13

Annual Report

axel springer

Contents

4 Foreword

6 Executive Board

8 The Axel Springer share

10 Combined Management Report
12 Fundamentals of the Axel Springer Group
22 Economic report
38 Economic position of Axel Springer SE
41 Events after the reporting date
42 Report on risks and opportunities
53 Forecast report
58 Disclosures and explanatory report of the Executive Board pursuant to takeover law
62 Corporate Governance Report

76 Report of the Supervisory Board

84 Consolidated Financial Statements
85 Responsibility Statement
86 Auditor’s Report
87 Consolidated Statement of Financial Position
89 Consolidated Statement of Comprehensive Income
90 Consolidated Statement of Cash Flows
91 Consolidated Statement of Changes in Equity
92 Consolidated Segment Report
93 Notes to the Consolidated Financial Statements

153 Boards

Group Key Figures

Continuing operations in € millions	Change yoy	2013	2012
Group			
Total revenues	**2.3 %**	**2,801.4**	**2,737.3**
Digital media revenues share (pro forma)		*47.9 %*	*44.6 %*
EBITDA[1]	**–8.9 %**	**454.3**	**498.8**
EBITDA margin[1]		*16.2 %*	*18.2 %*
Digital media EBITDA share		*61.8 %*	*49.4 %*
Consolidated net income	–6.3 %	178.6	190.7
Consolidated net income, adjusted[2]	–11.1 %	229.8	258.6
Segments			
Revenues			
Paid Models	–3.9 %	1,521.5	1,582.9
Marketing Models	8.1 %	716.5	662.8
Classified Ad Models	21.9 %	402.6	330.2
Services/Holding	–0.4 %	160.8	161.4
EBITDA[1]			
Paid Models	–17.1 %	250.1	301.8
Marketing Models	5.4 %	103.4	98.1
Classified Ad Models	22.6 %	163.8	133.6
Services/Holding	-	–63.0	–34.8
Liquidity and financial position			
Free cash flow[3]	–15.0 %	326.7	384.4
Capex[4]	-	–98.4	–80.7
Total assets[5]	–0.7 %	4,773.8	4,808.2
Equity ratio[5]		*47.0 %*	*46.9 %*
Net liquidity/debt[5]	-	–471.3	–449.6
Share-related key figures[6]			
Earnings per share (in €)	–17.8 %	1.34	1.64
Earnings per share, adjusted (in €)[2)7)]	–17.7 %	1.81	2.20
Dividend (in €)[8]	5.9 %	1.80	1.70
Year-end share price (in €)	44.6 %	46.70	32.29
Market capitalization as of December 31[9]	44.8 %	4,620.5	3,189.9
Average number of employees	**6.3 %**	**12,843**	**12,080**

1) Adjusted for non-recurring effects.
2) Adjusted for non-recurring effects and amortization and impairments from purchase price allocations.
3) Cash flow from operating activities minus capital expenditures, plus cash inflows from disposals of intangible assets and property, plant, and equipment.
4) Capital expenditures on intangible assets, property, plant, and equipment, and investment property.
5) As of December 31, 2013 and December 31, 2012, respectively.
6) Quotations based on XETRA closing prices.
7) The earnings per share (basic/diluted) adjusted for non-recurring effects and amortization and impairments from purchase price allocations were calculated on the basis of average weighted shares outstanding in the reporting period (98.9 million).
8) Dividend proposal for the financial year 2013.
9) Based on outstanding shares at the closing price, excluding treasury shares.

Foreword

Dr. Mathias Döpfner
Chairman of the Executive Board

"Axel Springer wants to become the leading digital publisher."

Dear Shareholder!

"1913" is the title of a book by Florian Illies on the subject of this most enigmatic year, which is historically regarded as a year of transformation, upheaval, and new directions. In art history, it is regarded as the symbolic beginning of the modern era of abstract art and conceptual art. There had never been so much change.

There had never been so much change: This statement is also true of your company, Axel Springer, 100 years after 1913. At the start of the year, we announced that 2013 would be a year of reorganization and investment in the future, a year of accelerated and even more profound digital transformation. At the end of 2013, even we were a little surprised at how radical and comprehensive, and above all successful, this transformation has been, after just twelve months. For Axel Springer, 2013 was THE year of transformation, upheaval, and new directions, and perhaps even the beginning of the new modern age of digital journalism.

I must admit that it was the most eventful year I have experienced in the twelve years I have been the Chief Executive Officer of this company. Some may have been surprised by certain developments, but it was really nothing other than the rigorous implementation and concretization of a strategy that was defined, announced, and pursued long ago. So nothing really new.

As we drew close to our previous goal of generating 50 % of our revenues and earnings from the digital business much more quickly than expected, and as we observed that the structural shifts occurring within our industry were speeding up, our initial response was to formulate an even more ambitious strategic goal:

Axel Springer will strive to become the leading digital publisher.

Towards the end of the year, we detailed this strategic proposition in a position paper. This text is our strategic, intellectual, and emotional homeland, which is why we have named it our "homepage," with a slight touch of irony. It defines "what we are and what we want". That is what it's all about.

Specifically, it means that we are, and have been, and will continue to be, an enterprise of people whose minds and hearts are dedicated to journalism. We monetize journalism in the digital world in the same way we have done in the analog world for decades, by relying on three sources of revenue: the paying reader, the advertising customer, and the classified ad customer. From now on, you will see this revenue structure reflected in our revised segment structure, which is presented for the first time in this Annual Report. Our various operating activities are now divided into the segments of Paid Models, Marketing Models, and Classified Ad Models.

This strategy was not altered in the least by the contract we signed to sell our German regional newspapers, women's magazines, and TV program guides to FUNKE Mediengruppe. On the contrary, the ability to focus on our nationwide, market-leading brand families and the additional financial leeway afforded by the sale proceeds of € 920 million have put us in a position to implement this strategy even more decisively and quickly once the transaction has been successfully closed. We are now pursuing the goal of successfully establishing independent journalism in the digital world. In effect, we are striving to emancipate the newspaper from paper.

Precisely for this reason, it was important for us to advocate for the kind of intellectual property rights regime that the German Federal Government enacted in the summer of 2013. It represents the legal basis for the business model of publishing companies in the digital world. Unless the intellectual property we place on the worldwide web is protected from theft, in the same way that common items like coffee are protected from shoplifting, our business model has no legal basis. But now it does, and the rest is up to the publishing companies.

Among other things, publishers need to move quickly to establish paid content offerings and subscription models for their journalism brands. After all, a company that simply gives away its research and editorial production will have good reason to perceive the digital revolution as a threat. We have already converted our core brands of BILD and WELT to digital subscription models and we are extremely pleased with the results so far: 47,000 paying digital subscriptions for WELT and 152,000 for BILD, after only half a year. In the good old analog days, a publisher would have been happy to sign up so many subscribers in so short a time.

As long ago as 2005, we were convinced that video content is an indispensable element of digital journalism. The planned acquisition of ProSiebenSat.1 did not come to fruition, due to the objections of the German Federal Cartel Office. And so we were all the more pleased with the successful acquisition of the TV news station N24 in 2013. We will proceed to develop this TV station into the nucleus of our digital video activities.

Because success in business necessarily entails earning more money than you spend, we continued to work on our cost basis in 2013. The restructuring measures taken at BILD (particularly in the local editorial offices) and the closer integration of BILD Berlin with Berlin's biggest newspaper, B.Z., have delivered the most substantial cost savings to date.

Finally, we honored the increasingly more international structure and orientation of our business by converting Axel Springer AG to the legal form of a European company, or Societas Europaea (SE).

Our operating results were considerably influenced by the unusually high level of investment spending, in the amount of over € 90 million, to establish forward-looking organizational structures and set up new business models. We are pleased that, despite these investments, we generated an EBITDA of € 454.3 million in our continuing operations and an EBITDA margin of 16.2 %. And naturally, we are pleased with the fact that our shareholders rewarded the transformation of our company by bidding up the share price by 44.6 %.

In 2014, we will devote an even higher priority to the sustainable appreciation of our company's value.

We believe that the media industry in general, and Axel Springer in particular, still have their best days ahead of them. And we not only believe that, but we are working hard to make it happen.

Thank you kindly for the trust and confidence you have placed in our company.

Sincerely yours,
Mathias Döpfner

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 Executive 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 Executive 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.

Dr. Julian Deutz

Member of the Executive Board since 2014. Designated Chief Financial Officer as of mid April 2014

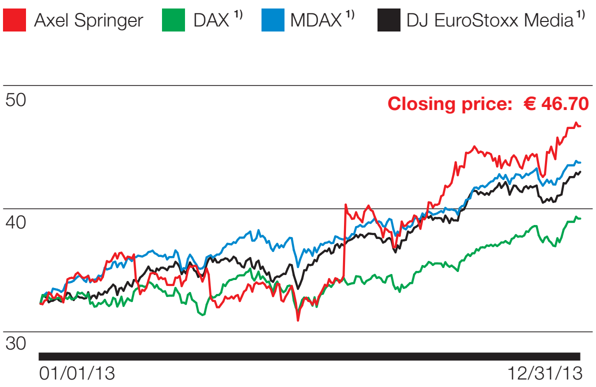
Born 1968, Master's degree in business administration. Career milestones: OC&C Strategy Consultants; head of M&A/Investor Relations Pixelpark AG; CFO Venturepark AG; CFO Steilmann-Gruppe; Axel Springer International; Head of Group Controlling/Corporate Development Axel Springer SE.

The Axel Springer share

2013 was an extremely good year for stock markets

Stock markets had a very good year in 2013. The German lead index, the DAX, closed the year close to its all-time high, and 21.4 % higher than its reading a year earlier. The MDAX also closed on a level close to its all-time high, having gained 35.5 % on the year. The media industry index DJ EuroStoxx Media also performed very well, rising 33.2 % in 2013.

Performance Axel Springer Share



[1] Indexed on the year-end share price of Axel Springer AG as of December 31, 2012.

Strong year for the Axel Springer share

The Axel Springer share performed extraordinarily well in 2013. The year-end price of € 46.70 was 44.6 % higher than its level at the start of the year. Although the share underperformed the comparison indexes until the middle of the year, it was lifted by the announcement of the planned transaction with FUNKE Mediengruppe in late July 2013 (see page 25). In the second half of the year, Axel Springer's share performed considerably better than the DAX. In this period, the company's share also outperformed the comparison index DJ EuroStoxx Media, which tracks the most important European media stocks, and also the MDAX, in which the Axel Springer share is listed. The share reached its high for the year of € 46.99 on December 27, 2013, and touched its low for the year of €30.92 on June 24, 2013. Axel Springer's market capitalization amounted to € 4.6 billion at year-end 2013.

Analyst coverage

At the end of 2013, 18 analysts (PY: 19) covered and appraised the Axel Springer share. One broker discontinued coverage in 2013, while another firm commenced coverage and two other firms that merged now issue a single, unified recommendation. Currently, six brokers are expressing a "buy" recommendation, eleven recommend "hold/neutral" and one analyst firm recommends "sell/underweight". You can find the latest recommendations and share price targets in the Investor Relations section of our website at www.axelspringer.de.

Investor relations

The company's Management and Investor Relations team presented the company and its strategy at investor conferences and road shows in Europe and the United States on a total of 28 days in 2013. In addition, we maintained an ongoing dialog with investors, analysts, and other capital market players in numerous discussions and telephone conferences throughout the year. As usual, the telephone conferences held in connection with the publication of our financial reports were broadcast live on the Internet as audio webcasts, after which they remained available to users of our website. The sixth annual Capital Markets Day for analysts, institutional investors, and bank representatives was held at our company headquarters in Berlin on December 11, 2013. This event was broadcast live as a video webcast and is available as a download from our website, together with the presentations shown at the event. Finally, we inform you regularly of current events in the Investor Relations section of our website at www.axelspringer.de.

Share Information

€	2013	2012	Change
Earnings per share[1)]	1.34	1.64	–17.8 %
Earnings per share (adjusted)[1)2)]	1.81	2.20	–17.7 %
Dividend[3)]	1.80	1.70	5.9 %
Total dividend payout (€ millions)	178.1	167.9	6.1 %
Year-end share price	46.70	32.29	44.6 %
Highest price	46.99	39.52	18.9 %
Lowest price	30.92	31.16	–0.8 %
Market capitalization (€ millions)[4)5)]	4,620.5	3,189.9	44.8 %
Daily traded volume (Ø, € thousands)	6,981.3	5,288.4	32.0 %
Dividend yield[3)5)]	3.9 %	5.3 %	-
Total yield per share per year[6)]	49.9 %	2.3 %	-

1) Continuing operations on the basis of average weighted shares outstanding in the reporting period (98.9 million).
2) Adjusted for non-recurring effects and amortization and impairments from purchase price allocations.
3) Dividend proposal for financial year 2013.
4) Calculated on the basis of the year-end closing price.
5) Based on shares outstanding, excluding treasury shares.
6) Share price development plus dividend payment.

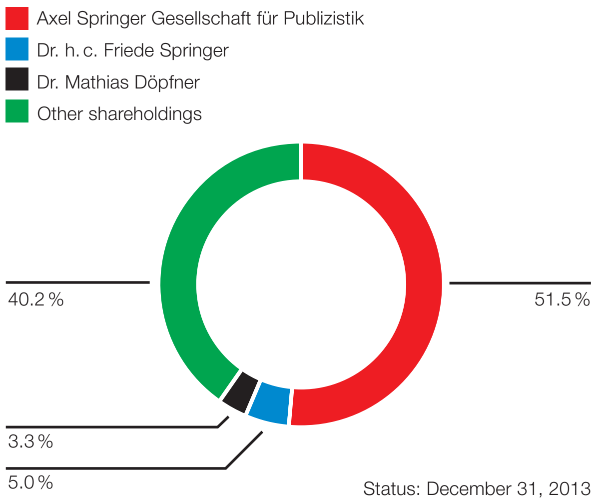
Annual shareholders' meeting

The annual shareholders' meeting was held in Berlin on April 24, 2013. Approximately 460 shareholders, together representing 77.5 % of voting capital, participated in the meeting. All the resolutions proposed by the management – including the proposal to pay a dividend of € 1.70 (PY: € 1,70) per qualifying share, and the proposal to convert Axel Springer AG to the legal form of a European company (Societas Europaea, SE) – were approved by majorities of at least 91.3 %. Based on the closing price of the company's share at the end of 2012, the dividend yield came to 5.3 %. The total dividend payout was € 167.9 million.

