % of pro-forma total revenues, up from 34.0 % in 2011. Pro-forma revenues include the companies acquired in 2011 and 2012, on the basis of unaudited financial information.

At € 1,163.3 million, **international revenues** were 11.0 % higher than the prior-year figure and accounted for 35.1 % (PY: 32.9 %) of the total revenues of Axel Springer. This increase resulted from the growing internationalization of the Group's digital business.

**International Revenues**



The **total expenses** of € 2,969.3 million were 4.9 % higher than the corresponding prior-year figure (PY: € 2,830.0 million). This increase resulted mainly from consolidation effects.

**Purchased goods and services** amounted to € 1,056.8 million, on the level of the prior-year figure (PY: € 1,055.7 million). The lower expenses incurred for newspapers and magazines were offset by higher expenses associated with the growth of our digital activities. The ratio of purchased goods and services to total revenues narrowed to 31.9 % (PY: 33.1 %), due to the fact that most of the increase in consolidated revenues was contributed by companies in the Digital Media segment, which spend a lower percentage of their revenues on purchased goods and services.

**Personnel expenses** rose by € 68.8 million or 8.1 % to € 920.4 million (PY: € 851.6 million). This increase resulted mainly from the consolidation of new subsidiaries, the addition of staff in the fast-growing Digital Media segment, and the restated value of virtual stock option programs. The average annual workforce was 5.9 % higher than the corresponding prior-year figure.

**Depreciation, amortization, and impairments** amounted to € 172.2 million, reflecting a 24.0 % increase from the prior-year figure of € 138.8 million. Factors contributing to this increase were higher purchase price allocation effects and goodwill impairments of € 17.4 million in the Digital Media segment.

The **other operating income** of € 88.2 million was € 14.9 million or 20.4 % higher than the prior-year figure of € 73.3 million, particularly as a result of the restatement of option liabilities related to company acquisitions. The **other operating expenses** amounted to € 820.0 million, reflecting an increase of 4.6 % over the prior-year figure of € 783.9 million. This increase resulted mainly from the losses recognized on the sale of the online game provider gamigo (€ 16.9 million) and from consolidation effects related to company acquisitions.

The **net investment income** of € 7.9 million was slightly lower than the prior-year figure (PY: € 9.5 million). As in the prior year, this figure was influenced by impairments of equity investments. The operating net investment income presented within EBITDA amounted to € 18.3 million (PY: € 19.1 million).

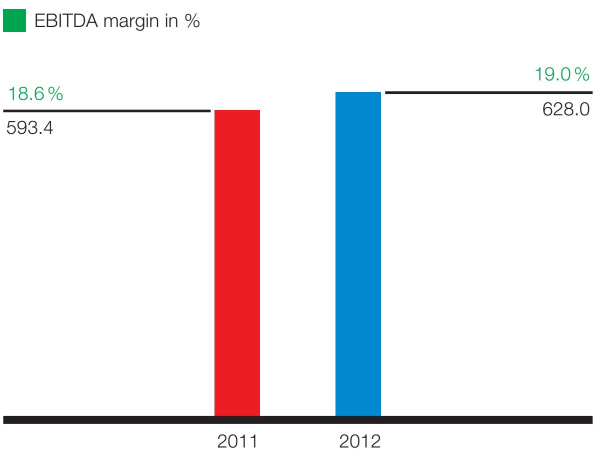
The **net financial result** of € –46.5 million was considerably lower than the prior-year figure (€ –23.1 million). This resulted mainly from higher expenses for financial derivatives, in the amount of € 17.8 million (PY: € 7.8 million). A major factor influencing this increase was the recognition in income of negative fair values of interest rate hedges, which had previously been recognized in equity, in connection with the refinancing of the Group’s credit facilities. The development of the net financial result was also influenced by the lower interest income earned on receivables due to the drop in market interest rates, and by the higher compounding effects for liabilities. Furthermore, the prior-year figure was additionally influenced by interest income earned on tax credits.

**Income taxes** amounted to € –125.7 million in 2012 (PY: € –132.0 million). Thus, the tax rate came to 31.3 %., unchanged from the prior year.

Earnings before interest, taxes, depreciation, and amortization (**EBITDA**) rose by 5.8 % to € 628.0 million in 2012. Lower earnings in the print business were offset by considerably higher earnings in the Digital Media segment. Non-recurring factors such as gains or losses on sales of companies and equity investments and restatements of purchase price liabilities related to company acquisitions, for example, are not included in EBITDA. The EBITDA margin of 19.0 % (PY: 18.6 %) reflects the renewed rise in the company’s profitability.

**EBITDA**

€ millions




**Consolidated net income** amounted to € 275.8 million (PY: € 289.4 million); adjusted for non-operating effects, it was € 347.9 million (PY: € 343.3 million).

**Consolidated Net Income**

| € millions | 2012 | 2011 |
|---|---|---|
| **Consolidated net income** | **275.8** | **289.4** |
| Non-recurring effects | 11.4 | 12.2 |
| Effects of purchase price allocations | 78.1 | 54.7 |
| Taxes attributable to these effects | –17.4 | –13.1 |
| Consolidated net income, adjusted | 347.9 | 343.3 |
| Attributable to non-controlling interest, adjusted | 51.7 | 44.3 |
| **Adjusted consolidated net income attributable to shareholders of Axel Springer AG** | **296.2** | **299.0** |

Earnings per share came to € 2.41 (PY: € 2.62). **Adjusted earnings per share** amounted to € 3.00 (PY: € 3.03). These figures are based on average weighted shares outstanding in the reporting period, in the amount of 98.7 million.

The adjusted consolidated net income and the adjusted earnings per share are not defined under International Financial Reporting Standards and should therefore be regarded as supplementary information to the consolidated financial statements.

## *Financial performance of the operating segments*

### *Digital Media*

Based on unique visitors according to comScore, the total non-overlapping net reach of Axel Springer‘s digital media rose to an average 76.6 million unique visitors in financial year 2012, reflecting an increase of 15.0 % over the prior-year figure (PY: 66.6 million). The gross reach figures of selected portals and the number of average monthly visits to each portal are presented in the table below.

**Traffic Figures Content Portals**

| Millions (monthly average) | Unique visitors 2012[1] | Change yoy | Visits 2012[2] | Change yoy |
|---|---|---|---|---|
| aufeminin.com | 33.3 | 6.5 % | 127.2[3] | 53.4 % |
| Onet.pl | 16.2 | 6.2 % | - | - |
| computerbild.de[4] | 11.4 | - | 43.3 | - |
| Bild.de | 10.0 | 1.6 % | 221.4 | 28.5 % |
| welt.de | 4.9 | 6.8 % | 44.0 | 22.3 % |
| azet.sk | 2.8 | 20.3 % | 41.6[5] | 0.0 % |
| fakt.pl | 2.7 | 59.6 % | 10.9[6] | 53.7 % |
| transfermarkt.de | 2.1 | 13.2 % | 25.0 | 13.6 % |
| onmeda.de | 1.9 | –6.5 % | 4.0 | 3.2 % |
| blesk.cz | 1.8 | 34.2 % | 16.0[7] | 18.9 % |
| abendblatt.de | 1.8 | 9.4 % | 10.8 | 12.4 % |
| autobild.de | 1.7 | 17.5 % | 7.8 | 11.7 % |
| forbes.ru | 1.6 | 31.1 % | 4.1[8] | 3.1 % |
| finanzen.net | 1.3 | 25.4 % | 16.4 | 6.0 % |
| cas.sk | 1.3 | 10.8 % | 11.5[5] | 20.0 % |
| morgenpost.de | 1.1 | 8.8 % | 5.3 | 12.2 % |

[1] Source: comScore 2012.
[2] Source: IVW 2012.
[3] Source: Company data.
[4] Since June 2011 incl. idealo.de.
[5] Source: AIM.
[6] Source: Gemius Traffic.
[7] Source: NetMonitor.
[8] Source: XiTi Traffic Sources.

**Key Figures Digital Media**

| € millions | 2012 | 2011 | Change |
|---|---|---|---|
| **External revenues** | **1,174.2** | **962.1** | **22.0 %** |
| Share in cons. revenues | 35.5 % | 30.2 % | |
| Advertising revenues | 992.0 | 791.2 | 25.4 % |
| Other revenues | 182.1 | 170.9 | 6.6 % |
| | | | |
| Content portals & other digital media | 387.4 | 303.1 | 27.8 % |
| Performance marketing | 456.6 | 437.2 | 4.4 % |
| Axel Springer Digital Classifieds | 330.2 | 221.8 | 48.9 % |
| | | | |
| **EBITDA[1]** | **242.9** | **158.1** | **53.6 %** |
| Content portals & other digital media | 90.2 | 70.7 | 27.6 % |
| Performance marketing | 28.0 | 28.7 | −2.5 % |
| Axel Springer Digital Classifieds | 136.3 | 68.0 | > 100 % |
| | | | |
| **EBITDA margin[1]** | **20.7 %** | **16.4 %** | |
| Content portals & other digital media | 23.3 % | 23.3 % | |
| Performance marketing | 6.1 % | 6.6 % | |
| Axel Springer Digital Classifieds | 41.3 % | 30.7 % | |

[1] Segment EBITDA contains non-allocated costs of € 11.6 million (PY: € 93 million).

At € 1,174.2 million, the total revenues of our digital activities were 22.0 % higher than the corresponding prior-year figure (PY: € 962.1 million). This substantial increase resulted both from consolidation effects and from organic growth. Advertising revenues exhibited the strongest growth, having risen by 25.4 % over the prior-year figure (PY: € 791.2 million) to reach € 992.0 million in 2012. This increase can be attributed in part to consolidation effects, particularly related to the acquisitions of Totaljobs, Visual Meta, SeLoger, Onet.pl, and M4N, but also to organic growth, especially at StepStone, zanox, immonet, idealo, and the content portals. Other revenues were also higher, having risen by 6.6 % from € 170.9 million in 2011 to € 182.1 million in 2012. The biggest factors contributing to this increase were the gains registered at Schwartzkopff TV and SeLoger.

The pro-forma revenues of the Digital Media segment rose from € 1,143.8 million in 2011 to € 1,264.1 million in 2012, reflecting organic growth of 10.5 % in the reporting period, based on the current digital portfolio. The proportion of pro-forma total revenues represented by pro-forma digital revenues rose from 34.0 % in 2011 to 37.2 % in 2012.

Segment EBITDA rose by 53.6 %, from € 158.1 million in 2011 to € 242.9 million in 2012, and accounted for 38.7 % (PY: 26.7 %) of the Group's total EBITDA. Axel Springer Digital Classifieds Group made the greatest contribution to this increase, thanks to both strong organic growth and the acquisition-driven expansion of the portfolio. The content portals and other digital media also made significant contributions to the earnings increase. By reason of investment spending on the Group's further development, the EBITDA generated in the area of performance marketing was slightly less than the corresponding prior-year figure. Adjusted for consolidation effects, the increase was 31.0 %. The EBITDA margin of 20.7 % was substantially higher than the EBITDA margin for 2011 (PY: 16.4 %).

## *Newspapers National*

**Circulation and Reach Newspapers National**

| Thousands | Circulation 2012[1] | Change yoy | Reach[2] | Change |
|---|---|---|---|---|
| Bild | 2,660.8 | −6.3 % | 12,768.5 | - |
| Bild am Sonntag | 1,341.2 | −9.3 % | 9,922.7 | −5.2 % |
| | | | | |
| Die Welt/Welt Kompakt | 251.3 | −0.2 % | 862.3 | 0.0 % |
| Welt am Sonntag/ Welt am Sonntag Kompakt | 402.2 | −2.2 % | 972.1 | −10.0 % |
| | | | | |
| Hamburger Abendblatt | 204.0 | −4.9 % | 594.3 | −0.1 % |
| | | | | |
| Berliner Morgenpost | 121.0 | −3.0 % | 324.7 | −0.1 % |
| B.Z./B.Z. am Sonntag | 151.2 | −8.6 % | 785.0 | −3.7 % |

[1] Source: IVW, average paid circulation.
[2] Source: ma 2013 Pressemedien I.

In line with market conditions, the circulation and reach numbers of the newspapers segment declined in 2012.

**Key Figures Newspapers National**

| € millions | 2012 | 2011 | Change |
|---|---|---|---|
| **External revenues** | **1,126.1** | **1,164.9** | **−3.3 %** |
| Share in cons. revenues | 34.0 % | 36.6 % | |
| | | | |
| Circulation revenues | 599.9 | 617.6 | −2.9 % |
| Advertising revenues | 492.5 | 515.0 | −4.4 % |
| Other revenues | 33.7 | 32.4 | 4.1 % |
| | | | |
| **EBITDA** | **256.1** | **282.7** | **−9.4 %** |
| EBITDA margin | 22.7 % | 24.3 % | |

At € 1,126.1 million, the total revenues of the Newspapers National segment were slightly less, by 3.3 %, than the corresponding prior-year figure (PY: € 1,164.9 million). Declines in both circulation revenues and advertising revenues contributed to this decrease in revenues. Due to lower circulation numbers, the circulation revenues of € 599.9 million were slightly less, by 2.9 %, than the prior-year figure (PY: € 617.6 million). Aside from the negative effect of market conditions, advertising revenues were positively influenced by the successfully published special edition BILD für ALLE. All together, advertising revenues amounted to € 492.5 million in 2012, reflecting a 4.4 % decrease from the prior-year figure. The other revenues of € 33.7 million were 4.1 % higher than the prior-year figure.

Segment EBITDA amounted to € 256.1 million, reflecting a 9.4 % decrease from the prior-year figure (PY: € 282.7 million). This decrease can be attributed both to the drop in revenues and to an increase in restructuring expenses. The EBITDA margin remained high at 22.7 % (PY: 24.3 %).

## *Magazines National*

**Circulation and Reach Magazines National**

| Thousands | Circulation 2012[1] | Change yoy | Reach[2] | Change |
|---|---|---|---|---|
| Hörzu | 1,275.6 | −4.8 % | 4,081.0 | −5.4 % |
| TV Digital | 1,889.2 | 3.8 % | 4,116.6 | −2.8 % |
| | | | | |
| Bild der Frau | 897.6 | −5.1 % | 5,468.3 | −9.5 % |
| | | | | |
| Auto Bild | 555.5 | −2.4 % | 2,750.4 | 0.4 % |
| | | | | |
| Computer Bild | 505.6 | −8.9 % | 3,682.2 | −7.3 % |
| | | | | |
| Sport Bild | 421.2 | −2.9 % | 4,339.7 | −0.4 % |

[1] Source: IVW, average paid circulation.
[2] Source: ma 2013 Pressemedien I.

With the exception of TV DIGITAL, the circulation numbers of the Group's magazines were lower, due to general market conditions.

**Key Figures Magazines National**

| € millions | 2012 | 2011 | Change |
|---|---|---|---|
| **External revenues** | **450.1** | **468.1** | **–3.9 %** |
| Share in cons. revenues | 13.6 % | 14.7 % | |
| | | | |
| Circulation revenues | 306.7 | 315.8 | –2.9 % |
| Advertising revenues | 119.1 | 128.4 | –7.3 % |
| Other revenues | 24.3 | 23.9 | 1.8 % |
| | | | |
| **EBITDA** | **93.3** | **103.2** | **–9.6 %** |
| EBITDA margin | 20.7 % | 22.0 % | |

The total revenues of the Magazines National segment fell by 3.9 % to € 450.1 million (PY: € 468.1 million). The circulation revenues of € 306.7 million were slightly less, by 2.9 %, than the prior-year figure of € 315.8 million, due to mainly lower circulation numbers. At € 119.1 million, the advertising revenues of the Magazines National segment were 7.3 % less than the corresponding prior-year figure (PY: € 128.4 million). In this respect, positive effects emanating from the Group's sports magazines were not enough to offset the declines registered among the Group's women's magazines, computer magazines, and TV program guides.

Segment EBITDA of € 93.3 million was 9.6 % less than the prior-year figure (PY: € 103.2 million), largely as a result of higher restructuring expenses.

### *Print International*

Circulation and reach figures of the leading mass-circulation dailies in the countries of our joint venture Ringier Axel Springer Media (see page 16), are shown in the following table.

**Circulation and Reach Print International**

| Thousands | Circulation 2012 | Change yoy | Reach | Change |
|---|---|---|---|---|
| Fakt[1] | 373.7 | –5.4 % | 1,715.5 | –13.5 % |
| Blesk[2] | 305.6 | –12.1 % | 1,252.3 | –8.9 % |
| Novy Cas[3] | 121.7 | –10.8 % | 876.3 | –10.5 % |
| Alo![4] | 118.6 | 4.0 % | 537.4 | 13.1 % |
| Blic[4] | 116.0 | –13.3 % | 871.1 | –4.2 % |

[1] Poland. Circulation: ZKDP; Reach: PBC General.
[2] Czech Republic. Circulation: ABC CR; Reach: Media Projekt, GfK Praha.
[3] Slovakia. Circulation: ABC SR; Reach: MML-TGI, Median SK.
[4] Serbia. Circulation: ABC Serbia; Reach: Ipsos Strategic Marketing.

Due to market conditions, the circulation numbers of the Group's international newspapers and magazines declined in 2012.

**Key Figures Print International**

| € millions | 2012 | 2011 | Change |
|---|---|---|---|
| **External revenues** | **440.8** | **473.5** | **–6.9 %** |
| Share in cons. revenues | 13.3 % | 14.9 % | |
| | | | |
| Circulation revenues | 255.8 | 271.0 | –5.6 % |
| Advertising revenues | 154.5 | 172.3 | –10.3 % |
| Other revenues | 30.5 | 30.2 | 0.9 % |
| | | | |
| **EBITDA** | **65.0** | **73.8** | **–11.9 %** |
| EBITDA margin | 14.7 % | 15.6 % | |

General economic conditions, particularly in eastern Europe, continued to be difficult. At € 440.8 million, the total revenues generated by the Print International segment in 2012 were 6.9 % less than the prior-year figure. Unlike the prior year, consolidation effects did not play a major role in 2012, however, currency effects were significant. Adjusted for these effects, the revenue decline was only 5.5 %. Circulation revenues fell by 5.6 %, or only by 4.0 % after adjusting for consolidation and currency effects. This rate of decrease was less than that of advertising revenues, which at € 154.5 million were 10.3 % less than the prior-year figure, or 9.2 % after adjusting for consolidation and currency effects. The declines were especially pronounced in the Czech Republic, Hungary, and Poland.

Segment EBITDA of € 65.0 million was 11.9 % less than the prior-year figure (PY: € 73.8 million). Because the revenue declines were largely offset by cost optimization measures, the EBITDA margin fell only slightly, from 15.6 % to 14.7 %.

### *Services/Holding*

The Services/Holding segment comprises the Group's three own newspaper printing plants, as well as the internal department of Logistics and various service and holding functions.

**Key Figures Services/Holding**

| € millions | 2012 | 2011 | Change |
|---|---|---|---|
| **External revenues** | **119.1** | **116.2** | **2.5 %** |
| Share in cons. revenues | 3.6 % | 3.6 % | |
| | | | |
| **EBITDA** | **–29.3** | **–24.4** | **-** |

At € 119.1 million, the external revenues of the Services/Holding segment were slightly higher, by 2.5 %, than the prior-year figure (PY: € 116.2 million). The lower revenues of the printing plants were more than offset by higher revenues in the services area.

The EBITDA of € –29.3 million was less than the year-ago figure (€ –24.4 million). Charges related to the measurement of the Group's share-based compensation programs were partially offset by the positive effect of income from the Kirch insolvency.

## *Liquidity*

### *Financial management*

As a general rule, Axel Springer AG provides all financing for the Axel Springer Group. This arrangement ensures that the Group companies have sufficient liquidity at all times. The overriding goal of financial management is to provide cost-effective liquidity in the form of maturity-matched financing.

**Net Liquidity/Debt**

| € millions | 2012 | 2011 |
|---|---|---|
| Cash and cash equivalents | 254.1 | 244.0 |
| Financial liabilities | 703.7 | 716.9 |
| **Net liquidity/debt** | **–449.6** | **–472.8** |

At December 31, 2012, Axel Springer carried a net debt of € 449.6 million (PY: € 472.8 million). The cash outflows for the company acquisitions conducted as part of our digitization and internationalization strategy were offset by cash inflows from operating activities and from the sale of a 30 % interest in Axel Springer Digital Classifieds GmbH to General Atlantic.

To replace the € 500.0 million credit facility that expired in August 2012, we placed a promissory note loan in the nominal amount of € 500.0 million in April 2012. The loan matures in four years (for a nominal amount of € 269.5 million) and in six years (for a nominal amount of € 230.5 million). In September 2012, moreover, we negotiated a new, € 900.0 million credit facility to replace an expiring credit facility in the amount of € 1.0 billion. Drawdowns under this new credit facility will be due for repayment in September 2017. Both the promissory note loan and the new credit facility can be used for general operating business purposes and for financing acquisitions.

At December 31, 2012, drawdowns on the existing long-term credit facility amounted to € 134 million (December 31, 2011: € 635 million). Unutilized short-term and long-term credit facilities amounted to € 786 million at December 31, 2012 (December 31, 2011: € 885 million).

### *Cash flows*

**Consolidated Cash Flow Statement (Condensed)**

| € millions | 2012 | 2011 |
|---|---|---|
| Cash flow from continuing operations | 463.9 | 405.9 |
| Cash flow from investing activities | –572.7 | –701.2 |
| Cash flow from financing activities | 123.3 | 109.1 |
| Change in cash and cash equivalents | 14.5 | –186.2 |
| Cash and cash equivalents at December 31 | 254.1 | 244.0 |

The cash flow from operating activities rose to € 463.9 million (PY: € 405.9 million). This increase resulted mainly from the improvement of operating activities. In addition, the figure for 2011 had been influenced by tax payments pertaining to earlier years.

The cash flow from investing activities amounted to € –572.7 million (PY: € –701.2 million). This outflow consisted mainly of payments for the acquisitions of Totaljobs, allesklar.com, Immoweb.be, and Onet.pl, as part of our digitization and internationalization strategy. In the prior year, the cash outflow for investing activities consisted mainly of the payments made in connection with the acquisition of the French real estate portal SeLoger.

The cash flow from financing activities amounted to € 123.3 million (PY: € 109.1 million). This figure was mainly affected by the receipt of the purchase price on the sale of a 30 % equity interest in Axel Springer Digital Classifieds GmbH to General Atlantic (€ 237.0 million). In addition, we placed a promissory note loan in the nominal amount of € 500.0 million to replace the credit facility that expired in 2012 and negotiated a new credit facility. Other financing-related cash flows consisted particularly of cash inflows from General Atlantic to finance the acquisitions of Totaljobs, allesklar.com, and Immoweb.be, as well as cash inflows from Ringier to finance the acquisition of Onet.pl. The cash flow from financing activities was lowered by the dividend payment for financial year 2011 and by the appropriation of cash funds totaling € 25.0 million to Axel Springer Pensionstreuhand e. V. to cover the company's pension obligations. The prior-year figure had been influenced primarily by taking on financial liabilities to finance the acquisition of SeLoger, aside from the dividend paid to shareholders of Axel Springer AG.

The net balance of cash flows from operating, investing, and financing activities was € 14.5 million (PY: € –186.2 million). At December 31, 2012, total cash and cash equivalents (consisting of short-term term deposits and securities maturing in the near future) amounted to € 254.1 million (PY: € 244.0 million).

## *Financial position*

**Consolidated Balance Sheet (Condensed)**

| € millions | 12/31/2012 | 12/31/2011 |
|---|---|---|
| Non-current assets | 3,841.4 | 3,308.9 |
| Current assets | 966.8 | 878.5 |
| **Assets** | **4,808.2** | **4,187.5** |
| Equity | 2,253.1 | 1,930.8 |
| Non-current liabilities | 1,602.0 | 1,382.8 |
| Current liabilities | 953.1 | 873.9 |
| **Equity and liabilities** | **4,808.2** | **4,187.5** |

At € 4,808.2 million, the total assets presented in the consolidated statement of financial position were € 620.7 million or 14.8 % higher than the corresponding figure at year-end 2011 (€ 4,187.5 million).

The development in 2012 was particularly influenced by the acquisitions of Totaljobs, allesklar.com, Immoweb.be, and Onet.pl, as part of our digitization and internationalization strategy. In connection with the provisional allocation of purchase costs (€ 675.7 million), intangible assets (including goodwill) were recognized in the total amount of € 590.5 million.

Non-current other assets declined by € 27.1 million, from € 105.5 million to € 78.4 million. This decrease can be attributed almost in full to the receipt of additional purchase price installments on the sale of regional newspaper investments in 2009. The increase in deferred tax assets resulted from the capitalization of tax loss carry-forwards that can be applied against taxable income in the future.

Current assets rose by € 88.3 million, from € 878.5 million to € 966.8 million. The higher trade receivables resulted mainly from the first-time consolidation of new subsidiaries and from the higher volume of operating activities, particularly in the digital media segment, contributed € 60.2 million to the increase in current assets.

The equity of € 2,253.1 million was € 322.3 million higher than the corresponding figure at year-end 2011 (PY: € 1,930.8 million), despite the dividend of € 167.6 million paid for financial year 2011. The increase in Axel Springer's equity resulted from the consolidated net income earned in 2012 and from the sale of a 30 % interest in Axel Springer Digital Classifieds GmbH to General Atlantic. This transaction increased non-controlling interests and accumulated retained earnings by a total amount of € 237.0 million. Non-controlling interests were further increased by the receipt of payments from General Atlantic to finance the acquisitions of Totaljobs, alleskl ar.com, and Immoweb.be, and by the receipt of payments from Ringier in connection with the acquisition of Onet.pl. The equity ratio rose to 46.9 % (PY: 46.1 %).

Non-current provisions and liabilities amounted to € 1,602.0 million (December 31, 2011: € 1,382.8 million). The increase of € 219.2 million resulted mainly from the first-time consolidation of acquired companies, as well as from liabilities for agreed option rights to purchase non-controlling interests (€ 134.2 million), and from deferred tax liabilities. Furthermore, the adjustment of the discount factor to reflect the current level of market interest rates had the effect of increasing the company's pension provisions.

The current provisions and liabilities of € 953.1 million were € 79.2 million higher than the prior-year figure (PY: € 873.9 million). Factors contributing to this increase included advance payments in respect of goods and services still to be received and the first-time consolidation of new subsidiaries acquired in 2012.

### *Employees*

Axel Springer had an average of 13,651 employees (excluding vocational trainees and journalism students/interns) in 2012 (PY: 12,885). The 5.9 % increase over the prior-year figure resulted primarily from newly consolidated companies. Outside of Germany, Axel Springer had an average of 5,263 employees (PY: 4,459), corresponding to 38.6 % (PY: 34.6 %) of the Group's total workforce. On average, 5,891 of the Group's total employees were women and 7,760 were men. The number of reporters and editors declined by 4.2 % to 3,529. The number of salaried employees rose by a total of 11.6 % to 9,166, mainly due to the expansion of business activity and the acquisition of new companies in the Digital Media segment.

**Employees by Segments**

| Average number per year | 2012 | 2011[1] | Change |
|---|---|---|---|
| Digital Media | 3,907 | 2,953 | 32.3 % |
| Newspapers National | 2,553 | 2,600 | −1.8 % |
| Magazines National | 1,227 | 1,208 | 1.5 % |
| Print International | 3,436 | 3,587 | −4.2 % |
| Services/Holding | 2,528 | 2,537 | −0.3 % |
| **Group** | **13,651** | **12,885** | **5.9 %** |

[1] Values for the year 2011 were adjusted to reflect the changed reporting structure.

The higher number of employees in the Digital Media segment resulted, aside from the continuous expansion of our brand-related online activities, mainly from the consolidation of new acquisitions in the digital business. The lower number of employees in the international print business resulted primarily from structural adjustments in Hungary and Poland.

### Length of service and age structure

As of December 31, 2012, the average length of service with the German companies of the Axel Springer Group was 11.2 (PY: 11.5) years; 51.0 % (PY: 52.0 %) of employees have worked for the company for longer than ten years. More than half of all employees are between 30 and 49 years of age. On average for the year, seriously handicapped persons represented 3.7 % (PY: 3.7 %) of the total employees of the Group's German companies.

### Equal opportunity and diversity

Axel Springer promotes the development of all its employees equally. Thus in 2010, Axel Springer launched a new, Group-wide project entitled "Opportunities:Equal!" to increase the percentage of women in senior management positions, so as to achieve a better balance between women and men in the company's management. The objective of this program is to increase the percentage of women on all management levels to more than 30 %, as a company-wide average. Instead of a uniform quota, we adopted individual targets for each area of the company. At December 31, 2012, the percentage of women in management positions at Axel Springer was 27 %.

## General assessment of the company's financial performance, liquidity, and financial position by the Executive Board

Axel Springer was successful in financial year 2012. We continued to implement our strategy in a systematic manner. In particular, we advanced the goal of digitization on the strength of both organic growth and acquisitions. The EBITDA margin of 19.0 % proves that Axel Springer is pursuing a profitable strategy.

Given the increase in cash flow over the strong figure for 2011, as well as the still exceedingly solid balance sheet structure and the cost-effective financing options available to the company, Axel Springer finds itself in an excellent position to generate future growth, on the strength of both organic growth and acquisitions.

We continue to believe that the path of systematic digitization is the right strategy for assuring and further improving the company's profitability in the future.

**Financial performance, liquidity, and financial position**

| Group Key Figures (Selection, in € millions) | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|---|---|---|---|---|
| **Total revenues** | **3,310.3** | **3,184.9** | **2,893.9** | **2,611.6** | **2,728.5** |
| Digital Media revenues | 1,174.2 | 962.1 | 711.8 | 470.4 | 378.2 |
| *Digital Media revenues as percent of total revenues* | *35.5 %* | *30.2 %* | *24.6 %* | *18.0 %* | *13.9 %* |
| **EBITDA** | **628.0** | **593.4** | **510.6** | **333.7** | **486.2** |
| EBITDA margin | *19.0 %* | *18.6 %* | *17.6 %* | *12.8 %* | *17.8 %* |
| EBITDA Digital Media | 242.9 | 158.1 | 85.8 | 43.2 | 20.9 |
| *Digital Media EBITDA as percent of total EBITDA* | *38.7 %* | *26.7 %* | *16.8 %* | *12.9 %* | *4.3 %* |
| Total dividends[1] | 167.9 | 167.6 | 157.3 | 131.2 | 130.6 |
| Dividend per share (in €)[1)2)] | 1.70 | 1.70 | 1.60 | 1.47 | 1.47 |
| *Tax rate* | *31.3 %* | *31.3 %* | *27.4 %* | *21.1 %* | *17.0 %* |
| Consolidated net income | 275.8 | 289.4 | 274.1 | 313.8 | 571.1 |
| Consolidated net income, adjusted | 347.9 | 343.3 | 283.2 | 152.6 | 254.6 |
| Earnings per share, adjusted (in €)[2)3)] | 3.00 | 3.03 | 2.59 | 1.41 | 2.43 |
| Net debt/liquidity | −449.6 | −472.8 | 79.6 | −193.0 | −369.5 |
| Free cash flow[4] | 384.4 | 293.9 | 299.3 | 231.3 | 219.7 |

1) Dividend proposal for financial year 2012.
2) Based on shares outstanding, in consideration of the share split conducted in 2011.
3) For all years indicated herein, the adjusted diluted earnings per share were calculated on the basis of weighted average shares outstanding in the given financial year (98.728 million).
4) Cash flow from operating activities, less capital expenditures, plus cash inflows on disposal of intangible assets and property, plant, and equipment.

# *Economic Position of Axel Springer AG*

| € millions | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|---|---|---|---|---|
| Revenues | 1,507.1 | 1,551.2 | 1,576.6 | 1,588.3 | 1,673.3 |
| Net income | 371.9 | 260.2 | 161.3 | 323.1 | 196.4 |
| Transfer to retained earnings[1] | 204.0 | 92.6 | 4.0 | 165.4 | 103.6 |
| Total dividends[1] | 167.9 | 167.6 | 157.3 | 131.2 | 130.6 |
| Dividend per share (in €)[1) 2)] | 1.70 | 1.70 | 1.60 | 1.47 | 1.47 |

1) The amount of the dividend for 2012 and the appropriation to retained earnings (after deduction of an advance appropriation of € 185.9 million) are subject to the condition of approval by the annual shareholders' meeting.
2) The dividend per share for the years 2008 to 2010 were adjusted to account for the share split conducted in 2011.

## *Introductory remarks*

The management report of the parent company Axel Springer AG, Berlin, is combined with the management report of the Axel Springer Group. The following statements are based on the separate financial statements of Axel Springer AG, which were prepared in accordance with the regulations of the German Commercial Code and the German Stock Corporations Act. The separate financial statements of Axel Springer AG and the present management report will be announced in the Federal Gazette and published on the website of Axel Springer AG.

## *Business activity*

Axel Springer AG is the parent company of the Axel Springer Group.

The Group's major print publications, such as the titles of the BILD Group and WELT Group, HAMBURGER ABENDBLATT, TV DIGITAL, and HÖRZU, as well as other newspaper and magazine titles, are editorially produced and distributed by Axel Springer AG. The newspapers are printed by the company's own printing plants in Ahrensburg, Berlin, and Essen, and by outside printing companies.

In addition, Axel Springer AG maintains extensive supplier and service relationships with subsidiaries and other related parties. Purchased services mainly include printing services, administrative services, property management, direct marketing, editorial services, circulation, and insurance services.

Services rendered include the supply of published products and paper and the provision of general administrative and IT services.

As a general rule, Axel Springer AG provides financing to the Group companies, as part of its Group-wide liquidity management program. Profit/loss transfer agreements are in effect with a number of German Group companies.

## *Financial performance*

**Income Statement (Condensed)**

| € millions | 2012 | 2011 |
|---|---|---|
| Revenues | 1,507.1 | 1,551.2 |
| Other operating income | 117.8 | 123.9 |
| Purchased goods and services | –387.2 | –411.5 |
| Personnel expenses | –441.5 | –424.6 |
| Amortization, depreciation and impairments of intangible assets and property, plant and equipment | –33.2 | –33.3 |
| Other operating expenses | –523.8 | –516.8 |
| Net income from non-current financial assets | 258.9 | 96.2 |
| Net interest income | –40.5 | –26.2 |
| **Profit from ordinary activities** | **457.6** | **358.9** |
| Taxes | –85.7 | –98.7 |
| **Net income** | **371.9** | **260.2** |
| Transfer to retained earnings | –185.9 | –92.0 |
| **Distributable profit** | **186.0** | **168.2** |

The revenues generated in 2012 were lower than in 2011. Circulation revenues declined by 2.9 % to € 838.4 million and advertising revenues (€ 528.7 million) fell by 4.2 %. By contrast, the other revenues of € 140.0 million were 3.1 % higher than the corresponding prior-year figure.

Due to lower costs of paper and printing services, purchased goods and services declined by € 24.3 million to € 387.2 million. At 25.7 %, the ratio of purchased goods and services to total revenues was slightly lower than the corresponding prior-year ratio.

The personnel expenses of € 441.5 million were 4.0 % higher than the prior-year figure. This increase was caused in particular by higher expenses for restructuring measures and share-based compensation. The number of employees declined by 2.6 %, from an average of 4,569 in 2011 to 4,451 in 2012.

Net income from financial investments (€ 258.9 million) was € 162.7 million higher than the prior-year figure, thanks in particular to an increase in profit transfers from subsidiaries, which rose by € 185.0 million to € 235.5 million. The higher profit transfers were caused, in turn, particularly by intragroup sales of equity investments in connection with the bundling of online classified activities (Axel Springer Digital Classifieds).

The net interest result (€ –40.5 million) was € 14.3 million less than the prior-year figure, mainly as a result of higher loan interest, expenses related to the measurement of financial derivatives, and commitment fees related to the opening of a new credit facility.

At € 457.6 million, income from ordinary activities was € 98.7 million higher than the prior-year figure. After tax expenses, the consolidated net income of € 371.9 million was € 111.7 million higher than the prior-year figure (PY: € 260.2 million).

## *Liquidity*

The net debt (liabilities due to banks and promissory note loan, less cash and cash equivalents) was reduced by € 31.6 million to € 588.5 million in 2012.

In 2012, Axel Springer AG renewed expiring credit facilities in the amount of € 1,500.0 million to date. In April 2012, the company issued a promissory note loan in two tranches, one for € 269.5 million maturing in four years, and the other for € 230.5 million maturing in six years. In September 2012, the company was granted a revolving credit facility of € 900.0 million for a term of five years. At December 31, 2012, unutilized short-term and long-term credit facilities amounted to € 786.0 million (PY: € 885.0 million). The credit facilities can be used both for general business purposes and for financing acquisitions.

## *Financial position*

**Balance Sheet (Condensed)**

| € millions | 12/31/2012 | 12/31/2011 |
|---|---|---|
| Intangible assets and property, plant and equipment | 253.0 | 262.6 |
| Non-current financial assets | 3,055.0 | 2,711.3 |
| Trade receivables | 151.4 | 142.0 |
| Receivables from affiliated companies | 194.1 | 50.4 |
| Cash and cash equivalents | 45.5 | 25.2 |
| Other assets | 193.8 | 223.1 |
| **Total assets** | **3,892.8** | **3,414.6** |
| Equity | 1,529.0 | 1,318.7 |
| Provisions | 407.9 | 425.0 |
| Liabilities due to banks | 634.0 | 645.3 |
| Liabilities to affiliated companies | 1,170.5 | 884.4 |
| Other liabilities | 151.4 | 141.2 |
| **Total equity and liabilities** | **3,892.8** | **3,414.6** |

At € 3,892.8 million, the total assets presented in the statement of financial position were 14.0 % higher than the prior-year figure. Non-current assets amounted to € 3,308.0 million (PY: € 2,973.9 million) and represented 85.0 % (PY: 87.1 %) of total assets. Non-current assets were backed by equity at the rate of 46.2 % (PY: 44.3 %).

Non-current financial assets rose by € 343.7 million to € 3,055.0 million, mainly as a result of contributions to the capital reserves of subsidiaries to finance acquisitions and optimize Group-wide financing structures.

The increases in receivables from (+ € 143.7 million) and payables to (+ € 286.1 million) affiliated companies resulted in particular from intragroup sales of equity investments and capital measures related to the formation of Axel Springer Digital Classifieds.

The category of other assets was affected by a further payment of € 25.0 million on the deferred purchase price for the regional newspaper investments sold in financial year 2009.

The equity of € 1,529.0 million was € 210.3 million higher than the prior-year figure. The equity ratio was 39.3 % (PY: 38.6 %).

Provisions were € 17.1 million less than the prior-year figure. This decline was mainly caused by the € 52.5 million decrease in pension provisions, due to the appropriation of additional funds to cover pension obligations. Countervailing effects were mainly increases in the provisions for taxes, for obligations under virtual stock option plans, for outstanding supplier invoices, and for pending financial derivatives.

## *Profit utilization proposal*

The Supervisory Board and Executive Board propose that the company apply an amount of € 167.9 million from the distributable profit of € 186.0 million (PY: € 168.2 million) to pay a dividend of € 1.70 (PY: € 1.70) per qualifying share for financial year 2012, and to appropriate the remaining amount of € 18.1 million to the other retained earnings.

The profit utilization proposal takes into account the treasury shares held by the company, which do not qualify for dividends. The number of shares qualifying for dividends can change in the time remaining until the annual shareholders' meeting. In that case, an adjusted profit utilization proposal will be submitted to the annual shareholders' meeting, without changing the target dividend of € 1.70 per qualifying share.

## *Dependency Report*

The Executive Board of Axel Springer AG submitted the Dependency Report prescribed by Section 312 of the German Stock Corporations Act (AktG) to the Supervisory Board and made the following concluding statement:

"According to the circumstances known to the management at the time of each transaction with an affiliated company, Axel Springer AG received adequate consideration for every such transaction and did not take, or fail to take, any actions in the reporting period, either at the behest or in the interest of the controlling company or a company affiliated with the controlling company."

# *Events after the reporting date*

No developments or events of particular importance to the company's financial performance, liquidity, and financial position have occurred since the reporting date of December 31, 2012.

# *Sustainability and social responsibility*

For Axel Springer, sustainability is the nexus between economic success and conduct that is both environmentally responsible and socially fair. These three criteria are firmly anchored in the company's business strategy. Therefore, sustainability is an integral part of all the company's business processes. The Sustainability Department supports all the company's activities related to sustainable business practices, environmental protection, occupational safety, and commitment to social responsibility. This department reports directly to the Executive Board Chairman. Through our sustainability strategy, we exercise responsibility for current and future generations and establish the foundation for long-term business success.

Axel Springer began to publish environmental performance reports already in the mid-1990s, and has published sustainability reports since 2000. Since 2005, the company has published a biennial Sustainability Report based on the complete list of sustainability indicators of the Global Reporting Initiative (GRI), the internationally relevant format for sustainability reporting. A new addition to the GRI is the "Media Sector Supplement" (GRI+), which is documented in the company's latest Sustainability Report for the first time. This section provides additional indicators that are reflective of the specific issues encountered by journalism companies. Axel Springer's sustainability reports are audited by independent auditors. The current Sustainability Report, which was published at the end of 2012, can be found on our website at www.sustainability.axelspringer.com.

# *Report on risks and opportunities*

## *Risk policy principles and risk strategy*

At Axel Springer, we define risks as the possibility of negative deviations of actual business performance from the planned performance or from our objectives, while opportunities represent the possibility of positive deviations. The risk policy principles and risk strategy of Axel Springer are closely tied to the adopted business strategy. We do not seek primarily to avoid risks at all costs, but to carefully weigh the opportunities and risks associated with our business activities. Accordingly, opportunities should be systematically exploited and risks should be assumed only if they remain within appropriate limits and give rise to additional income opportunities. Appropriate measures are taken to minimize risks to an acceptable level or, if economically feasible, transfer them to third parties. All employees are obliged to handle risks responsibly within their own work areas.

## *Ongoing improvement of the risk management system*

In consideration of the heightened national and international requirements, we continued the process of systematically improving our internal monitoring system (risk management, compliance management, internal control system, and internal auditing) in 2012. To ensure the close coordination of the various sub-systems, the department Governance, Risk, & Compliance coordinates risk management, compliance management, and the internal control system.

Axel Springer's risk management system is designed to identify all significant risks at the earliest possible stage, so that we can immediately take appropriate countermeasures and monitor the further progression of all risks and the corresponding risk management measures. This approach gives us the necessary maneuvering room and allows for the controlled and responsible handling of risks. The risk management system is designed to meet the demands of currently applicable laws and regulations, as well as nationally and internationally recognized standards, and is documented in a suitable corporate directive.

Whereas the overall responsibility for risk management lies with the Executive Board, the management of individual risks, which entails the early detection, assessment, management, and documentation of risks, as well as the adoption and implementation of appropriate countermeasures and the associated reporting requirements, lies primarily with the corresponding corporate divisions or Group companies.

The management teams of the divisions and subsidiaries bear content-related responsibility for the risk management conducted within their respective divisions or companies. Besides conducting a structured risk inventory every year, they are also obliged to monitor their divisions or companies on a continuous basis in order to identify any changes in the risk situation. Significant changes in the division-specific risk situation must be reported promptly to the Governance, Risk, & Compliance department or to the Executive Board.

In addition to this decentralized risk identification process, a centralized risk identification process is conducted under the coordination of the Group-wide Risk Manager, who is a member of the senior management. The purpose of that process is to apply specialized methodology with the goal of identifying and assessing cross-divisional and process-transcending risks, so as to complete the risk inventory.

Risks are assessed on the basis of the probability of occurrence and the possible loss in case of occurrence. Risks are classified as "existentially threatening," "material," "to be monitored," or "other." In order to present Axel Springer's risk situation as transparently as possible, risks are assessed by means of a procedure that entails both a gross assessment (before risk management measures) and a net assessment (after risk management measures). Uniform, Group-wide materiality limits are applied for that purpose.

A theoretically existential risk is classified as such on the basis of the possible gross loss and the effect of such a loss on the Group's financial position and liquidity.

The Corporate Risk Manager operates from Governance, Risk, & Compliance. He monitors all risk management activities, aggregates the risks at the Group level, and assesses the plausibility and completeness of reported risks. He is also responsible for continuously improving the risk management system and the Group-wide, web-based reporting tool.

The risk reports prepared for the Executive Board and Supervisory Board focus primarily on the existentially threatening risks and material risks, including the corresponding risk management measures and suitable early warning indicators, if any. For that purpose, risks are classified as strategic and operational risks, financial reporting risks, and risks related to compliance with internal and external regulations.

## Internal audit system

Axel Springer AG has a Corporate Internal Audit Department that conducts its work independently of instructions and processes, on the basis of internal rules of procedure adopted by the Executive Board. The Corporate Internal Audit Department is designed to fulfill the relevant national and international professional standards.

Based on a risk-oriented audit plan, the Corporate Internal Audit Department continuously reviews the adequacy and functional effectiveness of the risk management system and internal control system, among other matters.

## Report on the (consolidated) financial reporting-related risk management system and internal control system pursuant to Section 289 (5) and Section 315 (2) (5) HGB

The (consolidated) financial reporting-related risk management system and the connected internal control system are important elements of the internal management system of Axel Springer AG. The effective interplay of the risk management system and internal control system is meant to ensure the effectiveness and economic efficiency of the Group's business activities, as well as the completeness and reliability of its financial reporting. The (consolidated) financial reporting-related risk management system and internal control system comprise all organizational regulations and measures aimed at the detection and management of risks related to financial reporting. With a view to the (consolidated) financial reporting process, the internal control system is meant to ensure that the Group's financial reports convey a true and fair view of the financial position, liquidity, and financial performance of Axel Springer AG and the Axel Springer Group, in compliance with all relevant laws, regulations, and standards. However, even an effective, and therefore adequate and well-functioning, internal control system cannot guarantee the prevention or detection of all irregularities or inaccurate disclosures.

We consider the following elements of the risk management system and internal control system to be significant with respect to the (consolidated) financial reporting process:

- Processes for identifying, assessing, and documenting all significant financial reporting-related processes and risk areas, including the corresponding key controls. Such processes include financial and accounting processes, as well as administrative and operational business processes that generate important information used in the preparation of the separate and consolidated financial statements, including the management reports of the parent company and the Group.

- Process-integrated controls (computer-aided controls and access restrictions, dual control principle, separation of functions, analytical controls).

- Standardized financial accounting processes, through the use of an internal, Group-wide Shared Services Center for most of the consolidated German companies of the Group.

- Group-wide accounting directives in the form of accounting guidelines, charts of accounts, and reporting procedures.

- Quarterly communication of information to all consolidated Group companies on current developments related to accounting and the process of preparing the financial statements, as well as the reporting deadlines to be observed.

- Assuring the requisite expertise of employees involved in the financial reporting process by means of appropriate selection procedures and training.

- Centralized preparation of the consolidated financial statements, employing manual and computer-system controls in respect of financial reporting-specific connections and dependencies.

- Protection of financial reporting-related IT systems against unauthorized access, by means of access restrictions.

- Monthly internal reports (complete income statement, statement of financial position, cash flow statement) and monthly reports on all cost units of the Group, including analysis and reporting of significant developments and budget/actual deviations.

The effectiveness of the (consolidated) financial reporting-related risk management system and internal control system is systematically reviewed and assessed by means of periodic checks; a Group-wide reporting system ensures that up-to-date information is provided on a regular basis to the division heads, Executive Board, and Supervisory Board.

Both the risk management system and the internal control system are continuously refined. For example, the control system is being integrated beyond financial reporting with the broader system on a step-by-step basis, to create a comprehensive system of internal corporate monitoring. By that means, we synchronize and optimize our control elements on a cross-divisional basis, thereby enhancing the effectiveness and economic efficiency of the entire system.

## *Risk areas*

The risks described below could have material effects on the business activity of Axel Springer and therefore also on whether and when we achieve our business objectives. Within the risk categories described below, risks are presented in the order of their priority for Axel Springer.

### *Market and competition risks*

Markets are worried about the crisis affecting numerous European countries resulting from the substantial over-indebtedness of individual nations, as well as by the deteriorating credit ratings of several countries. Another element of uncertainty relates to the further development of China as an economic power, which continues to play a crucial role in the world economy. A renewed economic downturn caused by the euro crisis would have a negative impact on economic growth. Therefore, a significant deterioration of the revenue performance of our advertising customers and a further reduction of our print advertising revenues resulting from this cannot be ruled out. An adverse development of the general market environment could lead to lower advertising revenues in Germany and also reduce our advertising revenues in central and eastern Europe.

The risk of rising paper prices is currently deemed to be manageable, particularly considering the Group's diversified purchasing sources.

Furthermore, the general market situation is still characterized by intense competition pressure. The entry of new competing titles and formats into the market exposes the Axel Springer Group to the risk of lost revenues and market shares in the circulation and advertising business; this could intensify if free newspapers and magazines were to be introduced. Furthermore, the trend towards radio and TV advertising could reduce our print advertising revenues. Generally speaking, this risk is further heightened by changing consumption and reading habits (especially as a result of demographic changes).

Another source of uncertainty relates to the growing competition with traditional print media posed by other kinds of media. Above all, the growing importance and use of the Internet tends to reduce the revenues of print publications.

In that context, the high proportion of total Group-wide revenues contributed by BILD and the entire family of BILD brands poses a particular risk. Overall, the paid circulation of BILD and BILD am SONNTAG has been declining in the last few years. Furthermore, a significant proportion of the Group's high-revenue magazine titles are supported by the strong recognition and brand familiarity of the BILD family of brands. The possibility that the success of our BILD titles could be adversely affected by external factors on a lasting basis, which would consequently have a negative impact on the Group's financial position, liquidity, and financial performance, cannot be ruled out.

The above-mentioned general market risks are monitored and minimized primarily by the operational managers. To counter these risks successfully, Axel Springer continued in 2012 to pursue the threefold strategy of market leadership in the German-language core business, internationalization, and digitization. Therefore, the targeted expansion of existing activities in Germany is still vitally important to our company. Furthermore, changing customer needs can be accommodated by means of product innovations, accompanied by incentives and other product-related measures, such as sales-promoting giveaways and special inserts offered at an extra cost, including DVDs, CDs, and audio books, for example.

In the segment of digital media, the dominant position of major Internet search engines poses an additional market risk. If, for example, the search engines were to alter their search algorithms or use their own websites to broaden their offerings and so compete with our own business activities, or those of our affiliated companies, this could have a serious impact on the future revenue performance of certain business activities of Axel Springer. For certain business models, even a small loss of visibility on search result pages can lead to significant declines in revenues and earnings. We counter this risk by means of targeted ad placements on search engine pages, among other measures.

The constant further development and expansion of our apps for the iPhone and iPad, among other mobile devices, underscores our determination to continually increase the degree of digitization of Axel Springer's media. By means of acquisitions, new company start-ups, and the expansion of existing digital media, we will strive to adapt to changes in the media world and further promote the cross-media networking and integration of our brands. (For more information on this subject, please refer to the section on the segments of the Axel Springer Group, starting on page 12, and the section on the financial performance of the segments, starting on page 30).

### *Political and legal risks*

The effects of new legislative initiatives on various individual business models in the digital media segment are still uncertain at the present time. For example, the enactment of national laws implementing the Cookie Regulation Directive that has already been enacted on the European level has not yet been completed in all countries. Cookies are an important tool that can be used for recording data, such as the number of visitors to a website or the number of clicks on an online advertisement, for example. Advertisers use the data supplied by cookies to measure the success of their advertisements and website operators use it to optimize their offerings and set advertising rates. Thus, cookies are an important basis for generating revenues on the Internet. At the present time, concrete implementation of this regulation and the ensuing impact on the revenue performance of Axel Springer and the company's strategic orientation remain to be seen.

Furthermore, the planned introduction of a Basic Regulation for data protection, which is meant to reform and harmonize the various laws applicable to the handling of personal data in the countries of the European Union, may entail far-reaching changes for mobile and web-based business models.

The three-step test introduced by law in 2009 has proven to be inadequate for effectively limiting the expansion of state-owned TV stations into the Internet. ARD in particular has intruded into the business sphere of the private-sector press and distorted the competition environment with a text-oriented news app for Tagesschau financed by license fees, in a blatant contradiction of the Interstate Broadcasting Agreement. Faced with competition from this cleverly designed "free offer," it is naturally hard for publishing companies to successfully offer paid apps. After conducting fruitless negotiations with ARD and NDR, Axel Springer AG and seven other publishing companies, with the full support of the newspaper publishers' association BDZV, filed a lawsuit against ARD and NDR in the Competition Division of the Cologne Regional Court. In September 2012, the court granted the claim in most respects. The defendants have filed an appeal against this ruling. Concurrently with the court proceeding, the publishing companies are conducting settlement negotiations with ARD, with the aim of establishing fundamental playing rules for the Internet. Thus, public-sector radio enterprises should gear their online offerings more to audio and video and the publishers should focus on text and photos. If no agreement can be reached and the publishing companies lose the case in the highest instance, it will be much more difficult for Axel Springer AG to successfully offer paid journalism content in the fast-growing mobile market.

Furthermore, our business is still exposed to the competition-distorting effects of state-owned media and the regulatory pressure of legislators on all relevant levels of government.

Breaches of confidentiality agreements and violations of insider trading regulations, as well as the incorrect publication of data or the non-observance of data protection laws and regulations, could lead to economic or legal consequences for Axel Springer. In such cases, the possibility of damage to the reputation of the Group or its brands cannot be ruled out.

To minimize such risks, Axel Springer has adopted various control mechanisms and consultation rules, upgraded its data protection organization further, and initiated extensive training programs, among other measures. The company intends to intensify such activities in the future.

### *IT risks*

As a company with a high level of digitization, Axel Springer is exposed to considerable risks related to the possible failure of IT systems, data centers, editing systems, or databases. Particular attention is given to IT risks that could lead to data losses or, in the worst case, business interruptions.

Besides those IT risks that affect Axel Springer directly, there are others that have a considerable impact on the company's business activities. In consideration of the growing importance of paid-content offerings and the related handling of personal data, and the steadily growing threat of computer criminality, the careful handling and protection of the above-mentioned customer data are becoming increasingly important.

By reason of its many online-based business models, Axel Springer is also dependent on the constant availability of the websites. The possibility of hacker attacks and the consequent downtimes entail risks that could potentially have an adverse effect on the Group's revenue performance and reputation.

Consequently, Axel Springer undertakes targeted measures to guard against criminal acts and protect its strategic business model. To avoid or mitigate such risks, the company employs extensive IT security measures (such as back-up systems, firewalls, and emergency data centers), which are continuously upgraded and improved.

### *Reputation risks*

In view of its growing international presence, Axel Springer has adopted a catalog of social standards known as the International Social Policy, as a binding guideline for social integrity, applicable to all our companies throughout the world. Non-observance of the International Social Policy, especially in connection with the procurement of advertisements and product giveaways, as well as merchandising or the sale of title licenses, could potentially cause serious damage to the company's reputation.

The Axel Springer Group has instituted a sustainability management program that meets international standards. The overly late detection of possible ecological or social conflicts relative to the procurement of resources along the value chain of wood, pulp, paper, and recycled materials could harm the Group's reputation. To minimize this risk as much as possible, we work closely together with experts in the wood, pulp, and paper industry and with numerous environmental protection organizations. We also conduct monitoring measures across the entire value chain, as well as eco-audits. As part of the eco-audit process, we are obligated to publish an environmental report on the company's actions and goals with respect to environmental protection, among other things. Axel Springer's internal and external communications on this subject are generally characterized by a high level of openness and transparency.

### *Strategic and other risks*

Strategic risks arise from the possibility, among others, that the Group would invest in concepts and companies that prove not to be sustainably successful, leading to financial losses. Such investment risks arise primarily from the possibility of bankruptcy. If the revenue and earnings performance of the companies in which we hold an investment were to be worse than planned, due to a renewed worsening of the financial markets and economic crisis, it may become necessary to recognize impairment losses. Generally speaking, however, the business models of our subsidiaries and associates are very heterogeneous. Furthermore, we employ internal assurance measures, including the rigorous examination of the investment criteria applied in connection with our M&A activities.

To minimize such risks, Axel Springer employs an active investment management program, takes the necessary steps to recruit and retain qualified managers, and constantly monitors the relevant business and market developments.

In the digital media business, Axel Springer is additionally exposed to a heightened risk that a given business model might not prove to be successful on a sustainable basis, and that newer Internet business models might force older ones out of the market. Another significant factor is the growing popularity of paid-content offers in the online business, leading not only to higher revenues, but also increased competition. Therefore, it is entirely possible that future revenues could be offset by higher costs to win and retain customers. By introducing a usage-dependent subscription model for the previously free website of DIE WELT, we are striving to build a sustainable subscriber base also on the strength of paid access to digital journalism content.

Furthermore, Axel Springer continues to systematically pursue its strategy of internationalization and digitization. The joint venture with Ringier is a key element of the company's internationalization strategy. From a risk standpoint, the main risks to which Ringier Axel Springer Media and its subsidiaries are exposed are market and financial risks. Declining circulation numbers, which in return reduce circulation revenues, represent a particular market risk and could potentially also reduce advertising revenues in the medium term. The advertising market in eastern Europe in particular is exposed to significant market risks associated with the growing shift to TV and digital media. By virtue of the high degree of internationalization of Ringier Axel Springer Media AG, the relevant market risks are distributed over various countries, although that fact does entail a heightened, though manageable, foreign exchange risk (€, CHF, eastern European currencies), which the company counters by means of appropriate hedging activities.

With regard to our investment in Doğan TV Holding A.S., the risk of an impairment loss cannot be ruled out, particularly depending on the further developments and any adjustments to the business plan that could possibly be made by the management. In assessing the value of our investment in this company, due consideration is given to the existing contractual agreements that protect the value of our investment.

Furthermore, the loss of major customers could have an adverse effect on the business success and activities of the Group. To avoid this risk, we employ a variety of customer retention measures, among other measures.

Distribution-related risks, including the risk of liquidity problems on the part of distribution partners, for example, are countered by means of clearly stipulated payment terms and firm payment modalities.

The threat of terrorism poses a fundamental risk to Axel Springer. We counter terrorism risks in two ways. First, we take structural and organizational measures to raise the Group's security standards even further; second, initially in 2009, we took out a new insurance policy to mitigate the financial consequences of terrorism.

### *Personnel risks*

As a result of the falling birth rate and the resulting demographic shift, the pool of potential young talent is shrinking. Furthermore, the growing competition among companies for qualified workers heightens the risk that we may not be able to recruit enough sufficiently qualified workers. We counter this risk by means of the employer marketing initiative launched in 2011. The purpose of this initiative is to differentiate Axel Springer AG significantly from other potential employers and promote the company as an innovative and modern employer.

The dedication and qualifications of our employees are crucial to the lasting attainment of our goals. Thus, the loss of key personnel is a potential risk. As a means of countering this risk, we place particular emphasis, as part of our human resources management program, on the targeted training and continuing education of our employees, as well as the targeted development of future executives and the creation of a motivating work environment. We offer attractive bonus and share ownership programs, flexible work-time models, and two company-owned day care centers, to ensure the satisfaction and bolster the retention of our employees.

### *Financial risks and risks associated with the use of financial instruments*

The financial risks especially relevant to the Axel Springer Group are interest rate risks and currency risks. Interest rate risks arise primarily from financial assets or liabilities with variable interest rates. Currency risks arise from expenses, revenues, investment income and expenses, and receivables and liabilities denominated in foreign currencies (transaction risk).

The risk of changing interest rates inherent in variable-interest assets or liabilities is minimized through the use of interest rate derivatives. Interest rate risk was also mitigated by means of the fixed-interest tranches of the promissory note loan issued in 2012.

The risk of value changes arising from exchange rate fluctuations are avoided primarily in that operating costs are incurred in the same countries in which we sell our products and services. Residual currency risks arising from cash flows denominated in foreign currencies are immaterial because we generate most of our earnings in the euro zone. Currency risks inherent in receivables and liabilities denominated in foreign currencies (excluding contingent purchase price liabilities) with net exposures of € 5 million or more per foreign currency are usually hedged by means of maturity-matched forward exchange deals.

Local-currency cash flows generated in non-euro zone countries are either reinvested to expand local business operations, or invested with Axel Springer AG and hedged by means of forward exchange deals or distributed in the form of dividends. Therefore, the liquidity risk arising from exchange rate changes affecting cash flows denominated in foreign currencies is limited.

Currency effects arising from the translation of financial statements denominated in foreign currencies (currency translation risk) are recognized directly in the equity item of other comprehensive income. Therefore, Axel Springer does not hedge such currency effects.

Significant financing risks resulting from the uncertain outlook for the financial sector are not evident for the Axel Springer Group at the present time because the credit line in the amount of € 0.9 billion (through 2017) obtained for liquidity assurance purposes has been committed by the participating banks with binding effect. The credit facility is contingent upon the observance of covenants that are based on a certain ratio of net debt to the earnings indicators of the Axel Springer Group. Even if the credit facility were to be drawn down in full, we do not expect to breach any of the agreed covenants, and therefore we consider the risk of acceleration of borrowed amounts to be minor. Based on our continuous observation of the money markets, capital markets, and credit markets, we have concluded that companies with outstanding creditworthiness and strong reputations can always raise funding at favorable conditions. Furthermore, Axel Springer can generate liquidity reliably, based on its broadly diversified customer base and the absence of significant payment delays and defaults.

Surplus cash not needed for operations is invested on the basis of criteria set out in a corporate guideline, which sets loss limits that may not be exceeded, as a means (among others) of limiting risks.

The risks arising from financial instruments and hedging activities are discussed in detail in Section (34) of the notes to the consolidated financial statements.

### *Overall risk assessment*

In the preceding sections, we reported on important individual risks.

The overall risk situation of the Axel Springer Group is the aggregation of individual risks in all risk categories of the subsidiaries and corporate functions. In consideration of correlative effects among the various individual risks, currently no risks that would pose a threat to the ability of the Axel Springer Group to continue operating as a going concern or that would significantly influence the financial position, financial performance, and liquidity situation of the Group can be discerned, except for the risk of a drastic deterioration of the global economy and the ensuing deterioration of the Group's financial performance. Furthermore, risk concentrations are being gradually reduced by means of growing diversification in the form of internationalization and digitization. Compared to the prior year, the various risk positions underwent changes in financial year 2012, but these changes did not have significant effects on the overall risk situation.

The capacity of the Axel Springer Group to absorb risks is basically unchanged from the prior year.

# *Opportunities*

### *Market opportunities*
If the economy continues to stabilize, as currently predicted by the leading economic research institutions, that will have a positive effect on our circulation and advertising revenues. But even a negative development of the overall economy could create opportunities for Axel Springer. For example, competitors could pull out of the market, thereby strengthening our own market position on a long-term basis. In such a scenario, moreover, it may be possible to acquire companies at lower valuations.

The Group's marketing unit, Axel Springer Media Impact, has further consolidated its strong position in the market and is one of the widest-reach cross-media marketers in Europe. Thanks to its cross-media business model and its strong competitive position, Axel Springer is an attractive advertising platform beyond the realm of TV advertising.

### *Political opportunities*
The strengthening of intellectual property rights that would result from the introduction of a publisher's ancillary copyright could have a positive effect on the company's business in Germany. Such a law would considerably improve the legal position of publishers in copyright disputes.

### *Strategic opportunities*
The digitization strategy offers especially promising opportunities for generating additional revenues via the dynamic development of revenues in the online markets. Axel Springer is taking advantage of this market trend through the swift and consistent combination of print and online offerings, and by investing in companies, entering into cooperation agreements, and continually expanding its existing and newly acquired activities. Opportunities are seen especially in the area of paid content. Furthermore, the expansion of our digital offerings in the form of apps, among others for the iPhone, and HD apps for the iPad, creates tremendous strategic opportunities for Axel Springer.

In implementing our internationalization strategy, we have the decisive advantage over our competitors that we have already attained strong market positions in many countries, and – indeed, in numerous segments – leading market positions.

At the start of 2012, Axel Springer and the growth investor General Atlantic formed the joint venture Axel Springer Digital Classifieds GmbH, in order to further accelerate the pace of acquisition-driven growth in the online classifieds market by working together. With the support of General Atlantic as an experienced partner and co-investor, we can take advantage of investment and growth opportunities not only in Europe, but also in other developed and emerging-market countries.

# Forecast report

## Anticipated economic environment

### General economic environment

The International Monetary Fund (IMF) expects that the global economy will expand at a rate of 3.5 % in 2013. The previous worries concerning the future development of the **global economy** have given way to cautious optimism. According to the IMF forecast, however, the euro zone will remain in recession, with total growth of only −0.2 %, due to the tremendous uncertainty surrounding the resolution of the euro debt crisis. The economies of Italy and Spain are even expected to shrink for the second year in a row. For the United States, the IMF predicts economic growth of 2.0 %. China's economy is expected to expand at a rate of 8.2 %.

According to the economic forecast of the ifo Institute, the **German economy** should return to a path of growth in the later course of 2013, after a weakening phase in the winter of 2012/2013. The country's economic growth will be dampened initially by the high level of uncertainty concerning the euro crisis, but should expand by an average of 0.7 % for the full year, in price-adjusted terms. This growth will be propelled by a 0.7 % increase in consumer spending, mainly on the strength of real incomes that are expected to rise again at a faster rate. As world trade expands, investment spending is expected to pick up again, especially in the second half of the year, leading to a 0.7 % increase in price-adjusted terms for the full year.

According to the ifo Institute, German exports can be expected to rise by 3.0 % in real terms, on the strength of demand from non-European countries. The resumption of investment spending growth should also boost imports, which are expected to rise at a rate of 3.3 % in 2013. Inflation is expected to subside significantly, with consumer prices rising by an estimated 1.6 % in 2013. The number of gainfully employed persons is expected to reach 41.6 million in 2013, as immigration from other EU countries continues. According to the ifo Institute, the number of unemployed job-seekers is expected to rise again slightly in 2013, for the first time in a long time, to 3.0 million. The average unemployment rate for 2013 is expected to be 6.9 %.

Recessionary conditions are expected to continue in several countries of **central and eastern Europe**, particularly Hungary and the Czech Republic. Poland should be able to offset weak export demand with domestic demand. In general, economic growth will be slowed further by restrictive fiscal policies in this region.

**Anticipated Economic Development (Selection)**

| Change in gross domestic product compared to prior year (real) | 2013 |
|---|---|
| Germany | 0.7 % |
| Switzerland[1] | 1.4 % |
| France | 0.3 % |
| United Kingdom | 0.8 % |
| Spain | −1.2 % |
| Hungary | −0.3 % |
| Poland | 1.0 % |
| Czech Republic | 0.0 % |
| Slovakia | 2.0 % |
| Serbia[1] | 2.0 % |
| Russia | 2.5 % |

Source: ifo Institute, December 2012.
[1] Source: IMF, October 2012.

### Industry environment

In line with the expectations of the IMF, the advertising industry association ZAW is not particularly optimistic about the general economic conditions to prevail in 2013. However, ZAW's expectations for the advertising market in the medium-term future are stable, based on the potential for new advertising concepts, the growing number of technological possibilities for reaching customers, and increased media usage.

According to the latest advertising market forecast of ZenithOptimedia (“Advertising Expenditure Forecast” of December 2012), the worldwide advertising market is expected to grow by 4.1 % in 2013. This represents a downward revision to ZenithOptimedia’s forecast of +4.6 % in September 2012.

Currently available forecasts for **Germany** point to a slight increase in the total advertising market in 2013. ZenithOptimedia is predicting a (nominal) 1.6 % increase in the German advertising market in 2013. This increase would fall short of the expected growth rate for the overall economy, that being 2.5 % in nominal terms (+ 0.7 % in real terms). This growth will be driven by growth in TV advertising (+ 1.9 %) and online advertising (+ 11.0 %). ZenithOptimedia predicts decreased advertising revenues for newspapers (– 3.1 %) and magazines (– 2.8 %).

The net advertising revenues of radio (+ 2.9 %) and outdoor (+ 3.7 %) are expected to increase in 2013.

The forecasts of ZenithOptimedia reflect the long-term structural shift in advertising expenditures in favor of digital media. According to the forecast data, Internet and TV will increase their respective shares of advertising budgets. It is assumed that the further growth of these two media channels will depend on the convergence or even the fusion of TV and online video.

The communications industry continues to perceive new growth opportunities in new marketing services, networked advertising concepts, the opening of new business segments, and new product innovations.

For the **international markets** in which Axel Springer conducts business through its own corporate activities, ZenithOptimedia is predicting an uneven development of net advertising revenues for newspapers and magazines.

According to ZenithOptimedia’s forecast, the net advertising volume of the online market in western Europe is expected to rise by 8.7 % to US$ 26.3 billion in 2013 – based on the assumption of constant exchange rates. The growth rates in eastern Europe markets will be in some cases much higher.

**Anticipated Advertising Activity 2013 (Selection)**

| Change in net ad revenues compared to prior year (nominal) | Newspapers | Magazines | Online |
|---|---|---|---|
| Germany | −3.1 % | −2.8 % | 11.0 % |
| Switzerland | −6.0 % | −4.0 % | 9.3 % |
| France[1] | −5.0 % | −4.4 % | 4.9 % |
| United Kingdom | −2.5 % | −2.2 % | 9.2 % |
| Spain[1] | −11.0 % | −10.0 % | 3.0 % |
| Hungary | −2.2 % | −2.2 % | 6.0 % |
| Poland[1] | −21.5 % | −20.8 % | 7.5 % |
| Czech Republic[1] | −12.1 % | −5.6 % | 13.0 % |
| Slovakia[1] | −6.0 % | −5.6 % | 28.6 % |
| Serbia[1] | −1.6 % | −2.2 % | 23.8 % |
| Russia | 9.3 % | 2.0 % | 30.3 % |
| India[1] | 6.0 % | 6.0 % | 35.0 % |

Source: ZenithOptimedia, Advertising Expenditure Forecast (December) 2012.
[1] Excluding classifieds.

## *Group*

### *Strategic and organizational orientation*

The highest strategic priority for Axel Springer is to pursue the consistent digitization of our business. By further developing our digital offerings in Germany and abroad, and making targeted acquisitions, we aim to achieve our goal of becoming the leading digital media group. We are accelerating the growth of our digital business by means of targeted investments. In the print business, our primary goals are to preserve our market leadership position on the strength of excellent journalism and to practice strict cost discipline.

We are not planning to make significant adjustments to the Group's organization at the present time.

### *Anticipated business developments and financial performance of the Group*

For **financial year 2013**, we anticipate a low single-digit percentage increase in **total revenues**, assuming that the structurally declining trends of the print business do not worsen considerably. We anticipate that the expected decrease in circulation revenues will be more than offset by the planned increase in advertising revenues and by constant other revenues. We continue to expect organic growth in our digital media, strengthened by acquisition effects, while the revenues of our national and international print media are expected to decline further, in line with market trends.

We will increase our investments in the company's further development in financial year 2013. We will accelerate the pace of digitization and increasingly adjust the structures of our print business to reflect the structural changes. This plan will necessitate higher expenditures for expanding the digital business and significant expenses for structural adjustments in the print business. By reason of these expenditures, we anticipate a single-digit percentage decrease in the Group's **EBITDA**, compared to 2012.

By reason of the above-mentioned effects and the growing percentage of non-controlling interests, particularly in the Digital Media segment, **adjusted earnings per share** will be significantly less than the corresponding figure for 2012.

Subject to a positive economic environment and the absence of adverse factors, we expect to generate higher revenues, EBITDA, and adjusted earnings per share in **financial year 2014**, compared to financial year 2013.

### *Anticipated business developments and financial performance of the segments*

In financial year 2013, we expect to generate a double-digit percentage increase in the total revenues of the **Digital Media segment**, based on organic growth and the effects of the acquisitions made in 2012. This increase is expected to have a positive effect on both advertising revenues and other revenues. We also anticipate a significant increase in segment EBITDA, compared to 2012.

We anticipate a low-to-middle single-digit percentage decrease in the total revenues of the **Newspapers National segment**, due to lower circulation revenues and advertising revenues. By reason of lower revenues and higher expenses for structural adjustments, we expect that segment EBITDA in 2013 will be significantly less than the corresponding figure for 2012.

We anticipate a low-to-middle single-digit percentage decrease in the total revenues of the **Magazines National segment** in 2013, due to both lower circulation revenues and lower advertising revenues. By reason of the lower revenues, we expect that segment EBITDA will be slightly less than the corresponding figure for 2012, despite a planned cost reduction.

Given the still tough market environment in individual countries, we anticipate a middle-to-high single-digit percentage decrease in the total revenues of the **Print International segment**, due to both lower circulation revenues and lower advertising revenues. By reason of lower revenues and higher expenses for structural adjustments, we expect that segment EBITDA will be significantly lower than the corresponding figure for 2012.

Due to higher expenses for structural adjustments and lower revenues, we expect that the EBITDA of the **Services/Holding segment** in 2013 will be significantly less than the corresponding figure for 2012.

### *Anticipated development of liquidity and financial position*

According to the current planning status, the Group's liquidity and financial position will not change significantly in 2013. Axel Springer has access to extensive credit facilities, which can also be used to finance acquisitions. 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. Financing will be provided by operating cash flow.

### *Dividend policy*

Subject to a solid financial performance in the future, Axel Springer will strive to maintain its dividend policy, which seeks to pay high dividends but also allows for the financing of growth.

### *Anticipated workforce development*

The average full-year number of employees in 2013 will be higher than in 2012, mainly due to higher staffing levels in the Digital Media segment resulting from organic growth and acquisitions.

### *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 than the assumptions applied and thus from the business plans and trend forecasts prepared on the basis of those assumptions.

The forecasts for EBITDA and the adjusted earnings per share do not reflect any possible effects resulting from acquisitions and divestitures, unplanned restructuring expenses, or the insolvency of Kirch Media.

EBITDA does not reflect any non-recurring effects. The adjusted earnings per share neither reflect any non-recurring effects or purchase price allocation effects, nor the associated tax effects. Non-recurring effects are defined as effects resulting from the acquisition and sale of subsidiaries, divisions, and equity investments, as well as write-downs and write-ups of equity investments, effects resulting from the sale of real estate, impairments, and write-ups of real estate used for operational purposes. Purchase price allocation effects include the expenses of amortization, depreciation, and impairments of intangible assets and property, plant, and equipment acquired in connection with the acquisition of companies and business divisions, as well as, to a lesser extent, other effects related to such allocations.

We consider EBITDA 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.

EBITDA and adjusted earnings per share are not defined under International Financial Reporting Standards and should therefore be regarded as supplementary information.

# *Disclosures and explanatory report of the Executive Board pursuant to takeover law*

This section contains the disclosures pursuant to Sections 289 (4), 315 (4) HGB, along with the explanatory report of the Executive Board pursuant to Section 176 (1) (1) AktG.

## *Composition of subscribed capital*

The company's subscribed capital amounts to € 98,940,000. It is divided into 98,940,000 registered shares. The shares can only be transferred with the company's consent (registered shares of restricted transferability, see below). The company has only one class of shares.

All shares carry the same rights and obligations. Each share grants the right to cast one vote in the annual shareholders' meeting and represents the basis for determining the shareholder's entitlement to the company's net profit. By way of exception, treasury shares do not confer any rights to the company (cf. Section 71b AktG). (Please refer to page 58 for information on the company's treasury shares.)

## *Restrictions on voting rights or the transfer of shares*

### *Transfer restrictions*

By virtue of Article 5 para. 3 of the company's Articles of Incorporation, shares of Axel Springer AG and subscription rights can be transferred only with the company's consent. Such consent must be granted by the Executive Board, although internally, it is the Supervisory Board that adopts the resolution to grant such consent. According to the company's Articles of Incorporation, such consent can be refused without indication of reasons. However, the company will not arbitrarily refuse its consent to the transfer of company shares.

The share transfer restriction agreements described below, which the company has concluded with various shareholders for the purpose of upholding the restrictions on the transfer of shares set out in the Articles of Incorporation, even in the case of indirect share transfers, give rise, or have given rise, to transfer restrictions based on the German law of obligations (Schuldrecht). In exchange, the company has regularly agreed to the pledging the shares in question to the financing banks.

- In connection with the purchase of company shares from Dr. h. c. Friede Springer by Good Media Investment Holdings S.A.R.L., the company entered into a share transfer restriction agreement with Michael Lewis, Nova Trust Ltd., in its capacity as the trustee of The Michael Lewis Capital Discretionary Settlements, and other so called ML investors held directly and indirectly by Nova Trust Ltd., either exclusively or as a majority owner (Hague Holdings Ltd., Colmar Investment Holdings Ltd., and Media Investment Holdings S.A.R.L.), and the Governor and Company of the Bank of Scotland, by date of February 16, 2006. In this share transfer restriction agreement, the companies participating on the side of Michael Lewis promised to observe the share transfer restrictions set out in the company's Articles of Incorporation in respect of all indirect and direct purchases, disposals, and encumbrances of the company's shares. Under the supplementary agreement of July 31 / September 11, 2006, the company granted its prior consent to the acquisition of up to 340,000 additional shares (corresponding to 1,020,000 shares after the share split conducted in 2011) of the company (or 1 % of the existing capital stock) by Good Media Investment Holdings S.A.R.L., and the parties agreed to apply the obligations under the share transfer restriction agreement of February 16, 2006 to the shares to be purchased in the future as well. In the confirmation agreement of May 21, 2007, the parties specified that the above-mentioned agreements will also apply to any loan increase and to the existing subordinated pledge right that had again been stipulated for the shares by way of precaution.

- In addition, a share transfer restriction agreement was concluded between Dr. Mathias Döpfner, Brilliant 310. GmbH, Axel Springer AG, and M.M. Warburg & Co. KGaA dated July 31 / August 4, 2006. Under this share transfer restriction agreement, the direct and indirect purchase or disposal of the shares of Axel Springer AG by Brilliant 310. GmbH or Dr. Mathias Döpfner are made contingent on the prior consent of Axel Springer AG, in accordance with the company's Articles of Incorporation.

- By virtue of a declaration dated August 14, 2012, Dr. Mathias Döpfner acceded to a pool agreement ("pool agreement") concluded between Dr. h. c. Friede Springer and Friede Springer GmbH & Co. KG, in respect of the 1,978,800 shares of Axel Springer AG that were donated to him by Dr. h. c. Friede Springer on the same date. In total, the pool agreement covers 52,826,967 voting shares of Axel Springer AG ("pool-bound shares"). Under the terms of the pool agreement, a pool member who wishes to transfer his pool-bound shares to a third party must first offer these shares for purchase by the other pool members (purchase right). The purchase right expires two weeks after the purchase offer. The purchase right does not apply in the case of transfers to certain persons who are related to the pool member.

Other transfer restrictions based on the German law of obligations exist in connection with the share ownership programs conducted in 2011 and 2012 for the employees of the Axel Springer Group. The shares acquired under the share ownership program 2011 are subject to a minimum holding period that will remain in effect until May 31, 2013, for employees with individual target agreements; the minimum holding period for employees entitled to the general profit-sharing bonus expired on May 31, 2012. The shares acquired under the share ownership program 2012 are subject to a minimum holding period of four years, to expire on May 31, 2016, both for employees with individual target agreements and for employees entitled to a general profit-sharing bonus. During the minimum holding periods, the shares are held in safe custody for account of employees in a custody account with Deutsche Bank AG.

In connection with the Virtual Stock Option Plan 2011 for senior executives, the beneficiaries are required to personally invest in shares of Axel Springer AG. These shares are not subject to any restrictions on disposal, but any disposition of these shares would cause the virtual stock option rights to lapse without replacement or compensation (see page 72 for information on the virtual stock option plan for senior executives).

The same applies to the virtual stock option plans 2009 and 2012 for members of the Executive Board (see page 70 for information on the virtual stock option plans 2009 and 2012 for Executive Board members).

### *Voting right restrictions*

Under the pool agreement, the voting rights and other rights attached to the pool-bound shares are to be exercised in the annual shareholders' meeting of Axel Springer AG in accordance with the corresponding resolutions of the pool members, regardless of whether and how the respective pool member voted on the resolution of the pool. The voting rights of pool members in the meeting of pool members are based on their voting rights in the annual shareholders' meeting of Axel Springer AG, depending on the number of pool-bound voting shares held. To the extent that Friede Springer GmbH & Co. KG indirectly holds shares in Axel Springer AG, her voting rights are based on the imputed number of pool-bound voting shares indirectly held by Friede Springer GmbH & Co. KG.

## *Shareholdings that represent more than 10 % of voting rights*

At the end of financial year 2012, the following direct and indirect shareholdings in the equity of Axel Springer AG represented more than 10 % of voting rights in the company: Axel Springer Gesellschaft für Publizistik GmbH & Co, Berlin, Germany (direct), AS Publizistik GmbH, Berlin, Germany (indirect), Friede Springer GmbH & Co. KG, Berlin, Germany (indirect), Friede Springer Verwaltungs-

GmbH, Berlin, Germany (indirect), Dr. h. c. Friede Springer, Berlin, Germany (indirect), and Dr. Mathias Döpfner, Potsdam, Germany (indirect).

Information on the amounts of the respective shareholdings may be found in the disclosures pertaining to voting rights notifications in the notes to the 2012 financial statements of Axel Springer AG, www.axelspringer.com/financialpublications, and in the section entitled “Voting rights notifications” of the company’s website at www.axelspringer.com/votingrights.

## *Shares endowed with special rights that confer powers of control*

There are no shares endowed with special rights that confer powers of control.

## *Manner of exercising voting rights when employees hold shares in the company’s capital and do not directly exercise their rights of control*

In connection with the bonus share and share ownership program for employees conducted in 2009 and the share ownership programs for employees conducted in 2011 and 2012, Deutsche Bank AG was initially entered into the share register as the third-party holder of the shares transferred to the employees. However, each employee is free to be registered personally as a shareholder in the share register.

## *Statutory provisions and provisions of the Articles of Incorporation pertaining to the appointment and dismissal of Executive Board members and amendments to the Articles of Incorporation*

The company’s Articles of Incorporation provide that the Executive Board of Axel Springer AG must be composed of at least two members. The Supervisory Board decides on the number of Executive Board members, and on the appointment and dismissal of Executive Board members. The term of office is, at the most, five years and can be renewed for no more than five years thereafter (cf. Section 84 (1) (1) to (4) AktG). If more than one person has been appointed to the Executive Board, the Supervisory Board is authorized to appoint one of those members as the Chairman (Section 84 (2) AktG). If a required Executive Board member were lacking, the court is authorized, in urgent cases, to appoint the necessary member at the request of one involved party (Section 85 (1) (1) AktG). The Supervisory Board is authorized to revoke the appointment of a Executive Board member and the Executive Board Chairman for an important reason (cf. Section 84 (3) (1) and (2) AktG).

Amendments to the company’s Articles of Incorporation require a resolution of the annual shareholders’ meeting, carried not only by a simple majority of the votes cast, but also by at least three quarters of the capital present and represented at the time of voting on the resolution (cf. Section 179 (2) (1) AktG in conjunction with Article 21 para. 2 of the company’s Articles of Incorporation). An amendment of the management principles set out in Article 3 of the Articles of Incorporation requires a majority equal to at least four-fifths of the capital present and represented at the time of voting on the resolution (cf. Article 21 para. 3 of the company’s Articles of Incorporation).

The Supervisory Board is authorized to resolve amendments to the Articles of Incorporation that only involve changes to the wording (Article 13 of the Articles of Incorporation).