Share ownership program

Our employees were given the opportunity to benefit directly from the appreciation of the company's value by participating in our share ownership program. Under this program, all employees of Axel Springer SE and its domestic subsidiaries who were eligible for a profit-sharing bonus for 2012, or who had entered into a target agreement, were given the chance in May 2013 to convert 50 % or 100 % of their profit-sharing bonus or performance-dependent compensation into shares of Axel Springer SE. 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 the full 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 those with target agreements. The shares were taken mainly from the treasury stock of Axel Springer SE, while the rest were purchased on the stock exchange.

Shareholder Structure



Status: December 31, 2013

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

Combined Management Report

12	Fundamentals of the Axel Springer Group
22	Economic report
38	Economic position of Axel Springer SE
41	Events after the reporting date
42	Report on risks and opportunities
53	Forecast report
58	Disclosures and explanatory report of the Executive Board pursuant to takeover law
62	Corporate Governance Report

Summary of business performance and operating results in 2013

The following statements refer exclusively to continuing operations (see page 26).

Axel Springer revised its organizational and management structure in 2013 to reflect the progress made in the digital transformation of the Group. Axel Springer's business activities are now organized into three operating segments: Paid Models, Marketing Models, and Classified Ad Models. In addition, there is the Services/Holding segment.

Axel Springer generally attained the forecast targets published in March 2013 (see page 55).

At € 2,801.4 million, the **total revenues** of the Axel Springer Group were slightly higher (+2.3 %) than the prior-year figure (€ 2,737.3 million). Revenue declines in the Paid Models segment were offset by revenue growth in the Marketing Models and Classified Ad Models segments. Adjusted for consolidation and currency effects, total revenues were on the level of the prior-year figure (+0.2 %). The **pro-forma revenues of digital media** rose to € 1,353.3 million (PY: € 1,268.8 million), reflecting organic growth of 6.7 %.

EBITDA of € 454.3 million was 8.9 % less than the year-ago figure (PY: € 498.8 million), and the EBITDA margin of 16.2 % was likewise below the level of the prior year (PY: 18.2 %). The significantly higher earnings contributions of the Classified Ad Models and Marketing Models segments were offset by decreases in the Paid Models segment, by higher expenditures for restructuring measures and for expanding the Group's digital business, and by valuation effects related to share-based compensation programs, which led to higher personnel expenses. EBITDA of **digital activities** rose by 14.1 %, from € 246.3 million to € 281.0 million. Thereby the EBITDA share from digital activities rose from 49.4 % in 2012 to 61.8 % in 2013 (PY: 26.7 %) of the Group's total EBITDA.

At € 1.81, the **adjusted earnings per share** for continuing operations were less than the year-ago figure of € 2.20.

The Executive Board and Supervisory Board will propose a **dividend** of € 1.80 (PY: € 1.70) per qualifying share at the annual shareholders' meeting to be held on April 16, 2014.

Outlook for 2014

On the Group level, we expect **total revenues** to rise by an amount in the mid single-digit percentage range in financial year 2014. We expect that the planned increase in advertising revenues and other revenues will more than offset the anticipated decline in circulation revenues. The Paid Models, Marketing Models, and Classified Ad Models segments are all expected to generate higher revenues.

We expect **EBITDA** to rise by an amount in the low double-digit percentage range. EBITDA contributions of the Paid Models and Classified Ad Models segments are expected to rise, while EBITDA of the Marketing Models segment is expected to remain on the level of the prior year, due to the planned expenditures for establishing new digital business models.

We anticipate that **adjusted earnings per share** will be higher than the prior-year figure by an amount in the low double-digit percentage range.

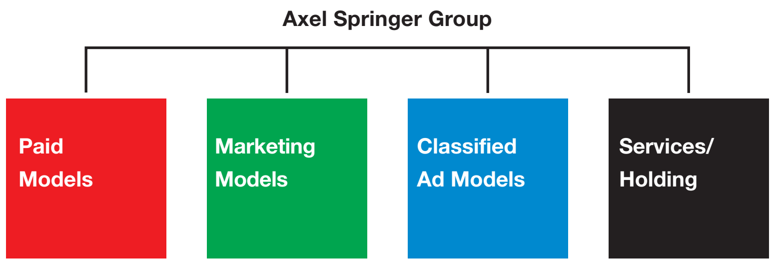
Introductory remarks

The present combined management report for Axel Springer SE 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 SE. Additional information on the economic situation of Axel Springer SE 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).

Fundamentals of the Axel Springer Group

Segments



Business model

Axel Springer is a leading publishing company in Europe. Journalism is the foundation of the business model. The broad-based media portfolio includes successfully established brand families such as the BILD Group and the WELT Group. Journalistic content is delivered to Internet users, readers, viewers, and advertising customers via digital, print, and TV channels. The portfolio is divided into Paid Models, which are used primarily by paying readers, and Mar keting Models and Classified Ad Models, which generate revenue primarily from sales of advertising space and classified ads. The focus is on the digital transformation of the business. Building on its competencies in journalism, technology, and business administration, Axel Springer strives to become the leading digital publisher.

Legal structure, business locations

Axel Springer SE, as the flagship company of the Axel Springer Group, is an exchange-listed stock corporation with its registered head office in Berlin. The Group also maintains offices at other locations in Germany. In addition, the Group comprises numerous companies in other countries. In total, Axel Springer is active in 47 countries, through subsidiaries, joint ventures, and licensing arrangements. As of December 31, 2013, the Axel Springer Group comprised 146 fully consolidated companies, including 82 outside of Germany. The consolidated shareholdings of the Group are listed in Section (42) in the notes to the consolidated financial statements.

The conversion to the legal form of a European company (Societas Europaea, SE) by virtue of the resolution adopted at the annual shareholders' meeting of April 24, 2013 took effect upon being entered in the Commercial Register on December 2, 2013. The European legal form underscores Axel Springer's orientation to international markets and will facilitate the implementation of the internationalization strategy. The dual corporate governance system consisting of an Executive Board and a Supervisory Board has been retained.

Segments of the Axel Springer Group

Axel Springer revised its organizational and management structure in 2013 to reflect the progress made in the digital transformation of the Group. Axel Springer's business activities are now organized into three operating segments: Paid Models, Marketing Models, and Classified Ad Models. In addition, there is the Services/Holding segment.

The segment structure reflects the different customer groups and revenue types of an increasingly digital publisher.

Paid Models

The Paid Models segment encompasses all business models that are primarily used by paying readers.

Portfolio and market position

Paid Models are sub-divided into national and international offerings. The principal activities are summarized in the graph below.

Portfolio Paid Models

National	International	
■ BILD Group	■ Switzerland	■ Russia
■ WELT Group	■ France	■ Spain
	Ringier Axel Springer Media	
	■ Poland	■ Hungary [1]
	■ Slovakia	
	■ Serbia	

[1] Subject to cartel and media authorities clearance.

National Paid Models are mainly offered by the BILD Group and the WELT Group.

The BILD Group comprises both the digital media and the newspapers and magazines of the brand family of BILD and B.Z. Bild.de is Germany's biggest and widest-reach news and entertainment portal. Bild.de is also distributed via mobile channels, with apps for nearly all kinds of smartphones, tablet PCs, and smart TVs, not to mention the mobile portal, once again Germany's most-visited mobile media brand in 2013 ("mobile facts 2013-II" of the Working Group for Online Research (AGOF). Bild.de also offers the products stylebook.de, travelbook.de, BUNDESLIGA bei BILD, and BILD Shop. Autobild.de is the clear market leader among automotive portals featuring editorial content in Germany. BILD is Europe's biggest and widest-reach daily newspaper, as well as the unchallenged market leader in Germany, with a market share of 75.5 % by newsstand sales. (All market share figures for the German newspapers and magazines are based on paid circulation as per IVW as of December 31, 2013). BILD am SONNTAG is Germany's best-selling nationwide Sunday newspaper, with a market share of 62.6 %. B.Z. is Berlin's biggest newspaper. The automotive, computer, and sports media of the BILD brand family make up a magazine and online portfolio built on the core brands of AUTO BILD, COMPUTER BILD, and SPORT BILD. With a market share of 56.3 %, AUTO BILD continues to be Germany's biggest automotive magazine. It is also the No. 1 automotive magazine in Europe. Furthermore, the magazines COMPUTER BILD and SPORT BILD occupy leading European market positions in their respective segments. Based on paid circulation, their German market shares are 41.5 % and 48.0 %, respectively.

The WELT Group comprises the digital media offerings and the newspapers and magazines of the WELT family of brands. DIE WELT ONLINE is one of the most successful online/mobile sites in the segment of German premium newspapers. WELT content is also distributed via tablet PCs, smartphones, and e-readers. In fact, the WELT iPad app is the best-selling news app in the German App Store. DIE WELT am SONNTAG is the undisputed No. 1 title in the market of nationwide premium newspapers, with a distribution market share of 20.0 %. DIE WELT (including WELT KOMPAKT) is the third-biggest premium newspaper in Germany, with a market share of 18.6 %, based on paid circulation. The WELT Group also manages the music magazines ROLLING STONE, MUSIKEXPRESS, and METAL HAMMER.

Together with the TV news station N24, which was acquired in February 2014 (see page 24), the WELT Group will strive to become the leading multimedia news company for quality journalism in the German-speaking world. Furthermore, it plans to use N24 as the central source of video content for all of Axel Springer's brands.

International Paid Models comprise Axel Springer's digital and print activities in western and eastern Europe. In central and eastern Europe, the joint venture Ringier Axel Springer Media is the market leader in the segment of mass-circulation dailies in the countries of Poland, Slovakia, and Serbia. Furthermore, Axel Springer and Ringier plan to contribute their Hungarian activities to the joint venture Ringier Axel Springer Media. In late 2013, we signed a contract to sell our activities in the Czech Republic (see page 25).

Through the leading Polish online group Onet, Ringier Axel Springer Media reaches about 69.7 % of Internet users in Poland. With FAKT as the leading newsstand newspaper and PRZEGLAD SPORTOWY as the country's only national sports daily, the joint venture controls 40.7 % of the market for national dailies (based on paid circulation), making it the biggest newspaper publisher in Poland. NEWSWEEK POLSKA is the market leader in the segment of weekly magazines.

The majority-owned azet.sk is the leading Internet portal in Slovakia, reaching about 80.8 % of Internet users in that country. The market leadership position in the print business is mainly based on the NOVY CAS family of brands, consisting of two newspapers and four magazines. The mass-circulation daily of the same name is the country's biggest newspaper, with a market share of 36.6 %. In total, Ringier Axel Springer Media publishes nine magazines in Slovakia.

In Serbia, Ringier Axel Springer Media is the publisher with the biggest total circulation and reach, with three newspapers and seven magazines and the corresponding web portals. Furthermore, our joint venture publishes Serbia's biggest mass-circulation dailies, ALO! and BLIC, together with their high-reach online portals.

In Hungary, Axel Springer published 50 magazines and eleven daily newspapers, including Sunday editions, in 2013. As the country's second-biggest publisher, with a market share of 19.7 % based on paid circulation, Axel Springer held leading positions in the segments of TV program guides, regional newspapers, and business newspapers, as well as home, automotive, and puzzle magazines. Axel Springer and Ringier plan to contribute their Hungarian activities to their joint venture Ringier Axel Springer Media. In order to meet the requirements of Hungarian competition law and media law, both companies will sell a part of their Hungarian portfolio; this was contractually agreed in January 2014. Ringier Axel Springer Media's Hungarian portfolio will consist of titles with strong market positions and good digitization prospects. Above all, it will comprise mass-circulation dailies, including the market leader BLIKK, and women's magazines.

In Switzerland, Axel Springer publishes HANDELSZEITUNG and 13 magazines. Based on paid circulation, it holds the market leadership position in the segments of business magazines, consumer advice magazines, and TV program guides. HANDELSZEITUNG and the business magazine BILANZ are among the country's biggest publications in the business press segment. In the segment of consumer advice magazines, Axel Springer publishes BEOBACHTER, which is the biggest subscription magazine in Switzerland, and the TV program guides TELE and TV STAR, which are likewise market leaders in their segment. The portfolio also includes brand-derived online portals and the web portals students.ch, partyguide.ch, and usgang.ch.

In Russia, we publish a total of eight print titles and five online portals. Besides the business magazine FORBES and the website of the same name, and the magazines GALA BIOGRAFIA and OK!, the portfolio also includes three magazines of the GEO brand family.

Axel Springer publishes seven magazines in Spain and holds leading positions particularly in the segments of video game magazines, computer magazines, and automotive magazines.

In France, we publish four automotive magazines in a joint venture with the Mondadori Group. Axel Springer sold its TV program guides, women's magazines, and cooking magazines in 2013 (see page 30).

Business model and key factors

The revenues generated in the Paid Models segment consist mainly of circulation revenues and advertising revenues. Circulation revenues are generated on sales of newspapers and magazines and digital subscription models. Advertising revenues are generated by marketing the reach of our online and print media. The value chain, which spans all media, comprises all essential processes involved in the production of information, entertainment, and video content, from conception to editorial work and production, and from there to sales and marketing. The cross-media approach is conducive to the optimal realization of synergies, competencies, and reach values.

All journalism content is collected in integrated newsrooms, some of which are used for more than one publication, and processed there in accordance with the demands of our print and online media. The production process for digital paid content involves the production of editorial content, which we then post on our websites or other digital resources such as smartphones, PC tablets, and smart TVs, or the processing and aggregation of information in databases. We print our newspapers and magazines in our three offset printing plants in Hamburg-Ahrensburg, Essen-Kettwig, and Berlin-Spandau, among other places. We handle all aspects of production and distribution, from plate production to distribution logistics. Digital products are distributed mainly through our own websites or download platforms, such as the app stores of Apple and Google. The print media are distributed nationally and internationally mainly via wholesale press distribution companies, train station bookstores, and press import companies. In Germany, our newspapers and magazines are sold in more than 111 thousand retail outlets.

Axel Springer's Paid Models are centrally marketed in Germany by Axel Springer Media Impact (ASMI), the leading cross-media marketer (based on gross market shares). The digital marketing portfolio also includes content produced by other companies.