## *Authority of the Executive Board to issue or buy back shares*

Axel Springer AG has neither established any authorized capital that would authorize the Executive Board to issue new shares, nor any conditional capital.

By resolution of the annual shareholders’ meeting of April 14, 2011 (Agenda Item 7), the Executive Board is authorized, with the consent of the Supervisory Board, to purchase the company's own shares up to an amount equivalent to 10 % of the capital stock existing at the time the resolution was passed, in the time until April 13, 2016. Such purchases can be effected on the stock exchange or by means of a public offer to all shareholders or a public invitation to submit an offer.

Along with the shares held by the company or attributable to the company in accordance with Sections 71 a ff. AktG, the shares purchased by virtue of the foregoing authorization may not at any time exceed 10 % of the company's capital stock. Details concerning this authorization are provided in the invitation to the annual shareholders' meeting of April 14, 2011, which is available on the website of Axel Springer AG (see Agenda Item 7 and the Executive Board's report on this subject).

At the end of financial year 2012, the company held 150,298 treasury shares, representing about 0.2 % of share capital.

## *Significant agreements of the company subject to the condition of a change of control resulting from a takeover offer*

With the exception of the covenants attached to the credit facility and promissory note loan that are described below, the company has not entered into any significant agreements that would be subject to a change of control resulting from a takeover offer.

For the purpose of strategic liquidity assurance, the company placed a promissory note loan in the nominal amount of € 500,000,000 in April 2012. Upon being notified of a change of control, the creditor is entitled to demand that the amount owed to it be repaid ahead of maturity, in full or in part, within a notice period of 90 days. In September 2012, moreover, the company took out a new credit facility in the amount of € 900,000,000 ("credit facility 2012"); also in this case, each lender is entitled to call in the credit facility within a notice period of 30 days, in the event of a change of control.

Both the promissory note loan and the credit facility 2012 serve the purpose of replacing one credit facility that expired in August 2012, in the amount of € 500,000,000, and another credit facility concluded in August 2006, which was prematurely redeemed, in the amount of a € 1,000,000,000.

Aside from specific exceptions that relate to the shareholders that currently control Axel Springer AG, a change of control is understood to mean, in the context of the credit facility 2012 and the promissory note loan, the acquisition of shares of Axel Springer AG representing more than 50 % of the capital stock and/or voting rights by one or more parties acting together.

## *Indemnification agreements between the company and Executive Board members or employees in the event of a change of control*

Some Executive Board members have the right to terminate their employment contracts in the event of a change in control. A change in control within the meaning of these contracts would exist if the majority shareholder Dr. h. c. Friede Springer would cease to hold or control the majority of shares, indirectly or directly. In such a case, the affected Executive Board members have the right to receive payment of their base salary for the most recently negotiated remaining contractual term, not to be less than payment of one year's base salary. Furthermore, the company will pay the pro-rated percentage of the success-based compensation for the period of time served in the year of resignation. The employment contracts of the members of the Executive Board do not provide for any other compensation if the employment relationship is terminated as a result of a change in control.

There are no such indemnification agreements with other employees of the company.

# Corporate Governance Report

There follows a report by the Executive Board – also on behalf of the Supervisory Board – on corporate governance at Axel Springer, in conformity with the recommendation set out in Section 3.10 of the German Corporate Governance Code (GCGC). This section also contains the management declaration pursuant to Section 289a of the German Commercial Code (HGB) and the Compensation Report.

## Good corporate governance as a guiding principle

At Axel Springer, sound corporate governance is considered to be a crucial element of responsible management and supervision geared to increasing the company's value on a long-term basis. It promotes the trust and confidence of our national and international investors, customers, employees, and the public in the management and supervision of the company and is therefore an essential basis for the company's lasting success.

In this respect, we are guided by the German Corporate Governance Code (GCGC). We have taken appropriate measures to implement and ensure compliance with the recommendations of GCGC. The Corporate Governance Officer is the Executive Board member in charge of Personnel, Finance, and Services. The implementation of and adherence to the recommendations of GCGC are reviewed continually.

## Management declaration pursuant to Section 289a HGB

### *Declaration of Conformity pursuant to Section 161 AktG*

The Executive Board and Supervisory Board published the following Declaration of Conformity on November 6, 2012:

"Pursuant to Section 161 of the German Stock Corporations Act (AktG), the Executive Board and Supervisory Board of Axel Springer AG declare the following:

I. Prospective section

The company follows the recommendations of the German Corporate Governance Code (GCGC) in the version of May 15, 2012, as published by the German Federal Ministry of Justice in the official announcements section of the electronic Federal Gazette of June 15, 2012, with the exception of the differences noted and justified below:

**1. Chairman of the Audit Committee (Section 5.2 Sentence 3 GCGC)**

The Chairman of the Supervisory Board, Dr. Giuseppe Vita, is also the Chairman of the Audit Committee of the Supervisory Board.

The Supervisory Board is convinced that Dr. Vita is an ideal Chairman, both for the Audit Committee and for the Supervisory Board, by virtue of his qualifications and experience, also in the financial services industry, not to mention his personal qualities. Therefore, the Supervisory Board is of the opinion that Dr. Vita should also continue to serve as the Chairman of the Audit Committee.

**2. Disclosure of relationships between Supervisory Board candidates and the company, its directors and officers, and important shareholders in connection with election proposals submitted to the annual shareholders' meeting (Section 5.4.1 Sentences 6 to 8 GCGC)**

In its election proposals to the annual shareholders' meeting, the Supervisory Board will disclose all legally required information concerning Supervisory Board members and also introduce the candidates at the annual shareholders' meeting, wherever possible. Furthermore, shareholders attending the annual shareholders' meeting will be given an opportunity to ask questions of the candidates. In the opinion of the Supervisory Board, this information will assure a solid and adequate basis for evaluating the proposed candidates.

**3. Itemized disclosure of Supervisory Board compensation (Section 5.4.6 Sentences 6 and 7 GCGC)**

The compensation granted to the members of the Supervisory Board and the payments made by the company to the members of the Supervisory Board for services provided personally are not individually itemized in the Corporate Governance Report (Section 5.4.6 Sentences 6 and 7 GCGC).

The information is not individually itemized because the competitors of Axel Springer AG do not publish any such information either.

**4. Orientation of success-based Supervisory Board compensation to the company's long-term development (Section 5.4.6 Sentence 5 GCGC)**

The compensation of the Supervisory Board consists of a fixed component and a variable component. The variable component of Supervisory Board compensation is divided into a dividend-based component and a component based on the growth of consolidated net income (in relation to the corresponding net income for the third-last financial year). Because the dividend-based component of variable compensation is based on the prior year in every case, meaning that it is possibly not oriented to the company's long-term development in the view of the GCGC, and furthermore because the amount of dividend-based variable compensation has, in the past few years, usually exceeded the amount of variable compensation that is based on consolidated net income, which is indisputably oriented to the company's long-term development, the company hereby declares an exception to the corresponding GCGC recommendation by way of precaution. Nonetheless, we still consider the division of variable Supervisory Board compensation into one part based on the dividend and another part based on consolidated net income, as resolved by the shareholders of our company, to be proper and appropriate.

II. Retrospective section

**Period from the issuance of the last Declaration of Conformity on November 7, 2011 to the announcement of the new version of the Code on June 15, 2012**

In the time from the issuance of the last Declaration of Conformity on November 7, 2011 to the announcement of the new version of the Code on June 15, 2012, the company has followed the recommendations of GCGC in the version of May 26, 2010, as published by the German Federal Ministry of Justice in the official announcements section of the electronic Federal Gazette of July 2, 2010, with the exception of the difference noted and justified above in Section I.3).

**Period since the announcement of the new version of the Code on June 15, 2012:**

In the time since it was announced, the company has followed the recommendations of GCGC in the version of May 15, 2012, as published by the German Federal Ministry of Justice in the official announcements section of the electronic Federal Gazette of June 15, 2012, with the exception of the differences noted and justified in Sections I. 1), I. 3) and I. 4) above, and also in the time from when it was announced to October 24, 2012, with the following exception:

**Definition of concrete goals for the number of independent Supervisory Board members (Section 5.4.1 Sentence 2 GCGC)**

In its meeting of October 24, 2012, the Supervisory Board adopted a concrete goal for the number of independent Supervisory Board members by resolving that at least two of its members should be independent in the sense of Section 5.4.2 GCGC, so as to implement the new GCGC recommendation mentioned above, in addition to the goals adopted in October 2012 concerning the diversity and international nature of its composition. This goal has been and is still achieved in the current composition of the Supervisory Board.

Berlin, November 6, 2012
Axel Springer AG

The Supervisory Board The Executive Board"

The foregoing Declaration of Conformity of November 6, 2012 and the older versions can be found at www.axelspringer.com/declarationofconformity.

## *Important management practices*

Axel Springer is the only independent media company that has provided itself with a corporate constitution. This is anchored in Article 3 ("Principles of Corporate Governance") of the company's Articles of Incorporation and is thus a guiding principle for all employees. The five principles formulated therein form the basis for the company's journalistic practices. They express fundamental convictions of corporate social policy, but do not dictate personal opinions. Axel Springer's corporate constitution can be found at www.axelspringer.com/corporateprinciples.

Axel Springer has also defined corporate values as the foundation of its corporate culture, to guide the work of every employee. They are: creativity as the crucial prerequisite for success in journalism and business; entrepreneurship in the sense of being courageously inventive, self-reliant and results-oriented, qualities that are expected of all managers and employees; integrity in all dealings with the company, readers, customers, employees, business partners, and shareholders. Based on these corporate values, the management principles of Axel Springer AG concretize the requirements to be met specifically by the managers of the Axel Springer Group. These principles are meant to serve as a framework of action, by making transparent the demands and expectations associated with the managerial role.

Moreover, Axel Springer has established guidelines for journalistic independence. These guidelines concretize and broaden the scope of the journalistic principles set out in the Code of Conduct of the German Press Council. They specifically delineate the boundaries between advertising and editorial copy, and between the editors' and reporters' private and business interests. They also preclude actions in pursuit of personal advantages and define the company's position with respect to the treatment of news sources. The guidelines thus represent the framework for independent and critical journalism in the editorial departments of all media belonging to the Group. The editors-in-chief are responsible for observing and implementing the guidelines in the company's day-to-day activities.

In addition, Axel Springer has developed a catalog of social standards applicable to all the company's activities. Known as the International Social Policy, it states the company's positions on matters of human rights, adherence to the rule of law, the protection of children and young people, the treatment of employees, health, safety, the compatibility of work and family, and other matters.

Furthermore, the company has issued an environmental guideline, comprising four points, which serves as a practical guide to the many environmental protection measures conducted at Axel Springer.

The corporate values, management principles, and all guidelines can be found at www.axelspringer.com/guidelines.

Already in financial year 2010, Axel Springer established a separate department for Governance, Risk & Compliance. This department is responsible for topics such as risk management, the internal control system, and compliance management. As described in the Risk Report (see page 42), risk management and the internal control system seek to identify risks throughout the company and to systematically monitor the measures implemented to minimize risks. At Axel Springer, compliance means the fulfillment of all laws, regulations, and guidelines, as well as the commitments undertaken voluntarily. Based on the foregoing, the goal of compliance management is to institute structures and processes to ensure that all directors and employees, and especially senior executives, conduct themselves in accordance with applicable laws and regulations. Another goal of compliance management is to prevent harm to the company's reputation and financial condition that could result from violations of laws and regulations.

As another step to strengthen sound corporate governance and establish an appropriate compliance management program, Axel Springer published a Code of Conduct in financial year 2011. The Code of Conduct summarizes the existing corporate principles and values, along with appropriate guidelines, and specifies the ethical, moral, and legal requirements to be observed by all employees. The Code of Conduct can be found at www.axelspringer.de/coc.

## *Procedures of the Executive Board and Supervisory Board, and composition and procedures of the committees of the Supervisory Board*

### Cooperation between the Executive Board and Supervisory Board

In accordance with the legal requirements, management and supervision at Axel Springer are conducted on the basis of a dual management system. The Executive Board manages the company under its own responsibility. The Supervisory Board appoints the members of the Executive Board, and monitors and advises the latter in the conduct of the business. The two boards work closely together in an atmosphere of trust and confidence to sustainably enhance the company's value. The two boards are strictly separated in terms of personnel and their areas of authority.

### Procedures of the Executive Board

In its executive function, the Executive Board is obligated to pursue the interests of the company and dedicated to sustainable company development. It develops the strategic orientation of the company and is responsible for its implementation in coordination with the Supervisory Board. The Executive Board manages the company's affairs in compliance with the relevant laws, the Articles of Incorporation, and its rules of procedure.

It provides regular, timely, and comprehensive information to the Supervisory Board on all relevant matters of strategy, planning, business development, risk management including the risk situation, and the internal control system and compliance management system. In accordance with the internal rules of procedure adopted by the Supervisory Board, important decisions of the Executive Board require the approval of the Supervisory Board. Such decisions include, above all, the creation or discontinuation of business divisions, the acquisition or sale of significant equity investments, and the adoption of the company's annual business and financial plan.

The members of the Executive Board are jointly responsible for the management, work together collegially, and keep each other informed of important measures and business transactions in their business divisions. Notwithstanding the general responsibility of all Executive Board members, each member of the Executive Board manages the business division assigned to him, under his own responsibility, with the exception of those decisions that are incumbent on the full Executive Board.

The Executive Board meets regularly in the form of Executive Board meetings, which are convened and chaired by the Executive Board Chairman, as a general rule. Furthermore, every Executive Board member and the Chairman of the Supervisory Board is entitled to convene a meeting. As a general rule, the full Executive Board adopts resolutions by a simple majority of the votes cast; in case of a tie, the Executive Board Chairman casts the deciding vote, to the extent legally permissible. No resolution adopted in spite of being opposed by the Executive Board Chairman shall be carried out until the Supervisory Board decides the issue, also subject to the limits of the applicable laws.

The internal rules of procedure adopted by the Supervisory Board for the Executive Board provide more precise rules, including the following:

- The obligation to observe and comply with the corporate constitution and to anchor it throughout the Group
- The executive organization chart and the decisions to be made by the full Executive Board
- The duties of the Chairman of the Executive Board
- Transactions that require the approval of the Supervisory Board

- Rules concerning the regular, timely, and comprehensive provision of information to the Supervisory Board
- Rules concerning meetings and the adoption of resolutions
- The obligation to disclose conflicts of interest

Following the retirement, effective at the end of 2011, of Mr. Rudolf Knepper, who had been the Executive Board member in charge of Printing, Logistics, and Personnel and the Vice Chairman for many years, and the appointment of Jan Bayer and Ralph Büchi to the Executive Board, both with effect from January 1, 2012, the **Executive Board** is now composed of five members:

- Dr. Mathias Döpfner, Executive Board Chairman
- Jan Bayer, Executive Board member in charge of WELT Group and Printing
- Ralph Büchi, Executive Board member in charge of International Business
- Lothar Lanz, Executive Board member in charge of Personnel, Finance, and Services
- Dr. Andreas Wiele, Executive Board member in charge of BILD Group and Magazines

### Procedures of the Supervisory Board

As per the company's Articles of Incorporation, the Supervisory Board is composed of nine members, who are elected by the annual shareholders' meeting. The regular term of office of Supervisory Board members is five years; they are eligible for re-election at the end of their terms. The Supervisory Board elects its Chairman from among its own ranks; the term of office of the Supervisory Board Chairman is coincident with that of the Supervisory Board. The Supervisory Board advises the Executive Board and monitors the work of the Executive Board. It holds at least four meetings a year. In case of necessity, it meets without the Executive Board in attendance. Meetings may be held and resolutions adopted also by way of written correspondence, telephone calls, telexes, or other forms of telecommunication. Furthermore, the Supervisory Board Chairman remains in contact with the Executive Board between meetings and provides advice on matters of strategy, planning, business developments, the risk situation, risk management, and compliance. As a general rule, the Supervisory Board adopts resolutions by a simple majority of the members voting on the resolution; in case of a tie, the Chairman casts the deciding vote. The Supervisory Board deliberates on the company's business developments, planning, strategy, and significant capital expenditures at regular intervals. The Supervisory Board adopts the separate financial statements of Axel Springer AG and approves the consolidated financial statements of the Group. It regularly assesses the efficiency of its work by means of a questionnaire, most recently in the full Supervisory Board meeting held in October 2012. Please refer to the report of the Supervisory Board (page 74) for additional information on the specific activities of the Supervisory Board in financial year 2012.

The internal rules of procedure of the Supervisory Board comply with the requirements of the German Corporate Governance Code and contain rules covering the following, among other things:

- Election and duties of the Chairman and Vice Chairman of the Supervisory Board
- Calling of meetings
- Adoption of resolutions at meetings or voting by way of written correspondence, telephone calls, telexes, or other means of telecommunications
- Supervisory Board committees, including their composition, organization, and duties
- The obligation to disclose conflicts of interest

The members of the **Supervisory Board** are:

- Dr. Giuseppe Vita, Chairman
- Dr. h. c. Friede Springer, Vice Chairwoman
- Dr. Gerhard Cromme
- Oliver Heine
- Rudolf Knepper (as of January 8, 2013)
- Klaus Krone
- Dr. Nicola Leibinger-Kammüller
- Prof. Dr. Wolf Lepenies
- Dr. Michael Otto

The Chairman of the Supervisory Board, Dr. Giuseppe Vita, who is concurrently the Chairman of the Audit Committee, also satisfies the requirements of expert knowledge and independence defined in Section 100 (5) AktG (financial expert).

Effective at the close of September 30, 2012, Michael Lewis resigned from the Supervisory Board of Axel Springer AG. By resolution of January 7, 2013, the Charlottenburg Local Court appointed Rudolf Knepper to succeed Michael Lewis, who served on the nine-member board for more than five years, until the close of the next annual shareholders' meeting to be held on April 24, 2013. The terms of office of the other current members of the Supervisory Board will expire at the close of the annual shareholders' meeting to be held in 2014.

### Composition and procedures of committees

The Executive Board has not formed committees.

In accordance with its internal rules of procedure, the Supervisory Board has formed four committees to support the work of the full board: the Executive Committee, the Personnel Committee, the Nominating Committee, and the Audit Committee. In those matters stipulated in the internal rules of procedure of the Supervisory Board, the committees prepare the resolutions to be adopted and other matters to be addressed by the full board. Within the limits of applicable laws, the committees also adopt resolutions in lieu of the full board in those matters stipulated in the internal rules of procedure of the Supervisory Board. The internal rules of procedure of the Supervisory Board stipulate the procedures for meetings and resolutions adopted by the committees and define their areas of responsibility.

Please refer to the Report of the Supervisory Board (page 76ff.) for information on the areas of responsibility and composition of the committees.

By way of exception to the recommendation set out in Section 5.2 Sentence 3 GCGC, the Chairman of the Supervisory Board, Dr. Giuseppe Vita, is also the Chairman of the Audit Committee of the Supervisory Board. By virtue of his qualifications and experience, also in the financial services industry, not to mention his personal qualities, Dr. Giuseppe Vita is ideally suited also to serve as the Chairman of the Audit Committee. Therefore, the Supervisory Board believes that Dr. Giuseppe Vita should continue to serve as the Chairman of the Audit Committee. (See the explanation of the exception to the GCGC in the Declaration of Conformity of November 6, 2012, page 59). Furthermore, Dr. Giuseppe Vita meets the requirements relative to expertise and independence defined in Section 107 (4) in conjunction with Section 100 (5) AktG (financial expert), as well as the requirements defined in the recommendations set out in Section 5.3.2 Sentences 2 and 3 GCGC.

# *Further information on corporate governance*

### *Further development of corporate governance practices*

While no changes were made to the GCGC in 2011, the Government Commission on the German Corporate Governance Code adopted new changes to the GCGC on May 15, 2012. The amended version entered into force upon being published in the Federal Gazette on June 15, 2012. Most of the changes pertain to the Supervisory Board, and specifically the topics the “Audit Committee” and the “independence of Supervisory Board members.” In addition, the recommendations concerning Supervisory Board compensation were amended to state that Supervisory Board compensation composed exclusively of fixed compensation is conformant with the recommendations of the GCGC. In those cases in which success-dependent compensation is also promised to Supervisory Board members, it should no longer only contain components based on the company’s long-term success (as before), but should also be geared (as a whole) to the company’s sustainable development in the future.

With a few exceptions, Axel Springer also adheres to the new recommendations of the GCGC. For explanations of the individual exceptions to the GCGC recommendations please refer to the Declaration of Conformity of November 6, 2012 on page 59.

### *Goals for the composition of the Supervisory Board*

In its meeting of October 14, 2010, the Supervisory Board resolved and confirmed the following goals for its composition, in view of Section 5.4.1 GCGC:

- The Supervisory Board of Axel Springer AG should be composed in such a way that its members generally possess all knowledge, abilities, and professional experience necessary to properly perform the duties of the Supervisory Board.

- With due consideration given to the company’s business object and purpose set forth in the Articles of Incorporation, the size of the company, and the relative importance of its international activities, the Supervisory Board will also strive, as a goal for the upcoming regular elections, to bring about a composition of its members that is appropriate in view of the following considerations, in particular:

- At least two seats on the Supervisory Board should be held by persons who fulfill the criterion of internationality to a particular degree (for example, by reason of relevant experience in international business).

- Supervisory Board members should not hold any position on a board or perform any consulting work for important competitors of the company.

- The Supervisory Board should have an adequate proportion of women. Currently, two of the nine members (22.2 %) are women; the Supervisory Board considers this adequate in any event.

- In making nominations, due consideration should be given to the general rule that Supervisory Board members should not be older than 72 years; the Supervisory Board can approve exceptions to this policy. Furthermore, the Supervisory Board should observe the principle that as few members as possible should be subject to a potential conflict of interest, as in connection with an advisory role or board seat with significant customers, suppliers, creditors, or other significant business partners of Axel Springer. Furthermore, the Supervisory Board should give due consideration to the principle that its composition should meet the criterion of diversity.

In its meeting of October 24, 2012, the Supervisory Board also adopted the following additional goal for its composition, in consideration of the recommendation set out in Section 5.4.1 Sentence 2 GCGC in the version of June 15, 2012:

- With respect to its composition, the Supervisory Board adopted the goal that at least two of its members will be independent according to the definition of the GCGC.

The foregoing principles have already been completely implemented with the current composition of the Supervisory Board of Axel Springer AG.

### *Goals for the composition of the Executive Board*

Also in its meeting of October 14, 2010, the Supervisory Board adopted the following goals for the composition of the Executive Board, in view of Section 5.1.2 GCGC:

- In making decisions concerning the composition of the Executive Board, the Supervisory Board should give due consideration to the principle of diversity and should strive in particular to give appropriate consideration to women.

- The Supervisory Board should work together with the Executive Board to assure long-term succession planning.

- At the time of being (re-)appointed to the Executive Board, no member should be older than 62, as a general rule; the Supervisory Board can approve exceptions to this rule.

In appointing the two new Executive Board members Messrs. Jan Bayer and Ralph Büchi effective January 1, 2012, the Supervisory Board gave due consideration to the principles mentioned above and appointed the most qualified candidates, in its opinion.

### *Goals concerning the staffing of key functions*

In view of the recommendation set out in Section 4.1.5 GCGC, reference is made to the description of personnel policies designed to assure equal opportunity and diversity on page 37 of the present Annual Report.

### *Shareholders and annual shareholders' meeting*

The annual shareholders' meeting of Axel Springer AG is the central governing authority in which the shareholders exercise their rights and cast their votes. Every share confers the right to cast one vote in the annual shareholders' meeting. Those shareholders who are registered in the share register and have registered for the meeting in time are entitled to vote. The Chairman of the Supervisory Board generally chairs the shareholders' meeting. To make it easier for shareholders to exercise their prerogatives at the annual shareholders' meeting, their votes can be cast by authorized proxies. Axel Springer AG also designates a voting proxy whom shareholders can elect to execute their voting rights according to their instructions. All required reports and documents are made available to the shareholders in advance, also on the company's Internet page.

The annual shareholders' meeting resolves specifically on the utilization of the distributable profit, the ratification of the actions of the Executive Board and Supervisory Board, the election of the Supervisory Board, the election of the independent auditor, and other matters legally assigned to them, such as corporate actions and other amendments to the Articles of Incorporation. The resolutions of the annual shareholders' meeting require a simple majority of the votes cast, unless another majority is prescribed by law or by the company's Articles of Incorporation. The Articles of Incorporation can be inspected on the company's website at www.axelspringer.com/articlesofassociation.

### *Conflicts of interest*

The members of the Executive Board and Supervisory Board are bound to promote the interests of the company. No member of either board may, through their decisions, pursue personal interests or take advantage of business opportunities that should be the province of the company.

Executive Board members may not demand or accept gifts or other benefits from, or grant unjustified benefits to, third parties in connection with their activities, either for their own benefit or for that of others. Sideline activities of the Executive Board require the consent of the Supervisory Board. Executive Board members are subject to a comprehensive anti-competition clause during the period of their activity for Axel Springer. Every Executive Board member must inform the Supervisory Board of any conflict of interest without delay. The following potential conflict of interest arose in the Executive Board in 2012: In August 2012, Dr. Mathias Döpfner did not participate in the Executive Board resolution on the transfer and entry into the share register of the 1,978,800 shares of Axel Springer AG donated to Dr. Mathias Döpfner by Dr. h. c. Friede Springer.

Likewise, each member of the Supervisory Board must disclose such conflicts to the Supervisory Board immediately; the Supervisory Board reports to the annual shareholders' meeting on any conflicts of interest and how they are handled (see the Report of the Supervisory Board on page 76 for information on conflicts of interest that arose in 2012).

### *Memberships on other supervisory bodies*

A summary of the seats held by the Executive Board and Supervisory Board members of Axel Springer AG on other legally prescribed supervisory boards or comparable boards in Germany and abroad can be found on page 144.

### *Transparency*

Axel Springer is committed to always providing comprehensive, timely – and simultaneously – and consistent information on the significant events and developments relevant to an evaluation of the company's present and future business performance to all capital market participants. Reporting on the business situation and Group results is presented in its annual report, at its annual financial statements press conference, and in its semiannual financial report and quarterly financial reports. For this purpose, the company also uses Internet communication channels whenever possible. Axel Springer also regularly participates in conferences and roadshows in key international financial centers; additional information on this subject can be found on page 6 of the present Annual Report. To the extent required by law, the company also provides information in the form of ad-hoc announcements and press releases, and on the company's website.

In order to ensure equal treatment of all capital market participants, Axel Springer also publishes information relevant to the capital markets simultaneously in the German and English languages on the company's Internet page. Financial reporting dates are published in the financial calendar with sufficient advance notice. Immediately upon receiving the corresponding notices, the company publishes changes in the composition of the shareholder structure that are subject to the reporting obligation according to Section 26 of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG), and on the purchase and sale of shares by persons who exercise management duties at Axel Springer (directors' dealings), in accordance with Section 15a WpHG.

### *Shareholdings*

The Executive Board members in office at the reporting date directly or indirectly held 3,341,209 shares of Axel Springer AG at the reporting date of December 31, 2012. Of that number, 3,225,492 shares were held by the Chairman of the Executive Board, Dr. Mathias Döpfner, either directly or indirectly via Brilliant 310. GmbH.

At the reporting date, the Supervisory Board members directly or indirectly held a total of 55,981,170 shares of Axel Springer AG. Dr. h. c. Friede Springer held 51,000,030 shares indirectly via Friede Springer GmbH & Co. KG and Axel Springer Gesellschaft fur Publizistik GmbH & Co, and 4,948,140 shares directly.

### *Preparation and audit of the financial statements*

The consolidated financial statements and interim financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS), as they are to be applied in the European Union. The consolidated financial statements also contain the disclosures prescribed by Section 315a (1) HGB.

The consolidated financial statements are prepared by the Executive Board of Axel Springer AG and audited by the independent auditor. Axel Springer publishes the consolidated financial statements within 90 days and the quarterly financial reports within 45 days of the respective period ending dates.

The notes to the consolidated financial statements also contain information on the company's relationships with shareholders who are to be classified as related parties according to the definitions of the applicable accounting regulations.

In accordance with the German Corporate Governance Code, it is agreed with the independent auditor in each financial year that the latter will inform the Chairman of the Supervisory Board or the Audit Committee without delay of any circumstances arising during the course of the audit that would constitute grounds for disqualification or partiality. It is also agreed that the independent auditor will immediately report any material issues, matters, and events arising during the course of the audit that fall within the purview of the Supervisory Board. It is further agreed that the independent auditor will inform the Supervisory Board or make an observation in the audit report if the independent auditor were to discover, during the course of the audit, any facts that contradict the Declaration of Conformity by the Executive Board and Supervisory Board according to Section 161 AktG.

### *Ongoing actions for nullification*

In the years 2005 to 2007, the shareholder Dr. Oliver Kraus contested various resolutions adopted by the respective annual shareholders' meetings of the company. All of the suits were unsuccessful with the exception of the action to nullify the resolutions ratifying the actions of the Executive Board at the regular annual shareholders' meeting of 2006, which were then repeated by the regular annual shareholders' meeting of 2010. There follows a report on proceedings that were pending or concluded in financial year 2012.

On May 20, 2008, Dr. Oliver Kraus filed an action to nullify the resolutions of the annual shareholders' meeting of April 24, 2008 relating to Agenda Item 2 (Utilization of the retained earnings), Agenda Item 3 (Ratification of the actions of the Executive Board), and Agenda Item 4 (Ratification of the actions of the Supervisory Board), as well as Agenda Item 7 (Special authorization to purchase and use the company's own shares according to Section 71 (1) (8) AktG in connection with the Management Participation Program). On May 26, 2008, moreover, the shareholder Klaus Zapf filed an action to nullify, or failing that, to annul the resolution of the annual shareholders' meeting of April 24, 2008 relating to the Agenda Item 3 (Ratification of the actions of the Executive Board). The Berlin Regional Court combined the two actions into one (Case No. 98 O 49/08). The shareholders Oliver Wiederhold, Gastro Beteiligungs AG, and SCI AG joined the action on the side of the defendant. On March 17, 2009, the Berlin Regional Court rejected both suits in their entirety. The plaintiff Dr. Oliver Kraus filed an appeal of this ruling with the Berlin Appellate Court (Case No. 23 U 63/09), which for its part was denied in its entirety by a ruling dated May 3, 2010. Thereupon, the plaintiff filed an appeal against the judgment of the Berlin Appellate Court and an appeal against denial of leave to appeal with the Federal Supreme Court (Case No. II ZR 122/10). In its ruling of July 10, 2012, the Federal Supreme Court denied the appeal against denial of leave to appeal. Thereupon, Dr. Oliver Krauß withdrew the appeal on October 1, 2012. By ruling of November 28, 2012, the Federal Supreme Court preempted the plaintiff's right to file an appeal. Therefore, the case has been finally decided in favor of the company.

On May 21, 2009, Dr. Oliver Kraus filed an action to nullify the resolution of the annual shareholders' meeting of April 23, 2009 relating to Agenda Item 7 (Special authorization to purchase and use the company's own shares according to Section 71 (1) (8) AktG in connection with the Management Participation Program) and contested the election of Dr. h. c. Friede Springer and Brian Powers to the Supervisory Board of the company (Agenda Item 8). Moreover, Dr. Oliver Kraus petitioned for a finding that the company is obligated to provide him, in his capacity as a shareholder, with a transcript of those portions of the "stenographic minutes from its question recording and question answering system" that cover his questions and comments, as well as the information provided by the company in response. The shareholders SCI AG and Oliver Wiederhold joined the action on the side of the defendant. The Berlin Regional Court rejected the suit in its entirety by judgment dated June 10, 2010 (Case No. 95 O 52/09), that is, both with regard to the action to nullify, as well as the petition for a finding. Dr. Oliver Kraus filed an appeal against this decision before the Berlin Appellate Court; the appeal proceeding is being conducted under Case No. 23 U 125/10.

On May 21, 2010, Dr. Oliver Kraus filed an additional action to nullify the resolutions of the annual shareholders' meeting of April 23, 2010 relating to the ratification of the actions of the Executive Board and the Supervisory Board for financial year 2009 (Agenda Items 3 and 4), as well as the general authorization to purchase and use the company's own shares according to Section 71 (1) (8) AktG and to exclude the preemptive right, and the special authorization, to purchase and use the company's own shares according to Section 71 (1) (8) AktG in connection with the Management Participation Program and to exclude the right to tender and preemptive right (Agenda Items 6 and 7). The shareholders Frank Scheunert and Gastro Beteiligungs AG joined this action on the side of the defendant. In its ruling of March 7, 2012 (Case No. 105 O 53/10), the Berlin Regional Court partially granted the claim and nullified the resolutions of the annual shareholders' meeting adopted under Agenda Items 4, 6, and 7. Axel Springer has filed an appeal against this ruling with the Berlin Appellate Court. The appeal is pending under Case No. 23 U 92/12.

## *Compensation report*

Axel Springer's compensation policy follows the principle of granting compensation to the Executive Board and Supervisory Board that is based on their performance in the interest of sustainable corporate development. This compensation consists of fixed and variable components.

### *Executive Board*

In accordance with the requirements of the German Stock Corporation Act and the recommendations of GCGC, the compensation of the Executive Board members consists of fixed and variable components. The variable compensation is composed of a cash component paid in the form of an annual bonus and a long-term, stock-based component. All components of compensation are appropriate, both individually and as a whole. The criteria used to determine appropriateness are the tasks of the individual Executive Board member, his personal performance, as well as the economic situation, profit, and the future prospects of Axel Springer.

Due consideration is also given to the industry environment. The Supervisory Board did not consult with outside compensation experts in 2012.

The **fixed compensation** corresponds to the annual fixed salary; in addition, the Executive Board members receive a company car or company car allowance and security expenses as fringe benefits. The annual fixed salary is established for the entire term of an employment agreement and is disbursed in 12 monthly installments. It is set on the basis of the duties of the individual Executive Board member, the current economic situation, the profit, and the future prospects of the Group, among other considerations.

The **variable compensation** in the form of a cash component paid as an annual bonus is limited in its maximum amount and is set according to the performance of the individual in the context of individual goals (including quantitative divisional goals and qualitative individual goals aligned with the strategy of Axel Springer AG) as well as corporate goals. For financial year 2011, the corporate goals were Group EBITDA, the index of Group customer satisfaction, and EBITDA in the Digital Media segment; for financial year 2012, determining corporate goals are Group EBITDA and the EBITDA of the Digital Media segment. The Supervisory Board adopts both the goals applied for measuring individual performance and the corporate goals. Goal achievement is determined initially by the Supervisory Board Chairman, in consultation with the respective Executive Board member, and is then resolved by the Supervisory Board. In the case of Executive Board members whose employment contracts were either amended or concluded anew, or extended in the time since the Act on the Appropriate Compensation of Executive Board Members (VorstAG) became effective on August 5, 2009, a portion of the variable cash compensation is determined on the basis of fulfillment of the corporate goals adopted for an appraisal period of three years.

In addition, Executive Board members receive a **long-term variable compensation component** in the form of virtual stock option plans that were introduced in 2009 (referred to hereinafter as the Virtual Stock Option Plan 2009) and as of January 1, 2012 (referred to hereinafter as the Virtual Stock Option Plan 2012).

Under the Virtual Stock Option Plan 2009, a total of 1,125,000 (before the share split: 375,000) **virtual stock options** were issued, effective July 1, 2009; under the Virtual Stock Option Plan 2012, a total of 450,000 virtual stock options were issued, effective January 1, 2012. In both cases, the virtual stock options have a term of six years and can be exercised at the earliest after four years. If the Executive Board employment contract or appointment to the Executive Board remains in effect at least until the expiration of the four-year vesting period, all virtual stock options granted to the Executive Board member can become vested. If the respective Executive Board member resigns prior to this time, a pro-rated number of the virtual stock options granted to him will become vested, in proportion to the four-year waiting period, unless the termination occurs on or before the first anniversary day of the date on which the respective virtual stock options were issued. In that case, the affected virtual stock options will be forfeited without replacement or compensation. Another precondition for vesting is the achievement of a performance or outperformance target related to the share price of the Axel Springer share. The stock options can only be exercised if the average price of the Axel Springer share during a period of 90 calendar days prior to exercise is at least 30 % higher than the baseline values (Virtual Stock Option Plan 2009: € 20.29 (before the share split: € 60.86); Virtual Stock Option Plan 2012: € 30.53) and if the percentage increase in the price of the Axel Springer share is greater than the appreciation of the DAX stock index over the same period. Each stock option grants the right to payment of an amount equal to the appreciation of the Axel Springer share, but not to exceed 200 % of the baseline value (Virtual Stock Option Plan 2009: € 40.57 (before the share split: € 121.72); Virtual Stock Option Plan 2012: € 61.06); this amount is in each case the difference between the volume-weighted average share price during the last 90 calendar days prior to exercising the stock options and the baseline value. Executive Board members are obligated to hold one share of Axel Springer AG for every ten stock options as a personal investment. If they were to dispose of these shares prior to exercising the options, the stock options will be forfeited at the rate of one share for each ten stock options. The value of the Virtual Stock Option Plan 2009 at the grant date was € 4.7 million. The value of the Virtual Stock Option Plan 2012 at the grant date was € 2.4 million. For additional information on the Virtual Stock Plans 2009 and 2012, please refer also to the disclosures in Section (12) of the notes to the consolidated financial statements.

A majority of Executive Board members have received contractual pension commitments. Payment of the pension commences upon reaching age 62, if the Executive Board member is no longer in office at this time. In case of premature departure, a Executive Board member who has been employed with the company for five years has a vested claim to a pension payment proportional to the length of his employment with the company. Payments are also provided for in case of a complete reduction in earning capacity.

Some Executive Board members have the right to terminate their service contracts due to a change in control. They then have the right to receive payment of their base salary for the most recently negotiated remaining contractual term, not to be less than one year's base salary. Furthermore, the company will pay the pro-rated percentage of the success-based compensation for the period of time served in the year of resignation. The service contracts of the members of the Executive Board do not provide for any other compensation if the service relationship is terminated as a result of a change in control.

The compensation system for the Executive Board was reviewed again by the full Supervisory Board in 2012. This review yielded the result that the Executive Board compensation system complies with applicable laws and regulations, and particularly that it is also geared appropriate to the sustainable development of the company.

The total compensation granted to the Executive Board in **financial year 2012** amounted to € 19.9 million (PY: € 17.0 million). The fixed compensation amounted to € 9.2 million (PY: € 8.7 million); that amount also includes the amounts for fringe benefits (company car and security expenses). The total variable compensation amounted to € 10.7 million (PY: € 8.3 million). Accordingly, the fixed compensation, including fringe benefits, represented 46 % of the total compensation granted in 2012 (PY: 51 %).

Long-term variable compensation components were granted in the form of share-based compensation in the amount of € 2.4 million in financial year 2012 (Virtual Stock Option Plan 2012); no such compensation components were granted in 2011.

To cover the company's pension obligations to Executive Board members, personnel expenses of € 0.3 million were incurred in financial year 2012 (PY: € 0.2 million). At the reporting date, the net present value of the pension obligation recognized in the pension provisions was € 6.2 million (PY: € 7.4 million). No loans or advances were granted to members of the Executive Board in financial year 2012.

Axel Springer AG does not disclose the total compensation of individual Executive Board members by name, given that Sections 314 (2) and 286 (5) HGB expressly place the disclosure of Executive Board compensation by name under the reservation of a differing resolution of the annual shareholders' meeting with a qualified majority of the share capital represented upon the adoption of the resolution. The annual shareholders' meeting of Axel Springer AG held on April 23, 2010, adopted such a resolution with the requisite majority. The reason for this is that Axel Springer AG's competitors do not disclose itemized compensation either.

### *Supervisory Board*

The compensation of the Supervisory Board is set by the annual shareholders' meeting; it is regulated in Article 16 of the Articles of Incorporation of Axel Springer AG. Accordingly, the compensation is comprised of fixed and variable components. The Supervisory Board receives a fixed annual compensation of € 2.0 million. In addition, the Supervisory Board receives an additional compensation of € 3 thousand for every cent (€ 0.01) by which the dividend per share distributed to the shareholders exceeds € 0.05, but at least 4.0 % of the share capital in relation to one share. The Supervisory Board also receives compensation in the amount of € 300 thousand if the basic earnings per share for the financial year (based on the share of the company's shareholders in consolidated net income) exceeds the basic earnings per share of the third previous financial year, calculated in the same manner – with due consideration given, where applicable, to the re-apportionment of share capital resolved by the annual shareholders' meeting of April 14, 2011 – by 15 % or more. For financial years in which positive consolidated profits cannot be applied as a reference benchmark, an amount of € 1.00 per share shall apply as the reference benchmark for calculating the increase in annual profits. For financial years with a net consolidated loss, only the fixed compensation of € 2.0 million will be paid. The Supervisory Board decides how the aforementioned amounts are distributed among its members, with appropriate consideration given to their activities as chairman and in the committees.

For **financial year 2012**, the Supervisory Board received total compensation of € 2.5 million (PY: € 2.5 million). The variable components of this compensation amounted to € 0.5 million (PY: € 0.5 million); as in the prior year, this amount was based entirely on the dividend proposal of the Executive Board and Supervisory Board, and is therefore subject to the adoption of the corresponding resolution by the annual shareholders' meeting. No further variable compensation is granted for financial year 2012.

In addition, the company reimburses all members of the Supervisory Board for their expenses and for the value added taxes payable on their compensation. The company pays the premium for the D&O insurance taken out for members of the Supervisory Board. One member of the Supervisory Board is paid an annual salary of € 0.1 million for his services as an author.

Contrary to Section 5.4.6 sentences 6 and 7 of the German Corporate Governance Code, the compensation paid to members of the Supervisory Board, as well as the compensation paid by the company to them for services rendered personally, are not presented in the Corporate Governance Report, since Axel Springer AG's competitors do not disclose such information either.