The business performance of this segment is strongly influenced by the growing use of digital content. A key growth driver is the mobile Internet, via smartphones and tablets, which are mostly used in addition to stationary Internet connections (source: AGOF mobile facts 2013-II). Other key factors besides online usage behavior are the willingness of consumers to pay for online content and the development of the market for paid content. Digital content is also driving the growth of the advertising market, while print media advertising revenues are declining across the board.

Regardless of media types, this segment is influenced by the political situation in the relevant markets, as well as the economic environment and performance of advertising markets, in particular. Aside from the general market cyclicity, seasonal aspects and non-recurring effects also play a role.

Marketing Models

All business models involving sales to advertising customers under performance-based or reach-based fee arrangements are consolidated within the Marketing Models segment.

Portfolio and market position

The Marketing Models segment is sub-divided into performance-based and reach-based services. The principal activities are summarized in the graph below.

Portfolio Marketing Models

Performance Marketing	Reach Based Marketing
■ zanox ■ Digital Window ■ eprofessional	■ Idealo ■ aufeminin ■ Bonial ■ Smarthouse ■ finanzen.net

Axel Springer's **Performance Marketing** activities are bundled within the zanox Group. The leading provider of success-based online marketing in Europe brings advertisers and publishers together, giving advertisers an efficient way to market their products and services on the Internet. The corporate group comprises the companies ZANOX AG, including Digital Window, and the performance marketing agency eprofessional. In 2013, zanox purchased the remaining minority shares in Digital Window from the company's founders, and expanded its portfolio of real-time advertising products by purchasing a majority interest in the performance display provider Metrigo.

Axel Springer's **Reach Based Marketing** portfolio includes idealo.de, Germany's leading, widest-reach portal for product searches and price comparisons. Idealo searches more than 1.5 million products and more than 130 million offers of online dealers (as of year-end 2013). Furthermore, its success is increasingly international.

aufeminin.com is the European market leader in the segment of web portals devoted to fashion, beauty, and lifestyle. It operates active portals in 15 countries, including the health-care portal onmeda, which operates in Germany and Spain, the cooking website marmiton, and the newsletter-based women's portal mylittleparis.com, which was acquired in 2013.

Under the roof of the Bonial International Group, kaufDA.de is Germany's leading consumer information portal for local shoppers. kaufDA distributes digitized advertising brochures of retailers on a regionalized basis, mainly via the mobile Internet. These services are also offered in France (Bonial France), Spain (Ofertia), Russia (Lokata), Brazil (Guiato), and the United States (Retale).

Smarthouse Media is a leading European provider of complex, web-based financial applications for banks, online brokers, and other providers of financial services.

Germany's widest-reach finance portal finanzen.net provides up-to-date financial markets data on every business day. In line with its internationalization strategy, this portal also operates in Switzerland and Austria, among other places.

Furthermore, Axel Springer holds investments in new-car and used-car portals in Germany (autohaus24.de), France (AutoReflex), and India (CarWale).

In the TV and radio sector, Axel Springer owns Schwartzkopff TV, one of the leading TV station-independent production studios. Schwartzkopff TV produces mainly entertainment-oriented TV shows for public-sector and private-sector TV broadcasters. With direct and indirect investments in leading private-sector radio stations, Axel Springer holds one of the biggest radio portfolios in Germany. Axel Springer continues to hold a minority interest in Turkey's biggest private-sector TV and radio company, the Doğan-TV Group.

Business model and key factors

Performance Marketing gives advertisers the chance to advertise their products and publishers' offerings via text links, banners, and online videos. Advertisers only pay for successfully completed transactions, and publishers receive a portion of this compensation in the form of a commission. Our platforms provide the infrastructure for this efficient form of marketing, record the data flows and transactions, and allow for a variety of services.

This segment benefits from the growth of stationary and mobile Internet usage and the growing shift of purchases to the Internet. Through performance marketing, Axel Springer participates in the growing demand of advertising companies for success-based advertising and marketing models. New targeting technologies allow for the ever more customized and precise placement of online ads.

In our **Reach Based Marketing** activities, ad space is marketed to advertising customers and charged on the basis of the reach generated by the given media offerings (number of users or listeners) or the interaction generated by the reach. Attractive content generates high reach values and topic-specific environments enable advertisers to precisely reach the desired target groups.

Due to the rising use of online media, reach marketing on the Internet is a growing business. Besides display ads like banners, layer ads, and wallpaper, videos are also increasingly being used as online advertising formats. In addition, advertisers are increasingly turning to marketing cooperation ventures and innovative advertising forms such as native advertising, sponsoring, and marketing via YouTube channels. The growing prevalence of mobile terminal devices, in addition to stationary Internet usage, represents additional potential for reach marketing.

Classified Ad Models

The Classified Ad Models segment encompasses all business models that are based on sales of help-wanted ads and real estate ads to paying customers.

Portfolio and market position

The portfolio of leading classified ad portals that Axel Springer has built up in recent years, with a particular emphasis on real estate and help-wanted ads, is bundled within Axel Springer Digital Classifieds. This company is a strategic partnership with the U.S. growth investor General Atlantic, which holds a 30 % interest in the company. The principal activities of this company are summarized in the graph below.

Portfolio Classified Ad Models

Axel Springer Digital Classifieds		
Real Estate	**Jobs**	**Local**
■ SeLoger ■ Immonet ■ Immoweb	■ StepStone ■ Totaljobs ■ Saongroup ■ YourCareerGroup	■ meinestadt.de

In the real estate segment, Axel Springer Digital Classifieds is the market leader in France (with SeLoger) and Belgium (with Immoweb). SeLoger's portfolio also includes some niche portals such as vacances.com and a-Gites.com for vacation home rentals, and belles-demeures.com for luxury properties. Axel Springer Digital Classifieds also operates immonet.de, one of the leading real estate portals in Germany. Under a strategic partnership with the Madsack Group, which holds an 11.3% equity interest in the portal, Immonet is integrated with all of Madsack's newspaper portals, resulting in additional reach.

Axel Springer Digital Classifieds also operates StepStone, the market leader among private-sector job exchanges in Germany and Belgium, and one of the leading providers in Europe. This portal, which specializes in jobs for skilled experts and top managers, is the reach leader in Germany. It also operates Britain's biggest online recruiting portal, via the Totaljobs Group. The Saongroup, which was acquired by StepStone in 2013, operates job portals in 16 countries and is the market leader in Ireland, Northern Ireland, and South Africa. The specialty provider YourCareerGroup, which was likewise acquired in 2013, is the leading niche portal in the German-speaking countries for online ads for hotel and restaurant jobs.

Germany's leading regional portal meinestadt.de offers extensive information about more than 11 thousand German cities and towns, as well as a job exchange and an online business directory.

Business model and key factors

The Classified Ad Models segment generates revenues mainly from sales of classified ads. In the segment of real estate portals, this means selling advertising spaces to brokers, home builders, and private individuals. The job exchanges generate revenues by selling help-wanted ads to companies seeking to hire, and from marketing its online resume databases, in which hiring companies can actively search for suitable job candidates. In addition, the classified ad portals generate revenues by marketing online ad space, through cooperation arrangements, and by providing software functions to their clients.

The business performance of this segment is primarily influenced by the economic environment in the respective market segments. In the real estate segment, key factors include the performance of the given real estate market and the online usage behavior of the people and companies who place ads and those who respond to them. Similarly, the performance of the online job portals depends on the condition of the jobs market in the given country, and on the online usage behavior of the people and companies who place help-wanted ads and those who respond to them. Long-term growth drivers are the continuing shift of classified ads to the Internet, the rising number of Internet users, and the monetization of supplementary products.

Services/Holding

The **Services/Holding** segment, which is essentially unchanged from the earlier segmentation, comprises the Group's service and holding company functions. This segment also comprises our centralized marketing unit Axel Springer Media Impact as well as all activities related to the production and distribution of the BILD Group and the company's magazines, including the Group's own three printing plants and the management of all logistical activities for Axel Springer.

Discontinued operations

The German regional newspapers, TV program guides, and women's magazines, the sale of which to FUNKE Mediengruppe was contractually agreed in December 2013 (see page 25), are presented separately as discontinued operations in the consolidated financial statements for 2013. According to the purchase agreement, the sale of the German regional newspapers, TV program guides, and women's magazines will take effect all together only when all required approvals under merger control law have been granted. The company expects that these approvals can be obtained in the first half of 2014.

Discontinued operations include the regional newspapers BERLINER MORGENPOST and HAMBURGER ABENDBLATT, the advertising supplements in Berlin and Hamburg, and the five TV program guides and two women's magazines of Axel Springer (HÖRZU, TV DIGITAL, FUNK UHR, BILDWOCHE, TV NEU, BILD der FRAU, FRAU von HEUTE), including the corresponding digital brands.

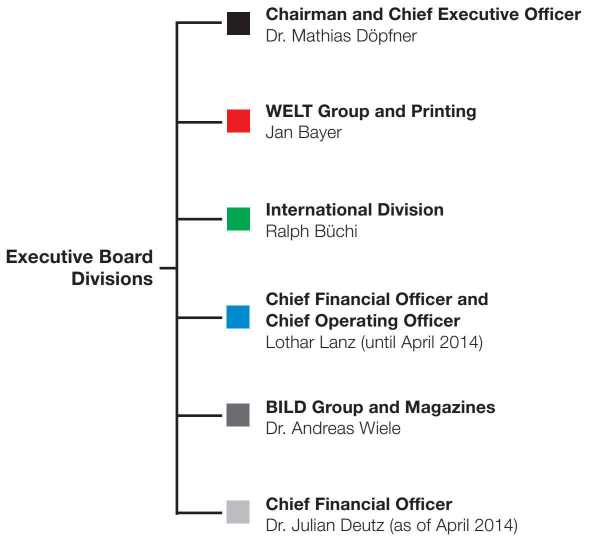
Also presented under discontinued operations are the business activities and equity investments of Ringier Axel Springer Media in the Czech Republic, including the leading mass-circulation daily BLESK and the leading news magazine REFLEX, as well as the automotive and women's magazines in that country. The portfolio of newspapers, magazines, and brand-derived online activities was sold to two Czech entrepreneurs in December 2013, subject to approval by the competent cartel authorities (see page 25).

Management and supervision

Executive Board divisions

The Executive Board of Axel Springer SE is currently composed of six 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 & 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 also covers the German printing plants.

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

Lothar Lanz is the Executive Board member in charge of Human Resources, Finance, and Services, until the middle of April 2014. This division covers business administration functions, as well as Internal Audit, M&A & Strategy, Corporate Governance, Risk & Compliance, Legal and Procurement. Subject to the approval of the annual shareholders' meeting in 2014, Lothar Lanz will switch to the Supervisory Board.

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, as well as B.Z. He is also responsible for IT and for Logistics & Services.

In July 2013, the Supervisory Board of Axel Springer SE appointed Dr. Julian Deutz to the Executive Board, effective January 1, 2014. He will succeed Lothar Lanz as Chief Financial Officer in mid-April 2014, after already taking over several responsibilities from Lothar Lanz in February 2014.

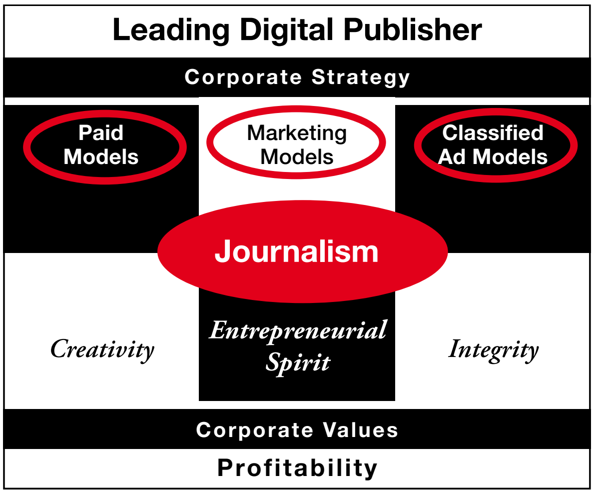
Corporate governance principles

Axel Springer's corporate governance 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 "Significant corporate governance practices" on page 62 of the present Annual Report.

Basic principles of the compensation system

The compensation of our employees, all the way up to the senior management level, consists of a fixed component and for qualifying employees, a variable component as well. 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 reflects the attainment of company-wide targets is determined mainly with reference to the financial indicator EBITDA. A detailed description of Executive Board compensation can be found in the "Compensation Report" section of the "Corporate Governance" chapter (starting on page 71). There, you will also find information on the compensation of our Supervisory Board members (starting on page 73).

Goals and strategy



Axel Springer pursues a strategy of profitable growth, with the overarching goal of becoming the leading digital publisher. This goal will be attained when the Group is the No. 1 player in every one of the market segments and countries in which it operates. Furthermore, journalism is and always will be the foundation of our business model.

Segment strategies

In the **Paid Models** segment, Axel Springer will strive to realize the full potential of its strong brands BILD, WELT, and N24, as well as its established international media.

By means of linking its print, online, and mobile offerings ever more closely, the BILD Group achieves a higher level of reading time and usage time than its competitors, expanding its market share among young and high-income readers in particular. Through the digital brand subscription BILDplus, Axel Springer is building and expanding a base of paying online readers.

Together with N24, the WELT Group will strive to become the leading multimedia provider of news-based quality journalism across the platforms of digital, print, video, and live TV. The two companies will contribute their respective strengths to this endeavor. Thus, the WELT Group can make good use of the video inventory of N24 in its media offerings, and the quality TV news station can exploit its full online potential in cooperation with the WELT Group. Furthermore, the WELT Group will use its digital subscription model to further expand the base of paying readers on the Internet.

The Group's centralized marketing company Axel Springer Media Impact (ASMI) offers an attractive, cross-media platform for advertising campaigns, with a reach that is rivaled only by the big TV marketing firms. As the leading cross-media marketer (based on gross market shares), ASMI will continue to expand its marketing portfolio of external print and digital media.

In the **Marketing Models** segment, profitable growth is generated both in Reach Based Marketing and Performance Marketing. In the area of Reach Based Marketing, the strategy is focused on expanding the reach, increasing the ad space utilization rate, and developing innovative advertising and pricing models. Additional revenues will be contributed by the further internationalization of business activities. In the area of Performance Marketing, the strategy is focused on developing new technologies and services and on expanding the network of publishers.

In the **Classified Ad Models** segment, Axel Springer Digital Classifieds will strive to further extend its position as a leading international player. Both organic growth and additional acquisitions will contribute to the growth of this business. Furthermore, internal synergies will be realized systematically.

Organic and acquisitions-driven growth

Generally speaking, the organic growth measures of the different segments pursue the same goal of expanding the market shares of the current portfolio and increasing the revenues and profits per reader/user on the basis of attractive product design and pricing. These measures will be accompanied by acquisitions-driven growth.

In all segments, Axel Springer seizes opportunities to expand the business model by acquiring companies with intelligent business ideas, which are still in an early phase of their development. For this purpose, Axel Springer has entered into partnerships, including with the Silicon Valley accelerator Plug and Play, and with the Otto Group in the area of venture capital.

When the opportunity arises, Axel Springer will also acquire companies that are well established in the market. Suitable acquisition targets are chosen on the basis of complementary business strategies, as well as the quality of their management, and the profitability and scalability of the business model.

We employ a capitalized earnings approach based on weighted capital costs to assess the economic efficiency of investments in new or existing business segments. The weighted capital costs are determined with reference to a target capital structure.

In general, we employ a capital markets equilibrium method, using beta for the business-specific, systematic risk, and a market premium for the country-specific, unsystematic market risk, to assess the risks of an investment opportunity. Essentially, we assume that the systematic risk of our company is the same, on average, as that of our peer group, meaning other European media companies.

Internal management system

We have designed our internal management system and defined suitable control parameters in alignment with our group 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. These reports contain the monthly results of our most important activities, 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. When variances arise, we investigate further or initiate suitable corrective measures.

These reports are supplemented by periodic forecasts of anticipated advertising revenues in the following 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 the value of our company. The most important target and control parameters for the company's financial performance are revenues and EBITDA. EBITDA also forms the basis for the performance-based compensation of our Executive Board and other top executives (please refer to page 71 and following for more information on the compensation system). Both these indicators and the EBITDA margin derived from them are anchored in our internal planning and controlling system.

Financial Control Parameters[1]

Selected financial control parameters on the Group level, € millions	2013	2012
Consolidated revenues	2,801.4	2,737.3
EBITDA	454.3	498.8
EBITDA margin	16.2 %	18.2 %

[1)] Continuing operations.

Non-financial performance indicators

In addition to the financial performance indicators, the following non-financial performance indicators are relevant to an evaluation of our performance with respect to customers, the market, and offerings, although they are not employed as the basis for managing the company:

- Unique users/visitors and visits, and other business model-specific indicators of our online media, and the resulting market positions;
- 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.

Economic report

General economic conditions and business developments

General economic conditions

The **global economy** picked up considerable momentum in the second half of 2013. According to the International Monetary Fund (IMF), the main drivers of global growth have shifted, with the industrialized nations essentially taking the lead. The United States in particular has seen strong consumer demand for several quarters. Despite robust economic conditions in Germany, the euro zone as a whole remained in recession in 2013. Economic growth in the emerging-market countries was mainly driven by exports. In China, domestic demand has also picked up substantially.

After a weak phase in the early months of the year, the **German economy** recovered considerably in the further course of 2013. For the full year, German GDP expanded at a real rate of 0.4 %. Inflation-adjusted consumer spending rose steadily in 2013, for a full-year gain of 0.9 %. On the other hand, plant and equipment investment declined by 2.2 % in real terms. Real construction investment also declined slightly, by 0.3 %. The foreign trade contribution to German GDP, which had been very strong in recent years, increased at a slower average rate in 2013, in a reflection of the still difficult foreign trade environment. Whereas German exports rose by 0.6 % in real terms, imports increased at the faster rate of 1.3 %.

The number of unemployed job-seekers in Germany rose to an average of 3.0 million in 2013, reflecting an increase of 1.8 % over the prior year. The average unemployment rate was 6.9 %. Consumer sentiment as measured by the market research firm GfK Group brightened further in 2013, reflecting the perception of Germany's residents that the economic recovery is accelerating. Furthermore, purchasing propensity increased steadily in 2013. According to calculations of the German Federal Statistical Office, consumer prices rose by 1.5 % in 2013, mainly due to higher food prices.

According to the ifo Institute, there are growing signs of an economic recovery in the central and eastern European countries of the European Union. For example, all countries of the region reported higher exports again. Consumer spending also made a positive contribution.

Anticipated Economic Development[1] (Selection)

Change in gross domestic product compared to prior year (real)	2013
Germany	0.4 %
Switzerland[2]	1.7 %
France	0.1 %
United Kingdom	1.4 %
Spain	0.1 %
Hungary	1.1 %
Poland	1.4 %
Czech Republic	–1.5 %
Slovakia	0.8 %
Serbia[2]	2.0 %
Russia	1.2 %
Brazil[2]	2.5 %
USA	1.7 %
China	7.6 %
India	2.8 %

[1] Source: ifo Institute, December 2013.
[2] Source: IMF, October 2013.

Industry environment

Press distribution market

Continuing the trend of prior years, the German **press distribution market** contracted in 2013. The total paid circulation of newspapers and magazines was 4.0 % less than the corresponding prior-year figure. Thanks to the price increases implemented in the last four quarters, however, circulation revenues declined by only 2.2 %.

The 362 **daily and Sunday newspapers** tracked by the German market research institute IVW generated total sales of 20.4 million copies per issue, reflecting a decrease of 3.8 % from the prior-year figure. As in the prior year, newsstand sales suffered a much greater decline (–8.7 %) than subscription sales (–2.0 %). Within the press distribution market, the demand for daily and Sunday newspapers (weighted for their respective publication frequencies) declined by 3.7 %.

At 106.4 million copies per issue, total sales of **general-interest magazines** (including membership and club magazines) were 3.0 % less than the corresponding prior-year figure. IVW tracked a total of 848 titles in 2013, 3.2 %fewer than in 2012. Weighted for their respective publication frequencies, the demand for general-interest magazines declined by 5.0 %.

Whereas the circulation volumes of print media declined again in 2013, **online media** continued the growth trend of prior years. According to the study entitled “Internet facts 2013-12” by the Working Group for Online Research (AGOF), 52.2 million people in Germany use the Internet today (Internet users within the last three months). That number represents 74.3 % of German residents aged 14 and older. Of the 52.2 million people who use the Internet on a regular basis, 70.8 % go online to obtain information about world events and 65.1 % 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. Job listings were also one of the 20 most-used online categories. According to the study “mobile facts 2013-II”, the mobile Internet continues to gain users. Compared to year-end 2012, the monthly number of mobile Internet users rose by 25.3 % to an average of 26.7 million in 2013. In most cases (60.8 %), 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 2013 than in 2012. The 20 most popular portals of German daily newspapers registered an average 14.9 % increase in the number of visits, those of magazine portals an average 22.3 % increase.

Advertising market

According to the latest advertising market forecast of ZenithOptimedia (“Advertising Expenditure Forecast”, December 2013), the total volume of the German advertising market in 2013 was slightly lower 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 € 18.1 billion, in 2013, reflecting a nominal decrease of 1.1 % from the prior-year figure.

In the German **online market** (display ads, search term marketing, and affiliates), net advertising revenues rose by 5.3 % to € 4.0 billion in 2013.

In the category of print media, the net advertising revenues of **newspapers** (newspapers, advertising supplements, and newspaper supplements) amounted to € 5.0 billion in 2013, reflecting an 8.5 % decrease from the prior-year figure. The net advertising revenues of **magazines** (general-interest and trade magazines, directory media) declined by 3.3 % to € 3.1 billion.

In 2013, **television advertising** in Germany rose by 3.6 % to € 4.2 billion, and **radio advertising** rose by 1.6 % to € 731 million. The net advertising revenues of **outdoor advertising** rose by 2.5 % to € 890 million in 2013.

ZenithOptimedia issued the following advertising market forecasts for selected countries in 2013:

Anticipated Advertising Activity 2013[1] (Selection)

Change in net ad revenues compared to prior year (nominal)	Newspapers	Magazines	Online
Germany	–8.5 %	–3.3 %	5.3 %
Switzerland	–6.2 %	–3.6 %	7.8 %
France[2]	–5.4 %	–8.6 %	3.6 %
United Kingdom	–7.1 %	–8.5 %	16.0 %
Spain[2]	–17.4 %	–18.0 %	–0.6 %
Hungary	3.5 %	–7.9 %	5.0 %
Poland[2]	–25.2 %	–21.0 %	7.3 %
Czech Republic[2]	–9.2 %	–4.5 %	13.5 %
Slovakia[2]	–10.8 %	–18.0 %	28.6 %
Serbia[2]	–17.4 %	–21.5 %	23.9 %
Russia	–3.7 %	–5.5 %	30.0 %
Brazil	–4.8 %	–8.0 %	–11.7 %
USA	–8.0 %	–2.4 %	18.2 %
India[2]	4.2 %	3.8 %	120.0 %

1) Source: ZenithOptimedia, Advertising Expenditure Forecast (December) 2013.
2) Excluding classified ads.

Business performance

In the first quarter, we sold approximately 2.6 % of our equity interest in Doğan TV Holding A.S., Istanbul, Turkey. The proceeds from this transaction amounted to € 61.6 million.

As part of the growth initiative in the online classifieds business, the European online job exchange StepStone finalized the acquisition of a 100 % equity interest in **Saongroup** in November. Saongroup operates job portals in 16 countries and holds leading market positions particularly in Ireland, Northern Ireland, and South Africa. In addition, StepStone finalized the acquisition of a 100 % equity interest in **YourCareerGroup** in December. YourCareerGroup operates various industry portals, with a particular focus on hotels, restaurants, and tourism, in several countries including Germany, Austria, and Switzerland. Boasting approximately 12 thousand average job ads and 500 thousand unique visitors per month, they are among the most successful job portals in their respective segments. By acquiring Saongroup und YourCareerGroup, StepStone further extended its position as the leading job portal in Germany and one of the leading online job exchanges in Europe.

In December, Axel Springer signed an agreement to purchase 100 % of the equity in **N24** Media GmbH. The transaction was closed in February 2014. The N24 Group operates N24, the market leader among German TV news stations. Following the acquisition, Axel Springer plans to merge N24 with the WELT Group, with the goal of becoming the leading multimedia provider of news-based quality journalism in the German-speaking world, across all platforms of digital, print, video, and TV. Furthermore, N24 will become the central provider of video content for all of Axel Springer's brands. The necessary approval of the cartel and media authorities was granted in February 2014.

Discontinued operations

The sale of the German regional newspapers, TV program guides, and women's magazines to **FUNKE Mediengruppe** was contractually agreed in December 2013. According to the signed agreements, the planned measures will be implemented with economic effect as of January 1, 2014. The purchase price (before consideration of contractually agreed purchase price adjustment clauses) is € 920 million; of this amount, € 660 million is payable in cash. Axel Springer will extend a loan with a multi-year term for the remaining amount. The anticipated profit on the sale will be subject to standard tax treatment, for the most part.

According to the purchase agreement, the sale of the German regional newspapers, TV program guides, and women's magazines will take effect all together only when all required approvals under merger control law have been granted. The company expects that these approvals can be obtained in the first half of 2014.

In this connection, the parties also agreed to form joint ventures for the marketing of print and digital media offerings and retail sales, thereby bundling activities, resources, and know-how in these areas. Axel Springer will exercise managerial control and hold the majority of shares in both companies. Formation of the joint ventures is subject to the approval of the competent authorities under applicable merger law and cartel law.

In addition, Ringier Axel Springer Media AG, a joint venture of Axel Springer and Ringier, signed an agreement in December to sell its activities and equity investments in the **Czech Republic**. These activities include the leading mass-circulation daily BLESK and the leading news magazine REFLEX, as well as leading titles in the segments of automotive and women's magazines. Subject to approval by the competent cartel authorities, the portfolio of newspapers, magazines, and brand-derived online activities was sold to two Czech entrepreneurs in December 2013. The anticipated purchase price (before consideration of contractually agreed purchase price adjustment clauses) is € 170 million. The transaction is pending, subject to the approval of the cartel authorities.

By means of these transactions, Axel Springer continues to pursue its rigorous digitization strategy, with the goal of becoming the leading digital publisher. In this respect, Axel Springer will focus even more strongly on core multimedia journalism brands that hold the promise of great digitization potential.

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

Financial performance, liquidity, and financial position

Financial performance of the Group (continuing operations)

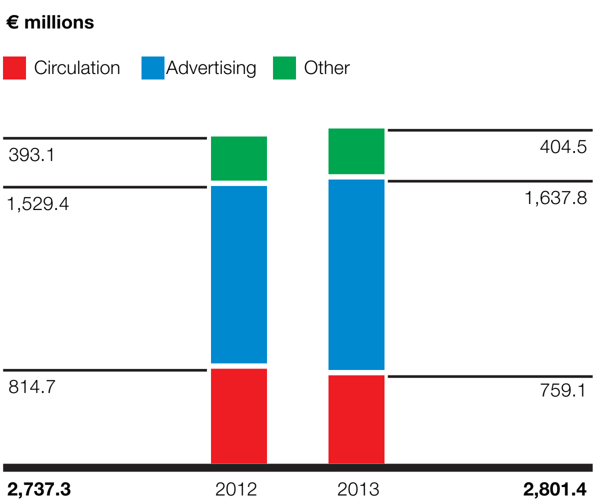
The following presentation of the Group's financial performance refers exclusively to continuing operations.

At € 2,801.4 million, the **total revenues** generated in financial year 2013 were slightly higher (+2.3 %) than the year-ago figure (€ 2,737.3 million). Revenue declines in the Paid Models segment were offset by revenue growth in the Marketing Models and Classified Ad Models segments. Adjusted for consolidation and currency effects, total revenues were on the level of the prior-year figure (+ 0.2 %).

The **pro-forma revenues of digital media** activities increased to € 1,353.3 million (PY: € 1,268.8 million), reflecting organic growth of 6.7 %. Thus, the digital media share of the Group's pro-forma total revenues rose from 44.6 % in 2012 to 47.9 % in 2013. Pro-forma revenues include the companies acquired in 2012 and 2013, on the basis of unaudited financial information.

At € 1,164.4 million, **international revenues** were 9.6 % higher than the prior-year figure and accounted for 41.6 % (PY: 38.8 %) of Axel Springer's total revenues. The increase resulted from the growing internationalization of the digital business.