### *Share-based compensation of senior executives*

In addition to the Virtual Stock Option Plans 2009 and 2012 for Executive Board members, Axel Springer also introduced a virtual stock option plan for selected senior executives in 2011 (referred to hereinafter as the Virtual Stock Option Plan 2011).

Effective October 1, 2011, a total of 945 thousand virtual stock options were granted to senior executives of Axel Springer AG, with each beneficiary receiving stock options under Tranche A and stock options under Tranche B. The virtual stock options under Tranche A have a term of four years, that is, until September 30, 2015, and can be exercised at the earliest after two years, that is, on October 1, 2013. The virtual stock options under Tranche B have a term of six years, that is, until September 30, 2017, and can be exercised at the earliest after four years, that is, on October 1, 2015.

Provided that the beneficiary is employed by the company at least until the expiration of the respective vesting period, all virtual stock options may become vested. If the employment relationship is terminated before the expiration of the respective vesting period, but after the lapse of one year of the vesting period, one half of the virtual stock options granted under Tranche A will become vested; one fourth of the virtual stock options granted under Tranche B become vested upon the lapse of each year of the vesting period. They will not become vested if the beneficiary resigned without reasonable cause or if Axel Springer AG or an affiliated company terminated the employment relationship with reasonable cause; in such cases, all virtual stock options will be forfeited. Another precondition for vesting is the achievement of a performance or outperformance target related to the share price of the Axel Springer share.

The stock options can only be exercised if the average price of the Axel Springer share during a period of three months prior to being exercised is at least 30 % higher than the baseline values of € 30.00 for Tranche A and € 35.00 for Tranche B, and if the percentage increase in the price of the Axel Springer share is greater than the appreciation of the DAX stock index over the same period. Each stock option grants the right to payment of an amount equal to the appreciation of the Axel Springer share, but not in excess of a defined maximum amount (€ 60.00 for Tranche A, € 70.00 for Tranche B); this amount is the difference between the volume-weighted average share price during the last three months prior to exercising the stock options and the baseline value. The first day of the month determines the beginning and end of the corresponding period.

Beneficiaries are obligated to hold one share of Axel Springer AG for every ten stock options as a personal investment. Disposing of these shares prior to exercising the options would result in the stock options being forfeited at the rate of one share for each ten stock options. The total value of the Virtual Stock Option Plan 2011 at the grant date was € 2.4 million. For more information on the Virtual Stock Option Plan 2011 for selected senior executives, see also the disclosures in the notes to the consolidated financial statements, Section (12).

# Report of the Supervisory Board

**Dr. Giuseppe Vita**
Chairman

**Dr. h. c. Friede Springer**
Vice Chairwoman

**Dr. Gerhard Cromme**
Chairman of the Supervisory Board
of ThyssenKrupp AG

**Oliver Heine**
Lawyer and partner in the law firm
of Oliver Heine & Partner

**Rudolf Knepper** (since January 8, 2013)
Member of the Supervisory Board
of Axel Springer AG

**Klaus Krone**
Member of the Supervisory Board
of Axel Springer AG

**Dr. Nicola Leibinger-Kammüller**
Chairwoman of the Management Board
of TRUMPF GmbH + Co. KG

**Prof. Dr. Wolf Lepenies**
University Professor (emer.) FU Berlin;
Permanent Fellow (emer.) at Wissenschaftskolleg
zu Berlin

**Dr. Michael Otto**
Chairman of the Supervisory Board
of Otto GmbH & Co. KG

*Dear Shareholders,*

By means of written and oral reports and at meetings, the Executive Board informed the Supervisory Board in detail, regularly, and promptly about the company's situation and development, important business transactions, as well as the risk management system, the Internal Control System (ICS), and the compliance management system. The Executive Board also kept the Supervisory Board informed of significant events in the time between its meetings. In addition, the Supervisory Board Chairman and the Executive Board Chairman held information and consultation meetings on a regular basis. It was not necessary in financial year 2012 for the Supervisory Board to inspect company books and documents beyond those presented during the normal course of reporting by the Executive Board.

In financial year 2012, the Supervisory Board performed all the duties incumbent upon it by virtue of applicable laws, the company's Articles of Incorporation, and internal rules of procedure. The Supervisory Board worked closely and trustfully with the Executive Board in an advisory role and supervised the management of the company.

The supervision performed by the Supervisory Board also covered the implementation of appropriate measures to ensure risk management and compliance. The Supervisory Board also verified that the Executive Board has taken suitable measures as required by Section 91 (2) of the German Stock Corporations Act (AktG) and that the risk management system instituted by means of such measures is effective.

The Supervisory Board discussed with the Executive Board all matters of crucial importance for the company, especially the company's business plan, the implementation of the company's business strategy, large capital expenditure projects, and personnel matters. Furthermore, the Supervisory Board discussed important specific transactions of significance to the company's future development and adopted resolutions on those transactions and measures for which the participation of the Supervisory Board is required by law, by the company's Articles of Incorporation, or by the Executive Board's internal rules of procedure.

The Supervisory Board held a total of five meetings in 2012, three of which in the first half and two in the second half of the calendar year. All members of the Supervisory Board attended at least three of these meetings. When necessary, Supervisory Board resolutions were adopted by way of written circulation.

## *Composition of the Supervisory Board*

Effective September 30, 2012, Michael Lewis resigned his seat on the Supervisory Board of Axel Springer AG. By resolution of January 7, 2013, the Charlottenburg Local Court appointed Rudolf Knepper to succeed Michael Lewis, who had served on the nine-person board for more than five years, until the close of the next regular shareholders' meeting to be held on April 24, 2013. The Supervisory Board intends to propose to the annual shareholders' meeting of April 24, 2013 that Rudolf Knepper be elected to the Supervisory Board.

## *Significant matters addressed by the Supervisory Board*

In its meeting of **February 6, 2012**, the Supervisory Board discussed and approved the financial plan 2012 submitted by the Executive Board. The Executive Board informed the Supervisory Board of the preliminary numbers concerning the company's business performance in financial year 2011, reported on the planned formation of a joint venture with the global financial investor General Atlantic LLC in the online classifieds business, and provided an overview of the anniversary activities planned in connection with the 100th birthday of Axel Springer. Furthermore, the Supervisory Board resolved to extend the term of office of a Executive Board member and extend the Executive Board employment contract accordingly.

In its meeting of **March 6, 2012**, the Supervisory Board devoted its attention primarily to the separate financial statements of the parent company and the consolidated financial statements of the Group at December 31, 2011 (including, in each case, the combined management report and Group management report), as well as the report on the company's dealings with affiliated companies (Dependency Report), the Executive Board's profit utilization proposal for financial year 2011, and the Corporate Governance Report issued jointly with the Executive Board. Based on a recommendation of the Audit Committee, it also discussed the proposal for the election of the independent auditor for financial year 2012, to be submitted to the annual shareholders' meeting. The Supervisory Board also discussed the agenda for the annual shareholders' meeting in 2012, including the draft resolutions to be approved by the annual shareholders' meeting, and adopted a resolution on its report for financial year 2011 to be submitted to the annual shareholders' meeting. The Supervisory Board also approved the formation of Axel Springer Digital Classifieds GmbH, the contribution of immonet, SeLoger, and StepStone to this new joint venture, and the 30 % investment by the financial investor General Atlantic LLC. The Supervisory Board also approved the share ownership plan for employees with target agreements or profit-sharing bonuses, which was implemented in financial year 2012.

At its meeting of **April 25, 2012**, the Supervisory Board again dealt with the preparations for the upcoming shareholders' meeting. The Supervisory Board approved the decision to appeal the ruling of the Berlin Regional Court of March 7, 2012, which allowed the nullification of the resolutions of the annual shareholders' meeting held in 2010 pertaining to the ratification of the actions taken by the Supervisory Board in financial year 2009 and the general and special authorization to purchase and utilize treasury shares. In addition, the Executive Board reported to the Supervisory Board on the company's business performance in the first quarter of financial year 2012.

In the Supervisory Board meeting of **July 3, 2012**, the Executive Board reported on the company's business performance through May 31, 2012 and on the results of a closed meeting of the Executive Board, in which it was resolved to send three senior executives on a research trip to Palo Alto and to implement structural measures to adapt the company to changing usage habits and technologies. The Supervisory Board acknowledged and approved the corresponding measures.

In its meeting of **October 24, 2012** the Supervisory Board primarily discussed the business strategy of Axel Springer AG since 2002, which has been to pursue profitable growth on the basis of the strategic goals of extending the company's market leadership position in the German-language core business and pursuing internationalization and digitization, on the basis of a comprehensive presentation by the Executive Board. The Executive Board also reported on the development of key acquisitions since 2006, particularly in the Digital Media segment, and the Supervisory Board discussed these matters. The Supervisory Board also adopted a resolution on the Declaration of Conformity for 2012. In this regard, it discussed the amendments made to the German Corporate Governance Code ("GCGC"), which entered into force on June 15, 2012, particularly including the more specifically formulated recommendations concerning the independence of Supervisory Board members. In this connection, the Supervisory Board adopted concrete goals for the number of independent members of the Supervisory Board, which are printed on page 66 of the present Annual Report, in addition to the goals for its composition concerning the appropriate participation of women and international diversity, which it had already adopted in October 2010. Furthermore, the Supervisory Board conducted a self-evaluation on the basis of questionnaires; after discussing the results of the questionnaires completed by the Supervisory Board members, it concluded that the Supervisory Board continues to work in an efficient manner. With respect to the Executive Board compensation system, the Supervisory Board concluded that the findings of the review conducted in November 2011 are still valid, namely that the Executive Board compensation system fulfills the legal requirements and particularly also that it is appropriate and suitable for promoting the sustainable development of the company's business. The Supervisory Board also adopted a more efficient procedure for granting permission to transfer the company's shares pursuant to Article 5 para. 3 of the company's Articles of Incorporation (restricted transferability). In addition, the Supervisory Board heard reports on the company's business performance in the months of January to September 2012, current acquisition plans, the introduction of paid-content and subscription models for WELT ONLINE and BILD.de, as well as the business performance of the Swiss Amiado group and the company gamigo AG, which was sold in financial year 2012, among other matters. It also noted the recommended non-trading periods for shares of Axel Springer AG in calendar year 2013, preceding the publication of the annual financial statements and the quarterly results.

## *Conflicts of interest*

The following potential conflicts of interest arose on the Supervisory Board in financial year 2012, which were disclosed to the Supervisory Board by the affected members. In August 2012, Dr. Giuseppe Vita abstained from voting on the Executive Committee resolution to approve a syndicated loan, because the bank syndicate includes UniCredit Luxembourg S.A., an indirect subsidiary of UniCredit S.p.A., the Chairman of whose Board of Directors has been Dr. Giuseppe Vita since May 2012. In August 2012, Dr. h.c. Friede Springer abstained from voting on the Executive Committee resolution on the transfer of shares held by Dr. h.c. Friede Springer to Dr. Mathias Döpfner, as she was the previous owner of the shares.

## *Corporate governance*

The Executive Board and Supervisory Board issued their joint Declaration of Conformity pursuant to Section 161 AktG on November 6, 2012. The declaration and the justifications of the few exceptions to the recommendations of the GCGC have been made permanently accessible on the company's website. It is presented on page 59 of the present Annual Report.

Additional information on corporate governance in the Axel Springer Group may be found in the joint Corporate Governance Report of the Executive Board and Supervisory Board (see page 59).

## *Work of the committees of the Supervisory Board*

In the interest of performing its duties in an efficient manner, the Supervisory Board has formed an Executive Committee, a Personnel Committee, an Audit Committee, and a Nominating Committee as permanent committees. The Chairman of the Supervisory Board chairs the meetings of the committees and reports to the Supervisory Board on the work of the committees in the subsequent meeting of the Supervisory Board.

Notwithstanding the general responsibility of the full Supervisory Board, the **Executive Committee** is responsible for fundamental matters related to publishing and journalism, and for matters of strategy, financial planning, capital expenditures, and the financing of capital expenditures. It is also responsible for preparing decisions on the organization of the Executive Board, the approval of sales of shares of Axel Springer AG and subscription rights for such shares, and for approving certain management actions that require the approval of the Supervisory Board, which have been delegated to the Executive Committee. The members of the Executive Committee are Dr. Giuseppe Vita, Chairman, Dr. h. c. Friede Springer, Vice Chairwoman, Dr. Gerhard Cromme, and Klaus Krone.

The Executive Committee held eight meetings in financial year 2012 (including three in the form of telephone conferences), which were regularly attended also by the members of the company's Executive Board. The Executive Committee approved the following transactions: the acquisition of a 100 % equity interest in Totaljobs Group Ltd. by StepStone GmbH, the acquisition of a 75 % equity interest in Grupa Onet.pfl S.A. (including put and call options for the remaining 25 %) by Ringier Axel Springer Media AG, and the acquisitions of a 100 % equity interest in allesklar.com AG (meinedtadt.de) and an 80 % equity interest in Immoweb S.A. (including put and call options for the remaining 20 %), each by a company of Axel Springer Digital Classifieds. In addition, the Executive Committee approved an increase in the investment held by SeLoger.com S.A. in iProperty Group Ltd. in connection with a capital increase. The deliberations and resolutions of the Executive Committee also pertained to the issuance of a promissory-note loan, the refinancing of the expiring credit facility with a revolving credit facility, the purchase of rights to German National Soccer League highlights for the seasons 2013/2014 through 2016/2017 as part of the premium strategy of BILD Digital, the conclusion of a management control and profit/loss transfer agreement between Axel Springer International GmbH and Axel Springer International Holding GmbH, and the termination of the existing management control and profit/loss transfer agreement between Axel Springer AG and Axel Springer Financial Media GmbH. The Executive Committee also adopted resolutions on granting permission to transfer shares in Axel Springer AG pursuant to Article 5 para. 3 of the company's Articles of Incorporation. Finally, the Executive Board reported to the Executive Committee on the performance of the company's investments in Doğan TV Holding A.S. and PRINOVIS Ltd. & Co. KG, among other matters.

The **Personnel Committee** is responsible in particular for preparing decisions on the appointment and dismissal of Executive Board members. It is also responsible for preparing the resolutions to be adopted by the Supervisory Board on the compensation of individual members of the Executive Board; in all other matters pertaining to employment contracts, the Personnel Committee adopts resolutions in lieu of the Supervisory Board. The Personnel Committee also adopts resolutions in lieu of the Supervisory Board in matters pertaining to the extension of loans within the meaning of Sections 89, 115 AktG; the same applies to the approval of contracts with Supervisory Board members pursuant to Section 114 AktG. The responsibilities of the Personnel Committee also include representing the company in transactions with individual Executive Board members. Finally, the Personnel Committee decides on the approval of the management transactions requiring the approval of the Supervisory Board, which have been delegated to the Personnel Committee. The members of the Personnel

Committee are Dr. Giuseppe Vita, Chairman, Dr. h. c. Friede Springer, and Dr. Gerhard Cromme.

The Personnel Committee held three meetings in financial year 2012. Among other things, it prepared the decision on extending the term of office of a Executive Board member and on the amount of his compensation, including a long-term share-based compensation component. It also dealt with the individual goals and corporate goals for the cash component of the variable compensation of the Executive Board.

Notwithstanding the responsibility of the full Supervisory Board, the **Audit Committee** is responsible for preparing the decision on the adoption of the separate financial statements of the parent company and the approval of the consolidated financial statements of the Group, by means of conducting a preliminary review of the separate financial statements, the Dependency Report, and the consolidated financial statements, as well as the management report for the company and the management report for the Group, the review of the profit utilization proposal, and the discussion of the audit report with the independent auditor, among other matters. It is also responsible for reviewing the interim financial statements and interim reports, and for discussing the report of the independent auditor on the critical review of the interim financial statements. The responsibilities of the Audit Committee also include reviewing the internal control system, the internal audit system, the risk management system, the supervision of the accounting process and matters related to compliance. With regard to the audit of the financial statements, it is responsible for preparing the proposal of the Supervisory Board to the annual shareholders' meeting on the election of the independent auditor and the engagement of the independent auditor, and for adopting audit priorities, among other matters. The Audit Committee is composed of Dr. Giuseppe Vita, Chairman, Dr. h. c. Friede Springer, Klaus Krone, and Oliver Heine.

The Audit Committee held five meetings in 2012. It kept itself informed of the scope, execution, and results of the audit of the separate financial statements of the parent company and the consolidated financial statements of the Group for 2011, prepared the decisions of the Supervisory Board on the adoption of the separate financial statements and the approval of the consolidated financial statements, and reviewed the interim financial statements and interim reports for the year 2012. In addition, the Audit Committee dealt with the preparation of the resolution to be adopted by the full Supervisory Board with regard to the proposal to the annual shareholders' meeting for engaging the independent auditor to audit the financial statements for 2012. In this regard, the Supervisory Board received a written confirmation of independence from Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft. In addition, the Audit Committee dealt with the audit priorities to be considered by the auditor and engaged the independent auditor to audit the financial statements for 2012. The Audit Committee also reviewed the effectiveness of the risk management system and internal control system, as well as the compliance management system and the internal audit function.

The **Nominating Committee** prepares the proposal of the Supervisory Board to the annual shareholders' meeting on the election of Supervisory Board members; in particular, it proposes suitable candidates to the Supervisory Board, also in consideration of the diversity and independence criteria adopted by the Supervisory Board. It develops and reviews job profiles relative to the qualifications expected of Supervisory Board members by the company, and continually adapts them to suit changing requirements. The Nominating Committee is composed of Dr. Giuseppe Vita, Chairman, Dr. h. c. Friede Springer, and Dr. Michael Otto.

The Nominating Committee held two meetings in financial year 2012. Among other things, it deliberated on the successor to Michael Lewis (see above under "Composition of the Supervisory Board").

## *Separate financial statements of the parent company and consolidated financial statements of the Group; management report for the parent company and the Group*

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft audited and issued an unqualified audit opinion for the separate financial statements of the parent company and the consolidated financial statements of the Group, as well as the combined management report for the parent company and the Group, all of which prepared by the Executive Board for financial year 2012. In connection with the audit, the independent auditor also noted in summary that the Executive Board has implemented a risk management system that fulfills the requirements of law, and that this system is generally suitable for the early detection of any developments that could endanger the company's survival as a going concern.

The aforementioned documents and the proposal of the Executive Board for the utilization of the distributable profit, as well as the audit reports of Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, were provided to all members of the Supervisory Board in a timely manner. The documents were reviewed and discussed extensively in the presence of the independent auditor in the meetings of the Audit Committee of February 22, 2013 and March 5, 2013. At these meetings, the independent auditor reported on the principal findings of their audit and provided additional information, as requested. No deficiencies in the internal control and risk management system, as it relates to the financial accounting process, were noted. The independent auditor explained further the scope, priorities, and costs of the audit. Besides auditing the financial statements, the independent auditor provided other services to the company (including its affiliated companies) in the amount of € 882.1 thousand in financial year 2012. No circumstances that would cast doubt on the impartiality of the independent auditor arose. The Audit Committee resolved to recommend to the Supervisory Board that it approve the separate financial statements of the parent company and the consolidated financial statements of the Group, as well as the combined management report of the parent company and the Group.

At the meeting of the full Supervisory Board of March 5, 2013, the Audit Committee reported on the results of its examination and recommended that the Supervisory Board approve the separate and consolidated financial statements. At this meeting, the Supervisory Board reviewed the documents in question, having noted and duly considered this report and recommendation of the Audit Committee and the reports of Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, and having discussed them with the independent auditor, who was in attendance.

The Supervisory Board acknowledged and approved the audit results. Based on the results of its own review, the Supervisory Board noted that it had no objections to raise. Based on the recommendations of the Audit Committee, the Supervisory Board approved the annual financial statements of the parent company and the consolidated financial statements of the Group, as well as the combined management report for the parent company and the Group, all of which were prepared by the Executive Board. Accordingly, the annual financial statements of Axel Springer AG were officially adopted.

The Supervisory Board also reviewed the proposal of the Executive Board concerning the utilization of the distributable profit and concurred with that proposal, in consideration in particular of the company's financial year net income, liquidity, and financing plan.

The Executive Board also submitted its report on the company's dealings with related parties pursuant to Section 312 of the German Stock Corporations Act (AktG) to the Supervisory Board. The Supervisory Board was also in receipt of the corresponding audit report by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft. Both reports were provided to each member of the Supervisory Board in advance. The audit opinion of the independent auditor reads as follows:

"Based on the audit and evaluation conducted in accordance with our professional duties, we hereby confirm that

1. the factual information contained in the report is correct; and

2. the consideration provided by the company in respect of the legal transactions mentioned in the report was not inappropriately high."

The Supervisory Board also reviewed the report of the Executive Board on the dealings with related parties pursuant to Section 312 AktG and the independent auditor's report on this subject. At the Supervisory Board meeting of March 5, 2013, the independent auditor also reported orally on the principal findings of the audit and provided additional information, as requested. The Supervisory Board acknowledged and approved the report of the independent auditor. Based on the final results of its own review, the Supervisory Board had no objections to raise with respect to the results of the audit report of the independent auditor or the Executive Board's declaration on the report pursuant to Section 312 (3) AktG.

## *Thanks to the members of the Executive Board and to all employees*

Finally, the Supervisory Board wishes to thank all members of the Executive Board and all employees for their outstanding work in the past year.

Berlin, March 5, 2013

The Supervisory Board

Dr. Giuseppe Vita

Chairman

# Consolidated Financial Statements

# *Responsibility Statement*

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the financial position, liquidity, and financial performance of the Group, and the 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 rewards and risks associated with the expected development of the Group.

Berlin, February 19, 2013

Axel Springer Aktiengesellschaft

Dr. Mathias Döpfner

Jan Bayer

Ralph Büchi

Lothar Lanz

Dr. Andreas Wiele

# *Auditor's Report*

We have audited the consolidated financial statements prepared by the Axel Springer Aktiengesellschaft, Berlin, comprising the statement of financial position, the income statement, the statement of recognized income and expenses, the statement of cash flows, the statement of changes in equity, and the notes to the consolidated financial statements together with the combined management report of the Axel Springer Group and Axel Springer AG for the fiscal year from January 1 to December 31, 2012. The preparation of the consolidated financial statements and the combined management report of the Axel Springer Group and Axel Springer AG in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ["Handelsgesetzbuch": "German Commercial Code"] are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the combined management report of the Axel Springer Group and Axel Springer AG based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit 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 audit such that misstatements materially affecting the presentation of the net assets, financial position, and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the combined management report of the Axel Springer Group and Axel Springer AG are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the report on the situation of the company Axel Springer AG and the Axel Springer Group are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used, and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the report on the situation of the Axel Springer Group and Axel Springer AG. In our opinion, our audit provides a sufficiently sound basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB, and give a true and fair view of the net assets, financial position, and results of operations of the Axel Springer Group in accordance with these requirements. The combined management report of the Axel Springer Group and Axel Springer AG is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Berlin, February 22, 2013

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

| | |
|---|---|
| Plett | Glöckner |
| Wirtschaftsprüfer<br>[German Public Auditor] | Wirtschaftsprüfer<br>[German Public Auditor] |

# Consolidated Statement of Financial Position

€ millions

| ASSETS | Note | 12/31/2012 | 12/31/2011 |
|---|---|---|---|
| **Non-current assets** | | **3,841.4** | **3,308.9** |
| Intangible assets | (4) | 2,455.5 | 1,908.1 |
| Property, plant, and equipment | (5) | 690.7 | 697.9 |
| Investment property | (6) | 57.0 | 52.6 |
| Non-current financial assets | (7) | 470.9 | 486.4 |
| Investments accounted for using the equity method | | 24.6 | 30.6 |
| Other non-current financial assets | | 446.3 | 455.9 |
| Receivables from income taxes | | 27.7 | 30.9 |
| Other assets | (10) | 78.4 | 105.5 |
| Deferred tax assets | (26) | 61.2 | 27.5 |
| **Current assets** | | **966.8** | **878.5** |
| Inventories | (8) | 27.1 | 28.6 |
| Trade receivables | (9) | 502.6 | 442.4 |
| Receivables due from related parties | (36) | 40.9 | 41.9 |
| Receivables from income taxes | | 44.5 | 42.5 |
| Other assets | (10) | 97.6 | 79.1 |
| Cash and cash equivalents | (29) | 254.1 | 244.0 |
| **Total assets** | | **4,808.2** | **4,187.5** |

€ millions

| EQUITY AND LIABILITIES | Note | 12/31/2012 | 12/31/2011 |
|---|---|---|---|
| **Equity** | **(11)** | **2,253.1** | **1,930.8** |
| Shareholders of Axel Springer AG | | 1,887.5 | 1,694.2 |
| Non-controlling interests | | 365.6 | 236.6 |
| **Non-current provisions and liabilities** | | **1,602.0** | **1,382.8** |
| Provisions for pensions | (13) | 294.6 | 279.5 |
| Other provisions | (14) | 52.0 | 40.8 |
| Financial liabilities | (15) | 691.2 | 672.9 |
| Trade payables | | 0.9 | 1.2 |
| Liabilities due to related parties | (36) | 1.4 | 9.7 |
| Other liabilities | (16) | 232.1 | 125.5 |
| Deferred tax liabilities | (26) | 329.8 | 253.3 |
| **Current provisions and liabilities** | | **953.1** | **873.9** |
| Provisions for pensions | (13) | 49.5 | 46.9 |
| Other provisions | (14) | 144.2 | 143.8 |
| Financial liabilities | (15) | 12.5 | 44.0 |
| Trade payables | | 281.3 | 270.9 |
| Liabilities due to related parties | (36) | 24.2 | 17.9 |
| Liabilities from income taxes | | 72.9 | 47.6 |
| Other liabilities | (16) | 368.5 | 302.9 |
| **Total equity and liabilities** | | **4,808.2** | **4,187.5** |

# *Consolidated Statement of Comprehensive Income*

**€ millions**

| **Consolidated Income Statement** | **Note** | **2012** | **2011** |
|---|---|---|---|
| Revenues | (18) | 3,310.3 | 3,184.9 |
| Other operating income | (19) | 88.2 | 73.3 |
| Change in inventories and internal costs capitalized | | 10.9 | 6.8 |
| Purchased goods and services | (20) | –1,056.8 | –1,055.7 |
| Personnel expenses | (21) | –920.4 | –851.6 |
| Depreciation, amortization, and impairments | (22) | –172.2 | –138.8 |
| Other operating expenses | (23) | –820.0 | –783.9 |
| Income from investments | (24) | 7.9 | 9.5 |
| Result from investments accounted for using the equity method | | 2.5 | –3.5 |
| Other investment income | | 5.5 | 13.0 |
| Financial result | (25) | –46.5 | –23.1 |
| Income taxes | (26) | –125.7 | –132.0 |
| **Net income** | | **275.8** | **289.4** |
| Net income attributable to shareholders of Axel Springer AG | | 238.1 | 257.8 |
| Net income attributable to non-controlling interests | | 37.7 | 31.6 |
| | | | |
| **Basic/diluted earnings per share (in €)** | **(27)** | **2.41** | **2.62** |

**€ millions**

| **Consolidated Statement of Recognized Income and Expenses** | **Note** | **2012** | **2011** |
|---|---|---|---|
| **Net income** | | **275.8** | **289.4** |
| Actuarial gains/losses from defined benefit pension obligations | | –48.2 | 12.3 |
| Currency translation differences | | 14.1 | –9.6 |
| Changes in fair value of available-for-sale financial assets | | –1.3 | 0.7 |
| Changes in fair value of derivatives in cash flow hedges | | 10.9 | 3.5 |
| Other income/loss from investments accounted for using the equity method | | –0.3 | 0.1 |
| **Other income/loss** | **(28)** | **–24.9** | **7.0** |
| **Comprehensive income** | | **250.9** | **296.4** |
| Comprehensive income attributable to shareholders of Axel Springer AG | | 211.1 | 270.1 |
| Comprehensive income attributable to non-controlling interests | | 39.8 | 26.3 |

# Consolidated Statement of Cash Flows

| € millions | Note | 2012 | 2011 |
|---|---|---|---|
| **Net income** | | **275.8** | **289.4** |
| Reconciliation of net income to the cash flow from operating activities | | | |
| Depreciation, amortization, impairments, and write-ups | | 167.0 | 137.7 |
| Result from investments accounted for using the equity method | (7) | –2.5 | 3.5 |
| Dividends received from investments accounted for using the equity method | (7) | 4.5 | 5.4 |
| Result from disposal of consolidated subsidiaries and business units and intangible assets, property, plant, and equipment, and financial assets | | 15.4 | 0.0 |
| Changes in non-current provisions | | 13.1 | 2.8 |
| Changes in deferred taxes | | –31.0 | –9.4 |
| Other non-cash income and expenses | | 10.3 | –0.1 |
| Changes in trade receivables | | –36.2 | –36.3 |
| Changes in trade payables | | 1.3 | 14.1 |
| Changes in other assets and liabilities | | 46.1 | –1.3 |
| **Cash flow from operating activities** | **(29)** | **463.9** | **405.9** |
| Proceeds from disposals of intangible assets, property, plant, and equipment | | 1.3 | 0.6 |
| Proceeds from disposals of consolidated subsidiaries and business units, less cash and cash equivalents given up | | –0.1 | 0.6 |
| Proceeds from disposals of non-current financial assets | | 34.6 | 30.2 |
| Purchases of intangible assets, property, plant, equipment, and investment property | | –80.7 | –112.7 |
| Purchases of shares in consolidated subsidiaries and business units less cash and cash equivalents acquired | (3) | –518.1 | –595.3 |
| Purchases of investments in non-current financial assets | | –9.6 | –24.7 |
| **Cash flow from investing activities** | **(29)** | **–572.7** | **–701.2** |
| Dividends paid to shareholders of Axel Springer AG | | –167.6 | –157.3 |
| Dividends paid to other shareholders | | –12.0 | –15.5 |
| Purchase of non-controlling interests | | 0.0 | –7.3 |
| Disposal of non-controlling interests | | 244.9 | 0.0 |
| Issuance of treasury shares | | 6.1 | 9.4 |
| Repayments of liabilities under finance leases | | –0.3 | –0.2 |
| Proceeds from other financial liabilities | | 649.5 | 495.5 |
| Repayments of other financial liabilities | | –693.4 | –180.8 |
| Additions to plan assets | | –25.0 | –25.2 |
| Other financial transactions | | 121.1 | –9.5 |
| **Cash flow from financing activities** | **(29)** | **123.3** | **109.1** |
| **Cash flow-related changes in cash and cash equivalents** | | **14.5** | **–186.2** |
| Changes in cash and cash equivalents due to exchange rates | | 1.0 | –0.6 |
| Changes in cash and cash equivalents due to changes in companies included in consolidation | | –5.4 | –5.0 |
| Cash and cash equivalents at beginning of period | | 244.0 | 435.9 |
| **Cash and cash equivalents at end of period** | **(29)** | **254.1** | **244.0** |

| € millions<br>Cash flows contained in the cash flow from operating activities | | 2012 | 2011 |
|---|---|---|---|
| Income taxes paid | | –162.2 | –196.0 |
| Income taxes received | | 22.1 | 39.4 |
| Interest paid | | –31.0 | –26.3 |
| Interest received | | 8.7 | 12.5 |
| Dividends received | | 19.2 | 19.4 |

# *Consolidated Statement of Changes in Equity*

| | | | | | Accumulated other comprehensive income | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Changes in fair value | | | | | |
| **€ millions** | **Subscribed capital** | **Additional paid-in capital** | **Accumulated retained earnings** | **Treasury shares** | **Currency translation** | **Available-for-sale financial assets** | **Derivatives in cash flow hedges** | **Other equity** | **Shareholders of Axel Springer AG** | **Non-controlling interests** | **Equity** |
| **Balance as of 01/01/2011** | **98.9** | **43.3** | **1,422.9** | **−11.2** | **46.9** | **2.5** | **−14.2** | **−26.6** | **1,562.4** | **210.2** | **1,772.6** |
| Net income | | | 257.8 | | | | | | 257.8 | 31.6 | 289.4 |
| Other income/loss | | | | | −4.6 | 0.7 | 3.5 | 12.6 | 12.3 | −5.3 | 7.0 |
| **Comprehensive income** | | | **257.8** | | **−4.6** | **0.7** | **3.5** | **12.6** | **270.1** | **26.3** | **296.4** |
| Dividends paid | | | −157.3 | | | | | | −157.3 | −15.5 | −172.9 |
| Issuance of treasury shares | | | 4.5 | 4.9 | | | | | 9.4 | | 9.4 |
| Change in consolidated companies | | | −0.4 | | | | | | −0.4 | 1.4 | 0.9 |
| Purchase and disposal of non-controlling interests | | | 10.5 | | | | | | 10.5 | 13.6 | 24.1 |
| Other changes | | 0.5 | −1.0 | | | | | | −0.5 | 0.6 | 0.2 |
| **Balance as of 12/31/2011** | **98.9** | **43.8** | **1,536.9** | **−6.3** | **42.2** | **3.3** | **−10.7** | **−14.0** | **1,694.2** | **236.6** | **1,930.8** |
| Net income | | | 238.1 | | | | | | 238.1 | 37.7 | 275.8 |
| Other income/loss | | | | | 10.7 | 0.5 | 10.5 | −48.6 | −26.9 | 2.0 | −24.9 |
| **Comprehensive income** | | | **238.1** | | **10.7** | **0.5** | **10.5** | **−48.6** | **211.1** | **39.7** | **250.9** |
| Dividends paid | | | −167.6 | | | | | | −167.6 | −12.0 | −179.6 |
| Issuance of treasury shares | | | 2.6 | 3.4 | | | | | 6.1 | | 6.1 |
| Change in consolidated companies | | | −0.3 | | | | | | −0.3 | 1.8 | 1.5 |
| Disposal of non-controlling interests | | | 146.9 | | | −2.4 | | | 144.5 | 100.4 | 244.9 |
| Other changes | | 0.2 | −0.6 | | | | | | −0.5 | −0.9 | −1.4 |
| **Balance as of 12/31/2012** | **98.9** | **44.0** | **1,755.9** | **−2.8** | **53.0** | **1.4** | **−0.2** | **−62.6** | **1,887.5** | **365.6** | **2,253.1** |

# *Consolidated Segment Report*

## Operating segments

| € millions | Digital Media 2012 | Digital Media 2011 | Newspapers National 2012 | Newspapers National 2011 | Magazines National 2012 | Magazines National 2011 | Print International 2012 | Print International 2011 | Services/Holding 2012 | Services/Holding 2011 | Consolidated totals 2012 | Consolidated totals 2011 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **External revenues** | **1,174.2** | **962.1** | **1,126.1** | **1,164.9** | **450.1** | **468.1** | **440.8** | **473.5** | **119.1** | **116.2** | **3,310.3** | **3,184.9** |
| Internal revenues | 55.8 | 43.7 | 7.8 | 10.0 | 5.6 | 5.3 | 42.1 | 43.5 | 320.7 | 309.9 | | |
| Segment revenues | 1,230.0 | 1,005.8 | 1,133.9 | 1,175.0 | 455.7 | 473.4 | 482.8 | 517.0 | 439.8 | 426.1 | | |
| **EBITDA** [1] | **242.9** | **158.1** | **256.1** | **282.7** | **93.3** | **103.2** | **65.0** | **73.8** | **−29.3** | **−24.4** | **628.0** | **593.4** |
| **EBITDA margin** [1] | **20.7 %** | **16.4 %** | **22.7 %** | **24.3 %** | **20.7 %** | **22.0 %** | **14.7 %** | **15.6 %** | | | **19.0 %** | **18.6 %** |
| Thereof income from investments | 7.3 | 6.6 | 2.2 | 2.9 | 0.2 | 0.4 | 3.9 | 4.3 | 4.8 | 4.9 | 18.3 | 19.1 |
| Thereof accounted for using the equity method | 0.2 | 0.1 | 0.0 | 0.0 | 0.0 | 0.3 | 2.3 | 4.5 | 0.0 | 0.0 | 2.5 | 4.9 |
| Depreciation, amortization, impairments and write-ups (except from purchase price allocations) | −28.7 | −17.0 | −2.6 | −3.2 | −1.0 | −1.1 | −12.8 | −12.6 | −45.4 | −48.1 | −90.5 | −82.0 |
| **EBIT** [1] | **214.2** | **141.2** | **253.5** | **279.5** | **92.2** | **102.1** | **52.2** | **61.2** | **−74.7** | **−72.5** | **537.5** | **511.4** |
| Effects of purchase price allocations | −61.5 | −30.8 | 0.0 | 0.0 | 0.0 | 0.0 | −16.6 | −22.6 | −0.1 | −1.3 | −78.1 | −54.7 |
| Non-recurring effects | −11.4 | −2.2 | 0.0 | −0.5 | 1.9 | −0.3 | −2.0 | −8.5 | 0.0 | −0.7 | −11.4 | −12.2 |
| Segment earnings before interest and taxes | 141.3 | 108.1 | 253.5 | 279.0 | 94.2 | 101.8 | 33.7 | 30.1 | −74.8 | −74.5 | 447.9 | 444.5 |
| Financial result | | | | | | | | | | | −46.5 | −23.1 |
| Income taxes | | | | | | | | | | | −125.7 | −132.0 |
| **Net income** | | | | | | | | | | | **275.8** | **289.4** |

1) Bereinigt um Sondereffekte und Effekte aus Kaufpreisallokationen.

## Geographical information

| € millions | | Germany 2012 | Germany 2011 | Other countries 2012 | Other countries 2011 | Consolidated totals 2012 | Consolidated totals 2011 |
|---|---|---|---|---|---|---|---|
| External revenues | | 2,146.9 | 2,136.9 | 1,163.3 | 1,048.0 | 3,310.3 | 3,184.9 |
| Non-current segment assets | (31) | 1,158.1 | 1,143.7 | 2,045.1 | 1,514.9 | 3,203.2 | 2,658.6 |

# *Notes to the Consolidated Financial Statements*

## *General information*

### *(1) Basic principles*

Axel Springer Aktiengesellschaft ("Axel Springer AG") is an exchange-listed stock corporation with its registered head office in Berlin, Germany. The principal activities of Axel Springer AG and its subsidiaries ("Axel Springer Group", "Axel Springer" or the "Group") are described in note (30a).

On February 19, 2013, the Executive Board of Axel Springer AG authorized the consolidated financial statements for fiscal year 2012 and subsequently presented them to the Supervisory Board for approval. The consolidated financial statements were prepared 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) at the reporting date. The reporting currency is the Euro (€); unless otherwise indicated, all figures are stated in Euro millions (€ millions). Totals and percentages were calculated based on the non-rounded Euro amounts and may differ from a calculation based on the reported amounts in millions of Euros.

The consolidated financial statements and consolidated management report will be published in the Federal Gazette in Germany.

### *(2) Consolidation*

#### *(a) Consolidation principle*

The consolidated financial statements include Axel Springer AG and its subsidiaries. Subsidiaries are entities in which Axel Springer AG is able to control, directly or indirectly, the financial and operating policies.

The consideration transferred in business combinations is offset against the pro-rated fair value of the acquired assets and liabilities at the acquisition date. Any remaining positive difference allocated to our interests is capitalized as goodwill. Negative differences are immediately recognized as income. The date of acquisition is the date when the ability to control the assets and financial and operating activities of the acquired entity or business passes to the Axel Springer Group. We offset differences arising from disposals and purchases of non-controlling interests in equity.

Associated companies in which the Axel Springer Group can exert significant influence over the financial and operating policies, as well as joint venture companies that are managed jointly by Axel Springer and one or more other parties, are included in the consolidated financial statements by application of the equity method. The IFRS separate and consolidated financial statements of these companies as at the Axel Springer Group's reporting date, respectively, serve as the basis for applying the equity method. Goodwill and assets and liabilities included in the amortized carrying amount are accounted for using the accounting principles applied to business combinations. Losses that exceed the carrying amount of the investment, or any other long-term receivables related to the financing of these companies, are not recognized, unless the Axel Springer Group is bound by additional contribution requirements. Intercompany profits and losses are eliminated on a pro-rated basis. The carrying amounts of investments are tested for impairment; if impairments exist, they are written down to the lower recoverable amount.

### (b) *Companies included in the consolidated financial statements*

Companies included in the consolidated financial statements broke down as follows:

| | 12/31/2012 | 12/31/2011 |
|---|---|---|
| **Fully consolidated companies** | | |
| Germany | 56 | 52 |
| Other countries | 75 | 65 |
| **Fully consolidated special purpose entities** | | |
| Germany | 1 | 2 |
| **Investments accounted for using the equity method** | | |
| Germany | 2 | 3 |
| Other countries | 3 | 3 |

Consolidated companies are listed in note (42). The special-purpose entities included are closed property funds whose risks and rewards are economically attributable to the Group.

The following changes occurred in 2012:

At the beginning of January 2012, we acquired 100 % of the shares in RAS Online d.o.o. (formerly Media Swiss d.o.o.), Belgrade, Serbia. This company, as well as the newly founded company ofeminin.pl Sp. z o.o., Warsaw, Poland, have been fully consolidated since January 1, 2012.

The company Jahr Top Special Verlag GmbH & Co. KG, Hamburg, which had been previously accounted for using the equity method, was sold at the beginning of March 2012.

At the beginning of April, we acquired 100 % of the shares in Totaljobs Group Limited, London, Great Britain, and fully consolidated the company starting April 1, 2012.

In May 2012, we founded and fully consolidated Axel Springer Digital Classifieds GmbH and Axel Springer Digital Classifieds Holding GmbH in Berlin. Our shares in SeLoger, StepStone, and Immonet were brought into these companies.

Effective June 1, 2012, we founded Ringier Axel Springer Management AG, Zurich, Switzerland, and acquired 100 % of the shares in Villaweb SARL, Rennes, France, in mid-June 2012. Since that time, both companies have been fully consolidated.