Total Revenues

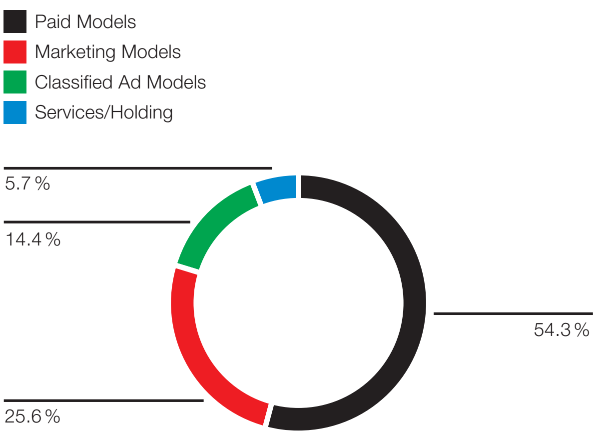


The **circulation revenues** of € 759.1 million were 6.8 % less than the prior-year figure (€ 814.7 million), due to declines in the print business. Thus, they accounted for 27.1 % of total revenues (PY: 29.8 %).

The 7.1 % increase in **advertising revenues** to € 1,637.8 million (PY: € 1,529.4 million) mainly resulted from growth in the Group's activities in the area of Classified Ad Models and Marketing Models. The advertising revenues of the Paid Models segment were slightly less than the prior-year figure. Advertising revenues accounted for 58.5 % of total revenues in financial year 2013 (PY: 55.9 %). More than two thirds (70.0 %) of total advertising revenues were generated from **digital activities**.

The **other revenues** of € 404.5 million were 2.9 % higher than the prior-year figure (PY: € 393.1 million), mainly due to higher revenues in the Paid Models and Marketing Models segments. Thus, they accounted for 14.4 % (PY: 14.4 %) of total revenues.

Segment Revenues



The comparison of **segment revenues** reveals considerable growth in the Classified Ad Models and Marketing Models segments, on the one hand, and decreased revenues in the Paid Models segment on the other, due to the structural developments affecting the print media.

The increase in **total expenses** to € 2,700.2 million (PY: € 2,563.8 million) was mainly due to the full-year consolidation of companies acquired in the prior year, as well as heightened personnel expenses.

Purchased goods and services rose to € 925.8 million (PY: € 902.6 million). Circulation-related decreases in the print activities were offset by the continued strong growth of our digital activities, and by consolidation effects. At 33.0 %, the ratio of purchased goods and services to total revenues was unchanged from the prior year (PY: 33.0 %).

At € 921.6 million, **personnel expenses** were higher than the year-ago figure by € 94.5 million or 11.4 % (PY: € 827.1 million). This increase resulted mainly from the consolidation of subsidiaries acquired in the prior year, as well as higher restructuring expenses and the effects associated with the revaluation of virtual stock option plans. Furthermore, the average annual number of employees rose by 6.3 %, particularly due to increased staffing in the area of digital business models.

Despite higher depreciation, amortization, and impairments associated with purchase price allocations, the **depreciation, amortization, and impairments** of € 155.1 million were less than the prior-year figure of € 161.4 million, which contained impairment losses on items of goodwill in the Paid Content and Marketing Models segments, in the amount of € 17.4 million.

The increase in **other operating income** to € 145.3 million (PY: € 139.2 million) resulted mainly from higher effects associated with the revaluation of contingent purchase price liabilities. The **other operating expenses** of € 697.7 million were higher than the prior-year figure (PY: € 672.6 million), mainly due to the consolidation of subsidiaries acquired in the prior year, as well as higher expenses from the revaluation of contingent purchase price liabilities and heightened consulting expenses in connection with corporate transactions. This figure also contains income and expenses from the netting of intra-Group payments between continuing and discontinued operations.

The **net investment income** of € 25.7 million (PY: € 5.9 million) was particularly influenced by the profit on the sale of 2.6 % of our shareholding in Doğan TV in financial year 2013. The prior-year figure included an impairment of an investment in the Paid Models segment. The operating net investment income presented within EBITDA amounted to € 12.1 million (PY: € 16.3 million); the decrease resulted particularly from the profit/loss contribution of the companies accounted for by the equity method.

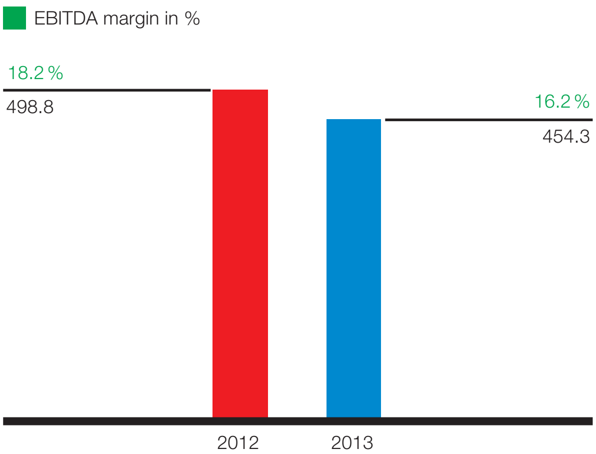
The improvement in the **financial result** to € –23.1 million (PY: € –45.8 million) resulted from lower interest expenses on financial liabilities (including the effects of hedging transactions), and from the lower net interest expenses for pensions. The prior-year figure included the recognition in profit or loss of the negative fair values of interest rate hedging transactions related to the refinancing of the Group's credit facility, which had previously been recognized in equity.

Income taxes amounted to € –88.1 million (PY: € –92.9 million). The tax rate was 33.0 % (PY: 32.8 %).

At € 454.3 million, the earnings before interest, taxes, depreciation, and amortization **(EBITDA)** were 8.9 % less than the prior-year figure (PY: € 498.8 million). Furthermore, the EBITDA margin narrowed to 16.2 % (PY: 18.2 %). The significantly higher earnings contributions of the Classified Ad Models and Marketing Models segments were offset by decreases in the Paid Models segment, by higher expenditures for restructuring measures and for new business models, and by valuation effects related to share-based compensation programs, which led to higher personnel expenses. EBITDA of the Group's **digital activities** rose by 14.1 %, from € 246.3 million to € 281.0 million. Accordingly, the share of Group-wide EBITDA contributed by digital activities rose from 49.4 % to 61.8 %. Non-recurring factors such as gains or losses on sales of companies and equity investments and depreciation, amortization, and impairments related to purchase price allocations, for example, are not included in EBITDA.

EBITDA

€ millions



Consolidated net income from continuing operations amounted to € 178.6 million (PY: € 190.7 million). Adjusted consolidated net income from continuing operations declined to € 229.8 million (PY: € 258.6 million).

Consolidated Net Income (continuing operations)

€ millions	2013	2012
Consolidated net income (continuing operations)	178.6	190.7
Non-recurring effects	10.4	11.4
Effects of purchase price allocations	59.4	72.7
Taxes attributable to these effects	–18.7	–16.3
Consolidated net income, adjusted	229.8	258.6
Attributable to non-controlling interest, adjusted	50.9	41.0
Adjusted consolidated net income attributable to shareholders of Axel Springer SE	178.8	217.5

Earnings per share from continuing operations (basic = diluted) amounted to € 1.34 (PY: € 1.64). Based on average weighted shares outstanding in 2013 (98.9 million), **adjusted earnings per share** from continuing operations (basic = diluted) declined from € 2.20 to € 1.81.

The adjusted consolidated net income and the adjusted diluted 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 (continuing operations)

Paid Models

Paid Models are divided into national and international activities.

Paid Models National

The gross reach values and average number of visits per month of selected portals are presented in the table below.

Unique Users/Visits

Millions (monthly average)	Unique Users Q4/2013[1)]	Change yoy	Visits 2013[2)]	Change yoy
Bild.de	13.8	14.9 %	256.4	15.8 %
computerbild.de	13.7	0.0 %	48.4	11.7 %
welt.de	8.9	4.7 %	48.2	9.4 %
autobild.de	2.9	13.6 %	9.4	20.6 %
transfermarkt.de	1.5	–9.9 %	28.8	15.1 %
stylebook.de	1.3	12.0 %	3.1	–10.0 %
bz-berlin.de	1.3	18.7 %	4.6	39.8 %

1) Source: AGOF.
2) Source: IVW.

The focus of the national digital Paid Models was to sign up paying subscribers, also in the stationary Internet. Whereas DIE WELT had already introduced various digital subscription plans in December 2012, BILD launched its own paid content model, BILDplus, in June 2013. Since August 2013, subscribers have also been given the option of using the new reporting content on the German National Soccer League, BUNDESLIGA bei BILD.

The circulation numbers of the print media in the segment Paid Models declined in financial year 2013, due to market trends, while the reach values increased in some cases:

Circulation and Reach

Thousands	Circulation 2013[1]	Change yoy	Reach[2]	Change
Bild/B.Z	2,583.5	−7.7 %	12,154.4	0.0 %
Bild am Sonntag	1,253.4	−7.5 %	9,327.7	−1.6 %
Die Welt/Welt Kompakt	226.1	−10.0 %	791.3	−0.1 %
Welt am Sonntag/ Welt am Sonntag Kompakt	401.2	−0.3 %	1,029.1	6.5 %
Auto Bild	517.9	−5.4 %	2,698.7	3.3 %
Computer Bild	467.7	−10.5 %	3,582.8	4.6 %
Sport Bild	404.7	−3.6 %	4,272.8	−1.0 %

1) Source: IVW, average paid circulation.
2) Source: ma 2014 Pressemedien I.

On September 21, 2013, BILD distributed a special issue on the German federal parliamentary elections free of charge to nearly every household in Germany, with a circulation of 41 million copies. From a marketing standpoint, the special issue was just as successful as the first special issue, BILD für ALLE, in June 2012. Effective August 19, BILD raised the copy price for about a third of its issues, mainly in rural areas of western Germany.

Paid Models International

The gross reach values and average number of visits per month of selected portals are presented in the table below.

Unique Visitors/Visits

Millions (monthly average)	Unique Visitors 2013[1]	Change yoy	Visits 2013	Change yoy
onet.pl	16.8	3.2 %	366.8[2]	2.0 %
fakt.pl	3.2	19.3 %	12.7[2]	16.3 %
azet.sk	2.2	−21.2 %	43.0[3]	3.5 %
forbes.ru	2.1	34.5 %	6.2[4]	51.3 %
blic.rs	1.8	> 100 %	60.2[5]	64.0 %
cas.sk	1.4	13.1 %	15.1[3]	31.6 %

1) Source: comScore 2013.
2) Source: Gemius Traffic.
3) Source: AIM Monitor.
4) Source: Yandex Metrica.
5) Source: Google Analytics.

The circulation numbers and reach values of the leading mass-circulation dailies in the countries in which our joint venture Ringier Axel Springer Media operates are presented in the table below.

Circulation and Reach

Thousands	Circulation 2013	Change yoy	Reach	Change
Fakt[1]	339.0	−9.3 %	1,657.1	−2.4 %
Blic[2]	116.7	0.8 %	811.7	−6.8 %
Alo![2]	110.7	−6.6 %	498.3	−7.3 %
Novy Cas[3]	110.0	−9.1 %	816.3	−5.8 %

1) Poland. Circulation: ZKDP; Reach: PBC General.
2) Serbia. Circulation: ABC; Reach: Ipsos Strategic Marketing.
3) Slovakia. Circulation: ABC; Reach: Median.

The circulation numbers of Axel Springer's international newspapers and magazines were slightly lower than the respective prior-year numbers, due to market trends.

Key Figures Paid Models

€ millions	2013	2012	Change
External revenues	**1,521.5**	**1,582.9**	**–3.9 %**
Circulation revenues	759.1	814.7	–6.8 %
Advertising revenues	664.0	675.8	–1.8 %
Other revenues	98.5	92.3	6.6 %
National	1,115.3	1,187.5	–6.1 %
Circulation revenues	577.5	610.2	–5.4 %
Advertising revenues	480.5	513.9	–6.5 %
International	406.2	395.4	2.7 %
Circulation revenues	181.6	204.6	–11.2 %
Advertising revenues	183.5	161.9	13.3 %
EBITDA	**250.1**	**301.8**	**–17.1 %**
National	195.9	257.9	–24.0 %
International	54.1	44.0	23.2 %
EBITDA margin	**16.4 %**	**19.1 %**	
National	17.6 %	21.7 %	
International	13.3 %	11.1 %	

At € 1,521.5 million, the total revenues of the segment Paid Models were 3.9 % less than the prior-year figure (PY: € 1,582.9 million). Adjusted for consolidation effects, total revenues were 5.3% less than the prior-year figure. The 6.8 % decrease in circulation revenues to € 759.1 million (PY: € 814.7 million) was greater than the decrease in advertising revenues, which amounted to € 664.0 million, indicative of a 1.8 % decrease from the prior-year figure (PY: € 675.8 million). The decrease in advertising revenues resulted from lower revenues from sales of national and international print publications, as well as consolidation effects associated with the sale of the women's magazines and TV program guides in France in the middle of 2013. Adjusted for consolidation effects, advertising revenues were 5.1 % less than the corresponding prior-year figure. Declines in the advertising revenues of national and international print titles were offset particularly by positive consolidation effects related to the acquisition of onet.pl at the end of 2012. Adjusted for consolidation effects, advertising revenues were 7.7 % less than the corresponding prior-year figure.

EBITDA of € 250.1 million was 17.1 % less than the prior-year figure (PY: € 301.8 million). This development was influenced not by only the operating results, but also by higher restructuring expenses (€ -37.4 million as compared to PY: € -27.8 million) and higher expenditures for establishing new business models (€ -26.7 million as compared to PY: € -15.4 million). This decrease mainly reflected the performance of the national activities, especially newspapers. The international results were favorably affected by the consolidation of onet.pl. The segment's EDITDA margin narrowed from 19.1 % in 2012 to 16.4 % in 2013.

Marketing Models

The segment Marketing Models comprises all business models that generate revenues primarily through sales to advertising customers in reach-based or performance-based marketing activities.

The gross reach values and average number of visits per month of selected portals are presented in the table below.

Unique Users/Visits

Millions (monthly average)	Unique Users Q4/2013[1]	Change yoy	Visits 2013[2]	Change yoy
aufeminin.com	33.2[3]	–0.2 %	138.1[4]	10.9 %
idealo.de	11.0[3]	16.4 %	30.4	51.9 %
kaufDA.de	4.0	–7.5 %	-	-
finanzen.net	2.3	16.3 %	18.7	14.4 %
onmeda.de	2.2	–0.5 %	4.9	22.3 %
hamburg.de	1.3	–7.2 %	3.9	4.1 %

[1] Source: AGOF.
[2] Source: IVW.
[3] Source: comScore, Unique Visitors, monthly average 2013.
[4] Source: Company information.

Key Figures Marketing Models

€ millions	2013	2012	Change
External revenues	**716.5**	**662.8**	**8.1 %**
Advertising revenues	592.0	545.3	8.6 %
Other revenues	124.5	117.5	5.9 %
Performance Marketing	476.7	456.6	4.4 %
Reach Based Marketing	239.9	206.2	16.3 %
EBITDA[1]	**103.4**	**98.1**	**5.4 %**
Performance Marketing	20.1	28.0	–28.3 %
Reach Based Marketing	87.2	73.6	18.5 %
EBITDA margin[1]	**14.4 %**	**14.8 %**	
Performance Marketing	4.2 %	6.1 %	
Reach Based Marketing	36.3 %	35.7 %	

[1] Total EBITDA includes costs of € 3.9 million in 2013 and € 3.5 million in 2012, not allocated to the two pillars.

At € 716.5 million, the total revenues of the Marketing Models segment were 8.1 % higher than the prior-year figure (PY: € 662.8 million). Most of the revenue growth resulted from the 8.6 % increase in advertising revenues, to € 592.0 million (PY: € 545.3 million). This increase was mainly attributable to Idealo, in the area of reach marketing. On the other hand, the zanox group in the area of performance marketing contributed most of the 5.9 % increase in other revenues, which rose to € 124.5 million (PY: € 117.5 million).

Despite higher expenses for establishing new business models (€ -7.1 million as compared to PY: € -4.8 million), segment EBITDA developed in line with revenues, posting an increase of 5.4 % to € 103.4 million (PY: € 98.1 million). The EBITDA margin narrowed slightly from 14.8 % to 14.4 %.

Classified Ad Models

The segment Classified Ad Models comprises all business models that generate revenues primarily through sales to companies and individuals that place job ads and real estate ads.

Key Figures Classified Ad Models

€ millions	2013	2012	Change
External revenues	**402.6**	**330.2**	**21.9 %**
Advertising revenues	381.9	308.2	23.9 %
Other revenues	20.8	22.0	–5.7 %
EBITDA	**163.8**	**133.6**	**22.6 %**
EBITDA margin	**40.7 %**	**40.5 %**	

The segment Classified Ad Models registered the biggest revenue growth of all the segments, with revenues of € 402.6 million, reflecting an increase of 21.9 % over the prior-year figure (PY: € 330.2 million). This figure not only reflects improved operating revenues, but also includes consolidation effects associated with the first-time full-year consolidation of Immoweb, meinestadt.de, Totaljobs, and other subsidiaries. Adjusted for these effects, segment revenues were 4.6 % higher than the corresponding prior-year figure. Furthermore, most of the 23.9 % increase in advertising revenues, which rose to € 381.9 million (PY: € 308.2 million), was attributable to consolidation effects. Adjusted for these effects, the increase came to 5.5 %.

Like segment revenues, segment EBITDA was also considerably higher than the prior-year figure, having risen by 22.6 % to € 163.8 million (PY: € 133.6 million). The EBITDA margin improved slightly to 40.7 % (PY: 40.5 %).

Services/Holding

The Services/Holding segment comprises the service and holding company functions of the Group. This segment also includes the central sales organization Axel Springer Media Impact as well as circulation and printing activities of the BILD Group and magazines, including the three Group-owned national printing plants. This segment is also responsible for all logistical activities of the Axel Springer Group.

Key Figures Services/Holding

€ millions	2013	2012	Change
External revenues	160.8	161.4	–0.4 %
EBITDA	–63.0	–34.8	-

At € 160.8 million, the external revenues of the Services/Holding segment were nearly unchanged (–0.4 %) from the prior-year figure (PY: € 161.4 million).

By contrast, segment EBITDA was considerably less than the prior-year figure. The decrease from € –34.8 million to € –63.0 million resulted primarily from higher restructuring expenses (€ -21.3 million as compared to PY: € -1.4 million) and effects associated with the valuation of share-based compensation programs (€ 22.3 million as compared to PY: € 4.5 million).

Financial performance of discontinued operations

Discontinued operations include the German regional newspapers, TV program guides, and women's magazines, which are to be taken over by FUNKE Mediengruppe, as well as the business activities and equity investments of Ringier Axel Springer Media in the Czech Republic, which are to be sold to two Czech entrepreneurs (see page 25).

Discontinued Operations

€ millions	2013	2012	Change
External revenues	572.6	602.7	–5.0 %
EBITDA	116.6	129.2	–9.8 %
EBITDA margin	20.4 %	21.4 %	

The decrease in the **total revenues** of discontinued operations to € 572.6 million (€ 602.7 million) resulted not only from lower circulation revenues, but particularly also from lower advertising revenues. At € 116.6 million, the earnings before interest, taxes, depreciation, and amortization **(EBITDA)** of discontinued operations were 9.8 % less than the prior-year figure (PY: € 129.2 million), due to the impact of lower circulation numbers on the operating performance of the corresponding activities. The EBITDA margin came to 20.4 % (PY: 21.4 %). Non-recurring factors such as gains or losses on sales of companies and equity investments and depreciation, amortization, and impairments related to purchase price allocations, for example, are not included in EBITDA.

The **consolidated net income** from discontinued operations amounted to € 65.1 million (PY: € 85.0 million); adjusted for non-recurring effects and depreciation, amortization, and impairments related to purchase price allocations, consolidated net income amounted to € 80.6 million (PY: € 89.3 million).

The **earnings per share** from discontinued operations (basic = diluted) came to € 0.64 (PY: € 0.78). Based on average weighted shares outstanding in 2013 (98.9 million), **adjusted earnings per share** from discontinued operations (basic = diluted) declined from € 0.80 to € 0.73.

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

Liquidity

Financial management

As a general rule, Axel Springer SE 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	2013	2012
Cash and cash equivalents	248.6	254.1
Financial liabilities	719.8	703.7
Net liquidity/debt	**–471.3**	**–449.6**

The increase in the net debt presented as of December 31, 2013, in the amount of € 471.3 million (PY: € 449.6 million), resulted mainly from cash outflows for company acquisitions related to the digitization and internationalization strategy. These outflows were only partially offset by the cash flows from operating activities and from the sale of 2.6 % of our shareholding in Doğan TV.

In addition to the promissory note bonds maturing in April 2016 (in the nominal amount of € 269.5 million) and in April 2018 (in the nominal amount of € 230.5 million), Axel Springer has at its disposal a credit facility in the amount of € 900.0 million, the drawdowns under which are due and payable in September 2017. Both the promissory note bond and the credit facility can be used for general operating business purposes and for financing acquisitions.

As of December 31, 2013, drawdowns on the existing long-term credit facility amounted to € 150.0 million (December 31, 2012: € 134.0 million). Unutilized short-term and long-term credit facilities amounted to € 770.0 million as of the reporting date (December 31, 2012: € 786.0 million).

Cash flows

The following presentation of cash flows also includes discontinued operations.

Consolidated Cash Flow Statement (Condensed)

€ millions	2013	2012
Cash flow from continuing operations	423.4	463.9
Cash flow from investing activities	–178.8	–572.7
Cash flow from financing activities	–210.9	123.3
Change in cash and cash equivalents	33.7	14.5
Cash and cash equivalents at December 31	248.6	254.1

The cash flow from operating activities amounted to € 423.4 million (PY: € 463.9 million); of this amount, € 84.5 million (PY: € 90.5 million) was generated in discontinued operations. This development resulted mainly from the performance of the Group's operating activities and from payments in respect of virtual stock options that were exercised in financial year 2013.

The cash flow from investing activities amounted to € –178.8 million (PY: € –572.7 million); of which € 3.9 million (PY: € 3.7 million) were generated in discontinued operations. Cash outflows of € 115.2 million were mainly related to the acquisitions of Saongroup and YourCareerGroup, and to ongoing investment activities. This figure also contains cash inflows of € 61.6 million related to the sale of 2.6% of the Group's shareholding in Doğan TV. The cash outflow of € –572.7 million in the prior year was mainly influenced by the acquisitions of Totaljobs, meinestadt.de, Immoweb, and Onet.

The cash flow from financing activities in the amount of € –210.9 million (PY: € 123.3 million), accounted entirely on the continuing operations and resulted mainly from the dividend paid to the shareholders of Axel Springer SE and from the payment of € 25.0 million in cash to Axel Springer Pensionstreuhand e. V. to cover the company's pension obligations. The prior-year figure also contained the receipt of the purchase price from the sale of a 30 % equity interest in Axel Springer Digital Classifieds GmbH to General Atlantic (€ 237.0 million), the cash payments received from General Atlantic to finance the acquisitions of Totaljobs, meinestadt.de, and Immoweb, and those received from Ringier to finance the acquisition of Onet, which are presented within other financing activities.

Financial position

The following presentation also includes the separately presented assets and liabilities attributable to discontinued operations.

Consolidated Balance Sheet (Condensed)

€ millions	12/31/2013	12/31/2012
Non-current assets[1]	3,680.2	3,868.3
Current assets[1]	1,093.6	939.9
Assets	**4,773.8**	**4,808.2**
Equity	2,244.0	2,253.1
Non-current liabilities[1]	1,601.7	1,628.9
Current liabilities[1]	928.1	926.1
Equity and liabilities	**4,773.8**	**4,808.2**

[1] Regarding the adjustment of the prior-year figures see note (13)

At € 4,773.8 million, the total assets presented in the consolidated statement of financial position were virtually unchanged from the prior-year figure (PY: € 4,808.2 million).

The decrease in non-current assets to € 3,680.2 million (December 31, 2012: € 3,868.3 million) resulted mainly from the reclassification of noncurrent assets held for sale (€ 160.4 million). On the other hand, intangible assets (including goodwill) in the total amount of € 132.8 million were recognized in connection with the provisional allocation of the purchase costs for the acquisitions of Saongroup and YourCareerGroup. Noncurrent financial assets were € 37.0 million less than the corresponding prior-year figure, mainly due to the sale of 2.6 % of our shareholding in Doğan TV. A countervailing effect resulted from the revaluation of our investment in iProperty, which was recognized in equity, not in profit or loss. Noncurrent other assets declined from € 78.4 million to € 53.1 million; this decrease resulted almost entirely from the receipt of further purchase price installments for the sale of regional newspaper investments in 2009.

The increase in current assets to € 1,093.6 million (December 31, 2012: € 939.9 million) resulted mainly from the reclassification of noncurrent assets held for sale (€ 160.4 million) and from the lower amount of trade receivables.

The equity of € 2,244.0 million was less than the corresponding figure as of December 31, 2012 (€ 2,253.1 million), particularly as a result of effects resulting from the currency translation of international subsidiaries, in the amount of € 65.4 million, which are recognized in other comprehensive income. A partially offsetting increase was contributed by consolidated net income, which was higher than the dividend paid for financial year 2012 (€ 167.9 million). The equity ratio was nearly unchanged, at 47.0 % (PY: 46.9 %).

The decrease in noncurrent provisions and liabilities to € 1,601.7 million (December 31, 2012: € 1,628.9 million) resulted mainly from the reclassification of noncurrent liabilities related to assets held for sale (€ 40.8 million), and from the decrease in pension provisions, due to the further contributions to plan assets made in financial year 2013.

The current provisions and liabilities of € 928.1 million were nearly unchanged from the prior-year figure (December 31, 2012: € 926.1 million). The increase resulting both from the reclassification of non-current liabilities related to assets held for sale (€ 40.8 million) and from the higher provisions for structural measures was largely offset by a decrease in tax liabilities and by the repayment of current financial liabilities.

Assets in the amount of € 215.9 million and liabilities in the amount of € 90.8 million were classified as held-for-sale and presented separately within current assets and liabilities. They comprise the net assets attributable to the

German regional newspapers, TV program guides, and women's magazines, and to the business activities to be sold in the Czech Republic. Besides intangible assets of € 128.6 million (particularly brand rights, customer lists, and goodwill), the items reclassified in this connection mainly consist of cash funds (€ 27.6 million) and property, plant, and equipment (€ 22.3 million), other liabilities (€ 32.4 million), pension provisions (€ 19.3 million), and deferred tax liabilities (€ 18.6 million).

Non-financial performance indicators

Employees

Axel Springer had an average of 12,843 employees (excluding vocational trainees and journalism students/interns) in 2013 (PY: 12,080). The 6.3 % increase over the prior-year figure resulted primarily from newly consolidated companies and the expansion of digital activities. Outside of Germany, Axel Springer had an average of 5,281 employees (PY: 4,516), corresponding to 41.1 % (PY: 37.4 %) of the Group's total workforce. On average, 5,482 of the Group's total workforce were women and 7,362 were men. The number of reporters and editors declined by 2.5 % to 2,797. The number of salaried employees rose by a total of 11.0 % to 9,167, mainly due to expanded activities and new acquisitions in the digital sector.

Employees by Segments (continuing operations)

Average number per year	2013	2012[1]	Change
Paid Models	5,882	5,683	3.5 %
Marketing Models	1,882	1,737	8.4 %
Classified Ad Models	1,826	1,352	35.0 %
Services/Holding	3,253	3,308	–1.7 %
Group	12,843	12,080	6.3 %

[1] Values for the year 2012 were adjusted to reflect the changed reporting structure.

The increase in the Paid Models segment resulted mainly from the expansion of international activities. In the Marketing Models segment, the increase resulted from the growth of reach-based marketing activities. The strongest growth occurred in the Classified Ad Models segment, mainly due to acquisitions, but also to organic growth.

On average, 1,615 (PY: 1,570) employees worked in the area of discontinued operations.

Length of service and age structure

As of December 31, 2013, the average length of service with the German companies of the Axel Springer Group was 10.4 (PY: 10.8) years; 46.3 % (PY: 49.3 %) 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: 3.8 %) 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. As of December 31, 2013, women held 25.8 % of management positions at Axel Springer's companies in Germany.

Personnel development

The training and continuing education activities of Personnel Development have been closely aligned with the requirements of the digitization movement in prior years, and this focus was intensified in the past year. More than one third of the continuing education program in 2014 consists of newly developed training courses that cover various aspects of the digital transformation. Together with the formats and seminars that have already been successfully established, the new personnel development activities are clearly focused on digital content.