In the third quarter, two German holding companies were fully consolidated for the first time, one company was merged, and Etoilecasting.com SAS, Paris, France, was fully consolidated at August 1, 2012.

At the beginning of October 2012, we acquired 100 % of the shares in allesklar.com AG, Siegburg. The shares are held by a newly founded German holding company and have been fully consolidated since October 1, 2012.

We sold and deconsolidated our shares in gamigo AG, Hamburg, at the beginning of October 2012.

The acquisition of 80 % of the shares in Immoweb S.A., Brussels, Belgium, occurred at the beginning of November 2012. This company, as well as the holding company founded in Paris, France, for the acquisition, have been fully consolidated since that time.

The acquisition of 75 % of the shares in Onet.pl S.A., Krakow, Poland, was carried out by Ringier Axel Springer Media at the beginning of November 2012. This company, its Polish subsidiary, and the holding company founded in Warsaw, Poland, for the acquisition, have been fully consolidated since November 1, 2012.

Effective November 1, 2012, real estate assets were contributed to Axel Springer Pensionstreuhand e.V., Berlin, which is not included in the consolidated financial statements of Axel Springer. This resulted in the deconsolidation of Axel-Springer-Immobilien-Fonds-II-

Produktionszentrum Dr. Rühl & Co. KG, Düsseldorf, which had previously been consolidated as a special-purpose entity.

Effective December 31, 2012, The Mbuyu Community B.V., Amsterdam, the Netherlands, was merged into zanox B.V., Amsterdam, the Netherlands.

### *(c) Acquisitions and divestitures*

At the beginning of April 2012, with our takeover of 100 % of the shares in Totaljobs Group Limited, London, Great Britain, we acquired control of the leading online job portal in Great Britain, Totaljobs, and thus significantly expanded our digital business in the area of online classifieds/marketplaces in the context of our digitization strategy.

The acquisition costs totaled € 130.4 million and were fully paid in the reporting period. This included the assumption of liabilities owed to employees from the former shareholder in the amount of € 1.1 million. The acquisition-related expenses of the purchase recorded in other operating expenses amounted to € 1.5 million.

Based on the purchase price allocation, the acquisition costs were allocated to the purchased assets and liabilities at the acquisition date as follows:

| € millions | Carrying amount before acquisition | Adjustment amount | Carrying amount after acquisition |
|---|---|---|---|
| Intangible assets | 4.3 | 80.7 | 84.9 |
| Trade receivables | 8.5 | | 8.5 |
| Other assets | 0.6 | | 0.6 |
| Cash and cash equivalents | 0.1 | | 0.1 |
| Provisions and liabilities | −9.4 | 1.5 | −7.8 |
| Deferred tax liabilities | | −18.9 | −18.9 |
| **Net assets** | **4.1** | **63.3** | **67.4** |
| Acquisition cost | | | 130.4 |
| **Goodwill** | | | **63.0** |

Of the other intangible assets acquired, intangible assets with carrying amounts of € 40.0 million have indefinite useful lives. The non-tax-deductible goodwill is above all attributable to inseparable values such as employee expertise, expected synergy effects from the integration and strategic advantages resulting from the leading market position of the acquired company, and was allocated to the Digital Media segment.

The gross amount of the acquired trade receivables was € 8.9 million. Corresponding valuation allowances in the amount of € 0.4 million were recorded.

Since first inclusion, Totaljobs contributed to consolidated revenues in the amount of € 41.1 million and to consolidated net income in the amount of € 2.2 million. If Totaljobs had already been fully consolidated at January 1, 2012, Totaljobs would have contributed to consolidated revenues in the amount of € 54.5 million and to consolidated net income in the amount of € 1.7 million.

In the context of the growth campaign in the online classified sector, we acquired control of the leading German regional portal, meinestadt.de, at the beginning of October 2012 by taking over 100 % of the shares in allesklar.com AG, Siegburg. This acquisition was carried out through Axel Springer Digital Classifieds together with our partner General Atlantic, which financed € 9.0 million of the purchase price as a capital contribution.

The acquisition costs in the amount of the purchase price paid amounted to € 57.8 million. The acquisition-related expenses of the purchase recorded in other operating expenses amounted to € 0.3 million.

Based on the preliminary purchase price allocation, the acquisition costs were allocated to the purchased assets and liabilities at the acquisition date as follows:

| € millions | Carrying amount before acquisition | Adjust-ment amount | Carrying amount after acquisition |
|---|---|---|---|
| Intangible assets | 0.5 | 24.4 | 25.0 |
| Property, plant, and equipment | 1.2 | | 1.2 |
| Non-current financial assets | 1.4 | | 1.4 |
| Trade receivables | 3.6 | | 3.6 |
| Other assets | 0.2 | | 0.2 |
| Cash and cash equivalents | 6.3 | | 6.3 |
| Provisions and liabilities | −3.4 | | −3.4 |
| Deferred tax liabilities | −0.2 | −8.3 | −8.4 |
| **Net assets** | **9.8** | **16.2** | **25.9** |
| Share of non-controlling interests in net assets | | | 7.8 |
| Acquisition cost | | | 57.8 |
| Share of non-controlling interests in acquisition cost | | | −17.3 |
| **Goodwill (preliminary)** | | | **22.3** |

The purchase price allocation considers all knowledge and adjusting events about conditions that existed already at the acquisition date, and has not yet been completed, particularly due to the closeness in time to the reporting date.

Of the intangible assets acquired, intangible assets with carrying amounts of € 9.9 million have indefinite useful lives. The preliminary, non-tax-deductible goodwill is above all attributable to inseparable values such as employee expertise and the strategic advantages resulting from the leading market position of the acquired company, and was allocated to the Digital Media segment.

The gross amount of the acquired trade receivables was € 3.8 million. Corresponding valuation allowances in the amount of € 0.2 million were recorded.

Since first inclusion, allesklar.com contributed to consolidated revenues in the amount of € 6.4 million and to consolidated net income in the amount of € 0.1 million. If allesklar.com had already been fully consolidated at January 1, 2012, allesklar.com would have contributed to consolidated revenues in the amount of € 24.0 million and to consolidated net income in the amount of € 0.0 million.

In the context of the growth strategy in the online classifieds sector, Axel Springer Digital Classifieds acquired 80 % of the shares in Immoweb S.A., Brussels, Belgium, at the beginning of November, thus acquiring control over the leading online real estate portal in Belgium. Mutual call and put option agreements have been signed upon for the remaining 20 % of the shares, in which the purchase price to be paid will be measured by the future earnings of Immoweb S.A. The purchase price of the put options is limited by contract to a maximum of € 100.0 million.

The preliminary acquisition costs amounted to € 184.8 million, comprising the purchase price of € 135.8 million paid in the reporting year, a liability of € 3.1 million for a purchase price adjustment expected for the beginning of 2013, and a contingent purchase price liability of € 46.0 million for the option rights. Proportional financing of the acquisition was paid in the amount of € 22.5 million from a capital contribution from our partner General Atlantic. The acquisition-related expenses of the purchase recorded in other operating expenses amounted to € 0.7 million.

Based on the preliminary purchase price allocation, the preliminary acquisition costs were allocated to the purchased assets and liabilities at the acquisition date as follows:

| € millions | Carrying amount before acquisition | Adjustment amount | Carrying amount after acquisition |
|---|---|---|---|
| Intangible assets | 0.3 | 104.5 | 104.8 |
| Property, plant, and equipment | 0.4 | | 0.4 |
| Trade receivables | 3.4 | | 3.4 |
| Other assets | 10.8 | | 10.8 |
| Cash and cash equivalents | 5.6 | | 5.6 |
| Provisions and liabilities | –5.6 | | –5.6 |
| Deferred tax liabilities | | –35.5 | –35.5 |
| **Net assets** | **14.8** | **69.0** | **83.8** |
| Share of non-controlling interests in net assets | | | 25.1 |
| Acquisition cost (preliminary) | | | 184.8 |
| Share of non-controlling interests in acquisition cost | | | –55.4 |
| **Goodwill (preliminary)** | | | **70.7** |

The purchase price allocation considers all knowledge and adjusting events about conditions that existed already at the acquisition date, and has not yet been completed, particularly due to the closeness in time to the reporting date.

Of the intangible assets acquired, intangible assets with carrying amounts of € 52.9 million have indefinite useful lives. The preliminary, non-tax-deductible goodwill is above all attributable to inseparable values such as employee expertise and strategic advantages resulting from the leading market position of the acquired company, and was allocated to the Digital Media segment.

The gross amount of the acquired trade accounts receivable was € 3.5 million. Corresponding valuation allowances in the amount of € 0.2 million were recorded.

Since first inclusion, Immoweb contributed to consolidated revenues in the amount of € 3.6 million and to consolidated net income in the amount of € 1.2 million. If Immoweb had already been fully consolidated at January 1, 2012, Immoweb would have contributed to consolidated revenues in the amount of € 21.0 million and to consolidated net income in the amount of € 5.7 million.

At the beginning of November 2012, Ringier Axel Springer Media acquired control of Onet.pl S.A., Krakow, Poland, representing a significant step in the direction of digitization. Onet.pl is the leading online portal in Poland.

The acquisition of 75 % of the shares in Onet.pl took place through the holding company Vidalia Investments Sp. Z o.o., Warsaw, Poland. The seller then contributed the remaining 25 % of the shares in Onet.pl to Vidalia Investments and received in exchange 25 % of the shares in Vidalia Investments. Mutual call and put option agreements have been signed upon for this 25 % of the shares in Vidalia Investments, in which the purchase price to be paid will be measured by the future earnings of Onet.pl S.A. The purchase price of the put options is limited by contract to a maximum of PLN 1 billion (about € 245.8 million).

The preliminary acquisition costs amounted to € 302.6 million, comprising the purchase price of € 206.1 million paid in the reporting year, a liability of € 8.4 million for a purchase price adjustment effected at the beginning of 2013, and the contingent purchase price liability of € 88.1 million for the option rights. Proportional financing of the acquisition was paid in the amount of € 60.5 million from a capital contribution from our joint venture partner Ringier. The acquisition-related expenses of the purchase recorded in other operating expenses amounted to € 2.3 million.

Based on the preliminary purchase price allocation, the preliminary acquisition costs were allocated to the purchased assets and liabilities at the acquisition date as follows:

| € millions | Carrying amount before acquisition | Adjustment amount | Carrying amount after acquisition |
|---|---|---|---|
| Intangible assets | 8.0 | 137.6 | 145.6 |
| Property, plant, and equipment | 24.7 | | 24.7 |
| Trade receivables | 11.3 | | 11.3 |
| Other assets | 4.1 | | 4.1 |
| Cash and cash equivalents | 7.9 | | 7.9 |
| Provisions and other liabilities | −6.5 | | −6.5 |
| Trade payables | −7.1 | | −7.1 |
| Deferred tax liabilities | −0.5 | −26.1 | −26.7 |
| **Net assets** | **41.9** | **111.5** | **153.4** |
| Share of non-controlling interests in net assets | | | 76.7 |
| Acquisition cost (preliminary) | | | 302.6 |
| Share of non-controlling interests in acquisition cost | | | −151.3 |
| **Goodwill (preliminary)** | | | **74.6** |

The purchase price allocation considers all knowledge and adjusting events about conditions that existed already at the acquisition date, and has not yet been completed, particularly due to the closeness in time to the reporting date.

Of the intangible assets acquired, intangible assets with carrying amounts of € 112.1 million have indefinite useful lives. The preliminary, non-tax-deductible goodwill is above all attributable to inseparable values such as employee expertise, expected synergy effects from the integration and the strategic advantages resulting from the leading market position of the acquired company, and was allocated to the Digital Media segment.

The gross amount of the acquired trade accounts receivable was € 13.2 million. Corresponding valuation allowances in the amount of € 1.9 million were recorded.

Since first inclusion, Onet.pl contributed to consolidated revenues in the amount of € 12.3 million and to consolidated net income in the amount of € 2.5 million. If Onet.pl had already been fully consolidated at January 1, 2012, Onet.pl would have contributed to consolidated revenues in the amount of € 62.3 million and to consolidated net income in the amount of € 10.1 million.

In the context of our digitization and internationalization strategy in the online classifieds business, we signed an agreement at the beginning of March 2012 with the global growth investor General Atlantic for a 30 % investment by General Atlantic Coöperatief U.A., Amsterdam, the Netherlands, in the newly founded company Axel Springer Digital Classifieds GmbH, Berlin, into which we brought our investments in SeLoger, Immonet, and StepStone (including Totaljobs). The sale of the shares was completed on May 24, 2012, for a total sale price of € 237.0 million. The share of net assets (including goodwill) of Axel Springer Digital Classifieds allocated to the non-controlling interests increased by € 98.6 million. The accumulated retained earnings allocated to the shareholders of Axel Springer AG increased by € 140.8 million, and accumulated other comprehensive income declined by € 2.4 million.

The sale of the online game provider gamigo AG, Hamburg, took place at the beginning of October 2012. The loss on the sale recorded in other operating expenses amounted to € 16.9 million. The following table shows the carrying amounts of the assets and liabilities sold:

| € millions | Carrying amount |
|---|---|
| Goodwill | 1.6 |
| Other intangible assets | 9.9 |
| Property, plant, and equipment | 2.4 |
| Non-current financial assets | 1.7 |
| Trade receivables | 2.9 |
| Other assets | 2.5 |
| Cash and cash equivalents | 0.1 |
| Provisions and other liabilities | –3.7 |
| Deferred tax liabilities | –0.5 |
| **Disposal net assets** | **16.9** |
| Total sales price | 0.0 |
| **Loss on disposal** | **–16.9** |

Additional transactions carried out in 2012, as well as finalizations of purchase price allocations arising from acquisitions of companies in the prior year, had no material effects individually and collectively on the financial position, liquidity, and financial performance of the Axel Springer Group.

**Acquisitions and divestures in the prior year:**

In the context of our digitization strategy, we significantly expanded our digital business in the area of online classifieds/marketplaces with our takeover of the majority in the leading French online real estate portal. In September 2010, we had initially acquired 12.4 % of the shares in SeLoger.com SA, Paris, France. We acquired an additional 61.8 % of the shares through the first phase of the public tender offer and thus acquired control of SeLoger at the beginning of March 2011. At the end of the second phase of the public tender offer, at the end of March 2011, we held 98.7 % of the company's shares. In addition, we agreed upon options to acquire an additional 0.3 % of the shares. These options also cover the acquisition of shares in the context of the employee stock option programs that still exist at SeLoger.

The acquisition costs totaling € 632.5 million included, above all, the purchase price already paid in 2010 and 2011 totaling € 624.8 million (thereof € 70.0 million in September 2010) as well as liabilities of € 7.7 million from promises in connection with the employee stock option programs. The incidental acquisition costs recorded in other operating expenses amounted to € 3.6 million. The acquisition was financed both by using our own funds and by utilization of our credit facility.

Based on the preliminary purchase price allocation, the preliminary acquisition costs were allocated to the purchased assets and liabilities at the acquisition date as follows:

| € millions | Carrying amount before acquisition | Adjustment amount | Carrying amount after acquisition |
|---|---|---|---|
| Intangible assets | 1.0 | 237.2 | 238.2 |
| Property, plant, and equipment | 1.0 | 0.0 | 1.0 |
| Trade receivables | 13.5 | 0.0 | 13.5 |
| Other assets | 3.5 | 0.0 | 3.5 |
| Cash and cash equivalents | 44.3 | 0.0 | 44.3 |
| Trade payables | –7.6 | 0.0 | –7.6 |
| Financial liabilities | –23.9 | 0.0 | –23.9 |
| Other liabilities | –14.1 | 0.0 | –14.1 |
| Deferred tax liabilities | 0.0 | –81.7 | –81.7 |
| **Net assets** | **17.9** | **155.5** | **173.4** |
| Share in non-controlling interests in net assets | | | 1.7 |
| Acquisition cost | | | 632.5 |
| **Goodwill** | | | **460.9** |

Of the other intangible assets acquired, intangible assets with carrying amounts of € 128.3 million have indefinite useful lives. The non-tax-deductible goodwill is above all attributable to inseparable values such as employee expertise and the strategic advantages resulting from the leading market position of the acquired company, and was allocated to the Digital Media segment. As of December 31, 2011 the goodwill amounted to € 464.0 million. The increase resulted from the acquisition and the subsequent merger of the CIBLETIC SAS.

The gross amount of the acquired trade accounts receivable was € 16.9 million. Corresponding valuation allowances in the amount of € 3.4 million were recorded.

In conjunction with a squeeze-out process initiated in March 2011, the remaining 1.0 % of the share capital was taken over at the beginning of April 2011 at a price of € 6.5 million and treated in the balance sheet as an acquisition of non-controlling shares (€ 1.7 million). The difference in the amount of € 4.8 million was offset in accumulated retained earnings.

The acquisition date fair value of our investment in SeLoger held before gaining control equaled its carrying amount of € 78.3 million.

Since first inclusion, SeLoger contributed to consolidated revenues 2011 in the amount of € 79.7 million and to consolidated net income 2011 in the amount of € 16.2 million. If SeLoger had already been fully consolidated at January 1, 2011, SeLoger would have contributed to consolidated revenues 2011 in the amount of € 94.1 million and to consolidated net income 2011 in the amount of € 18.6 million.

The additional business combinations completed 2011 related to the acquisitions of Juno Internet GmbH (kaufDA, 74.9 %), The Mbuyu Community B.V. (M4N, 100 %), Netmums Ltd. (NetMums,100 %), Visual Meta GmbH (ladenzeile, 77.66 %), and CIBLETIC SAS (aGites, 100 %). In addition, we acquired 83 % of the shares in AR Technology SAS, which holds 100 % of the shares in Autoreflex.com SAS, through EMAS Digital SAS, which we founded together with Mondadori, in December 2011. These acquisitions occurred in connection with our digitization strategy and individually did not have any significant effects on the financial position, liquidity, and financial performance of the Group.

The consideration transferred for these acquisitions, totaling € 118.6 million, included both the purchase prices paid in 2011 and contingent consideration of € 30.7 million. The acquisition-related expenses of the purchase recorded in other operating expenses amounted to € 0.8 million.

The contingent consideration resulted from options to acquire the remaining shares in the companies and from purchase price adjustment clauses (earn-outs). The current fair value depends significantly on the profit trends of the acquired companies in the years prior to the payment dates or possible exercise dates of the options. Contractually these payment obligations are limited to a maximum of € 73.6 million.

Based on the preliminary purchase price allocations, the accumulated costs of purchase of these acquisitions could be allocated to the purchased assets and liabilities at the acquisition date as follows:

| € millions | Carrying amount before acquisition | Adjust-ment amount | Carrying amount after acquisition |
|---|---|---|---|
| Other intangible assets | 0.5 | 40.0 | 40.5 |
| Property, plant, and equipment | 0.5 | 0.0 | 0.5 |
| Non-current financial assets | 2.8 | 0.0 | 2.8 |
| Trade receivables | 5.8 | 0.0 | 5.8 |
| Other assets | 2.8 | 0.2 | 3.1 |
| Cash and cash equivalents | 4.8 | 0.0 | 4.8 |
| Provisions and other liabilities | – 10.2 | 0.0 | – 10.2 |
| Trade payables | – 3.3 | 0.0 | – 3.3 |
| Deferred tax liabilities | – 0.5 | – 11.7 | – 12.2 |
| **Net assets** | **3.2** | **28.6** | **31.9** |
| Share in non-controlling interests in net assets | | | 8.4 |
| Acquisition cost (preliminary) | | | 118.6 |
| Share of non-controlling interests in acquisition cost | | | – 24.5 |
| **Goodwill (preliminary)** | | | **70.6** |

The purchase price allocations consider all knowledge and adjusting events about conditions that existed already at the acquisition date, and have not yet been completed, particularly due to the closeness in time between individual acquisitions and the reporting date.

Of the intangible assets acquired, intangible assets with carrying amounts of € 11.2 million have indefinite useful lives. The preliminary, non-tax-deductible goodwill values are above all attributable to inseparable values such as employee expertise, expected synergy effects from the integration or strategic advantages from the early movement into these new market segments, and were allocated to the Digital Media segment.

Since initial consolidation, these companies have contributed to consolidated revenues 2011 in the amount of € 21.7 million and to consolidated net income 2011 in the amount of € – 1.5 million. If the acquisitions had already occurred on January 1, 2011, the consolidated revenues 2011 would have increased by € 51.7 million, and the consolidated net income 2011 would have decreased by € – 0.2 million.

Due to the termination of a call-and-put-option agreement, acquisition-related liabilities of € 38.7 million were derecognized. The non-controlling interests increased by € 22.1 million, corresponding to their share in net assets (including goodwill) of 25.1 %. The residual amount of € 16.6 million increased retained earnings.

The divestitures carried out in 2011 collectively had no material effects on the financial position, liquidity, and financial performance of the Axel Springer Group.

### *(d) Translation of separate financial statements denominated in foreign currency*

Assets and liabilities of subsidiaries for which the functional currency is not the euro have been translated at the exchange rate in effect on the reporting date. The goodwill and fair value adjustments of assets and liabilities related to the acquisition of companies outside the European Monetary Union are assigned to the acquired company and accordingly translated at the exchange rate in effect on the reporting date.

Items of the income statement of these subsidiaries have been translated at the weighted average exchange rate for the year. Equity components have been translated at the historical exchange rate at the date of origination. Foreign exchange differences resulting from the translation have been recognized within accumulated other comprehensive income and/or non-controlling interests.

The exchange rates to the euro of foreign currencies that are significant for Axel Springer Group underwent the following changes in the past year:

| 1 € in foreign currency | Average exchange rate | | Exchange rate on balance sheet date | |
|---|---|---|---|---|
| | 2012 | 2011 | 12/31/2012 | 12/31/2011 |
| Polish zloty | 4.10 | 4.11 | 4.07 | 4.40 |
| Swiss franc | 1.21 | 1.24 | 1.21 | 1.22 |
| Czech koruna | 25.21 | 24.56 | 25.07 | 25.81 |
| Hungarian forint | 284.80 | 278.48 | 291.73 | 310.83 |
| British pound | 0.81 | 0.87 | 0.82 | 0.84 |

## *(3) Explanation of significant accounting and valuation methods*

### *(a) Basic principles*

The accounting and valuation principles applied uniformly across the Axel Springer Group in fiscal year 2012 are basically the same as those applied in the prior year.

For information on the accounting and valuation methods resulting from new or revised IFRSs and IFRS IC Interpretations, please refer to note (3q).

### *(b) Recognition of income and expenses*

The Axel Springer Group mainly generates circulation and advertising revenues. Revenues are recognized at the time when the significant risks of ownership have passed to the buyer/the services have been rendered, the amount of revenue can be reliably measured, and it is sufficiently probable that the economic benefits will flow to the enterprise. Revenues are stated net of any discounts allowed. Revenues from services rendered over a certain period in an indefinite number of transactions are recognized on a straight-line-basis over the contractual term.

Circulation revenues encompass the sales of newspapers and magazines to retailers, wholesalers, and subscribers. Revenue is not recognized for that portion of products sold, which can be expected, on the basis of historical experience, to be returned. Additionally, circulation revenues comprise the sale of digital applications and formats.

The advertising revenues encompass revenues from sales of advertising spaces in the published newspapers and magazines and the revenues generated in the categories of display, affiliate marketing, online classifieds, and search in the Digital Media segment.

Where significant risks and rewards of business activities do not lie with the Axel Springer Group or the income is collected in the interest of third parties, only the corresponding commission income or proportion of revenue accruing to the Axel Springer Group are recognized as revenues.

Offers that contain multiple service components are separated for purposes of revenue recognition when the delivered components have an independent benefit and the market values of goods not yet delivered or services not yet performed can be determined objectively. The total remuneration for these offers is distributed in principle among the individual service components in such a way that the service components still to be provided are allocated remuneration in the amount of their fair value, and then the service components already provided are allocated the remaining remuneration in proportion to their fair values.

Revenues from barter transactions are recognized if the goods or services exchanged are dissimilar and the amount of revenue can be measured reliably. Revenues are measured at the fair value of services received. If the fair value of the service received under barter transactions cannot be measured reliably, the fair value is determined on the basis of the service rendered.

Other income is recognized when the future inflow of economic benefits from the transaction can be measured reliably and was received by the company during the reporting period.

Operating expenses are recognized either when the corresponding goods or services are sold or rendered, or at the time of their origination.

Interest expenses and income are recognized on an accrual basis in the period of their occurrence. Interest expenses incurred in connection with the acquisition and production of qualified assets are capitalized as assets in the financial statements. Dividend income is recognized when the legal entitlement is constituted.

### *(c) Intangible assets*

Internally generated intangible assets are measured as the sum of costs incurred in the development phase from the time when the technical and economic feasibility has been demonstrated until the time when the intangible asset has been completed. The capitalized production costs include all costs that are directly or indirectly allocable to the development phase. Costs for the self-development of websites are capitalized only when the website directly serves the generation of revenues. Purchased intangible assets are measured at cost.

Internally generated and purchased intangible assets that have a determinable useful life are amortized over their expected useful lives using the straight-line method, starting from the time when they become available for use by the enterprise, as follows:

| | Useful life in years |
|---|---|
| Software | 3 – 8 |
| Licenses | 3 – 10 |
| Supply rights | 3 – 6 |
| Internet platform | 3 – 8 |
| Customer relationships | 3 – 17 |

Intangible assets with an indefinite useful life, which include goodwill, title rights, and brand rights, are not amortized. At present, the use of these assets by the company is not limited by any economic or legal restrictions.

### *(d) Property, plant, and equipment*

Property, plant, and equipment are measured at cost and depreciated over their expected useful lives using the straight-line method. Any gains or losses on the disposal of property, plant, and equipment are recognized as other operating income or expenses.

Leased assets whose economic benefits are attributable to Axel Springer are recognized and measured at the present value of the minimum future lease payments or the lower fair value of the leased asset and depreciated by the straight-line method over the minimum contract term, taking any existing residual value into consideration. When it is reasonably certain that ownership will pass to Axel Springer at the end of the lease period, such assets are depreciated over their useful lives. The present value of the payment obligations associated with the minimum future lease payments is recognized as a liability.

For depreciation purposes, the following useful lives are applied for property, plant, and equipment:

| | Useful life in years |
|---|---|
| Buildings | 30 – 50 |
| Leased buildings | 19 – 20 |
| Leasehold improvements | 5 – 15 |
| Printing machines | 12 – 20 |
| Editing systems | 3 – 7 |
| Other operational and business equipment | 3 – 14 |

Capital investment subsidies and bonuses granted by the government are recognized when it is reasonably certain that the subsidies will be granted and the related terms and conditions will be fulfilled. Bonuses and subsidies granted for the acquisition or construction of property, plant and equipment are recognized in a deferred income item within other liabilities. In subsequent periods, the deferred income item is released and recognized as income over the useful life of the corresponding assets.

### *(e) Investment property*

Investment property intended for lease to third parties is measured at amortized cost. Such property is depreciated over a useful life of 50 years using the straight-line method. For leased assets whose economic benefits are attributable to Axel Springer, see note (3d).

### *(f) Recognition of impairment losses in intangible assets, in property, plant, and equipment, and in investment property*

Impairment losses are recognized in intangible assets, in property, plant, and equipment, and in investment property when as a result of certain events or changed circumstances, the carrying amount of the asset exceeds its recoverable amount (fair value less the costs to sell or the value in use). If it is not possible to determine the recoverable amount of an individual asset, the recoverable amount for the next-higher group of assets is applied.

Goodwill and intangibles with indefinite useful lives acquired in the context of business combinations are tested at least once annually for impairment. In order to carry out the impairment tests, these assets are assigned to those cash-generating units or those cash-generating groups (i.e., each “reporting unit”) that can be expected to profit from the synergies of the business combinations. These reporting units represent the lowest level at which these assets are monitored for management purposes. They generally correspond to individual titles and digital media of the Axel Springer Group. In the case of integrated business models, individual titles and digital media are collected into a single reporting unit.

The impairment test is conducted by determining the value in use of the reporting units, determined as the sum of the discounted estimated future cash flows, which are derived from the company’s medium-term plan. The planning horizon for the medium-term planning is five years. The value in use of the reporting units is determined primarily by the terminal value, however. The amount of the terminal value depends on the forecasted cash flow in the fifth year of medium-term planning, on the growth rate of the cash flows subsequent to the medium-term planning, and on the discount rate. The cash flows to be received after the five-year period are extrapolated on the assumption of a growth rate of 1.5 % (PY: 1.5 %), which does not exceed the assumed average market or industry growth rate.

In order to determine the present value, the discount rates are calculated on the basis of the weighted average capital costs of the Group, taking country-specific considerations into account. The discount rates range from 6.4 % to 10.4 % (PY: from 6.4 % to 10.7 %) after taxes and from 8.5 % to 13.0 % (PY: from 8.4 % to 13.0 %) before taxes.

Estimation uncertainties arise in the following assumptions applied in calculating the value-in-use amounts of the reporting units:

Medium-term planning: The medium-term planning is determined on the basis of past historical values, and factors in business-segment-specific expectations about future market growth. Here, we assume that cash flows in the electronic media sector will usually exhibit higher growth rates than in the print sector.

Discount rates: Based on the average weighted capital costs of the sector in question, the discount rates of the reporting units consider also country-specific risks, which reflect the current market estimates.

Growth rates: The growth rates are determined on the basis of published market research reports for the sectors in question. In estimating the long-term growth rates, due consideration was given to the compensatory effects between the different business lines, based on the adopted strategy of the Group.

Impairment losses are reversed when the recoverable amount exceeds the carrying amount of the asset due to changes of the underlying estimates used for the measurement. The reversal is limited to the amount that would have resulted if previous impairment losses had not been recognized. A recognized impairment loss in goodwill is never reversed.

### *(g) Financial assets and liabilities*

Financial assets are mainly composed of cash and cash equivalents, deferred purchase price receivables, trade receivables, receivables due from related parties, loans, investments, securities, and financial derivatives with positive market values. Financial liabilities are mainly composed of trade payables, liabilities due to related parties, liabilities due to banks, promissory notes, contingent consideration, and financial derivatives with negative market values.

The initial recognition and derecognition of financial instruments coincide with the settlement dates of customary market purchases and sales of financial assets.

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset have expired or have been transferred to third parties, or when the Group has assumed a contractual obligation to pay the cash flows to a third party, under which the risks and rewards or the power of control were transferred. A financial liability is derecognized when the obligation underlying the liability is settled or annulled, or has expired.

#### *Investments and securities*

Investments that have not been consolidated or accounted for using the equity method in the consolidated financial statements, as well as securities, are measured at fair value if it can be determined reliably on the basis of stock exchange or market prices and generally accepted valuation methods, respectively. Otherwise, they are measured at amortized cost. The valuation methods employed include especially the discounted cash flow method (DCF method) based on the expected investment income. We assume that the fair value of investments and securities is not reliably measurable when either material valuation differences appear in estimating fair values based on projections and scenarios, or when the likelihood of such projections and scenarios cannot be reliably determined. Any unrealized gains or losses resulting from the changes in fair value of the financial assets and liabilities, considering resulting tax effects, are recognized in accumulated other comprehensive income. Changes in fair value are not recognized in income until the corresponding non-current financial assets are sold or an impairment loss is recognized.

The carrying amounts of investments and securities are reviewed at every reporting date to determine whether there are objective indications of an impairment. If an impairment is found to exist, an impairment loss is recognized and charged to income.

#### *Loans, receivables, and other financial assets*

Upon initial recognition, loans, receivables, and other financial assets are measured at fair value plus transaction costs. In subsequent periods, they are measured at amortized cost, after deduction of any write-downs, using the effective interest method. A write-down is taken when objective indications suggest that the receivable may not be fully collectible. Such an indication might be the insolvency or other considerable financial problems of the debtor, for example. The amount of the write-down is measured as the difference between the carrying amount of the receivable and the present value of the estimated future cash flows from this receivable, discounted by application of the effective interest rate.

Write-downs are charged against income both in the form of an account for allowances on doubtful accounts and by means of direct write-downs. The account for allowances on doubtful accounts is used, in particular, for allowances on doubtful trade receivables and receivables due from related parties. If in subsequent periods the fair value has objectively risen, the write-downs are reversed and recognized in income in the appropriate amounts.

### *Financial derivatives*

Financial derivatives are utilized exclusively to hedge against currency and interest rate risks that have an influence on future cash flows. They are measured at fair values based on stock exchange or market prices, or using generally accepted valuation methods. If the conditions for the application of hedge accounting are met, changes in the fair values, including the tax effects, are recognized directly in equity as accumulated other comprehensive income. The amounts recognized in accumulated other comprehensive income are recycled when the underlying transaction is recognized on the balance sheet or income statement. The changes in the fair value of derivatives that do not meet the conditions for the application of hedge accounting, despite their economic hedging effect, are measured at fair value through profit and loss. Furthermore, financial derivatives are used to cover the risk of impairments of investments and securities. When the underlying financial assets are recognized at amortized costs because their fair values are not reliably measurable, the financial derivative is recognized at amortized costs as well.

### *Contingent consideration*

Options and earn-out agreements in connection with business combinations and acquisition of non-controlling interests are treated as contingent consideration at fair value. To the extent it can be reliably measured, this value is derived from the estimated profit trends of the acquired companies in the years prior to the possible exercise dates of the options or the payment dates of the earn-outs. In the subsequent periods, changes in the fair value are recognized immediately in income. The discount rates are determined on the basis of the interest rates charged on the Group's borrowings.

For acquisitions that were completed prior to January 1, 2010, the obligation was measured at the present value of the expected net profits provided that utilization was probable and the obligation could be measured reliably. Adjustments in measurement in the subsequent periods continue to be recorded with no effect on income.

The earnings used as a basis for measurement are generally EBIDTA figures adjusted for material non-recurring effects.

### *Other financial liabilities*

Upon initial recognition, other non-derivative financial liabilities are measured at fair value less transaction costs. In subsequent periods, they are measured at amortized cost using the effective interest method.

### *(h) Inventories*

Inventories are measured at cost. Purchase costs are determined on the basis of a weighted average value. Production costs include all costs directly related to the units of production and production-related overhead costs. Inventories are measured at the reporting date at the lower of the purchase or production cost and the net realizable value. The net realizable value is the estimated selling price less estimated costs to be incurred until the sale. The net realizable value of goods and services in progress is calculated as the net realizable value of finished goods and services less remaining costs of completion. Impairments are reversed whenever the reasons justifying an earlier write-down no longer exist.

### *(i) Assets held for sale*

Assets are classified as held-for-sale when their disposal has been initiated. The non-current assets held for sale are measured at the lower of the carrying amount or the fair value less costs to sell. Depreciation is no longer applied to these assets.

### *(j) Pension provisions*
Pension obligations under defined benefit plans are determined using the projected unit credit method under which future changes in compensation and benefits are taken into account. In order to calculate the pension provisions, the present value of the obligations is netted against the fair value of the plan assets.

The expected life spans of the participants are determined with reference to the country-specific recognized actuarial tables. The present value of the defined benefit commitments is determined by discounting the estimated future cash outflows. The discount rate applied for this purpose is determined with reference to high-quality AA-rated corporate bonds that match the underlying pension obligations with respect to currency and maturity. If corporate bonds with matching terms do not exist, then the yields of these bonds at the balance sheet date are adjusted along the yield curve for fixed-interest government bonds using a constant spread over the term of the underlying pension obligations.

The expected long-term income from plan assets is derived from the expected income of the asset classes within the portfolios and is based on a value-securing investment strategy mainly investing in obligations of issuers with high credit ratings, and real estate.

Actuarial gains and losses resulting from changes in actuarial parameters are immediately offset against accumulated other comprehensive income without affecting net income.

### *(k) Other provisions and accrued liabilities*
Other provisions have been formed to account for all discernible legal and constructive obligations to third parties, provided that the settlement of the obligation is probable and the amount of the obligation can be reliably estimated. The amount of each provision corresponds to the expected settlement amount. In the case of long-term provisions, the expected settlement amount is discounted to the present value at the reporting date by application of appropriate market rates of interest. Provisions are recognized for restructuring expenses only when the intended measures have been sufficiently concretized and announced on or before the reporting date.

### *(l) Deferred taxes*
Deferred taxes are recognized to account for the future tax effects of temporary differences between the tax bases of assets and liabilities and the carrying amounts of those assets and liabilities in the consolidated financial statements, and for interest and tax loss carry-forwards. Deferred taxes are measured on the basis of the tax laws already enacted for those fiscal years in which it is probable that the differences will reverse or the tax loss carry-forwards can be utilized. Deferred tax assets are recognized for temporary differences or interest and tax loss carry-forwards only when the ability to utilize them in the near future appears to be reasonably certain. Deferred taxes are recognized for temporary differences resulting from the fair value measurement of assets and liabilities obtained through business combinations. Deferred taxes are recognized for temporary differences relating to goodwill only when the goodwill can be utilized for tax purposes. Deferred tax assets and liabilities of tax groups are netted if they are based on the same kind of income taxes; otherwise, they are netted only if the deferred taxes are based on the income taxes imposed by the same tax authority and only when current taxes can be netted as well.

### *(m) Treasury shares*
Treasury shares are measured at cost and are charged directly to equity. The treasury shares are presented in a separate line item of the consolidated statement of changes in equity.

### *(n) Share-based payment programs*
As part of performance-based remuneration programs, Axel Springer Group grants equity-settled and cash-settled share-based payment programs. The compensation components to be recognized as expenses over the vesting period are measured as the fair value of the options granted at the time when they were granted (in case of equity-settled programs) or at the reporting date

(in case of cash-settled programs). The fair values are determined on the basis of generally accepted option pricing models. The corresponding amount is recognized in the additional paid-in capital (in the case of equity-settled programs) or as provisions/liabilities (in the case of cash-settled programs). Additions to liabilities or provisions are recognized in personnel expenses; reversals are accounted for in other operating income.

### *(o) Transactions in foreign currencies*

Purchases and sales in foreign currencies are translated at the exchange rate on the date of the transaction. Assets and liabilities in foreign currencies are translated into the functional currency at the exchange rate on the reporting date. Any foreign exchange gains or losses resulting from such translations are recognized in income.

### *(p) Estimates and assumptions*

The preparation of the consolidated financial statements requires estimates and assumptions that have an influence on the presentation of assets and liabilities, the disclosure of contingent liabilities at the reporting date, and the presentation of income and expenses. Estimates and assumptions that are subject to uncertainty relate in particular to discounted cash flows for the purposes of impairment testing, purchase price allocations and the measurement of contingent purchase price obligations in connection with business combinations and the acquisition of non-controlling interests, future taxable income to determine the ability to utilize tax loss carry-forwards and discount rates for the measurement of pension obligations. Information concerning the carrying amounts determined with the use of estimates can be found in the comments on the specific line items.

### *(q) New accounting standards*

No material changes resulted in fiscal year 2012 for Axel Springer from IFRS standards or IFRIC interpretations to be applied for the first time.

The following IFRSs have already been published, but not yet applied.

IFRS 9 “Financial Instruments” was published by IASB in November 2009. In the future, financial assets must be assigned only to the two valuation categories “at amortized cost” and “at fair value” and measured accordingly. The regulations for recognizing financial liabilities were published as a supplement in October 2010 and led to changes in the application of the fair value option. Due to an amendment published in December 2011, IFRS 9 is only required to be applied to fiscal years beginning on or after January 1, 2015. These amendments have not yet been incorporated into European law. The application of the new standard will lead to changes in the presentation and recognition of financial assets and liabilities.

In May 2011, the IASB published IFRS 10 “Consolidated Financial Statements”, IFRS 11 “Joint Arrangements”, IFRS 12 “Disclosure of Interests in Other Entities”, amendments to IAS 27 “Consolidated and Separate Financial Statements”, and amendments to IAS 28 "Investments in Associates and Joint Ventures”. IFRS 10 supersedes the previous regulations on consolidated financial statements (parts of IAS 27 “Consolidated and Separate Financial Statements”) and special purpose entities (SIC-12 “Consolidation – Special Purpose Entities”) and prescribes the control model as a uniform principle for the future. The standard additionally includes guidelines for assessing control in cases of doubt. The currently applicable regulations for recognizing shares in joint ventures (IAS 31 “Interests in Joint Ventures” and SIC-13 “Jointly Controlled Entities – Non-Monetary Contributions by Venturers”) will be replaced by IFRS 11 in the future. The disclosure obligations previously included in IAS 27, IAS 28, and IAS 31 are combined into IFRS 12 and expanded with additional particulars. Due to these amendments, IAS 27 only still contains regulations on the recognition of shares in subsidiaries, affiliates, and joint ventures in the separate financial statements of the parent company. IAS 28 is being expanded to include regulations on the recognition of shares in joint ventures and prescribes the mandatory use of the equity method for affiliates and joint ventures. Due to the incorporation into European law, these amendments are required to be applied to fiscal years that begin on or after January 1,

2014. The amendments published by the IASB in June 2012 to IFRS 10, IFRS 11, and IFRS 12 in order to clarify the transitional regulations of IFRS 10 and with regard to simplifications for the initial application have not yet been incorporated into European law, however. We assume that the new and revised standards will have no material influence on our financial position, liquidity, and financial performance.

IFRS 13 “Fair Value Measurement”, which was also published in May 2011, introduces a comprehensive framework for measuring the fair value. IFRS 13 is required to be applied to fiscal years that begin on or after January 1, 2013. The standard will have no material influence on our financial position, liquidity, and financial performance

In June 2011, the IASB published “Changes to IAS 1– Presentation of Financial Statements”. The option to present the income statement and the other income/loss either in a continuous presentation or alternatively in two subsequent presentations is fundamentally preserved. In the future, however, the items of the other income/loss must be grouped in such a way that a separate presentation is created showing whether or not these items will later have to be reclassified into the income statement. The related income tax items must be assigned accordingly. These changes are required to be applied to fiscal years that begin on or after July 1, 2012. The application of the amended standard will lead to changes in the presentation of the statement of comprehensive income.