Research and development

Axel Springer does not have a traditional research and development department of the kind that industrial enterprises maintain. With the support of Central Strategic Product Development, all areas of the company constantly strive to optimize their existing products and introduce innovative new products to the market. Above all, we seek to continuously expand our portfolio with innovations in the digital sector, as well as new print formats, besides continuously improving our editorial content and upgrading our journalistic excellence. In that regard, we pay especially close attention to identifying changing media usage habits as early as possible.

Technology platform for paid content offerings

As in prior years, we systematically upgraded our paid content platforms in 2013. In connection with the introduction of BILDplus, new components allowing for flexible management were added to the Content Management System of Bild.de. Thus, any content can be designated as a BILDplus article and reserved for paying customers. In addition, BILDplus introduced the single sign-on service myPass, which is based on a completely new infrastructure for multi-platform customer processes and payments. With this service, subscribers only need to log-in once to access all the digital products of BILD and WELT.

Bild.de took other important steps in 2013, particularly with respect to marketing cooperation arrangements. For example, external partners can now use a flexible web service interface to market the offerings of BILDplus. Digital subscriptions are now also available as a rate-plan option under mobile phone contracts, with pre-installed trial subscriptions on selected terminal devices.

The cross-media integration of media offerings is being supported by innovative printing technologies. For example, hybrid newspaper printing has been developed and implemented for the first time in the Ahrensburg printing plant. 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. Digital printing makes it possible to give paying customers of BILD and BILD am SONNTAG free access to the BILDplus brand subscription. This technology also 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.

Further development of marketing services

In the area of performance marketing, zanox upgraded its market-leading tracking technology by introducing a solution for tracking display ads. Because zanox TPV Fingerprint Tracking (TPV = True Post View) does not rely on the use of cookies, it represents a precise and reliable alternative when cookies are deleted, deactivated, or blocked by browser settings. This new feature complements zanox's existing portfolio of ID, cookie, and fingerprint tracking solutions.

Further development of classified portals

In the area of classified portals, Immonet modernized the presentation of its search results list and ventured into an adjacent business line through a strategic cooperation arrangement with Asset Profiler, a closed marketplace platform for investment projects. Furthermore, meinestadt.de launched a service for centrally managing the online marketing activities of small and medium-sized businesses.

StepStone introduced the DirectSearch Database, a profile database equipped with innovative search and matching technology, which offers an effective and simple way to communicate directly with qualified job-seekers.

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 in this area, ranging from resource efficiency measures to social responsibility initiatives. 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. The new Sustainability Report will appear in mid-2014.

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

Axel Springer continued to systematically implement the strategy of digital transformation in financial year 2013. We advanced the digitization process both through organic growth and through acquisitions. In addition, the company's transformation will be accelerated further as a result of the agreed sale of the German regional newspapers, TV program guides, and women's magazines, as soon as this is completed. As expected, EBITDA and adjusted earnings per share from continuing operations were adversely affected by the expenditures for structural adjustment measures and for the expansion of the digital business.

Considering the strong cash flow, 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, both through organic growth and through 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 (continuing operations)

Group Key Figures (Selection, in € millions)	2013	2012
Total revenues	**2,801.4**	**2,737.3**
EBITDA[1]	**454.3**	**498.8**
EBITDA margin[1]	*16.2 %*	*18.2 %*
Total dividends[2]	178.1	167.9
Dividend per share (in €)[2]	1.80	1.70
Tax rate	*33.0 %*	*32.8 %*
Consolidated net income	178.6	190.7
Consolidated net income, adjusted[3]	229.8	258.6
Earnings per share, adjusted (in €)[3][4]	1.81	2.20
Net debt/liquidity	−471.3	−449.6
Free cash flow[5]	326.7	384.4

1) Adjusted for non-recurring effects.
2) Dividend proposal for financial year 2013.
3) Adjusted for non-recurring effects and amortization and impairments from purchase price allocations.
4) For all years indicated herein, the adjusted basic/diluted earnings per share were calculated on the basis of weighted average shares outstanding in the given financial year (98.9 million).
5) Cash flow from operating activities, less capital expenditures, plus cash inflows on disposal of intangible assets and property, plant, and equipment (thereof from discontinued operations € 80.8 million (previous year: € 87.1 million).

Economic position of Axel Springer SE

€ millions	2013	2012	2011	2010	2009
Revenues	1,442.8	1,507.1	1,551.2	1,576.6	1,588.3
Net income	186.4	371.9	260.2	161.3	323.1
Transfers to retained earnings[1]	8.3	204.0	92.6	4.0	165.4
Total dividends[1]	178.1	167.9	167.6	157.3	131.2
Dividend per share (in €)[1] [2]	1.80	1.70	1.70	1.60	1.47

[1] The amount of the dividend for 2013 is subject to the condition of approval by the annual shareholders' meeting.
[2] The dividend per share for the years 2009 and 2010 was adjusted to account for the share split conducted in 2011.

Introductory remarks

The management report of the parent company Axel Springer SE, 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 SE, 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 SE and the present management report will be announced in the Electronic Federal Gazette and published on the website of Axel Springer SE.

Business activity

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

The Group's major print publications are editorially produced and distributed by Axel Springer SE. 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 SE 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, as well as distribution 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 SE 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	2013	2012
Revenues	1,442.8	1,507.1
Other operating income	133.4	117.8
Purchased goods and services	−368.3	−387.2
Personnel expenses	−481.3	−441.5
Amortization, depreciation and impairments of intangible assets and property, plant and equipment	−34.0	−33.2
Other operating expenses	−550.5	−523.8
Net income from non-current financial assets	111.9	258.9
Net interest income	−24.5	−40.5
Profit from ordinary activities	**229.5**	**457.6**
Taxes	−43.1	−85.7
Net income	**186.4**	**371.9**
Transfers to retained earnings	−8.3	−185.9
Distributable profit	**178.1**	**186.0**

The revenues generated in financial year 2013 were less than the prior-year figure. Circulation revenues declined by 4.2 % to € 803.2 million, and advertising revenues (€ 494.3 million) fell by 6.5 %. On the other hand, the other revenues of € 145.3 million were 3.8 % higher than the corresponding prior-year figure.

The cost of purchased goods and services was less than the prior-year figure, due to the lower expenses for paper and printing services, falling by € 18.9 million to € 368.3 million. At roughly 26 %, the ratio of purchased goods and services to total revenues was little changed from the prior year.

The personnel expenses of € 481.3 million were 9.0 % higher than the prior-year figure. This increase was mainly caused by higher expenses for restructuring measures and for share-based compensation. The average number of employees declined by 3.8 %, from 4,451 in the prior year to 4,282 in financial year 2013.

Net income from financial investments amounted to € 111.9 million (PY: € 258.9 million). The decrease resulted in part from the € 208.9 million decline in profit transfers from subsidiaries, which had been influenced in the prior year particularly by intra-Group sales of equity investments in connection with the bundling of activities related to online classifieds (Axel Springer Digital Classifieds). In addition, the figure for financial year 2013 includes higher impairments of financial investments (+ € 20.3 million). As a countervailing effect, the income from equity investments rose by € 84.2 million to € 105.2 million. This increase was mainly caused by the profit distributions of subsidiaries in connection with the agreed sale of German regional newspapers, TV program guides, and women's magazines to FUNKE Mediengruppe.

The net interest result (€ –24.5 million) was € 16.0 million higher than the prior-year figure, particularly due to the fact that the prior-year figure included expenses of financial derivatives.

Income from ordinary activities amounted to € 229.5 million in financial year 2013 (PY: € 457.6 million). After tax expenses, the consolidated net income for financial year 2013 amounted to € 186.4 million (PY: € 371.9 million).

Liquidity

At € 587.4 million, the net debt (liabilities due to banks and promissory note bonds, less cash and cash equivalents) was on the level of the prior-year figure.

As of December 31, 2013, unutilized short-term and long-term credit facilities amounted to € 770.0 million (PY: € 786.0 million). The credit facilities can be used both for general business purposes and for financing acquisitions.

Financial position

Balance Sheet (Condensed)

€ millions	12/31/2013	12/31/2012
Intangible assets, and property. plant, and equipment	245.8	253.0
Non-current financial assets	3,231.9	3,055.0
Trade receivables	136.9	151.4
Receivables from affiliated companies	42.7	194.1
Cash and cash equivalents	62.6	45.5
Other assets	166.4	193.8
Total assets	**3,886.3**	**3,892.8**
Equity	1,552.4	1,529.0
Provisions	375.8	407.9
Liabilities due to banks and promissory note bonds	650.0	634.0
Liabilities to affiliated companies	1,160.1	1,170.5
Other liabilities	148.0	151.4
Total equity and liabilities	**3,886.3**	**3,892.8**

Net assets declined slightly to € 3,886.3 million in financial year 2013. Non-current assets amounted to € 3,477.7 million (PY: € 3,308.0 million) and accounted for 89.5 % (PY: 85.0 %) of total assets. Non-current assets were backed by equity at the rate of 44.6 % (PY: 46.2 %).

The € 176.9 million increase in financial investments to € 3,231.9 million resulted primarily from payments to the capital reserves of subsidiaries to finance acquisitions and optimize Group-wide financing structures. The € 151.4 million decrease in receivables due from affiliated companies is also related to these measures.

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

The company's equity of € 1,552.4 million was € 23.4 million higher than the prior-year figure. As of the reporting date, the equity ratio came to 39.9 % (PY: 39.3 %).

The provisions were € 32.1 million less than the prior-year figure. The decrease was mainly caused by the € 23.2 million decline in pension provisions, as a result of further contributions to pension plan assets, and by the € 15.6 million reduction in tax provisions. The main countervailing factor was the increase in provisions for structural measures.

Profit utilization proposal

The Supervisory Board and Executive Board propose that the company use the distributable profit of € 178.1 million (PY: € 186.0 million) to pay a dividend of € 1.80 (PY: € 1.70) per qualifying share for financial year 2013.

The company does not currently hold any treasury shares, so that all the company's shares qualify for dividends. However, the number of shares qualifying for dividends may be reduced in the time remaining before 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 € 1.80 per qualifying share.

Dependency Report

The Executive Board of Axel Springer SE 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 SE 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

The acquisition of a 100 % equity interest in the TV news station N24 was finalized after the necessary approval under cartel law and media law was granted in February 2014 (for more information on this subject, see No. (2c) in the notes to the consolidated financial statements.

Among other things, the composition agreement concluded between Deutsche Bank AG and the Kirch side provided that an amount of € 775 million plus interest will be paid to the Kirch side. As a creditor in the insolvency proceedings of the Kirch Group (particularly including KirchMedia GmbH & Co. KGaA i.I.), Axel Springer SE expects to receive a payment from the insolvency administrator. At the present time, it is not possible to make a reliable statement concerning the amount and timing of this payment.

Aside from the foregoing, no significant events occurred after the reporting date.

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 targets or objectives, while opportunities represent the possibility of positive deviations. The risk policy principles and risk strategy of Axel Springer are closely aligned and coordinated with the business strategy and business objectives. We do not seek to avoid risks at all costs, but to carefully weigh the opportunities and risks associated with our business activities, from a well-informed perspective. Accordingly, opportunities should be systematically exploited and risks should be assumed only if they remain within appropriate limits that are acceptable to the company and create additional opportunities to generate income or sustainably increase the company's value. Thus, risks should be limited to a level deemed acceptable by the company's management by taking appropriate measures, be transferred to third parties in full or in part, or, in those cases where risk mitigation is not considered advisable, be avoided or monitored closely. All employees are duty-bound to handle risks responsibly within their own area of responsibility.

Group-wide risk management system

In accordance with national and international requirements, we continued the process of establishing the individual components of our internal monitoring system (risk management, compliance management, internal control system, and internal audit), and adapted them to reflect the changed corporate environment. Particular emphasis was given to refining or further optimizing the functionality of existing processes.

In terms of its fundamental design, the risk management system is modeled after the internationally recognized "Enterprise Risk Management Framework" developed by the Committee of Sponsoring Organizations of Tradeway Commission (COSO). This framework links the risk management process with the internal control system. The application of his comprehensive approach, in our view, ensures that risk management and monitoring activities are consistently aligned with the company's objectives and the inherent risks associated with them.

With the goal of assuring the sustained interoperability of the various sub-systems, the coordination and reporting of risk management, compliance management, and the internal control system are handled by the Corporate Office of Governance, Risk & Compliance.

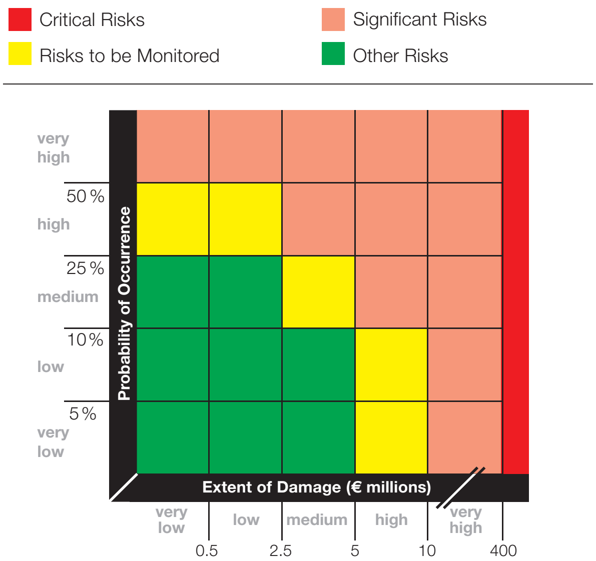
Generally speaking, Axel Springer's risk management system is designed to detect all significant and existential risks at the earliest possible time. Thus, Axel Springer should always be able to react promptly to risks in accordance with its risk policy principles and strategies, and subsequently monitor both the risks and the counter measures adopted in every case. This approach gives us the necessary maneuvering room and allows for the controlled and responsible management of risks.

We categorize risks as strategic and operational risks, risks related to internal and external reporting, and risks pertaining to compliance with internal guidelines and external regulations. Insofar as possible, risks are assessed quantitatively with reference to the parameters "loss amount" and "probability of occurrence". In the interest of keeping a focus on decision-relevant issues, a materiality limit is defined every year on the Group level, based on EBITDA.

A theoretical threat to the company's survival as a going concern is assessed with reference to the possible gross loss amount and the resulting effect on the financial position and liquidity of the Group.

Based on the classification scheme described above, risks are assigned to one of the following risks classes: existential risks, significant risks, risks to be monitored, and other risks.