“Changes to IAS 19 – Employee Benefits” was published in June 2011. These changes lead to abolition of the corridor method and require the recognition of the actuarial gains and losses directly in other comprehensive income. In addition, the discount rate used for the pension obligations has to be used as expected return on plan assets, as well. In the future, moreover, any past service cost must be entered entirely in the period of the plan change. The revised standard also changes the rules for termination benefits and expands the disclosure obligations. These changes are required to be applied to fiscal years that begin on or after January 1, 2013. We assume that the changes will have no material influence on our financial position, liquidity, and financial performance.

In the reporting year, IASB and IFRS IC published additional pronouncements that had or will have no material influence on our consolidated financial statements.

# Notes to the consolidated statement of financial position

## (4) Intangible assets

The changes in intangible assets were as follows:

| € millions | Purchased rights and licenses | Internally generated rights | Goodwill | Total |
|---|---|---|---|---|
| **Acquisition or production cost** | | | | |
| Balance as of January 1, 2011 | 711.7 | 34.5 | 614.0 | 1,360.3 |
| Initial consolidation | 291.0 | 6.6 | 529.2 | 826.8 |
| Deconsolidation | −0.1 | 0.0 | 0.0 | −0.1 |
| Currency effects | −0.8 | 0.0 | −1.0 | −1.7 |
| Additions | 38.4 | 7.9 | 1.7 | 48.0 |
| Disposals | −12.9 | −1.2 | 0.0 | −14.1 |
| Transfers | −0.3 | 0.1 | −0.7 | −0.9 |
| **Balance as of December 31, 2011** | **1,027.1** | **47.8** | **1,143.1** | **2,218.0** |
| Initial consolidation | 359.5 | 29.2 | 227.1 | 615.8 |
| Deconsolidation | −19.1 | 0.0 | −1.6 | −20.7 |
| Currency effects | 3.3 | 0.0 | 4.8 | 8.1 |
| Additions | 34.4 | 14.6 | −3.7 | 45.3 |
| Disposals | −2.7 | −0.3 | 0.0 | −3.0 |
| Transfers | −0.7 | 1.1 | −0.5 | 0.0 |
| **Balance as of December 31, 2012** | **1,401.7** | **92.4** | **1,369.4** | **2,863.5** |
| | | | | |
| **Depreciation, amortization, and impairments** | | | | |
| Balance as of January 1, 2011 | 174.9 | 21.6 | 48.2 | 244.6 |
| Deconsolidation | −0.1 | 0.0 | 0.0 | −0.1 |
| Currency effects | −0.6 | 0.0 | 0.0 | −0.7 |
| Additions | 63.1 | 5.7 | 7.8 | 76.5 |
| Disposals | −9.7 | −0.3 | 0.0 | −10.0 |
| Transfers | 0.1 | 0.0 | −0.7 | −0.6 |
| **Balance as of December 31, 2011** | **227.6** | **26.9** | **55.3** | **309.8** |
| Deconsolidation | −9.2 | 0.0 | 0.0 | −9.2 |
| Currency effects | 0.8 | 0.0 | 0.0 | 0.7 |
| Additions | 77.7 | 12.0 | 17.4 | 107.1 |
| Disposals | −0.5 | 0.1 | 0.0 | −0.4 |
| **Balance as of December 31, 2012** | **296.3** | **39.1** | **72.7** | **408.1** |
| | | | | |
| **Carrying amounts** | | | | |
| Balance as of December 31, 2012 | 1,105.4 | 53.3 | 1,296.7 | 2,455.5 |
| Balance as of December 31, 2011 | 799.5 | 20.9 | 1,087.9 | 1,908.3 |

The purchased rights and licenses mainly comprised title rights, trademarks, and customer relationships. The internally generated intangible assets mainly consisted of software solutions and websites.

The goodwill and the intangible assets with indefinite useful lives that were included in the acquired rights and licenses totaled € 2,005.4 million at December 31, 2012 (PY: € 1,570.2 million). Of this amount, € 1,644.0 million was allocated to the Digital Media segment, € 342.1 million to the Print International segment, and € 19.3 million to the other segments.

With the exception of the SeLoger reporting unit assigned to the Digital Media segment and the Ringier Axel Springer Media reporting unit assigned to the segments Print International and Digital Media, the total of goodwill and intangible assets with indefinite useful lives that have been assigned to the individual reporting units amounted to less than 9% of the total value of all goodwill and intangible assets with indefinite useful lives.

With goodwill of € 464.9 million and intangible assets with indefinite useful lives of € 129.4 million, € 594.3 million or about 30% of the total value is assigned to the SeLoger reporting unit. The goodwill increased in amount of € 0.9 million in the reporting year due to the acquisition of Villaweb. In order to determine the value in use, a discount rate of 6.4% (8.8% before taxes) and a growth rate of 1.5% for the cash flows subsequent to the five-year medium-term planning was used.

Material assumptions in the context of the medium-term planning of SeLoger relate to the assumption of stagnation in the online real estate market in France, focusing marketing on the goal of increasing average revenue per customer, improving market penetration particularly in regions outside of Paris, and accelerating growth in vertical niche portals by increasing market share. These assumptions factor in both past experience and external data relevant to the market, such as the 2012 Xerfi Study on online classified advertising business.

The surplus of € 424.4 million between the value in use and the carrying amount of the reporting unit would be reduced to zero either in case of a reduction in the cash flow in the fifth plan year by about 46%, or a reduction in the growth rate to –2.9% or an increase in the discount rate to 9.5% (13.3% before taxes).

With goodwill of € 146.3 million and intangible assets with indefinite useful lives of € 279.1 million, € 425.4 million or about 21% of the total value is assigned to the Ringier Axel Springer Media reporting unit. The goodwill increased in amount of € 78.0 million in the reporting year due to the acquisition of Onet.pl (€ 74.6 million) and currency effects amounting to € 2.8 million. In order to determine the value in use, a discount rate of 6.7% (8.1% before taxes) and a growth rate of 1.5% for the cash flows subsequent to the five-year medium-term planning was used.

In the medium-term planning of Ringier Axel Springer Media, we assume that the two large revenue streams in sales and the print advertising market will come under increasing pressure in the coming years. It will be possible to compensate for the declining circulation figures primarily by using price increases. We further assume that our online businesses will profit from the trend towards performance-based forms of advertising and will be able to participate in the structural shift of print advertisements into digital channels. We assume that new revenue sources from additional business in the strong tabloid brands as well as strict cost management (by rolling out the newsroom concept, for instance) will make it possible to largely maintain profitability.

The surplus of € 401.1 million between the value in use and the carrying amount of the reporting unit would be reduced to zero either in case of a reduction in the cash flow in the fifth plan year by about 48%, or a reduction in the growth rate to –3.3% or an increase in the discount rate to 10.1% (12.4% before taxes).

## *(5) Property, plant, and equipment*

The changes in property, plant, and equipment were as follows:

| € millions | Land and buildings | Technical equipment and machinery | Other equipment, operational and office equipment | Construction in progress | Total |
|---|---|---|---|---|---|
| **Acquisition or production cost** | | | | | |
| Balance as of January 1, 2011 | 553.1 | 549.3 | 187.3 | 4.7 | 1,294.4 |
| Initial consolidation | 0.0 | 0.0 | 1.4 | 0.0 | 1.4 |
| Currency effects | −0.6 | −1.2 | −1.6 | 0.0 | −3.4 |
| Additions | 51.1 | 2.8 | 25.6 | 5.5 | 84.9 |
| Disposals | −24.7 | −4.2 | −16.1 | −0.5 | −45.5 |
| Transfers | 3.6 | 2.6 | 2.6 | −5.3 | 3.4 |
| **Balance as of December 31, 2011** | **582.5** | **549.2** | **199.0** | **4.3** | **1,335.0** |
| Initial consolidation | 12.1 | 0.3 | 14.4 | 0.1 | 26.9 |
| Deconsolidation | 0.0 | 0.0 | −4.3 | −0.7 | −4.9 |
| Currency effects | 0.6 | 1.0 | 1.3 | −0.1 | 2.9 |
| Additions | 28.3 | 1.7 | 16.0 | 14.1 | 60.1 |
| Disposals | −58.6 | −3.6 | −11.7 | −0.2 | −74.0 |
| Transfers | −0.7 | 0.9 | 3.7 | −4.6 | −0.7 |
| **Balance as of December 31, 2012** | **564.3** | **549.6** | **218.5** | **12.9** | **1,345.3** |
| | | | | | |
| **Depreciation, amortization, and impairments** | | | | | |
| Balance as of January 1, 2011 | 173.1 | 305.2 | 129.4 | 0.0 | 607.7 |
| Currency effects | −0.2 | −0.8 | −1.0 | 0.0 | −2.0 |
| Additions | 11.5 | 29.1 | 20.5 | 0.0 | 61.0 |
| Disposals | −11.1 | −3.8 | −15.6 | 0.0 | −30.5 |
| Transfers | 0.9 | 0.0 | 0.0 | 0.0 | 0.9 |
| **Balance as of December 31, 2011** | **174.2** | **329.7** | **133.3** | **−0.1** | **637.1** |
| Deconsolidation | 0.0 | 0.0 | −1.9 | −0.7 | −2.5 |
| Currency effects | 0.2 | 0.5 | 0.8 | 0.0 | 1.5 |
| Additions | 10.7 | 28.6 | 23.8 | 0.7 | 63.8 |
| Disposals | −27.8 | −3.5 | −13.9 | 0.0 | −45.2 |
| Transfers | −0.1 | −0.1 | 0.1 | 0.0 | −0.1 |
| **Balance as of December 31, 2012** | **157.3** | **355.2** | **142.2** | **−0.1** | **654.6** |
| | | | | | |
| **Carrying amounts** | | | | | |
| Balance as of December 31, 2012 | 407.0 | 194.4 | 76.4 | 13.0 | 690.7 |
| Balance as of December 31, 2011 | 408.3 | 219.5 | 65.7 | 4.4 | 697.9 |

As of December 31, 2012, property, plant, and equipment with acquisition or production cost of € 151.7 million (PY: € 145.6 million) were in use that had already been fully depreciated.

Property, plant, and equipment in the amount of € 30.9 million (PY: € 72.0 million) had been pledged as security for own liabilities as of December 31, 2012.

The carrying amount of the property, plant, and equipment carried in the context of finance leases, which are allocated almost exclusively to land and buildings, amounted to € 46.4 million at December 31, 2012 (PY: € 19.9 million).

In the reporting year, real estate assets with a residual carrying amount of € 28.2 million (property, plant, and equipment) and € 3.1 million (investment property) were contributed to plan assets (see note (13)). Under a finance lease Axel Springer leased back the real estate. Due to the continuing lease of a portion of the building space to third parties, the present value of the minimum lease payments was recorded as additions to property, plant, and equipment at € 27.9 million, and as additions to investment property at € 3.1 million.

## *(6) Investment property*

The development of our office and retails spaces in Berlin and Hamburg leased to third parties was as follows:

| **€ millions** | **Investment property** |
|---|---|
| **Acquisition or production cost** | |
| Balance as of January 1, 2011 | 91.3 |
| Additions | 3.3 |
| Disposals | −8.2 |
| Transfers | −3.1 |
| **Balance as of December 31, 2011** | **83.3** |
| Additions | 3.1 |
| Disposals | −5.6 |
| Transfers | 0.7 |
| **Balance as of December 31, 2012** | **81.5** |
| | |
| **Depreciation, amortization, and impairments** | |
| Balance as of January 1, 2011 | 37.0 |
| Additions | 1.3 |
| Disposals | −4.5 |
| Transfers | −0.9 |
| Write-ups | −2.2 |
| **Balance as of December 31, 2011** | **30.7** |
| Additions | 1.4 |
| Disposals | −2.5 |
| Transfers | 0.1 |
| Write-ups | −5.2 |
| **Balance as of December 31, 2012** | **24.5** |
| | |
| **Carrying amounts** | |
| As of December 31, 2012 | 57.0 |
| As of December 31, 2011 | 52.6 |

The changes resulting from contributing real estate assets to plan assets are presented in note (5).

The carrying amount of investment property in the context of finance leases was € 7.1 million at December 31, 2012 (PY: € 3.2 million).

The fair value of investment property as of December 31, 2012 amounted to € 57,0 million (PY: € 52.6 million). The measurement, which was performed by us, was based on the application of the discounted cash flow method, with reference to the estimated cash flows. In calculating this value, a discount rate of 6.85 % (PY: 7.0 %) and a perpetuity capitalization rate of 5.85 % (PY: 6.0 %) was applied. As a result of the change in fair value, write-ups amounting to € 5.2 million (PY: € 2.2 million) have been recognized in other operating income in the Services/Holding segment.

Due to reduced own usage of office space, we reclassified an amount of € 0.6 million from property, plant, and equipment into investment property in the reporting year.

In 2012, rental income of € 5.4 million (PY: € 5.1 million) was generated, with corresponding directly attributable operating expenses of € 0.8 million (PY: € 0.6 million). As in the prior year, directly allocable expenses of less than € 0.1 million were incurred for non-rented space.

The future minimum lease payments from investment property as broke down as follows:

| € millions | 2012 | 2011 |
|---|---|---|
| Due in up to one year | 3.5 | 3.7 |
| Due in one to five years | 10.7 | 10.4 |
| Due in more than five years | 6.3 | 6.0 |
| **Total** | **20.5** | **20.1** |

## *(7) Non-current financial assets*

The non-current financial assets include the shares in Doğan TV at € 352.0 million, unchanged from the prior year. When determining the recoverable amount in the context of the impairment test of our investment in Doğan TV, we factored in both estimated future cash flows and contractually stipulated value-securing mechanisms.

The carrying amounts of investments using the equity method showed the following development:

| € millions | 2012 | 2011 |
|---|---|---|
| **Carrying amount as of January 1** | **30.6** | **40.7** |
| Attributable net income | 4.5 | 5.0 |
| Dividends | – 4.5 | – 5.4 |
| Changes recognized in other comprehensive income | 0.4 | – 1.2 |
| Impairment losses | – 2.0 | – 8.4 |
| Disposals | – 4.3 | 0.0 |
| **Carrying amount as of December 31** | **24.6** | **30.6** |

Proportionate income/losses to be recognized in income from investments were not recognized in the reporting year in the amount of € – 17.4 million (PY: € – 10.1 million), and cumulatively in the amount of € – 27.5 million (PY: € – 10.1 million). The corresponding net carrying amount of investments was fully depreciated in 2010.

The impairment losses relate to our investment in INFOR in the amount of € 2.0 million (PY: € 8.1 million).

The disposals related to the sale of our shares in Jahr Top Special Verlag.

The aggregated financial data for the investments accounted for using the equity method are shown in the table below. Net income and revenue amounts correspond to the period of inclusion under the equity method in the reporting periods:

| € millions | 2012 | 2011 |
|---|---|---|
| Net income | –62.9 | –36.3 |
| Revenues | 898.0 | 954.3 |
| Assets | 493.0 | 616.6 |
| Liabilities | 596.6 | 591.7 |

## *(8) Inventories*

The inventories broke down as follows:

| € millions | 12/31/2012 | 12/31/2011 |
|---|---|---|
| Raw materials and supplies | 17.1 | 19.4 |
| Semi-finished goods | 2.9 | 2.8 |
| Finished goods and merchandise | 7.1 | 6.3 |
| **Inventories** | **27.1** | **28.6** |

Inventories of € 11.0 million (PY:€ 8.5 million) were measured at their net realizable value. At December 31, 2012, the valuation allowance for these inventories amounted to € 2.7 million (PY: € 1.9 million), of which € 0.1 million (PY: € 0.3 million) was recognized affecting net income in 2012.

## *(9) Trade receivables*

The trade receivables broke down as follows:

| € millions | 12/31/2012 | 12/31/2011 |
|---|---|---|
| Trade receivables, nominal | 527.7 | 455.5 |
| Allowances for doubtful trade receivables | –25.0 | –13.1 |
| **Trade receivables** | **502.6** | **442.4** |

The changes in the allowances for doubtful trade receivables are presented below:

| € millions | 2012 | 2011 |
|---|---|---|
| Balance as of January 1 | 13.1 | 13.0 |
| Utilization | –0.9 | –5.3 |
| Reversals | –0.3 | –2.0 |
| Disposal due to deconsolidation | 0.0 | –0.5 |
| Additions | 12.3 | 7.9 |
| Other changes | 0.9 | 0.0 |
| **Balance as of December 31** | **25.0** | **13.1** |

At December 31, 2012, receivables in the amount of € 345.6 million (PY: € 288.7 million) were neither past due nor subject to valuation allowances. With regard to these receivables, there were no indications at the reporting date that would suggest that the customers would not fulfill their payment obligations.

The past-due trade receivables at the reporting date for which no valuation allowances have been charged are presented in the table below.

| € millions | 12/31/2012 | 12/31/2011 |
|---|---|---|
| up to 30 days | 55.5 | 47.9 |
| 31 to 90 days | 16.5 | 20.1 |
| 91 to 180 days | 7.7 | 5.7 |
| 181 to 360 days | 10.0 | 7.2 |
| 361 days and longer | 9.0 | 7.0 |

## *(10) Other assets*

The other assets broke down as follows:

| € millions | 12/31/2012 | 12/31/2011 |
|---|---|---|
| Deferral of payment for regional newspaper investments | 100.0 | 125.0 |
| Credit balances in accounts payable | 4.6 | 7.2 |
| Derivatives | 0.7 | 0.4 |
| Other | 39.2 | 24.8 |
| **Other financial assets** | **144.5** | **157.5** |
| Advance payments | 17.3 | 17.1 |
| Receivables from other taxes | 14.1 | 10.0 |
| **Other non-financial assets** | **31.5** | **27.1** |
| **Other assets** | **176.0** | **184.6** |

The purchase price from the sale of investments in regional newspapers that occurred in 2009 will become successively due and payable in the period from 2011 to 2016 amounting to an annual payment of € 25.0 million.

The miscellaneous financial assets include loans and receivables due from other investee companies and security deposits, among other items.

## *(11) Equity*

The components and changes in consolidated equity are summarized in the consolidated statement of changes in equity.

### *(a) Subscribed capital*

The subscribed capital of € 98.9 million is fully paid in. Based on the percentage of subscribed capital that each share represents, the shares are valued at € 1.00 per share. The subscribed capital is divided into 98,940 thousand registered shares, which can be transferred only with the consent of the company. At the reporting date, 98,790 thousand shares were outstanding (PY: 98,606 thousand shares).

### *(b) Additional paid-in capital*

The additional paid-in capital primarily resulted from a shareholder contribution granted in previous years and the amount of imputed compensation for the share-based payment programs (see note (12)).

### *(c) Accumulated retained earnings*

The accumulated retained earnings included the income of the companies included in the consolidated financial statements, to the extent that they have not been distributed to shareholders. Moreover, transactions with shareholders are recognized.

In 2012, Axel Springer AG distributed an amount of € 167.6 million as dividend payments (€ 1,70 per qualifying share) for the fiscal year 2011. In 2011, Axel Springer AG distributed an amount of € 157.3 million as dividend payments (€ 1.60 per qualifying share, factoring in the share split undertaken in 2011) for the fiscal year 2010.

The premium resulting from the issue of treasury shares in the reporting period increased accumulated retained earnings by € 2.6 million (PY: € 4.5 million) (see note 11(d)).

### *(d) Treasury shares*

As of December 31, 2012, Axel Springer AG held 150 thousand treasury shares (PY: 334 thousand shares), corresponding to 0.2 % (PY: 0.3 %) of its capital stock.

In the reporting year, 184 thousand treasury shares were issued by conversion of variable compensation tied to performance of the employees of the Group, and thus € 6.1 million was collected, increasing equity (of which € 2.6 million is allocated to the premium recorded in accumulated retained earnings).

### *(e) Accumulated other comprehensive income*

At the reporting date, accumulated other comprehensive income contained effects companies accounted for using the equity method in the amount of € –10.4 million (PY: € –10.1 million), actuarial gains/losses from employer pension plans of € –49.1 million (PY: € –0.8 million), as well as a revaluation reserve of € –3.1 million (PY: € –3.1 million.). The change results primarily from the adjustment of the pension discount rate for German pension plans to 3.6 % (PY: 5.0 %).

In connection with the refinancing of our credit lines, losses in the amount of € 10.5 million originating from the revaluation of interest rate hedging instruments that were previously recognized in accumulated other comprehensive income were recognized in profit or loss.

### *(f) Non-controlling interests*

The non-controlling interests mainly related to the following companies:

| € millions | 12/31/2012 | 12/31/2011 |
|---|---|---|
| Ringier Axel Springer Media | 179.7 | 179.7 |
| Axel Springer Digital Classifieds | 120.3 | 0.0 |
| ZANOX | 21.0 | 21.0 |
| Other companies | 44.5 | 35.9 |
| **Non-controlling interests** | **365.6** | **236.6** |

The increase in the non-controlling interests is due particularly to the investment by General Atlantic into Axel Springer Digital Classifieds.

## *(12) Share-based payment*

A virtual stock option plan was set up for entitled Executive Board members as of January 1, 2012 (hereinafter 2012 virtual stock option plan). Two additional virtual stock option plans were set up in July 2009 (hereinafter 2009 virtual stock option plan) and October 2011 (two tranches, hereinafter 2011a and 2011b virtual stock option plan). The material parameters of the virtual stock option plans are shown below:

| | Virtual stock option plans | | | |
|---|---|---|---|---|
| | **2012** | **2011a** | **2011b** | **2009** |
| Grant date | 01/01/2012 | 10/01/2011 | 10/01/2011 | 07/01/2009 |
| Term in years | 6 | 4 | 6 | 6 |
| Qualifying period in years | 4 | 2 | 4 | 4 |
| Option rights granted | 450 thousands | 473 thousands | 473 thousands | 1,125 thousands[1] |
| Underlying | € 30.53 | € 30.00 | € 35.00 | € 20.29[1] |
| Maximum payment | € 61.06 | € 60.00 | € 70.00 | € 40.57[1] |
| Value at grant date | € 5.26 | € 2.74 | € 2.31 | € 4.22[1] |
| Total value at grant date | € 2.4 million | € 1.3 million | € 1.1 million | € 4.7 million[1] |

[1] Adjusted due to the share split in June 2011.

If the employment relationship of the right holder is terminated prior to the end of the individual qualifying period, but no earlier than the day prior to the first anniversary of the issue date of the option rights, then the option rights become vested pro rata temporis in proportion to the qualifying period (2009 and 2012 virtual stock option plans) or at 50 % (2011a virtual stock option plan) or at 25 % (2011b virtual stock option plan) for each completed year of the individual qualifying period. An additional requirement for vesting to occur is that, within a period of one year prior to the end of the qualifying period, during a period of 90 consecutive calendar days

(2009 and 2012 virtual stock option plans) or three consecutive calendar months (2011 virtual stock option plan), either the price of the Axel Springer share is at least 30 % higher than the individual base value or the percentage by which the price of the Axel Springer share averages above the individual base value exceeds the average percentage development of the DAX price index.

Exercise of the option rights is only possible if the average share price of Axel Springer AG in the 90 calendar days (2009 and 2012 virtual stock option plans) or three months (2011 virtual stock option plan) prior to exercise is at least 30 % above the base value and the percentage price increase of the Axel Springer share exceeds the development of the DAX price index in the corresponding period. Each option grants a payment claim in the amount of the growth in value of the Axel Springer share, restricted to a maximum of 200 % of the base value, which corresponds to the difference between the volume-weighted average price during the last 90 calendar days prior to exercise and the base value.

The right holders are obligated to hold one share of Axel Springer AG as their own investment for each ten options. Disposal of these shares prior to exercise of the options leads to a lapse of the options in the proportion of one share for each ten options.

The value of the options was determined by application of a Black-Scholes model in a Monte-Carlo simulation at the grant date. The options will be remeasured at each reporting date and recognized proportionally in accordance with the projected vesting.

The development of the options is shown below:

| | Virtual stock option plans | | | |
|---|---|---|---|---|
| **Option rights in thousands** | **2012** | **2011a** | **2011b** | **2009** |
| 01/01/2011 | 0 | 0 | 0 | 1,125 [1)] |
| Grant | 0 | 473 | 473 | 0 |
| Lapse | 0 | 0 | 0 | –84 |
| 12/31/2011 | 0 | 473 | 473 | 1,041 |
| Grant | 450 | 0 | 0 | 0 |
| **12/31/2012** | **450** | **473** | **473** | **1,041** |

1) Adjusted due to the share split in June 2011.

The expenses and income in the reporting year, as well as the portfolio of liabilities and provisions at the reporting date are shown below:

| | Virtual stock option plans | | | |
|---|---|---|---|---|
| **€ millions** | **2012** | **2011a** | **2011b** | **2009** |
| **Expenses 2012** | **–1.4** | **–1.1** | **–1.0** | **–1.0** |
| Income / expenses 2011 | 0.0 | –0.5 | –0.3 | 1.3 |
| **Carrying amount as of 12/31/2012** | **1.4** | **1.6** | **1.3** | **10.7** |
| Carrying amount as of 12/31/2011 | 0.0 | 0.5 | 0.3 | 9.7 |

In May 2012, in the context of a stock participation program, 184 thousand treasury shares were issued by conversion of variable compensation tied to performance of the employees of the Group at its fair value at the time of issue in the amount of € 33.08. Personnel expenses of € 2.5 million were incurred by granting increases in the conversion amounts. This amount had already been placed in a provision at December 31, 2011.

In May 2011, in the context of a stock participation program, 266 thousand treasury shares (before share split: 89 thousand) were issued by conversion of variable compensation tied to performance of the employees of the Group at its fair value at the time of issue in the amount of € 35.57 (before share split: € 106.71). Personnel expenses of € 3.5 million were incurred by granting increases of the conversion amounts.

Various free share and stock option programs existed at our subsidiary SeLoger at the acquisition date. They provide for exercise by the right holders in the years 2009 to 2013, linked with a subsequent holding period of two years. The option rights, whose weighted average exercise price lies at € 20.93, lapse in the years 2017 to 2019. In the prior year, the right holders were offered call-and-put-option agreements to transfer all shares from these programs (a maximum of 525 thousand) to Axel Springer against cash payment in the context of the acquisition of SeLoger. The call and put options are not linked to any market-related or company-related or any other conditions, and vest immediately after the issuance of the shares to the employees. The purchase price upon exercise amounts to € 38.05 (squeeze-out price) multiplied by the ratio of the volume-weighted 1-month-average rate of the Axel Springer share on the last day of trading prior to exercise of the options to the volume-weighted 1-month-average rate of the Axel Springer share on the last trading day before squeeze-out (€ 36.15 when taking the share split of 2011 into account).

Following the principle of substance over form, the programs are treated by us as virtual stock option programs granting a payment claim in the amount of the difference between the exercise price and the purchase price. Measurement is based on the Black-Scholes model or the current share price, considering future dividends. At the grant date, the weighted fair value was € 28.83 per option right or a total of € 15.1 million. The options will be remeasured at each reporting date and recognized proportionally in accordance with the projected vesting. The development of the virtual option rights, the resulting expenses and income in the reporting year, and the balance of liabilities and provisions at the reporting date are shown below:

| in thousands | 2012 | 2011 |
|---|---|---|
| Option rights as of January 1 | 403 | 525 |
| Exercise | –93 | –107 |
| Lapse | 0 | –15 |
| **Option rights as of December 31** | **310** | **403** |

| € millions | 2012 | 2011 |
|---|---|---|
| Personnel expenses | 3.5 | 3.0 |
| Other operating income (+) / expenses (-) | –0.3 | 0.6 |
| Liabilities as of December 31 | 10.1 | 8.8 |

auFeminin.com S.A. granted its senior executives subscription rights for free shares and stock options. These share-based payments must be settled with shares of auFeminin.com S.A.

In November 2010, 300 thousand warrants for acquisition of one share of auFeminin.com S.A., each with an exercise price of € 17.15, were issued to senior employees. These options vested upon expiration of the first (50 %) and second (50 %) years after the grant date, insofar as the earnings target established for the individual tranche (EBITDA 2010 or EBITDA 2011) was achieved. Once they have vested, the options can be exercised for a total of five (50 %) or four (50 %) years.

In June 2009, 300 thousand warrants for acquisition of one share of auFeminin.com S.A. each with an exercise price of € 8.94 were issued to senior employees. These options vested upon expiration of the first (50 %) and second (50 %) years after the grant date, insofar as the earnings target established for the individual tranche (EBITDA 2009 or EBITDA 2010) was achieved. Once they have vested, the options can be exercised for a total of five (50 %) or four (50 %) years.

Ninety-nine thousand stock options granted in April 2008, each one entitling the holder to purchase one share of auFeminin.com S.A. (exercise price: € 20.46), as well as the 74 thousand stock options that had already been granted at the date of acquisition of auFeminin.com S.A. in July 2007 (exercise price: € 18.60 or € 21.21), will become vested in equal annual installments over a period of four years. The option grant is not conditioned on any further earnings or market conditions. These options can be exercised for the first time at the end of the fourth year after the options were granted and for a total of four years thereafter.

The number of options and the weighted average exercise price developed as follows:

| | 2012 | | 2011 | |
|---|---|---|---|---|
| | Options in thousands | Exercise price[1] in € | Options in thousands | Exercise price[1] in € |
| Balance as of January 1 | 576 | 15.05 | 640 | 15.21 |
| Lapse | – 80 | 14.07 | – 63 | 16.90 |
| Issuance | 0 | – | 0 | – |
| Exercise | 0 | – | – 2 | 8.94 |
| **Balance as of December 31** | **496** | **15.20** | **576** | **15.05** |
| Thereof exercisable | 496 | 15.20 | 233 | 11.03 |

[1] Weighted average exercise price.

The weighted average stock price at the date of exercise of the options in 2011 was € 18.17.

The exercise prices for the options outstanding on the reporting date remained as in the prior year between € 8.94 and € 21.21. The weighted average remaining term of these options was 2.9 years (PY: 3.9 years).

The compensation expenses for the share-based payment programs of auFeminin.com S.A. recorded in personnel expense amounted to € 0.2 million in fiscal year 2012 (PY: € 0.4 million). The additional paid-in capital was increased by the same amount.

## *(13) Pension obligations*

Under its defined contribution pension plans, the Group mainly contributes to public-sector pension insurance carriers by virtue of the applicable laws. The current contribution payments are presented as social security costs within personnel expenses and amount to € 52.5 million (PY: € 41.9 million).

Provisions for pensions were created to account for the obligations arising from vested pension rights and current benefits for former and active employees of the Axel Springer Group and their survivors. The different pension plans within the Group are organized in accordance with the legal, tax-related, and economic conditions of each country. The provision for defined benefit pension plans corresponds to the present value of the obligations at the reporting date net of the fair value of the plan assets.

The measurement was based on the following parameters:

| Information in % | 2012 | 2011 |
|---|---|---|
| Discount rate | 1.75 – 3.6 | 2.25 – 5.0 |
| Expected return on plan assets | 3.0 – 5.0 | 3.5 – 5.0 |
| Expected return on reimbursement rights | 5.0 | 4.6 |
| Salary trend | 1.0 – 1.75 | 1.0 – 1.75 |
| Pension trend | 0.25 – 1.75 | 0.25 – 1.75 |

The amount of the provision was calculated as follows:

| € millions | 12/31/2012 | 12/31/2011 |
|---|---|---|
| Present value of defined benefit obligations financed by fund | 489.2 | 424.6 |
| Fair value of plan assets | –199.5 | –141.2 |
| Present value of defined benefit obligations not financed by fund | 54.4 | 43.1 |
| **Provision** | **344.2** | **326.5** |
| Reimbursement right | –29.4 | –27.2 |
| **Net obligation** | **314.7** | **299.2** |

The changes in the present value of the pension obligations are presented in the table below:

| € millions | 2012 | 2011 |
|---|---|---|
| Obligation as of January 1 | 467.7 | 476.6 |
| Current service cost | 6.6 | 6.9 |
| Interest expense | 20.3 | 19.7 |
| Actuarial gains/losses | 71.5 | –19.8 |
| Payments by employees | 5.5 | 5.4 |
| Transfer of pension obligation | –1.1 | 0.8 |
| Exchange rate change | 1.1 | 2.4 |
| Payments to retirees | –28.0 | –25.0 |
| Past service cost | 0.0 | 0.7 |
| **Obligation as of December 31** | **543.6** | **467.7** |

In fiscal year 2013, contributions to fund-financed defined benefit plans are expected to total € 37.6 million (PY: € 58.8 million).

The fair value of the plan assets showed the following changes:

| € millions | 2012 | 2011 |
|---|---|---|
| Plan assets as of January 1 | 141.2 | 87.2 |
| Expected income from plan assets | 5.9 | 3.4 |
| Employee contribution | 2.1 | 2.0 |
| Employer contribution | 2.5 | 2.4 |
| Benefits paid | –9.0 | –5.2 |
| Actuarial gains/losses | –1.1 | –0.9 |
| Transfer of plan assets | 57.3 | 50.3 |
| Exchange rate changes | 0.6 | 1.9 |
| **Plan assets as of December 31** | **199.5** | **141.2** |

The transfers related to real estate assets previously held in fully consolidated special-purpose entities with fair values of € 33.9 million (PY: € 24.3 million) less transaction costs of € 1.6 million, as well as cash of € 25.0 million (PY: € 25.2 million).

The investment portfolio broke down as follows:

| | 12/31/2012 | 12/31/2011 |
|---|---|---|
| Bonds | 44.8 % | 48.3 % |
| Shares | 0.8 % | 1.0 % |
| Real Estate | 36.8 % | 28.6 % |
| Others | 17.6 % | 22.1 % |
| **Total** | **100.0 %** | **100.0 %** |

The fair value of the plan assets includes real estate used by the company itself in the amount of € 50.4 million (PY: € 20.8 million).

Axel Springer AG is entitled to reimbursement of pension obligations or pension expenses arising in connection with them in the context of the contribution of rotogravure printing operations to an affiliated company in 2005. The reimbursement right is presented as a separate asset (see note (36)), whereas in the income statement, the income from the reimbursement is netted with the corresponding pension expenses. The value of the reimbursement claim was € 29.4 million in the reporting year (PY: € 27.2 million). The changes in the reporting period consisted of compounding effects of € 1.3 million (PY: € 1.3 million), actuarial gains of € 3.3 million (PY: losses of € 1.0 million), and reimbursement of pension payments of € 2.4 million (PY: € 2.5 million).

The expenses for defined benefit pension plans broke down as follows:

| € millions | 2012 | 2011 |
|---|---|---|
| Current service cost | 6.6 | 6.9 |
| Interest expense | 20.3 | 19.7 |
| Expected income from plan assets | −5.9 | −3.4 |
| Expected income from reimbursement rights | −1.3 | −1.3 |
| Past service cost | 0.0 | 0.7 |
| **Pension expenses** | **19.7** | **22.7** |
| | | |
| Actual income from plan assets | 4.8 | 2.6 |
| Actual income from reimbursement rights | 4.6 | 0.3 |

Service cost is presented within the personnel expenses. The interest portion contained in the pension expenses and the expected income from the plan assets and interest reimbursements are presented as components of interest expenses.

At the reporting date, actuarial losses before factoring in tax effects amounting to € 70.2 million (PY: € 0.9 million) were accounted for in accumulated other comprehensive income.

The development of the present values of the obligations, the fair value of plan assets, and the experienced-based adjustments to plan assets and liabilities are summarized in the table below:

| € millions | 12/31/2012 | 12/31/2011 | 12/31/2010 | 12/31/2009 | 12/31/2008 |
|---|---|---|---|---|---|
| Present value of defined benefit obligations financed by fund | 489.2 | 424.6 | 98.7 | 80.2 | 83.6 |
| Fair value of plan assets | 199.5 | 141.2 | 87.2 | 72.1 | 76.2 |
| Present value of defined benefit obligations not financed by fund | 54.4 | 43.1 | 377.9 | 351.3 | 336.1 |
| | | | | | |
| Experience-based adjustments to plan liabilities | −2.8 | −0.1 | −3.1 | −3.9 | 2.8 |
| Experience-based adjustments to plan assets | −1.1 | −0.9 | −0.8 | −0.5 | 0.0 |

## *(14) Other provisions and accruals*

The other provisions and accrued liabilities broke down as follows:

| € millions | Balance as of 01/01/2012 | Utilization | Reversals | Additions | Other changes | Balance as of 12/31/2012 |
|---|---|---|---|---|---|---|
| Other obligations towards employees | 68.4 | −52.4 | −2.6 | 69.1 | 0.2 | 82.7 |
| Partial early retirement program (Altersteilzeit) | 33.6 | −9.9 | 0.0 | 10.7 | 0.8 | 35.1 |
| Returns | 27.0 | −24.2 | −0.7 | 25.5 | 0.0 | 27.6 |
| Structural measures | 16.6 | −10.8 | −1.8 | 15.0 | 0.0 | 19.0 |
| Litigation expenses | 8.0 | −0.2 | −0.5 | 0.9 | 0.5 | 8.8 |
| Discounts and rebates | 6.5 | −6.1 | −0.4 | 5.1 | 0.0 | 5.1 |
| Dismantling obligations | 4.3 | −0.1 | −1.0 | 0.4 | 0.2 | 3.8 |
| Other taxes | 4.1 | −0.9 | 0.0 | 0.5 | 0.0 | 3.7 |
| Other | 15.9 | −8.3 | −2.4 | 4.8 | 0.2 | 10.2 |
| **Other provisions** | **184.5** | **−112.8** | **−9.4** | **132.0** | **1.9** | **196.2** |

Other obligations towards employees primarily included variable compensation tied to performance and loyalty bonuses. Provisions for structural measures were mainly allocated to the segments Newspapers National, Magazines National, and Services/Holding. Provisions for returns comprise the expected sales returns of publishing products.

The other changes resulted from the initial consolidation of acquired companies, currency translation differences, and compound interest.

Non-current provisions are primarily contained in the provisions for partial early retirement programs (Altersteilzeit), dismantling obligations, and structural measures. Payments are expected to occur predominantly within the next five years.

## *(15) Financial liabilities*

The financial liabilities comprised liabilities from a promissory note loan in the amount of € 498.8 million (PY: € 0.0 million), liabilities due to banks amounting to € 151.2 million (PY: € 693.9 million), and finance leases amounting to € 53.6 million (PY: € 23.0 million).

In April 2012, in order to refinance expiring credit lines, we placed a promissory note loan with a nominal volume of € 500.0 million and a term of four years (nominal value of € 269.5 million) or six years (nominal value of € 230.5 million) on the capital market.

The promissory note loan was characterized by the following utilizations, interest rates, and maturities.

| 2012 € millions | 2011 € millions | Interest rate in % | Maturity |
|---|---|---|---|
| 178.5 | - | 3.06 | 04/11/2018 |
| 143.0 | - | 2.38 | 04/11/2016 |
| 126.5 | - | 6-month EURIBOR + 1.0 | 04/11/2016 |
| 52.0 | - | 6-month EURIBOR + 1.3 | 04/11/2018 |

The liabilities due to banks were characterized by utilization, interest rates, and maturities set forth in the table below. All liabilities were denominated in euros. Short-term loans are not presented in the table.

| 2012 € millions | 2011 € millions | Interest rate in % | Maturity |
|---|---|---|---|
| 134.0 | - | 1-month EURIBOR + 0.575 | 09/18/2017 |
| 9.0 | 9.7 | 5.09 | 11/30/2013 |
| 4.8 | 5.3 | 3-month EURIBOR + 0.30 | 10/15/2022 |
| - | 635.0 | 3-month EURIBOR + 0.15 | 08/14/2013 |
| - | 29.9 | 5.64 | 10/31/2012 |
| - | 10.3 | 5.65 | 03/31/2012 |

The interest rates were mainly equivalent to the effective rates of interest. In the case of fixed-interest loans, the interest rates are fixed until the maturity date.

Furthermore, at the reporting date additional unused short-term and long-term credit facilities amounted to € 786 million (PY: € 885 million).

The finance leases resulted primarily from lease agreements for office buildings that were contributed to the plan assets and subsequently leased back. The lease agreements with a term through August 2031 include lease adjustment clauses based on average leases of comparable real estate, as well as residual value guarantees from the lessor.

The future minimum lease payments arising from finance leases can be reconciled to their cash value as of December 31, 2012 as follows:

| € millions | Minimum lease payments | Interest portion | Present value |
|---|---|---|---|
| Due in up to one year | 3.5 | 3.2 | 0.3 |
| Due in one to five years | 13.7 | 12.7 | 1.0 |
| Due in more than five years | 93.4 | 41.0 | 52.4 |
| **Total** | **110.5** | **56.9** | **53.6** |

The reconciliation as of December 31, 2011 breaks down as follows:

| € millions | Minimum lease payments | Interest portion | Present value |
|---|---|---|---|
| Due in up to one year | 1.7 | 1.4 | 0.3 |
| Due in one to five years | 5.9 | 5.4 | 0.5 |
| Due in more than five years | 40.8 | 18.7 | 22.2 |
| **Total** | **48.4** | **25.4** | **23.0** |

At the reporting date, we expect future cash provided by subleasing of € 2.4 million (PY: € 2.0 million).

## *(16) Other liabilities*

The other liabilities broke down as follows:

| € millions | 12/31/2012 | 12/31/2011 |
|---|---|---|
| Contingent consideration | 201.5 | 88.2 |
| Debit balances in accounts receivable | 22.6 | 19.7 |
| Liabilities due to employees | 18.8 | 17.6 |
| Liabilities from derivatives | 8.1 | 15.5 |
| Other | 57.3 | 35.4 |
| **Other financial liabilities** | **308.3** | **176.4** |
| Prepaid subscriptions | 84.5 | 85.4 |
| Liabilities from other taxes | 53.5 | 33.4 |
| Accrued liabilities | 23.4 | 22.9 |
| Advance payments | 19.0 | 21.7 |
| Capital investment subsidies | 18.3 | 20.9 |
| Liabilities due to social insurance carriers | 10.7 | 7.9 |
| Liabilities for duties and contributions | 6.8 | 6.7 |
| Other | 76.1 | 52.9 |
| **Other non-financial liabilities** | **292.4** | **252.0** |
| **Other liabilities** | **600.6** | **428.3** |

The increase in other liabilities primarily derived from the initial consolidation of acquired companies, particularly recognition of contingent liabilities resulting from put options in respect of business combinations, along with other purchase price adjustments.

Liabilities due to employees related to outstanding wage and salary payments, management bonuses, and severance award claims.

Accrued liabilities contain liabilities resulting from overtime and unused vacation.

## *(17) Maturity analysis of financial liabilities*

The contractually agreed (undiscounted) payments related to financial liabilities are presented in the following table:

| | | Undiscounted cash outflows | | |
|---|---|---|---|---|
| € millions | Carrying amount as of 12/31/2012 | 2013 | 2014–2017 | 2018 ff |
| Financial liabilities | 703.7 | 27.9 | 456.7 | 281.1 |
| Contingent consideration | 201.5 | 5.6 | 206.9 | 0.0 |
| Other non-derivative financial liabilities | 405.2 | 391.8 | 8.6 | 4.9 |
| Derivative financial liabilities | 8.1 | 7.2 | 0.9 | 0.1 |

| € millions | Carrying amount as of 12/31/2011 | Undiscounted cash outflows 2012 | 2013–2016 | 2017 ff. |
|---|---|---|---|---|
| Financial liabilities | 716.9 | 51.5 | 654.1 | 23.8 |
| Contingent consideration | 88.2 | 0.8 | 79.0 | 15.8 |
| Other non-derivative financial liabilities | 362.6 | 350.9 | 7.5 | 4.2 |
| Derivative financial liabilities | 15.5 | 9.4 | 6.0 | 0.1 |

## *Notes to the consolidated statement of comprehensive income*

### *(18) Revenues*

The revenues broke down as follows:

| € millions | 2012 | 2011 |
|---|---|---|
| Advertising revenues | 1,758.1 | 1,606.8 |
| Circulation revenues | 1,162.6 | 1,204.5 |
| Printing revenues | 53.8 | 57.6 |
| Other revenues | 335.8 | 316.0 |
| **Revenues** | **3,310.3** | **3,184.9** |

The revenues from barter transactions amounted to € 61.6 million in 2012 (PY: € 57.0 million). These revenues were generated mainly from the bartering of advertising services.

The increase in operating revenues year-on-year resulted particularly from the initial consolidation of acquired companies.

### *(19) Other operating income*

The other operating income broke down as follows:

| € millions | 2012 | 2011 |
|---|---|---|
| Revaluation of contingent consideration | 25.5 | 3.1 |
| Income from reversal of provisions | 9.4 | 13.8 |
| Foreign exchange gains | 8.2 | 13.9 |
| Write-ups | 5.2 | 2.2 |
| Miscellaneous operating income | 39.9 | 40.4 |
| **Other operating income** | **88.2** | **73.3** |

The miscellaneous operating income included a large number of circumstances with immaterial amounts.

### *(20) Purchased goods and services*

The purchased goods and services broke down as follows:

| € millions | 2012 | 2011 |
|---|---|---|
| Raw materials and supplies and purchased merchandise | 250.3 | 265.1 |
| Purchased services | 806.5 | 790.6 |
| **Purchased goods and services** | **1,056.8** | **1,055.7** |

Raw materials and supplies and purchased merchandise comprised paper costs amounting to € 170.1 million (PY: € 181.7 million).

The cost of purchased services was predominantly composed of purchased third-party printing services and professional fees, as well as publisher services in the context of performance-based marketing. The purchased third-party printing services also included paper costs.

## *(21) Personnel expenses*

The personnel expenses broke down as follows:

| € millions | 2012 | 2011 |
|---|---|---|
| Wages and salaries | 772.4 | 728.9 |
| Social security | 127.6 | 105.4 |
| Pension expenses | 8.9 | 8.8 |
| Expenses for share-based payments | 8.1 | 5.0 |
| Other benefit expenses | 3.4 | 3.4 |
| **Personnel expenses** | **920.4** | **851.6** |

The average number of employees in the Group is shown below:

| | 2012 | 2011 |
|---|---|---|
| Salaried employees | 9,166 | 8,216 |
| Editors | 3,529 | 3,685 |
| Wage-earning employees | 956 | 984 |
| **Total employees** | **13,651** | **12,885** |

The increase in personnel figures compared to the prior year resulted particularly from the initial consolidation of acquired companies and from staff increases in the strongly growing digital business units.

## *(22) Depreciation, amortization, and impairments*

The depreciation, amortization, and impairments broke down as follows:

| € millions | 2012 | 2011 |
|---|---|---|
| Impairment losses in goodwill | 17.4 | 7.8 |
| Amortization of other intangible assets | 85.5 | 68.1 |
| Impairment losses in other intangible assets | 4.1 | 0.6 |
| Depreciation of property, plant, and equipment | 62.8 | 61.0 |
| Impairment losses in property, plant, and equipment | 0.8 | 0.0 |
| Depreciation of investment property | 1.4 | 1.3 |
| **Depreciation, amortization, and impairments** | **172.2** | **138.8** |

Impairment losses in goodwill primarily affected the Digital Media segment, while in the prior year it was primarily the Print International segment.

The increase in the amortization of other intangible assets primarily resulted from increased effects of purchase price allocations.

Impairment losses in non-current financial assets applied in the reporting year are included in the income from investments.

## *(23) Other operating expenses*

The other operating expenses broke down as follows:

| € millions | 2012 | 2011 |
|---|---|---|
| Advertising expenses | 186.4 | 201.4 |
| Mailing and postage expenses | 170.7 | 163.0 |
| Expenses for non-company personnel | 123.2 | 111.7 |
| Commissions and gratuities | 66.3 | 71.2 |
| Rental and leasing expenses | 39.7 | 39.7 |
| Maintenance and repairs | 33.2 | 32.4 |
| Travel expenses | 24.9 | 22.2 |
| Services provided by related parties | 21.8 | 20.7 |
| Allowances for doubtful receivables | 12.3 | 7.9 |
| Foreign exchange losses | 11.7 | 11.7 |
| Other taxes | 6.1 | 7.1 |
| Miscellaneous operating expenses | 123.6 | 95.0 |
| **Other operating expenses** | **820.0** | **783.9** |

The increase in miscellaneous operating expenses resulted primarily from losses on the sale of the online game provider gamigo.

The following professional fees for the services rendered by the auditor Ernst & Young GmbH were recognized:

| € millions | 2012 | 2011 |
|---|---|---|
| Audits of the annual financial statements | 0.9 | 0.7 |
| Other certification or appraisal services | 0.2 | 0.1 |
| Tax advisory services | 0.3 | 0.2 |
| Other services | 0.3 | 0.1 |
| **Total professional fees** | **1.7** | **1.1** |

The professional fees for the audit of financial statements include the audit of the separate financial statements of Axel Springer AG and other German subsidiaries, and the audit of the consolidated financial statements. The other certification and appraisal services include fees for the auditor's review of the quarterly financial statements, the semi-annual financial statement, and the audits to verify compliance with certain contractual agreements. The tax advisory fees include support provided with regard to specific tax questions.

## *(24) Income from investments*

The investment income in the reporting year of € 7.9 million (PY: € 9.5 million) was influenced by impairment losses of € 11.2 million (PY: € 10.1 million). These losses were partially compensated for by the profit earned on the sale of shares in Jahr Top Special Verlag (€ 1.9 million).

## *(25) Net financial result*

The net financial result broke down as follows:

| € millions | 2012 | 2011 |
|---|---|---|
| Interest income from bank accounts | 2.1 | 2.5 |
| Interest income from loans and securities | 1.2 | 0.1 |
| Other interest income | 8.0 | 19.5 |
| **Interest income** | **11.3** | **22.1** |
| Interest expenses on liabilities due to banks and on promissory note | –14.6 | –13.4 |
| Interest expenses on pension provisions, less reimbursements | –13.0 | –15.0 |
| Interest expenses from derivatives | –17.8 | –7.8 |
| Miscellaneous interest expenses | –12.5 | –9.3 |
| **Interest and similar expenses** | **–58.0** | **–45.4** |
| **Other financial result** | **0.2** | **0.2** |
| **Financial result** | **–46.5** | **–23.1** |

In the prior year, the other interest income mainly comprised interest income from tax credits and the lapse of accrued tax-related interest.

The total interest income and expenses for those financial assets and liabilities that were not measured at fair value through profit or loss are presented in the table below:

| **€ millions** | 2012 | 2011 |
|---|---|---|
| Total interest income | 7.0 | 9.6 |
| Total interest expenses | –30.9 | –24.3 |

## *(26) Income taxes*

The income taxes paid or owed and the deferred taxes are recognized under income taxes. The income taxes consisted of the trade tax, corporate income tax, and solidarity surcharge, and the corresponding foreign income taxes. The income tax expenses are broken down below:

| **€ millions** | 2012 | 2011 |
|---|---|---|
| Current taxes | 157.6 | 145.3 |
| Deferred taxes | –31.9 | –13.3 |
| **Income taxes** | **125.7** | **132.0** |

The income tax expense applying the tax rate of Axel Springer AG reconciles to the income tax expense recognized in the income statement as follows:

| **€ millions** | 2012 | 2011 |
|---|---|---|
| Income before income taxes | 401.4 | 421.3 |
| Tax rate of Axel Springer AG | 31.19 % | 31.19 % |
| **Expected tax expenses** | **125.2** | **131.4** |
| Differing tax rates | –4.4 | –5.5 |
| Changes in tax rates | 0.2 | –0.5 |
| Permanent differences | 8.2 | 12.8 |
| Adjustments to carrying amounts of deferred taxes | –12.5 | 2.4 |
| Current income taxes for prior years | 6.2 | –4.5 |
| Deferred income taxes for prior years | 0.3 | 3.4 |
| Non-deductible operating expenses | 15.6 | 6.2 |
| Tax-exempt income | –13.3 | –12.6 |
| Trade tax additions/deductions | 2.9 | 0.8 |
| Other effects | –2.7 | –1.9 |
| **Income taxes** | **125.7** | **132.0** |

Companies having the legal form of a corporation resident in Germany are subject to corporate income tax at the rate of 15 % and solidarity surcharge of 5.5 % of the corporate income tax owed. In addition, the profits of these companies are subject to trade tax, for which the amount is municipality-specific. Companies having the legal form of a partnership are subject to trade tax exclusively. The net income is assigned to the shareholder for purposes of corporate income tax. The effects of different tax rates for partnerships and for foreign income taxes from the tax rate applicable to Axel Springer AG are explained in the reconciliation in the item differing tax rates. The permanent differences of the prior year resulted mainly from impairment losses in goodwill and deconsolidation effects that were not taken into account for tax purposes. The adjustments made to the carrying amounts of deferred taxes included € 4.7 million (PY: € 2.2 million) for the non-recognition of deferred taxes on tax loss carry-forwards. In addition, effects from the utilization of non-capitalized loss carry-forwards or initial recognition are included in the amount of € 21.0 million.

Deferred tax assets and liabilities were recognized to account for temporary differences and tax loss carry-forwards, as follows:

| € millions | 12/31/2012 Deferred tax assets | 12/31/2012 Deferred tax liabilities | 12/31/2011 Deferred tax assets | 12/31/2011 Deferred tax liabilities |
|---|---|---|---|---|
| Intangible assets | 20.9 | 269.7 | 19.2 | 181.5 |
| Property, plant, and equipment and investment property | 1.0 | 114.5 | 0.5 | 120.3 |
| Non-current financial assets | 3.5 | 0.3 | 1.6 | 0.9 |
| Inventories | 0.9 | 0.0 | 0.8 | 0.0 |
| Receivables and other assets | 17.5 | 1.7 | 9.4 | 1.3 |
| Pension provisions | 12.0 | 0.1 | 9.7 | 0.6 |
| Other provisions | 8.3 | 3.5 | 6.6 | 3.9 |
| Liabilities | 23.3 | 1.2 | 19.0 | 1.3 |
| **Temporary differences** | **87.4** | **391.1** | **66.8** | **309.8** |
| **Tax loss carry-forwards** | **35.1** | **0.0** | **17.2** | **0.0** |
| **Total** | **122.4** | **391.1** | **84.0** | **309.8** |
| Offsetting | −61.3 | −61.3 | −56.5 | −56.5 |
| **Amounts as per balance sheet** | **61.2** | **329.8** | **27.5** | **253.3** |

The increase in deferred tax liabilities in intangible assets resulted particularly from purchase price allocations in connection with business combinations that occurred in the reporting year. The contribution of real estate assets and cash to plan assets led particularly to an increase in deferred taxes in receivables and other assets, and liabilities. The change in impairments on deferred tax claims for tax loss carry-forwards resulted in an increase in deferred tax assets in the amount of € 18.6 million.

The net balance of deferred tax items from January 1 to December 31, 2012, was derived as follows:

| € millions | 2012 | 2011 |
|---|---|---|
| Deferred tax assets as of January 1 | 27.5 | 30.6 |
| Deferred tax liabilities as of January 1 | −253.3 | −164.3 |
| **Net tax position as of January 1** | **−225.8** | **−133.7** |
| Deferred tax of current year | 31.9 | 13.3 |
| Changes in deferred taxes recognized in other comprehensive income | 17.1 | −8.9 |
| Changes in consolidation group | −91.8 | −96.5 |
| **Net tax position as of December 31** | **−268.7** | **−225.8** |
| Deferred tax assets as of December 31 | 61.2 | 27.5 |
| Deferred tax liabilities as of December 31 | −329.8 | −253.3 |

Of the deferred tax assets, an amount of € 16.5 million (PY: € 12.4 million), and of the deferred tax liabilities, an amount of € 8.3 million (PY: € 0.8 million) can be realized in the short term.

The amount of deferred tax assets to be disclosed in accordance with IAS 12.82 was € 26.8 million (PY: € 16.6 million). It is expected that this amount can be realized by application against the available operating income.

At the reporting date, deferred taxes in the total amount of € 22.0 million (PY: € 4.9 million) were recognized directly in equity, as they relate to matters that were likewise recognized directly in equity.

In fiscal year 2012, no deferred tax assets were recognized with respect to corporate income tax loss carry-forwards amounting to € 152.1 million (PY: € 187.3 million), and with respect to trade tax loss carry-forwards amounting to € 13.7 million (PY: € 17.8 million) because it did not appear probable that sufficient taxable income could be generated for these amounts in the near future. Of these tax loss carry-forwards, an amount of € 20.2 million (PY: € 14.9 million) can be carried forward for up to five years and an amount of € 11.2 million (PY: € 10.5 million) can be carried forward for six to ten years. The utilization of tax loss carry-forwards that had not previously been recognized as deferred tax assets caused a reduction in income tax expenses of € 1.4 million (PY: € 3.2 million). In the past fiscal year, there were corrections of recognized tax loss carry-forwards due to tax audits or differing tax assessments in the amount of € 0.2 million (PY: € 1.6 million).

As a rule, deferred taxes must be recognized to account for the difference between the Group's interest in the equity of the subsidiaries and the corresponding investment balances recognized in the financial statements for tax purposes. Such differences can result from the retention of earnings. Deferred tax liabilities were not recognized on differences of € 8.6 million (PY: € 6.0 million) because a realization is not planned at the present time. In the case of sale or profit distribution, the gain on disposal or the dividend, respectively, would be subject to taxation at 5 % in Germany; in addition, foreign withholding taxes might be incurred.

## *(27) Earnings per share*

The earnings per share were determined as follows:

| | | 2012 | 2011 |
|---|---|---|---|
| Net income attributable to shareholders of Axel Springer AG | € millions | 238.1 | 257.8 |
| Weighted average shares outstanding | 000s | 98,728 | 98,517 |
| **Net income attributable to shareholders of Axel Springer AG per share (basic/diluted)** | **€** | **2.41** | **2.62** |

### *(28) Other income/loss*

The other income/loss broke down as follows:

| € millions | 2012 Before tax | 2012 Tax effect | 2012 Net | 2011 Before tax | 2011 Tax effect | 2011 Net |
|---|---|---|---|---|---|---|
| Actuarial gains/losses from defined benefit pension obligations | –69.2 | 21.0 | –48.2 | 17.9 | –5.6 | 12.3 |
| Currency translation differences | 14.1 | 0.0 | 14.1 | –9.6 | 0.0 | –9.6 |
| Changes in fair value of available-for-sale financial assets | –2.0 | 0.7 | –1.3 | 2.4 | –1.7 | 0.7 |
| Changes in fair value of derivatives in cash flow hedges | 15.5 | –4.6 | 10.9 | 5.1 | –1.6 | 3.5 |
| Other income/loss from investments accounted for using the equity method | –0.3 | 0.0 | –0.3 | 0.0 | 0.0 | 0.1 |
| **Other income/loss** | **–42.0** | **17.1** | **–24.9** | **15.9** | **–8.9** | **7.0** |

## *Notes to the consolidated statement of cash flows*

### *(29) Other disclosures*

The cash and cash equivalents were composed of short-term available cash in banks, securities, cash on hand, and checks.

Capital expenditures of € 2.5 million (PY: € 2.0 million) had not yet been realized as cash payments. This related to additions in both intangible assets and property, plant, and equipment.

The acquisition costs, cash payments as well as purchased assets and liabilities for business acquisitions are presented in the following table:

| € millions | 2012 | 2011 |
|---|---|---|
| Intangible assets | 364.5 | 278.7 |
| Property, plant, and equipment | 26.4 | 1.5 |
| Non-current financial assets | 1.4 | 2.8 |
| Trade receivables | 27.1 | 19.3 |
| Other assets | 15.8 | 6.6 |
| Cash and cash equivalents | 20.7 | 49.1 |
| Provisions and liabilities | –31.3 | –59.0 |
| Deferred tax liabilities | –90.8 | –93.8 |
| **Net assets** | **333.7** | **205.2** |
| Acquisition cost (preliminary) | 683.3 | 751.2 |
| Thereof paid | 537.7 | 641.3 |

The amounts from the purchases of shares in consolidated subsidiaries and business units less cash and cash equivalents acquired reported in the cash flow statement, in addition to cash payments and acquired funds, also include payments for acquisitions of the previous years.

The following table provides details of sales proceeds, paid up amounts as well as disposed assets and liabilities arising from the divestitures:

| € millions | 2012 | 2011 |
|---|---|---|
| Goodwill | 1.6 | 0.0 |
| Other intangible assets | 9.9 | 0.0 |
| Property, plant, and equipment | 2.4 | 0.0 |
| Non-current financial assets | 1.7 | 0.0 |
| Trade receivables | 2.9 | 0.5 |
| Other assets | 3.9 | 0.6 |
| Cash and cash equivalents | 5.5 | 5.5 |
| Provisions and other liabilities | –3.7 | –0.6 |
| Deferred tax liabilities | –0.5 | 0.0 |
| **Disposal net assets** | **23.7** | **6.0** |
| Net realizable value | 0.0 | 0.7 |
| Thereof paid-up | 0.0 | 0.7 |

The disclosure of cash inflows and outflows from divestitures in the cash flow statement is made under proceeds from disposals of consolidated subsidiaries and business units less cash and cash equivalents given up as well as under the changes in cash and cash equivalents due to changes in companies included in consolidation.

In the reporting year, we contributed both € 25.0 million (PY: € 25.2 million) in cash and also real estate assets with carrying amounts of € 31.3 million (PY: € 17.3 million) to our plan assets to secure and service existing pension obligations of Axel Springer (see note (13)).

The other financing in the cash flow from financing activities particularly included the contributions from co-shareholders in the context of jointly effected company acquisitions.

# *Notes to the consolidated segment report*

## *(30) Basic principles of segment reporting*

The segment reporting reflects the internal management and reporting structures.

The reporting format is structured according to the operating business areas of the Axel Springer Group and comprises the reporting segments Digital Media, Newspapers National, Magazines National, Print International, and Services/Holding.

Segmentation of assets, liabilities, and investments based on the operating segments does not occur as these measures are not used for decision making at segment level.

### *(a) Operating segments*

The online and broadcasting activities are comprised within the Digital Media segment. In particular, this segment comprises online activities derived from print brands and the activities of Axel Springer Digital Classifieds, ZANOX, Onet, Idealo, and auFeminin. Furthermore, this segment also comprises the investment in the TV broadcast company Doğan TV.

The Newspapers National segment includes daily newspapers and Sunday newspapers, national and regional subscription newspapers, and advertising supplements. This segment also included investments in German newspaper publishing companies.

The Magazines National segment includes TV program guides, women's magazines, computer, car, sports, and music magazines, as well as investments in magazine publishing companies in Germany.

The newspapers and magazines published in foreign countries are comprised within the Print International segment.

The Services/Holding segment comprises the remaining business activities, including services such as customer service, sales, logistics, direct marketing, and office buildings, as well as purely internal departments like IT, accounting, personnel, and corporate staff departments. Our three offset printing plants, and the rotogravure printing company PRINOVIS are likewise included in the Services/Holding segment.

### (b) Geographical information

The activities of the Axel Springer Group are conducted mainly in Germany and in other European countries.

For purposes of geographical segment reporting, the revenues are segmented according to the location of the customer's registered office and the non-current assets according to the location of the legal entity.

## (31) Segment information

The segment information was compiled on the basis of the recognition and measurement methods applied in the consolidated financial statements.

The external revenues comprise circulation revenues from the sale of publishing products, advertising revenues, and revenues from rendering services. The internal revenues consist of revenues from the exchange of goods and services between the various segments. The transfer pricing is based on cost coverage.

We use the performance figure EBITDA (earnings before interest, taxes, depreciation, and amortization) to measure segment earnings. In calculating this performance figure, non-recurring effects are eliminated.

Non-recurring effects include effects from the acquisition and disposal of subsidiaries, business divisions, and investments, as well as impairment and write-ups of investments, effects from the sale of real estate, and special depreciation and write-ups of real estate used by the company.

The non-recurring effects of € –11.4 million in the Digital Media segment related particularly to income from the revaluation of contingent liabilities (€ 23.1 million), the loss on the sale of the online game provider gamigo (€ –16.9 million), expenses in connection with completed business combinations (€ –6.9 million), and impairment losses on financial assets (€ –8.4 million). Income from sales of investments in the Magazines National segment and impairments on financial assets in the Print International segment were recognized as non-recurring effects.

In the prior year, the non-recurring effects primarily recorded impairments on financial assets in the Print International segment (€ –8.1 million).

The effects of purchase price allocations mainly consisted of amortization and depreciation on remeasured assets acquired in the context of business combinations. They also contain impairment losses on goodwill in the amount of € 17.4 million in the Digital Media segment (PY: € 6.5 million in the Print International segment and € 1.2 million in the Services/Holding segment).

The reconciliation of the income from investments and depreciation, amortization, and impairments is shown below:

| € millions | 2012 | 2011 |
|---|---|---|
| Income from investments included in EBITDA | 18.3 | 19.1 |
| Non-recurring effects included in income from investments | –10.3 | –9.6 |
| **Income from investments** | **7.9** | **9.5** |
| Depreciation, amortization, impairments, and write-ups (except from purchase price allocations) | –90.5 | –82.0 |
| Thereof write-ups | –5.2 | –2.2 |
| Effects of purchase price allocations as far as depreciation, amortization, and impairments are affected | –76.5 | –54.7 |
| **Depreciation, amortization, and impairments** | **–172.2** | **–138.8** |

The non-current segment assets include intangible assets, goodwill, property, plant, and equipment, as well as investment properties.

# Other disclosures

## (32) Capital management

Beyond the provisions of German law applicable to stock corporations, Axel Springer AG is not subject to any further obligations relating to capital preservation, whether from its own Articles of Incorporation or from contractual obligations. The financial key figures we used for management purposes are primarily earnings-driven. The goals, methods, and processes of our capital management are subordinate to the earnings-driven financial key figures.

We can utilize the funds derived from the promissory note loan placed in the reporting year (€ 500.0 million) and also draw down our credit facility (€ 900.0 million) both for general business purposes as well as to finance acquisitions.

The promissory note loan was placed in the capital market to refinance the credit facility in the amount of € 500.0 million that expired in August 2012. The promissory note loan has a term of four years (nominal value of € 269.5 million) or six years (nominal value of € 230.5 million). In addition, we have arranged a new credit facility in the amount of € 900.0 million and thus replaced the credit line in the amount of € 1.0 billion that expires in August 2013. Drawdowns of this new credit facility will become due and payable in September 2017. The drawdown of the credit facilities is tied to compliance with the credit terms. Since the existence of the credit facilities we have fully complied with all credit terms.

For the purpose of maintaining and adjusting the capital structure, the company can adjust the dividend payments to its shareholders or purchase treasury shares representing up to 10.0 % of the subscribed capital. Treasury shares can be used for acquisition financing or they can be retired. As of December 31, 2012, the treasury shares represented 0.2 % (PY: 0.3 %) of the company’s subscribed capital.

## *(33) Financial assets and liabilities*

The balance sheet items comprising financial assets and liabilities can be attributed to the measurement categories according to IAS 39 as follows:

| € millions | Carrying amount | Loans and recei-vables | Financial liabilities | Available-for-sale financial assets | Financial assets and liabilities held for trading | No category according to IAS 39 |
|---|---|---|---|---|---|---|
| **Assets 12/31/2012** | | | | | | |
| Other non-current investments and securities | 417.8 | | | 417.8 | | |
| Loans and advances | 28.5 | 28.5 | | | | |
| Other non-current financial assets | 446.3 | 28.5 | | 417.8 | | |
| Trade receivables | 502.6 | 502.6 | | | | |
| Receivables due from related parties | 40.9 | 11.5 | | | | 29.4 |
| Derivatives designated as a hedging instrument | 0.7 | | | | | 0.7 |
| Other | 175.3 | 143.8 | | | | 31.5 |
| Other assets | 176.0 | 143.8 | | | | 32.2 |
| Cash and cash equivalents | 254.1 | 254.1 | | | | |
| **Liabilities 12/31/2012** | | | | | | |
| Financial liabilities | 703.7 | | 650.0 | | | 53.6 |
| Trade payables | 282.2 | | 282.2 | | | |
| Liabilities due to related parties | 25.5 | | 13.4 | | | 12.1 |
| Derivatives designated as a hedging instrument | 1.2 | | | | | 1.2 |
| Derivatives not designated as a hedging instrument | 6.9 | | | | 6.9 | |
| Contingent consideration | 201.5 | | | | | 201.5 |
| Other | 391.0 | | 98.7 | | | 292.4 |
| Other liabilities | 600.6 | | 98.7 | | 6.9 | 495.1 |
| | | | | | | |
| **Assets 12/31/2011** | | | | | | |
| Other non-current investments and securities | 430.4 | | | 430.4 | | |
| Loans and advances | 25.5 | 25.5 | | | | |
| Other non-current financial assets | 455.9 | 25.5 | | 430.4 | | |
| Trade receivables | 442.4 | 442.4 | | | | |
| Receivables due from related parties | 41.9 | 14.7 | | | | 27.2 |
| Derivatives not designated as a hedging instrument | 0.4 | | | | 0.4 | |
| Other | 184.2 | 157.1 | | | | 27.1 |
| Other assets | 184.6 | 157.1 | | | 0.4 | 27.1 |
| Cash and cash equivalents | 244.0 | 244.0 | | | | |
| **Liabilities 12/31/2011** | | | | | | |
| Financial liabilities | 716.9 | | 693.9 | | | 23.0 |
| Trade payables | 272.1 | | 272.1 | | | |
| Liabilities due to related parties | 27.6 | | 17.9 | | | 9.7 |
| Derivatives designated as a hedging instrument | 14.8 | | | | | 14.8 |
| Derivatives not designated as a hedging instrument | 0.7 | | | | 0.7 | |
| Contingent consideration | 88.2 | | | | | 88.2 |
| Other | 324.6 | | 72.7 | | | 252.0 |
| Other liabilities | 428.3 | | 72.7 | | 0.7 | 355.0 |

With the exception of the following financial assets and liabilities, the valuation is at amortized cost.

| € millions | Fair value based on market price | Fair value based on observable market data | Fair value not based on observable market data |
|---|---|---|---|
| **December 31, 2012** | | | |
| Other non-current investments and securities | 22.1 | | |
| Derivatives designated as a hedging instrument (positive fair value) | | 0.7 | |
| Derivatives designated as a hedging instrument (negative fair value) | | 1.2 | |
| Derivatives not designated as a hedging instrument (negative fair value) | | 6.9 | |
| Contingent consideration | | | 201.5 |
| **December 31, 2011** | | | |
| Other non-current investments and securities | 22.7 | | |
| Derivatives designated as a hedging instrument (negative fair value) | | 14.8 | |
| Derivatives not designated as a hedging instrument (positive fair value) | | 0.4 | |
| Derivatives not designated as a hedging instrument (negative fair value) | | 0.7 | |
| Contingent consideration | | | 88.2 |

The fair values mainly depending on the future development of net income of the corresponding companies developed as follows:

| € millions | 2012 | Thereof Onet | Thereof Immoweb | 2011 |
|---|---|---|---|---|
| January 1 | 88.2 | 0.0 | 0.0 | 87.1 |
| Initial consolidation | 142.0 | 88.1 | 46.0 | 30.7 |
| Divestment | 0.0 | | | –38.8 |
| Payment | –2.9 | | | –0.5 |
| Revaluation not affecting net income | –5.5 | | | 6.5 |
| Revaluation affecting net income | –23.5 | 1.3 | 0.0 | –0.8 |
| Thereof other operating income | –25.5 | | | –3.1 |
| Thereof other operating expenses | 1.9 | 1.3 | | 2.3 |
| Compound | 3.1 | 0.3 | 0.1 | 4.1 |
| **December 31** | **201.5** | **89.7** | **46.1** | **88.2** |
| Thereof revaluation affecting net income | 172.4 | 89.7 | 46.1 | 54.3 |
| Thereof revaluation not affecting net income | 29.0 | 0.0 | 0.0 | 33.9 |

With the exception of the financial liabilities presented below, the carrying amounts of the non-derivative financial assets and liabilities were identical to their fair values.

| | 12/31/2012 | | 12/31/2011 | |
|---|---|---|---|---|
| € millions | Carrying amount | Fair value | Carrying amount | Fair value |
| Liabilities | 650.0 | 663.6 | 693.9 | 695.2 |
| Thereof promissory note loan | 498.8 | 512.1 | - | - |
| Thereof due to banks | 151.2 | 151.5 | 693.9 | 695.2 |

The net gains and losses of financial instruments (excluding interest and dividends) recognized in the income statement are presented in the following table:

| € millions | 2012 | 2011 |
|---|---|---|
| Loans and receivables and financial liabilities | 8.6 | –5.6 |
| Available-for-sale financial assets | –11.8 | –1.4 |
| Financial assets and liabilities held for trading | –0.1 | –0.1 |

The net gains and losses in the categories of “loans and receivables” and “financial liabilities” consisted mainly of contingent liabilities, valuation allowances, and the result from the currency translation. They were allocated to financial liabilities measured at fair value affecting net income in the amount of € 23.5 million.

The net gains or losses of “available-for-sale financial assets” consisted mainly of the gains and losses on the disposal of these financial assets. The net gains and losses in the category of “financial assets and liabilities held for trading” mostly resulted from valuation changes and other expenses for financial derivatives assigned to this category.

Relating to available-for-sale financial assets, negative fair value changes of € 2.0 million were recognized directly in equity for the remeasurement of our investment in iProperty (PY: positive fair value adjustments of € 5.0 million). In the reporting year, as in the prior year, none of the amounts recognized in equity were reversed by recognition in the income statement.

## *(34) Financial risk management*

With respect to its financial assets and liabilities, the Axel Springer Group is exposed to financial market risks, liquidity risks, and credit risks. The task of financial risk management is to limit these risks by means of targeted measures.

### *(a) Financial market risks*

Financial market risks for financial assets and liabilities mainly consist of interest rate risks and exchange rate risks.

With regard to selected financial instruments, compliance with prescribed loss limits is monitored on a daily basis. In principle, the effects of these risks on the value can be assessed promptly and, where applicable, the loss risks can be reduced.

Selected derivative hedging instruments are used to hedge risks. The use of financial derivatives is governed by appropriate guidelines of the Group. These guidelines define the relevant responsibilities, permissible actions, and reporting requirements, and prescribe the strict separation of trading and back-office functions.

To hedge the interest rate risk, we employ interest rate derivatives such as interest rate swaps, collars, forward rate agreements, and interest futures. The degree of hedging specified in the Axel Springer finance regulations ranges between 30 % and 100 % of the underlying transaction volume. In the annual average, 73 % (PY: 56 %) of the liabilities to banks have been hedged. At the reporting date, an amount of € 37.5 million (PY: € 360.0 million) of the variable-interest liabilities due to banks was not hedged.

The effects of market interest rate changes on variable-interest financial instruments not hedged with financial derivatives are calculated using a sensitivity analysis. Assuming a parallel shift in the yield curve of 50 basis points, the financial result would change by € 1.6 million (PY: € 1.8 million).

Further effects of market interest rate changes in financial derivatives designated as hedging instruments in the context of cash flow hedges are likewise determined using a sensitivity analysis. Assuming a parallel shift in the yield curve of 50 basis points, the change in the market value of interest rate derivatives would amount to € 0.6 million (PY: € 1.9 million). This effect in the amount of € 0.5 million would be recognized in the financial result, as these financial derivatives while effectively being economic hedges, do not any more meet the hedge accounting criteria since the refinancing of the credit facilities made in the reporting year. This effect would have to be recorded in accumulated other comprehensive income.

Risks of changes in value due to exchange rate fluctuations in future foreign currency payments are mainly avoided in that operating costs are incurred in the countries in which we sell our products and services. Remaining currency risks from operations are insignificant to the Group since the majority of EBITDA is earned in the euro currency zone. In the reporting period, the share of EBITDA not earned in euros was 14 % (PY: 11 %). Currency risks from foreign currency claims and liabilities (without contingent compensation) with net exposures starting at € 5 million per foreign currency are hedged by means of coordinated forward exchange transactions.

Cash and cash equivalents in local currency that are generated in non-euro countries are either reinvested to develop the local business activities, placed at Axel Springer AG and secured by forward exchange transactions, or distributed. Therefore, the foreign exchange risk from fluctuating exchange rates for foreign currency cash and cash equivalents is limited.

Effects from the currency translation of statements prepared by subsidiaries in foreign currencies are recorded directly in accumulated other comprehensive income. Therefore, Axel Springer does not hedge such currency effects.

### *(b) Liquidity risk*

We continually monitor the availability of financial resources to fund the company's operating activities and investments by means of a Group-wide liquidity planning system and monthly cash flow analyses. The liquidity and financial flexibility of the Axel Springer Group is secured by firmly promised credit facilities in the amount of € 900.0 million (until 2017) as well as a promissory note loan placed in the reporting year (€ 500.0 million). Note (17) contains an analysis of the due dates of our financial obligations. The payment obligations for financial obligations that have been contractually agreed but not yet recorded are presented in note (39).

### *(c) Credit risk*

Financial assets may be impaired if business partners do not adhere to payment obligations. The maximum exposure to risk from financial assets, which are fundamentally subject to credit risk, correspond to their carrying amounts.

Significant risk items are contained in trade receivables, receivables due from related parties, other assets, and funds.

The majority of our business models are based on a widely distributed and heterogeneous customer base. We therefore estimate the risk of significant defaults to be low. To the extent that credit risks are discernible, we reduce them using active management of receivables, credit limits, and credit checks of our business partners. Appropriate allowances are formed to account for discernible default risks.

A deferred purchase price of € 100.0 million (PY: € 125.0 million) carried in other assets and related interest claims in connection with the sale of investments in regional newspapers are hedged by a contractual lien on the shares sold.

Investments in securities are made only in instruments with first-class ratings according to our finance regulations. Investment in time deposits occurs exclusively at financial institutions that belong to the deposit protection fund and are classified by leading rating agencies as being at least of Investment Grade Status (BBB, Baa).

## *(35) Financial derivatives*

### *(a) Financial derivatives designated as hedging instruments*

In 2012, designated hedging instruments were used in particular to hedge against the interest rate risks of long-term liabilities. The cash flows were hedged through interest rate derivatives (interest rate swaps and collars). The maturities and nominal amounts of the interest rate derivatives were chosen to match the corresponding tranches of the variable-interest loans (hedged items). The interest rate derivatives were measured at fair value. The changes in the fair value are recognized in accumulated other comprehensive income until the hedged item is realized.

The fair value measurement of the interest rate derivatives at the reporting date yielded negative fair values of € –1.2 million (PY: € –14.8 million). In connection with the refinancing of our credit facilities the hedging relationship of the individual interest rate derivatives did not apply in the reporting year. Unrealized losses from the revaluation of interest rate derivatives were recognized in the accumulated other comprehensive income as expenses in the amount of € 10.5 million.

In addition, as of the balance sheet date there existed the hedging relationship through the forward exchange contracts with a positive fair value of € 0.7 million (PY: € 0.0 million). This derivative secured the payment of the purchase price adjustment for the acquisition of Onet made in Polish zlotys at the beginning of 2013 (expected nominal value of € 8.4 million).

Fair value changes in the net amount of € –0.2 million (PY: € –10.7 million) after taxes were recognized in accumulated other comprehensive income.

### *(b) Financial derivatives not designated as hedging instruments*

As of December 31, 2012, loans in the nominal amount of € 280.0 million (PY: € 280.3 million) were hedged. These derivatives, while being economic hedges, do not meet hedge accounting criteria. The accounting for the interest rate derivatives was therefore recognized at fair value through profit or loss. The valuation of these derivatives resulted in the negative fair values of € – 6.7 million as of the balance sheet date (PY: € 0.0 million).

As of December 31, 2012, currency swaps regarding loans of foreign subsidiaries with a negative fair value of € –0.2 million (PY: € –0.7 million) had a nominal amount of € 26.5 million (PY: € 9.7 million). In addition, the previous year`s currency swaps regarding loans of foreign subsidiaries with a positive fair value of € 0.4 million had a nominal amount of € 15.2 million.

In order to secure our investment in Doğan TV, we concluded several guarantee agreements (derivatives) with the seller. As a reliable fair value measurement of our investment in Doğan TV is not possible, the valuation of the derivatives is at amortized cost according to the recognition of our investment.

## *(36) Relationships with related parties*

Related parties are defined as those persons and companies that control, are jointly managed, or can exert a significant influence over the Axel Springer Group, or that are controlled, jointly managed, or subject to significant influence by the Axel Springer Group. Accordingly, the members of the Springer family, the companies controlled, jointly managed, or subject to significant influence by this family, as well as companies in whose management they hold a key position have been defined as related parties for the Axel Springer Group. Control of the Group is exercised by Axel Springer Gesellschaft für Publizistik GmbH & Co or its parent company, Friede Springer GmbH & Co. KG, a majority of which is attributable to Dr. h. c. Friede Springer. In addition, the subsidiaries and associated companies of the Axel Springer Group have been defined as related companies. In addition to the active members of the Executive Board and Supervisory Board of Axel Springer AG (including their family members) and their majority holdings, the institutions managing the plan assets of the Axel Springer Group must also be considered related parties.

Besides the business relationships with the consolidated subsidiaries, the following business relationships existed with related parties:

| € millions | Total | Associated companies | Other related parties | Total | Associated companies | Other related parties |
|---|---|---|---|---|---|---|
| **Balance sheet** | 12/31/2012 | | | 12/31/2011 | | |
| Loans | 3.1 | 2.3 | 0.8 | 1.5 | 0.7 | 0.8 |
| Receivables | 40.9 | 39.1 | 1.8 | 41.9 | 39.7 | 2.1 |
| Thereof trade | 9.1 | 8.8 | 0.4 | 12.2 | 11.4 | 0.8 |
| Thereof allowances | 28.1 | 2.4 | 25.8 | 27.3 | 2.6 | 24.7 |
| Provisions | 6.2 | 0.0 | 6.2 | 7.4 | 0.0 | 7.4 |
| Liabilities | 25.5 | 7.0 | 18.5 | 27.6 | 9.4 | 18.2 |
| Thereof trade | 13.0 | 7.0 | 6.1 | 14.6 | 6.4 | 8.3 |
| **Income statement** | 2012 | | | 2011 | | |
| Goods and services supplied | 63.4 | 61.1 | 2.2 | 90.3 | 87.9 | 2.3 |
| Goods and services received | 101.3 | 70.7 | 30.7 | 101.9 | 75.5 | 26.4 |
| Financial result | 0.3 | 0.2 | 0.1 | 0.4 | 0.0 | 0.4 |

The changes in the allowances for receivables due to related parties are presented in the table below:

| € millions | 2012 | 2011 |
|---|---|---|
| **Balance as of January 1** | **27.3** | **25.0** |
| Reversals | −0.4 | −0.1 |
| Additions | 1.2 | 1.3 |
| Other changes | 0.0 | 1.1 |
| **Balance as of December 31** | **28.1** | **27.3** |

As of December 31, 2012, receivables in the amount of € 40.7 million (PY: € 40.5 million) were neither past due nor subject to valuation allowances. With regard to these receivables, there were no indications at the reporting date that would suggest that the related parties would not fulfill their payment obligations.

The receivables due from associated companies included a reimbursement right for pension obligations in the amount of € 29.4 million (PY: € 27.2 million) (see note (13)).

The provisions referred to pension obligations owed to members of the Executive Board. The liabilities include obligations from share-based remuneration owed to members of the Executive Board in the amount of € 12.1 million (PY: € 9.7 million).

Goods and services provided to related companies were mostly related to the distribution of newspapers and magazines. The services received from related companies mainly comprised purchased publishing products and printing services. A master agreement for the printing of magazines is in effect with PRINOVIS until December 31, 2019. Under this agreement, services in the amount of € 53.6 million (PY: € 57.5 million) were rendered for companies of the Axel Springer Group in 2012.

In 2012, the fixed compensation of the members of the Executive Board of Axel Springer AG amounted to € 9.2 million (PY: € 8.7 million). The variable compensation amounted to € 10.7 million (PY: € 8.3 million). The measurement of the share-based compensation granted to the Executive Board of Axel Springer AG gave rise to personnel expense of € 2.3 million in the reporting year. In the prior year, this resulted in other operating income of € 1.3 million. Guaranteed pension payments to members of the Executive Board resulted in a personnel expense of € 0.3 million in fiscal year 2012 (PY: € 0.2 million).

The compensation of the members of the Supervisory Board amounted to € 2.5 million (PY: € 2.5 million). This figure included variable compensation of € 0.5 million (PY: € 0.5 million). A Supervisory Board member received a compensation of € 0.1 million (PY: € 0.1 million) for his services as an author.

The compensation of the members of the Management and Supervisory Board is described in the compensation report, which is part of the notes to the consolidated financial statements. The compensation report is included in the section "Corporate Governance Report".

An amount of € 2.3 million (PY: € 2.2 million) was paid to former Executive Board members and special directors and their survivors. A total amount of € 32.5 million (PY: € 25.6 million) was allocated to the provisions for pension obligations.

For transactions with the institutions managing the plan assets of the Axel Springer Group, please find the explanations in note (13).

## *(37) Contingent liabilities*

As of December 31, 2012, contingent liabilities from guarantees existed in the amount of € 12.7 million (PY: € 16.2 million). In the prior year, obligations from contingent considerations also existed in the amount of € 3.6 million, but we considered their occurrence as not probable.

## *(38) Contingent assets*

Contingent assets were due from KirchMedia GmbH & Co KGaA i.L. in the amount of € 269.8 million (PY: € 273.0 million). In addition, claims to future tax concessions existed in relation to capital investment grants of € 7.1 million (PY: € 8.5 million).

Insofar as advance payments are announced in the context of the insolvency proceedings against KirchMedia GmbH & Co. KGaA i. L., we recognize them as receivables. The receivables accepted in the table of claims by the insolvency administrator originally totaled € 325.0 million. A total of € 3.3 million (PY: € 6.8 million) was paid in the reporting year.

## *(39) Other financial commitments*

The other financial commitments broke down as follows:

| **€ millions** | **12/31/2012** | **12/31/2011** |
|---|---|---|
| Purchase commitments for | | |
| - intangible assets | 2.7 | 15.5 |
| - property, plant, and equipment | 4.1 | 4.0 |
| - inventories | 9.8 | 9.9 |
| Future payments under operating leases | 132.3 | 113.3 |
| Future payments under finance leases | 73.0 | 32.6 |
| Long-term purchase obligations | 150.8 | 173.5 |
| **Other financial obligations** | **372.8** | **348.9** |

The long-term purchase obligations resulted from paper supply contracts.

The future obligations under minimum lease payments from operating leases at December 31, 2012 are broken down in the following table:

| **€ millions** | **2012** | **2011** |
|---|---|---|
| Due in up to one year | 35.7 | 31.1 |
| Due in one to five years | 86.4 | 69.9 |
| Due in more than five years | 10.2 | 12.3 |
| **Total** | **132.3** | **113.3** |

## *(40) Events after the reporting date*

There were no significant events after the reporting date.

## *(41) Declaration of Conformity with the German Corporate Governance Code*

Axel Springer AG published the Declaration of Conformity with the German Corporate Governance Code issued by the Executive Board and Supervisory Board in accordance with Section 161 of the German Stock Corporations Act (AktG) on the company's Web site www.axelspringer.de → Investor Relations → Corporate Governance, where it is permanently available to shareholders. The Declaration of Conformity is also printed in the Corporate Governance section of this Annual Report.

## *(42) Companies included in the consolidated financial statements and share property*

| No. | Company | Share-holding in % | via No. | |
|---|---|---|---|---|
| 1 | Axel Springer Aktiengesellschaft, Berlin (Parent company) | - | - | |
| | **Fully consolidated subsidiaries** | | | |
| | **Germany** | | | |
| 2 | Allesklar.com Aktiengesellschaft, Bad Honnef | 100.0 | 40 | |
| 3 | AS Osteuropa GmbH, Berlin | 100.0 | 15 | |
| 4 | AS TV-Produktions- und Vertriebsgesellschaft mbH, Hamburg | 100.0 | 1 | |
| 5 | ASV Direktmarketing GmbH, Hamburg | 100.0 | 1 | 6) |
| 6 | Axel Springer Asia GmbH, Hamburg | 100.0 | 15 | |
| 7 | Axel Springer Auto-Verlag GmbH, Hamburg | 100.0 | 1 | 6) |
| 8 | Axel Springer Digital Classifieds GmbH, Berlin | 70.0 | 10 | |
| 9 | Axel Springer Digital Classifieds Holding GmbH, Berlin | 100.0 | 8 | |
| 10 | Axel Springer Digital GmbH (previously Axel Springer Venture GmbH), Berlin | 100.0 | 1 | 6) |
| 11 | Axel Springer Digital TV Guide GmbH, Berlin | 100.0 | 1 | 6) |
| 12 | Axel Springer Digital Ventures GmbH (previously Achtundfünfzigste "Media" Vermögensverwaltungsges. mbH), Berlin | 100.0 | 10 | |
| 13 | Axel Springer Financial Media GmbH, Munich | 100.0 | 1 | 6) |
| 14 | Axel Springer International GmbH (previously Fünfundfünfzigste "Media" Vermögensverwaltungsges. mbH), Berlin | 100.0 | 1 | 6) |
| 15 | Axel Springer International Holding GmbH (previously AS Online Beteiligungs GmbH), Berlin | 100.0 | 14 | 6) |
| 16 | Axel Springer Mediahouse Berlin GmbH, Berlin | 100.0 | 1 | 6) |
| 17 | Axel Springer Media Impact Dienstleistungs-GmbH, Berlin | 100.0 | 1 | 6) |
| 18 | Axel Springer Media Logistik GmbH, Berlin | 100.0 | 1 | |
| 19 | Axel Springer Medien Accounting Service GmbH, Berlin | 100.0 | 1 | 6) |
| 20 | Axel Springer Services & Immobilien GmbH, Berlin | 100.0 | 1 | 6) |
| 21 | Axel Springer TV Productions GmbH, Hamburg | 100.0 | 1 | 6) |
| 22 | "Axel Springer Verlag" Beteiligungsgesellschaft mbH, Berlin | 100.0 | 1 | 6) |
| 23 | Axel Springer Vertriebsservice GmbH, Hamburg | 100.0 | 1 | 6) |
| 24 | Bergedorfer Buchdruckerei von Ed. Wagner (GmbH & Co.), Hamburg | 100.0 | 1 | 7) |
| 25 | BERLINER WOCHENBLATT Verlag GmbH, Berlin | 100.0 | 55 | 6) |
| 26 | BILD digital GmbH & Co. KG, Berlin | 100.0 | 1 | 7) |
| 27 | Bonial International GmbH (previously Juno Internet GmbH), Berlin | 74.9 | 1 | |
| 28 | Buch- und Presse-Großvertrieb Hamburg GmbH & Co. KG, Hamburg | 69.8 | 1 | 7) |
| 29 | B.Z. Ullstein GmbH, Berlin | 100.0 | 50 | |
| 30 | Commerz-Film GmbH, Berlin | 100.0 | 15 | |
| 31 | comparado GmbH, Lüneburg | 100.0 | 37 | |
| 32 | COMPUTER BILD Digital GmbH, Hamburg | 100.0 | 1 | 6) |
| 33 | eprofessional GmbH, Hamburg | 100.0 | 56 | |
| 34 | finanzen.net GmbH, Karlsruhe | 55.0 | 12 | |
| 35 | Gofeminin.de GmbH, Cologne | 100.0 | 64 | |
| 36 | hamburg.de GmbH & Co. KG, Hamburg | 51.0 | 10 | 7) |
| 37 | Idealo Internet GmbH, Berlin | 74.9 | 10 | |
| 38 | Immonet GmbH, Hamburg | 88.7 | 9 | |
| 39 | ims Internationaler Medien Service GmbH & Co. KG, Hamburg | 55.0 | 1 | 7) |
| 40 | meinestadt.de Holding GmbH, Berlin | 100.0 | 9 | |
| 41 | Niendorfer Wochenblatt Verlag GmbH & Co. KG, Hamburg | 100.0 | 55 | 7) |
| 42 | PACE Paparazzi Catering & Event GmbH, Berlin | 100.0 | 1 | 6) |
| 43 | Panther Holding GmbH, Berlin | 100.0 | 37 | |
| 44 | Schwartzkopff TV-Productions GmbH & Co. KG, Hamburg | 100.0 | 21 | 7) |
| 45 | Smarthouse Media GmbH, Karlsruhe | 91.0 | 12 | |
| 46 | Sohomint GmbH, Hamburg | 72.6 | 1 | |
| 47 | StepStone Deutschland GmbH, Düsseldorf | 100.0 | 48 | 6) |
| 48 | StepStone GmbH, Berlin | 100.0 | 9 | 6) |
| 49 | Transfermarkt GmbH & Co. KG, Hamburg | 51.0 | 26 | 7) |
| 50 | Ullstein GmbH, Berlin | 100.0 | 22 | |
| 51 | Umzugsauktion GmbH & Co. KG, Schallstadt | 51.0 | 38 | 7) |
| 52 | Visual Meta GmbH, Berlin | 77.7 | 37 | |
| 53 | VVDG Verlags- und Industrieversicherungsdienste GmbH, Berlin | 100.0 | 22 | 6) |
| 54 | WBV Direktzustell-GmbH, Hamburg | 100.0 | 55 | |
| 55 | WBV Wochenblatt Verlag GmbH, Hamburg | 100.0 | 1 | 6) |
| 56 | ZANOX.de AG, Berlin | 52.5 | 10 | |
| | **Other countries** | | | |
| 57 | alFemminile s.r.l., Milan, Italy | 100.0 | 64 | |
| 58 | Amiado Group AG, Zurich, Switzerland | 100.0 | 73 | |
| 59 | Amiado Online AG, Zurich, Switzerland | 100.0 | 58 | |
| 60 | APM Print d.o.o., Belgrade, Serbia | 74.9<br>25.1 | 117<br>97 | |
| 61 | AR Technology SAS, Paris, France | 86.5 | 80 | |
| 62 | AS-NYOMDA Kft, Kecskemét, Hungary | 100.0 | 67 | |
| 63 | auFeminin.com Productions SARL, Paris, France | 100.0 | 64 | |
| 64 | auFeminin.com S.A., Paris, France | 82.2 | 15 | |
| 65 | Autoreflex.com SAS, Paris, France | 100.0 | 61 | |
| 66 | Axel Springer - Budapest Kiadói Kft, Budapest, Hungary | 92.9 | 1 | |
| 67 | Axel Springer - Magyarország Kft, Tatabánya, Hungary | 93.5 | 1 | |
| 68 | Axel Springer Digital Classifieds France SAS, Paris, France | 100.0 | 9 | |
| 69 | Axel Springer España S.A., Madrid, Spain | 100.0 | 1 | |
| 70 | Axel Springer France S.A.S., Neuilly-sur-Seine, France | 100.0 | 1 | |
| 71 | Axel Springer Norway AS (vormals StepStone AS), Oslo, Norway | 100.0 | 10 | |
| 72 | "Axel Springer Russia" Geschlossene Aktiengesellschaft, Moscow, Russia | 100.0 | 3 | |
| 73 | Axel Springer Schweiz AG, Zurich, Switzerland | 100.0 | 1 | |
| 74 | Azet.sk a.s., Zilina, Slovakia | 70.0 | 102 | |
| 75 | Belles Demeures S.A.S., Paris, France | 100.0 | 94 | |
| 76 | Bonial SAS, Paris, France | 100.0 | 27 | |
| 77 | Digital Window Inc., Wilmington, USA | 100.0 | 78 | |
| 78 | Digital Window Limited, London, Great Britain | 50.1 | 56 | |
| 79 | DreamLab Onet.pl sp. z o.o., Krakow, Poland | 100.0 | 83 | |
| 80 | EMAS Digital SAS, Neuilly-sur-Seine, France | 50.0 | 70 | 3) |
| 81 | enFemenino SARL, Madrid, Spain | 100.0 | 64 | |
| 82 | Etoilecasting.com SAS, Paris, France | 100.0 | 64 | |
| 83 | Grupa Onet.pl SA, Krakow, Poland | 100.0 | 118 | |
| 84 | Immoweb SA, Brussels, Belgium | 80.0 | 68 | |
| 85 | IT-Jobbank A/S, Copenhagen, Denmark | 100.0 | 48 | |
| 86 | Les Publications Grand Public S.A.S., Neuilly-sur-Seine, France | 100.0 | 70 | |
| 87 | Marmiton SAS, Paris, France | 100.0 | 64 | |
| 88 | Népújság Kft, Békéscsaba, Hungary | 94.0 | 22 | |
| 89 | Netmums Limited, Watford, Great Britain | 100.0 | 64 | |
| 90 | NIN d.o.o., Belgrade, Serbia | 99.7 | 97 | |
| 91 | ofeminin.pl Sp. z o.o., Warsaw, Poland | 51.0<br>49.0 | 64<br>100 | |
| 92 | Petőfi Lap- és Könyvkiadó Kft, Kecskemét, Hungary | 94.0 | 22 | |
| 93 | Poliris S.A.S., Paris, France | 93.0<br>7.0 | 103<br>94 | |
| 94 | PressImmo On Line S.A.S., Paris, France | 100.0 | 103 | |
| 95 | RAS Online d.o.o., Belgrad, Serbia | 100.0 | 97 | |
| 96 | Ringier Axel Springer CZ a.s., Prague, Czech Republic | 100.0 | 99 | |
| 97 | Ringier Axel Springer d.o.o., Belgrade, Serbia | 100.0 | 99 | |
| 98 | Ringier Axel Springer Management AG, Zurich, Switzerland | 100.0 | 99 | |
| 99 | Ringier Axel Springer Media AG, Zurich, Switzerland | 50.0 | 15 | 3) |
| 100 | Ringier Axel Springer Polska Sp. z o.o., Warsaw, Poland | 100.0 | 99 | |

| No. | Company | Share-hold-ing in % | via No. | |
|---|---|---|---|---|
| 101 | Ringier Axel Springer Print CZ a.s., Prague, Czech Republic | 100.0 | 96 | |
| 102 | Ringier Axel Springer Slovakia a.s., Bratislava, Slovakia | 100.0 | 99 | |
| 103 | SeLoger.com SA, Paris, France | 98.8 | 68 | |
| | | 0.5 | 9 | |
| 104 | SmartAdServer SAS, Paris, France | 100.0 | 64 | |
| 105 | soFeminine.co.uk Limited, London, Great Britain | 100.0 | 64 | |
| 106 | StepStone (UK) Ltd., Guildford, Great Britain | 100.0 | 48 | |
| 107 | StepStone A/S, Copenhagen, Denmark | 100.0 | 48 | |
| 108 | StepStone AB, Stockholm, Sweden | 100.0 | 48 | |
| 109 | StepStone B.V., Leiden, Netherlands | 100.0 | 48 | |
| 110 | StepStone France SAS, Paris, France | 100.0 | 48 | |
| 111 | StepStone Ltd., Cork, Ireland | 100.0 | 71 | |
| 112 | StepStone NV, Brussels, Belgium | 100.0 | 48 | |
| | | 0.0 | 113 | 8) |
| 113 | StepStone Österreich GmbH, Vienna, Austria | 100.0 | 47 | |
| 114 | StepStone Schweiz GmbH, Härkingen, Switzerland | 100.0 | 48 | |
| 115 | StepStone Services Sp. z o.o., Warsaw, Poland | 100.0 | 48 | |
| 116 | Totaljobs Group Limited, London, Great Britain | 100.0 | 48 | |
| 117 | Trans Press d.o.o., Belgrade, Serbia | 100.0 | 97 | |
| 118 | Vidalia Investments Sp. z o.o., Warsaw, Poland | 75.0 | 99 | |
| 119 | Villaweb SARL, Rennes, France | 100.0 | 94 | |
| 120 | Viviana Investments Sp. z o.o., Warsaw, Poland | 100.0 | 100 | |
| 121 | zanox B.V., Amsterdam, Netherlands | 100.0 | 56 | |
| 122 | ZANOX Hispania SL, Madrid, Spain | 100.0 | 56 | |
| 123 | zanox Inc., Chicago, USA | 100.0 | 56 | |
| 124 | zanox ltd., London, Great Britain | 100.0 | 56 | |
| 125 | zanox Reklam Hizmetleri Limited Şirketi, Istanbul, Turkey | 99.9 | 56 | |
| | | 0.1 | 33 | |
| 126 | zanox SAS, Paris, France | 100.0 | 56 | |
| 127 | zanox Sp. z o.o., Warsaw, Poland | 100.0 | 56 | |
| 128 | zanox SRL, Milan, Italy | 100.0 | 56 | |
| 129 | ZANOX VEICULAÇÃO DE PUBLICIDADE NA INTERNET LTDA., São Paulo, Brazil | 100.0 | 56 | |
| | | 0.0 | 33 | 8) |
| 130 | zanox we create partners AB, Stockholm, Sweden | 100.0 | 56 | |
| 131 | ZÖLD ÚJSÁG Tömegkommunikációs és Kiadói Zrt, Budapest, Hungary | 100.0 | 67 | |
| | **Other subsidiaries [1]** | | | |
| | **Germany** | | | |
| 132 | Achtunddreißigste "Media" Vermögensverwaltungsges. mbH, Berlin | 100.0 | 22 | |
| 133 | Alster Wochenblatt Verlag GmbH, Hamburg | 100.0 | 55 | |
| 134 | AS Buchversand GmbH, Munich | 100.0 | 22 | |
| 135 | Axel Springer IdeAS GmbH (previously Einundsechzigste "Media" Vermögensverwaltungsges. mbH), Berlin | 100.0 | 1 | |
| 136 | Axel Springer Security GmbH, Berlin | 100.0 | 1 | |
| 137 | BILD digital Verwaltungs GmbH, Berlin | 100.0 | 1 | |
| 138 | B.Z. Media GmbH, Berlin | 100.0 | 29 | |
| 139 | "Dating Café" Vermittlungsagentur GmbH, Hamburg | 100.0 | 2 | |
| 140 | Dreiundsechzigste "Media" Vermögensverwaltungsges. mbH, Berlin | 100.0 | 1 | |
| 141 | Dreizehnte "Media" Vermögensverwaltungsges. mbH, Hamburg | 100.0 | 1 | |
| 142 | Druck- und Verlagshaus Bergedorf GmbH, Hamburg | 100.0 | 1 | |
| 143 | Finanzen Corporate Publishing GmbH, Berlin | 100.0 | 1 | |
| 144 | Fünfundsechzigste "Media" Vermögensverwaltungsges. mbH, Berlin | 100.0 | 1 | |
| 145 | hamburg.de Beteiligungs GmbH, Hamburg | 100.0 | 36 | |
| 146 | Hammerich & Lesser Zeitschriften- und Buchverlag GmbH, Hamburg | 100.0 | 1 | |
| 147 | Hauptstadtsee 809. VV GmbH, Berlin | 100.0 | 1 | |
| 148 | ims Verwaltungs GmbH, Hamburg | 55.0 | 1 | |
| 149 | Informationsmedien Handels GmbH, Hamburg | 100.0 | 1 | |
| 150 | I.S.I. TV Productions GmbH, Berlin | 100.0 | 44 | |
| 151 | Jobanova GmbH, Munich | 100.0 | 48 | |
| 152 | kinkaa GbR, Berlin | 50.0 | 43 | |
| | | 50.0 | 37 | |
| 153 | meinestadt stellenmarkt GmbH, Siegburg | 100.0 | 2 | |
| 154 | Mein Gutscheincode GmbH, Berlin | 30.0 | 37 | 3) |
| 155 | myPass GmbH (previously Dreiundfünfzigste "Media" Vermögensverwaltungsges. mbH), Berlin | 100.0 | 1 | |
| 156 | Neunundfünfzigste "Media" Vermögensverwaltungsges. mbH, Berlin | 100.0 | 1 | |
| 157 | Schwartzkopff TV-Productions Verwaltungsgesellschaft mbH, Hamburg | 100.0 | 21 | |
| 158 | Scubia GbR, Berlin | 50.0 | 43 | |
| | | 50.0 | 37 | |
| 159 | Sechsundsechzigste "Media" Vermögensverwaltungsges. mbH, Berlin | 100.0 | 1 | |
| 160 | Sechzigste "Media" Vermögensverwaltungsges. mbH, Berlin | 100.0 | 1 | |
| 161 | SmartAdServer GmbH, Berlin | 100.0 | 64 | |
| 162 | Tarif24 GmbH, Berlin | 100.0 | 37 | |
| 163 | TOPS Online Publications GbR, Lüneburg | 90.0 | 31 | |
| | | 10.0 | 37 | |
| 164 | Totaljobs Gruppe GmbH, Munich | 100.0 | 116 | |
| 165 | Transfermarkt Verwaltungs GmbH, Hamburg | 51.0 | 26 | |
| 166 | Umzugsauktion Verwaltungs GmbH, Schallstadt | 51.0 | 38 | |
| 167 | Vierundfünfzigste "Media" Vermögensverwaltungsges. mbH, Berlin | 100.0 | 1 | |
| 168 | Vierundsechzigste "Media" Vermögensverwaltungsges. mbH, Berlin | 100.0 | 1 | |
| 169 | VISION MEDIA Holding GmbH, Hamburg | 100.0 | 1 | |
| 170 | Zanox 1 AG, Berlin | 100.0 | 56 | |
| 171 | Zweiundfünfzigste "Media" Vermögensverwaltungsges. mbH, Berlin | 100.0 | 1 | |
| 172 | Zweiundsechzigste "Media" Vermögensverwaltungsges. mbH, Berlin | 100.0 | 1 | |
| | **Other countries** | | | |
| 173 | Alpha Real spol. s.r.o., Zilina, Slovakia | 100.0 | 74 | |
| 174 | Automotive Exchange Private Limited, Navi Mumbai, India | 53.9 | 6 | |
| 175 | Axel Springer Editions SAS, Neuilly-sur-Seine, France | 100.0 | 146 | |
| 176 | Axel Springer Group Inc., New York, USA | 100.0 | 1 | |
| 177 | Axel Springer Hírszolgálat Kft, Tatabánya, Hungary | 100.0 | 131 | |
| 178 | Axel Springer International Finance B.V., Amsterdam, Netherlands | 100.0 | 1 | |
| 179 | Axel Springer International Group Limited, London, Great Britain | 100.0 | 1 | |
| 180 | Axel Springer Media France S.A.R.L., Neuilly-sur-Seine, France | 100.0 | 70 | |
| 181 | Axel Springer Media Italia s.r.l., Milan, Italy | 100.0 | 1 | |
| 182 | Axel Springer Publishing International Limited, London, Great Britain | 100.0 | 179 | |
| 183 | Axel Springer TV International Limited, London, Great Britain | 100.0 | 179 | |
| 184 | Azet.sk – katalóg s.r.o., Zilina, Slovakia | 100.0 | 74 | |
| 185 | Communications Smart AdServer Canada inc., Montreal, Canada | 100.0 | 64 | |
| 186 | CompuTel Telefonservice AG, Chur, Switzerland | 100.0 | 73 | |
| 187 | Cpress Media s.r.o., Zilina, Slovakia | 100.0 | 74 | |
| 188 | Euro Blic Press d.o.o., Banja Luka, Bosnia-Herzegovina | 100.0 | 97 | |
| 189 | eurobridge Inc., New York, USA | 100.0 | 1 | |
| 190 | EUROPRESS POLSKA Sp. z o. o., Warsaw, Poland | 100.0 | 100 | |
| 191 | Handelszeitung Medien AG, Zurich, Switzerland | 100.0 | 73 | |
| 192 | Harvest Choice Company Limited, Beijing, China | 85.0 | 116 | |
| 193 | Immostreet ES, Barcelona, Spain | 100.0 | 94 | |
| 194 | Jean Frey AG, Zurich, Switzerland | 100.0 | 73 | |
| 195 | Périclès Atlantique S.A.R.L, Casablanca, Morocco | 51.0 | 93 | |
| | | 16.0 | 94 | |
| 196 | Poradca podnikatela a.s., Zilina, Slovakia | 51.0 | 96 | |
| 197 | Reed Advertising (Beijing) Company Limited, Beijing, China | 100.0 | 116 | |
| 198 | Shanghai Springer Advertising Company Ltd. i. L., Shanghai, China | 100.0 | 6 | |

| No. | Company | Share-holding in % | via No. |
|---|---|---|---|
| 199 | Shanghai Springer Distribution Company Ltd. i. L., Shanghai, China | 100.0 | 6 |
| 200 | SMART ADSERVER DO BRASIL LTDA., São Paulo, Brazil | 100.0 | 64 |
| 201 | Smart AdServer España S.L., Madrid, Spain | 100,0 | 64 |
| 202 | Smart AdServer Italia S.r.l., Milano, Italy | 100,0 | 64 |
| 203 | Smart Adserver Limited, London, Great Britain | 100.0 | 64 |
| 204 | Smart AdServer Polska Sp. z o.o., Krakow, Poland | 100,0 | 64 |
| 205 | SPORT.SK s.r.o., Zilina, Slovakia | 66.7 | 74 |
| 206 | SunWeb sp. z o.o., Krakow, Poland | 100.0 | 83 |
| 207 | zanox Schweiz AG, Schlieren, Switzerland | 100.0 | 56 |
| | **Fully consolidated special purpose entities** | | |
| | **Germany** | | |
| 208 | Axel-Springer-Immobilien-Fonds-III-Ostflügel Dr. Rühl & Co. KG, Düsseldorf | - | - |
| | **Investments accounted for using the equity method** | | |
| | **Germany** | | |
| 209 | buecher.de GmbH & Co. KG, Augsburg | 33.3 | 1 |
| 210 | PRINOVIS Ltd. & Co. KG, Hamburg | 25.1 | 1 |
| | **Other countries** | | |
| 211 | Editions Mondadori Axel Springer (EMAS) S.E.N.C., Montrouge Cedex, France | 50.0 | 70 |
| 212 | INFOR BIZNES Sp. z o.o., Warsaw, Poland | 49.0 | 100 |
| 213 | Prvni novinova spolecnost a.s., Prague, Czech Republic | 27.0 | 99 |
| | **Other associated companies and joint ventures [2)]** | | |
| | **Germany** | | |
| 214 | autohaus24 GmbH, Pullach | 50.0 | 7 |
| 215 | Berlin 1 Fernsehen Beteiligungs GmbH & Co. KG, Berlin | 27.4 | 1 |
| 216 | Blitz-Tip Medien-Beteiligungsges. mbH & Co. KG, Bad Soden am Taunus | 33.3 | 55 |
| 217 | Blitz-Tip Medien Verwaltungs GmbH, Bad Soden am Taunus | 33.3 | 55 |
| 218 | Blitz-Tip Radio Hessen Beteiligungsges. mbH & Co. KG, Bad Soden am Taunus | 33.3 | 55 |
| 219 | Bonial Ventures GmbH, Berlin | 74.9 | 1 [5)] |
| 220 | buecher.de Verwaltungs GmbH, Augsburg | 33.3 | 1 |
| 221 | BZV Berliner Zustell- und Vertriebsgesellschaft für Druckerzeugnisse mbH, Berlin | 33.3 | 50 |
| 222 | "Direkt" Redaktionsservice GmbH, Hamburg | 24.8 | 55 |
| 223 | elbe WOCHENBLATT Verlagsges. mbH & Co., Hamburg | 24.9 | 55 |
| 224 | Filmgarten GmbH, Berlin | 42.0 | 37 |
| 225 | Gesellschaft für integrierte Kommunikationsforschung mbH & Co. KG, Munich | 25.0 | 1 |
| 226 | Gesellschaft für integrierte Kommunikationsforschung Verwaltungs GmbH, Munich | 25.0 | 1 |
| 227 | Hamburg 1 Fernsehen Beteiligungs GmbH, Hamburg | 27.0 | 1 |
| 228 | Harburger Zeitungsverwaltungsgesellschaft mbH, Hamburg | 24.8 | 1 |
| 229 | Intermedia Standard Presse-Code GmbH, Hamburg | 32.0 | 1 |
| 230 | InterRed GmbH, Haiger | 24.0 | 1 |
| 231 | ISPC Intermedia Standard Presse-Code GmbH & Co., Hamburg | 32.0 | 1 |
| 232 | KG Hamburg 1 Fernsehen Beteiligungs GmbH & Co., Hamburg | 27.0 | 1 |
| 233 | "Lühmanndruck" Harburger Zeitungsgesellschaft mbH & Co. KG, Hamburg | 24.8 | 1 |
| | | 35.7 | 1 |
| 234 | media kombi nord GbR, Hamburg | 4.8 | 24 |
| | | 4.8 | 233 |

| No. | Company | Share-holding in % | via No. |
|---|---|---|---|
| 235 | Motor-Talk GmbH, Berlin | 20.0 | 12 |
| 236 | MSV Medien Special Vertrieb GmbH & Co. KG, Hamburg | 50.0 | 28 |
| 237 | Myby Beteiligungsgesellschaft mbH i. L., Düsseldorf | 25.1 | 1 |
| 238 | Myby GmbH & Co. KG i. L., Düsseldorf | 25.1 | 1 |
| 239 | Qivive GmbH i. L., Bad Homburg | 33.3 | 1 |
| 240 | Radio Hamburg GmbH & Co. KG, Hamburg | 35.0 | 1 |
| 241 | TVB Transportvermittlungs- und Vertriebsgesellschaft in Bergedorf mbH, Hamburg | 20.0 | 24 |
| 242 | Verlag Hans-Jürgen Böckel GmbH, Glinde | 24.8 | 24 |
| 243 | Verlags-Gesellschaft Hanse mbH & Co. KG, Hamburg | 50.0 | 55 |
| 244 | Verwaltungsgesellschaft elbe WOCHENBLATT mbH, Hamburg | 24.8 | 55 |
| 245 | Verwaltungsgesellschaft MSV Medien Special Vertrieb m.b.H., Hamburg | 50.0 | 28 |
| 246 | Volksdorfer Verlagsgesellschaft mbH, Hamburg | 50.0 | 55 |
| 247 | V.V. Vertriebs-Vereinigung Berliner Zeitungs- und Zeitschriften-Grossisten GmbH & Co. KG, Berlin | 48.5 | 1 |
| 248 | Wochenblatt Verlag Schrader GmbH & Co. KG, Buchholz i.d. Nordheide | 24.8 | 55 |
| 249 | Wochenblatt Verlag Verwaltungsgesellschaft mbH, Buchholz i.d. Nordheide | 24.8 | 55 |
| 250 | WVV Werbevertrieb-Verwaltungs- und Beteiligungs-GmbH, Berlin | 33.3 | 50 |
| 251 | Zeitungs- und Zeitschriften Vertrieb Berlin GmbH, Berlin | 35.5 | 1 |
| | **Other countries** | | |
| 252 | Asocijacija Privatnih Media, Belgrade, Serbia | 20.0 | 97 |
| 253 | BULGARPRESS OOD, Veliko Tarnovo, Bulgaria | 25.5 | 1 |
| 254 | CZ Press s.r.o., Prague, Czech Republic | 50.0 | 23 |
| 255 | DISPANA S.L., Madrid, Spain | 33.3 | 69 |
| 256 | HARLEQUIN MAGYARORSZÁG Kft, Budapest, Hungary | 45.0 | 1 |
| 257 | HUNGAROPRESS Sajtóterjesztö Kft, Budapest, Hungary | 24.0 | 1 |
| 258 | ITAS Media Private Limited, Delhi, India | 49.0 | 6 |
| 259 | PRINOVIS Ltd., London, Great Britain | 25.1 | 1 |
| 260 | SOKOWEB TECHNOLOGIES, S.L., Barcelona, Spain | 36.5 | 27 |
| 261 | Today Merchandise Private Limited, New-Delhi, India | 19.1 | 6 [4)] |
| 262 | VINA WOMAN UK LTD., London, Great Britain | 30.0 | 64 |
| | **Other significant investments** | | |
| | **Other countries** | | |
| 263 | iProperty Group Limited, Sydney, Australia | 17.3 | 103 |
| 264 | Doğan TV Holding A.S., Istanbul, Turkey | 19.9 | 30 |

1) No full consolidation due to immaterial impact (relation of net income and balance sheet total of the company to net income and balance sheet total of the Group).
2) No at equity consolidation due to immaterial impact (relation of net income of the company to net income of the Group).
3) Control due to existing option rights.
4) Significant influence due to existing option rights.
5) Control and profit transfer agreement with the parent company.
6) The company has exercised the exemption options of Section 264 (3) of the German Commercial Code (Handelsgesetzbuch – HGB).
7) The company has exercised the exemption options of Section 264b of the German Commercial Code (Handelsgesetzbuch – HGB).
8) Shares less than 0.1 %.

## Supervisory Board

The Supervisory Board is composed of the following persons:

| Name, occupation | Seats on other mandatory supervisory boards | Seats on comparable boards in Germany and abroad |
|---|---|---|
| Dr. Giuseppe Vita<br>Chairman of the Supervisory Board of Axel Springer AG | Dussmann Verwaltungs AG (until April 2012)<br>Medical Park AG (until December 2012) | Peter Dussmann-Stiftung (member of the Board of Trustees, until April 2012)<br>Allianz S.p.A., Italy (Chairman of the Board of Directors, until May 2012)<br>Barilla G. e R. Fratelli S.p.A., Italy (Board of Directors, until May 2012)<br>Gruppo Banca Leonardo S.p.A., Italy (Chairman of the Board of Directors, until April 2012)<br>Humanitas S.p.A., Italy (Board of Directors, until May 2012)<br>Pirelli & C. S.p.A., Italy (Board of Directors, from March until May 2012)<br>RCS MediaGroup S.p.A., Italy (Board of Directors, since May 2012)<br>UniCredit S.p.A., Italy (Chairman of the Board of Directors, since May 2012) |
| Dr. h. c. Friede Springer<br>Vice Chairwoman of the Supervisory Board of Axel Springer AG | ALBA plc & Co. KGaA<br>ALBA Finance plc & Co. KGaA | ALBA Group plc & Co. KG (Advisory Board) |
| Dr. Gerhard Cromme<br>Chairman of the Supervisory Board of ThyssenKrupp AG | Allianz SE (Vice Chairman, until August 2012)<br>Siemens AG (Chairman)<br>ThyssenKrupp AG (Chairman) | Compagnie de Saint-Gobain, France (Board of Directors) |
| Oliver Heine<br>Attorney at law and partner in the law firm Heine & Partner | | YooApplications AG, Switzerland (Board of Directors) |
| Rudolf Knepper<br>Member of the Supervisory Board of Axel Springer AG (since January 8, 2013) | | |
| Klaus Krone<br>Member of the Supervisory Board of Axel Springer AG | | |
| Dr. Nicola Leibinger-Kammüller<br>President and Chairwoman of the Managing Board of TRUMPF GmbH + Co. KG | Lufthansa AG<br>Siemens AG<br>Voith GmbH | |
| Prof. Dr. Wolf Lepenies<br>University Professor (emer.) FU Berlin; Permanent Fellow (emer.) at Wissenschaftskolleg zu Berlin | | |
| Michael Lewis<br>Investment Manager (until September 30, 2012) | | Cheyne Capital Management Limited, Great Britain (Non-Executive)<br>OIC 07178 Limited, Great Britain (Executive)<br>Oceana Capital Partners LLP, Great Britain (Executive Partner)<br>Oceana Concentrated Opportunities Fund Limited, Jersey, Channel Islands (Non-Executive)<br>Oceana Fund Managers (Jersey) Limited, Jersey, Channel Islands (Non-Executive)<br>Oceana Investment Corporation Limited, Great Britain (Executive Chairman)<br>Oceana Investment Partners LLP, Great Britain (Executive Partner)<br>United Trust Bank Limited, Great Britain (Non-Executive)<br>UTB Partners Limited, Great Britain (Non-Executive)<br>Strandbags Holdings Pty Limited, Australia (Non-Executive Chairman)<br>Peltours Limited, Israel (Non-Executive)<br>Shidonni Limited, Israel (Non-Executive)<br>The Foschini Group Limited, South Africa (Non-Executive)<br>Histogenics Inc., USA (Non-Executive Director and Chairman) |
| Dr. Michael Otto<br>Chairman of the Supervisory Board of Otto GmbH & Co KG | Otto GmbH & Co KG (Chairman) | FORUM Grundstücksgesellschaft m.b.H. (Chairman of the Advisory Board)<br>Robert Bosch Industrietreuhand KG (Partner) |

# *Executive Board*

The Executive Board is composed of the following persons:

| Executive Board member | Seats on mandatory supervisory boards | Seats on comparable boards in Germany and abroad |
|---|---|---|
| Dr. Mathias Döpfner<br>Chairman and Chief Executive Officer<br>Journalist | | B.Z. Ullstein GmbH (Advisory Board)<br>RHJ International SA, Belgium (Board of Directors)<br>Axel Springer Schweiz AG, Switzerland (Chairman of the Board of Directors)<br>Time Warner Inc., USA (Board of Directors) |
| Jan Bayer<br>President WELT Group and Printing<br>Media scholar | Allesklar.com AG (since October 2012) | |
| Ralph Büchi<br>President International Division<br>Master's degree in business administration | ZANOX.de AG (Chairman) | Immoweb SA, Belgium (Chairman of the Board of Directors, since November 2012)<br>AR Technology SAS, France (Board of Directors)<br>auFeminin.com S.A., France (Board of Directors)<br>Autoreflex.com SAS, France (Board of Directors)<br>SeLoger.com S.A., France (Supervisory Board, since July 2012 Chairman)<br>Automotive Exchange Private Limited, India (Non-Executive Director)<br>ITAS Media Private Limited, India (Non-Executive Director)<br>Today Merchandise Private Limited, India (Non-Executive Director)<br>Grupa Onet.pl S.A., Poland (Chairman of the Supervisory Board, since November 2012)<br>Amiado Group AG, Switzerland (Chairman of the Board of Directors)<br>Amiado Online AG, Switzerland (Chairman of the Board of Directors)<br>Axel Springer Schweiz AG, Switzerland (Vice Chairman of the Board of Directors)<br>CompuTel Telefonservice AG, Switzerland (inactive; Chairman of the Board of Directors)<br>Handelszeitung Medien AG, Switzerland (inactive; Chairman of the Board of Directors)<br>Ringier Axel Springer Management AG, Switzerland (Chairman of the Board of Directors, since June 2012)<br>Ringier Axel Springer Media AG, Switzerland (Chairman of the Board of Directors)<br>Axel Springer España S.A., Spain (Board of Directors) |
| Lothar Lanz<br>Chief Financial Officer and Chief Operating Officer<br>Master's degree in business administration | | esmt European School of Management and Technology GmbH (Supervisory Board)<br>Axel Springer Digital Classifieds GmbH (Chairman of the Supervisory Board, since May 2012)<br>Independent News & Media PLC, Ireland (Board of Directors, until June 2012)<br>Axel Springer International Finance B.V., Netherlands (Supervisory Board)<br>Ringier Axel Springer Management AG, Switzerland (Board of Directors, since June 2012)<br>Ringier Axel Springer Media AG, Switzerland (Board of Directors)<br>Doğan TV Holding A.S., Turkey (Supervisory Board) |
| Dr. Andreas Wiele<br>President BILD Group and Magazines<br>Lawyer | ZANOX.de AG<br>dpa Deutsche Presse-Agentur GmbH | B.Z. Ullstein GmbH (Advisory Board)<br>Jahr Top Special Verlag GmbH & Co. KG (Advisory Board, until December 2012)<br>StepStone GmbH (Chairman of the Supervisory Board, since July 2012)<br>auFeminin.com S.A., France (Board of Directors)<br>SeLoger.com S.A., France (Supervisory Board, until July 2012)<br>PRINOVIS Limited, Great Britain (Board of Directors, since January 2012) |

# Financial Calendar

- **March 6, 2013**
  Annual Report, annual financial statements press conference, investor/analyst teleconference
- **April 24, 2013**
  Annual shareholders' meeting, Berlin
- **May 7, 2013**
  Quarterly financial report as of March 31, 2013
- **August 7, 2013**
  Interim financial report as of June 30, 2013
- **November 6, 2013**
  Quarterly financial report as of September 30, 2013

# Imprint

**Address**
Axel Springer AG
Axel-Springer-Strasse 65
10888 Berlin
Phone: +49 (0) 30 25 91-0

**Investor Relations**
ir@axelspringer.de
Phone: +49 (0) 30 25 91-7 74 21/-7 74 25
Fax: +49 (0) 30 25 91-7 74 22

**Corporate Communications**
information@axelspringer.de
Phone: +49 (0) 30 25 91-7 76 60
Fax: +49 (0) 30 25 91-7 76 03

**Design**
Axel Springer AG
Corporate Communications

**Photos**
Daniel Biskup (p. 2, p. 4)
Matti Hillig (p. 4, p. 5)

FSC
www.fsc.org
MIX
Papier aus verantwortungsvollen Quellen
FSC® C013894

The Annual Report and up-to-date information about Axel Springer are also available on the Internet at **www.axelspringer.com**

The English translation of the Axel Springer AG annual report is provided for convenience only. The German original is definitive.