Risk Matrix of Axel Springer SE



To ensure the greatest possible transparency in the presentation of Axel Springer's risk situation, all identified risks are assessed both prior to the implementation of risk management measures (gross risk assessment), and after the corresponding measures are taken (net risk assessment).

While overall responsibility for risk management lies with the Executive Board, the various divisions and affiliated companies of the Group are primarily responsible for the management of individual risks, including the early detection, assessment, management, and documentation of risks, as well as the adoption and implementation of appropriate countermeasures and the related communications.

The senior managers of the divisions and subsidiaries bear content responsibility for conducting risk management in their division or company. In addition to the annual structured risk inventory, they are obligated to continuously monitor the risk situation of their division or company and detect any changes. Significant changes in the division-specific risk situation must be reported immediately to the Corporate Office of Governance, Risk & Compliance and to the Executive Board.

This decentralized risk inventory process is supplemented by a centralized risk inventory, which is conducted in the form of a systematic procedure involving top managers, under the direction of the Group-wide Risk Manager. The goal of this procedure is to identify and assess risks that are not specific to operating divisions or processes, and so fill in any gaps in the risk inventory, by employing a specialized methodology.

The Corporate Risk Manager is assigned to the Corporate Office of Governance, Risk & Compliance. He supervises all necessary risk management activities, aggregates the risks on the Group level, judges the plausibility, and verifies the completeness of reported risks. He is also responsible for the constant optimization of the risk management system and the web-based data process solution employed on a Group-wide basis. The semiannual and ad-hoc risk reports submitted to the Executive Board and Supervisory Board are focused primarily on existential risks and significant risks, along with the countermeasures adopted in every case, and suitable early warning indicators, to the extent they are available.

The risk management system, including the responsibilities for the various activities, is documented in a Corporate Guideline, which is reviewed at least once a year and adjusted when necessary by the Corporate Office of Governance, Risk & Compliance.

At present, we do not intend to survey and document entrepreneurial opportunities systematically in the context of our risk management system. Instead, business opportunities are taken up and documented as part of the strategy and budgeting process.

Internal audit system

Axel Springer SE 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 standards of professional practice.

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 SE, which is also based on the internationally recognized framework of the Committee of Sponsoring Organizations of the Tradeway Commission (COSO). As emphasized in the concept, 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 SE 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 variances.

The effectiveness of the (consolidated) financial reporting-related risk management system and internal control system is systematically reviewed and assessed by means of periodic control tests; 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 financial reporting-related control system is being integrated, extending beyond the area of accounting, on a step-by-step basis into 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

Unless otherwise indicated, the risks described below could have significant 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.

The risks described below mainly refer to the 2014 forecast period, insofar as they do not influence long-term strategic objectives.

Market and competition risks

The fears caused by the debt crisis in numerous European countries, resulting from the substantial over-indebtedness of individual countries, have largely subsided. While stronger economic growth is forecast for Germany, the euro zone in its entirety is recovering only slowly. The fact that individual countries are currently not able to correct their deficits is causing a growing chasm between euro zone countries. There is also considerable uncertainty pertaining to the future development of China, as an economic power that still holds considerable importance for the global economy.

A renewed economic downturn within the euro zone could have a negative impact on economic growth generally and could lead to a significant deterioration of the revenue situation of our customers, and result in slower growth of the online market. In such a scenario, the decline of Axel Springer's print advertising revenues could even accelerate. Besides reducing advertising revenues in Germany, a negative development of the general market environment could also reduce the Group's advertising revenues in central and eastern Europe, and it therefore represents a risk for all the segments of Axel Springer SE.

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 risk could be exacerbated particularly by additional free content offerings in the digital environment. Our print advertising revenues could also be reduced by the loss of major commercial customers, who are increasingly shifting their advertising budgets to radio and TV. The above-mentioned market risks are exacerbated by changing consumption and reading habits, primarily due to demographic change.

Another source of persistent uncertainty pertains to the intensified competition between traditional print media and other types of media. Above all, the growing importance and use of the Internet tends to permanently reduce the revenues of print publications.

The total paid circulation of BILD and BILD am SONNTAG declined again in 2013. Nonetheless, the high proportion of Group-wide revenues contributed by BILD and the entire BILD family of brands poses a particular risk, which will rise further as a result of the agreed sale of Axel Springer's TV program guides, women's magazines, and regional titles to FUNKE Mediengruppe, as well as the sale of our Czech print activities. The possibility cannot be ruled out that the success of our BILD titles could be permanently impaired by external factors, which would have a correspondingly adverse effect on the Group's overall financial position, liquidity, and financial performance.

The above-mentioned general market risks are monitored and minimized primarily through management on the operational level and through constant observation of the market and the competition. In addition, we are actively pursuing the digitization of our business, expanding our product portfolio both nationally and internationally, and continuously upgrading our journalistic and technological expertise. 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 area of advertising revenues, the growing use of ad blockers poses a serious risk. Depending on how they are installed by the user, these browser add-ons prevent ads from being displayed on visited web pages. The continued spread of ad blockers could lead to substantial declines in advertising revenues, especially in our performance-oriented business models. As a means of minimizing this risk, we are currently conducting a joint information campaign with our advertising partners, to raise awareness for this problem within the advertising industry. We are also exploring legal and technological options for effectively addressing the problem of ad blockers.

Our Marketing Models and Classified Ad Models segments are additionally confronted with the risk arising from the dominant position of major Internet search engines. If, for example, the search engines were to alter their search algorithms or use their own websites to broaden their offerings and so compete, in some cases, with our own business activities or those of our affiliated companies, that could have a serious impact on the future revenue performance of certain business activities, particularly including the marketing 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, as well as professional search engine optimization and the further expansion of the Group's social media activities. Furthermore, we are constantly taking steps to reinforce the brands and offerings of Axel Springer SE, so that their usage will not be as dependent on services provided by third parties, particularly search engines and networks. Through the constant further development and expansion of our apps for iPhones and iPads, among other devices, we are continuously increasing the degree of digitization of Axel Springer's media and implementing our strategy of becoming the leading digital publisher. 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 report on the operating segments, beginning on page 12, and the report on the financial performance of the segments, starting on page 28).

Political and legal risks

In the last few months, the already pronounced concerns of the public, politicians, and consumer protection organizations in matters of data protection have become even more prominent. This development has been caused by two factors, the first being the public debate regarding the use of the personal data of German citizens by foreign intelligence services, and the second being the practice of social networks, search engines, and other online platforms to collect the data entered by users and use it for their own commercial purposes. Even where such actions fall within legally admissible limits, parts of the public and certain interest groups (including consumer protection organizations, among others) have successfully argued that consumers' right to privacy should always take precedence over commercial interests, and that current legislation does not fully protect this right. For this reason, among others, consumer protection and data privacy proposals have gained significance in the legislative and executive bodies of the German states and the German Federal Government, and on the European level as well. This trend is particularly worrisome for digital business models, because they are almost entirely reliant upon the use of data. The resulting uncertainty has been exacerbated particularly by the advanced stage of legislative deliberations on the subject of a fundamental data privacy regulation on the level of the European Union. Specifically, such a regulation would affect the use of so-called "cookies" and similar technologies, the permissibility of generating user profiles (profiling and tracking), and other business-promoting measures that necessitate the use of personal data without prior consent. Furthermore, recent regulatory proposals are more advantageous for the operators of popular, registration-required online services than for advertising-financed online services and advertising networks that do not maintain direct contacts with end customers, because the known online services already possess a large, personalized subscriber base, making it much easier for them to obtain permission from their users. Restrictions of the advertising and customer-retention possibilities associated with these technologies could result in substantial revenue losses for mobile and web-page-based business models.

The growing Internet activities of public-sector broadcasters currently pose another risk to our business. 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 SE 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 appealed this ruling and prevailed in the appellate instance before the Cologne Higher Regional Court. The plaintiffs have lodged an appeal against this ruling before the Federal Supreme Court.

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. For Example, public-sector broadcasters 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 to successfully offer paid journalism content in the fast-growing mobile market.

Our business will continue to be exposed to the competition-distorting effects of state-owned media and the regulatory pressure of legislators on all relevant levels of government, despite the countermeasures we have taken.

Breaches of confidentiality agreements and violations of insider trading regulations, as well as the incorrect publication of data or the non-observance of data privacy laws, could lead to economic or legal consequences for Axel Springer. Moreover, the reputation of Axel Springer or its brands could be damaged by negative reporting or social media campaigns on this subject, even if no laws have been broken.

To minimize such risks, Axel Springer has adopted various control mechanisms and consultation rules 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, all the operating segments of Axel Springer are exposed to considerable risks related to the possible inaccessibility or 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, complete medium-term or long-term business interruptions, as well as risks that could lead to breaches of data integrity and confidentiality. 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, as well as 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 its websites. Therefore, it is exposed to potential financial performance risks and reputation risks resulting from system crashes or data modification or losses arising from attacks on IT systems in the form of viruses, hacking, or other malicious internal or external attacks. Due in no small part to the heightened public interest in this subject, the possible wiretapping of electronic communication channels or unauthorized access to stored data represent an industry-wide risk.

Consequently, Axel Springer undertakes targeted measures to guard against criminal acts and prevent a failure of the company's IT systems. 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. In addition, the above-mentioned risks are minimized by means of strict compliance with ISO standards, also by our external service providers.

Reputation risks
As an internationally active and expanding enterprise, 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.

One step that Axel Springer has taken to mitigate such risks has been to integrate the International Social Policy into the Group-wide Code of Conduct. In addition, all relevant corporate guidelines, particularly those applicable to procurement activities, contain a binding reference to the procurement-relevant standards of the International Social Policy. 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 effectively, 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 that the Group would invest in new business models that would prove not to be successful on a sustainable basis or would be forced out of the market by newer Internet business models, or that future profits could be sharply reduced by rising customer retention costs. This could lead to negative financial results, possibly resulting in the insolvency of a subsidiary in the worst case. In such a case, it

may become necessary to recognize impairment losses. This risk could materialize in all three operating segments of Marketing Models, Classified Ad Models, and Paid Models.

Generally speaking, however, the business models of our subsidiaries and associates are highly diversified, which ultimately reduces the overall level of risk. Such risks are further diversified by means of preventative measures such as the clear investment criteria applied in connection with our M&A activities, as well as active portfolio and investment management, the recruitment and retention of highly qualified managers, and the continuous monitoring of business and market developments.

Furthermore, we strive to counter the above-mentioned strategic risks by means of constant innovation. DIE WELT is the first German nationwide daily to use augmented-reality multimedia content, such as videos and 3D graphics, both in its editorial content and its print ad formats. Following the successful introduction of a usage-dependent payment model for the DIE WELT's website in December 2012, BILD also launched a paid content model in June 2013. BILDplus offers content on all platforms and terminal devices that is exclusively available to paying customers. Despite the fact that some content is now available by subscription only, the total reach of BILD.de has held firm on the highest level. Besides generating advertising and circulation revenues, paid content models support the strategy of building a sustainable subscriber base for paid digital journalism.

In addition, Axel Springer continues to rigorously pursue a strategy of profitable growth, primarily in the area of digitized business models. The process of digitization and internationalization is being advanced in particular by Axel Springer Digital Classifieds GmbH, founded together with General Atlantic, and by the joint venture with Ringier AG, Ringier Axel Springer Media AG.

The online classifieds business is bundled under the roof of Axel Springer Digital Classifieds. In the last two years, this company has acquired leading portals in the United Kingdom, Belgium, South Africa, Ireland, Germany, and elsewhere, which complement our digital international portfolio very well.

Ringier Axel Springer Media and its subsidiaries are mainly exposed to market and financial risks. Declining circulation numbers, which in return reduce circulation revenues and potentially also advertising revenues in the medium term, represent a significant market risk. Above all, the advertising market in eastern Europe is exposed to significant market risks related to the structural shift from print to online. Axel Springer counters these risks by means of targeted actions. In late 2012, the Group acquired a majority interest in the leading Polish online portal, onet.pl. In August 2013, the biggest Polish sales organization, Media Impact Polska, was formed under a cooperation agreement between Grupa onet.pl and Ringier Axel Springer Media Poland. By marketing their combined and expanded product portfolio, this new organization will be able to offer even better, tailored solutions to customers in this market.

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 also gives rise to heightened foreign exchange risks (EUR, CHF, eastern European currencies), which the company has countered 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 further political and media-law 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.

The loss of major customers, particularly in the advertising business, could have an adverse effect on the business performance of the Group and its activities. At the present time, this risk could be heightened by the agreed sale of our women's magazines, TV program guides, and regional titles to FUNKE Mediengruppe, since it leads to doubts of our advertising customers concerning the continuation of existing business relationships. Axel

Springer counters this risk by means of various customer retention measures, and by actively providing extensive information about the upcoming changes to all our customers and agency partners.

In the area of distribution, the agreed sale of our women's magazines, TV program guides, and regional titles to FUNKE Mediengruppe (see page 25), and the associated drop in sales volumes and various economies of scale, entail the risk of cost increases. The formation of a joint venture with FUNKE Mediengruppe to handle distribution activities is meant to counter these cost increases in the area of retail sales.

The threat of terrorism still represents a significant risk for 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, and second, we have maintained insurance to mitigate the financial consequences of terrorism since 2009.

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, which is carefully monitored on the Group level, by means of the employer marketing initiative launched in 2011. The purpose of this initiative is to differentiate Axel Springer SE 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, though minor 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 bond 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 SE 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 primarily 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, thanks to 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 significant individual risks.

The overall risk situation of the Axel Springer Group is composed of the individual risks in all risk categories of the consolidated subsidiaries and corporate divisions. In consideration of the interdependency of individual risks, no individual risks that could endanger the continued operation of the Axel Springer Group or significantly influence the Group's financial position, financial performance, and liquidity can be discerned, unless the global economy would worsen dramatically, leading to a significant deterioration of the Group's market position and financial performance. Furthermore, risk concentrations are being incrementally reduced by means of increasing diversification in the form of internationalization and digitization. Compared to the prior-year, there have been some changes to individual risk positions, but they have not influenced the Group's overall risk situation and risk-bearing capacity significantly.

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.

Political opportunities

The ancillary copyright for news publishers that took effect on August 1, 2013 can be expected to strengthen the protection of intellectual property rights in Germany.

Strategic opportunities

The digitization strategy offers especially promising opportunities for generating additional revenues via the positive development of revenues in the online advertising market. 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 Paid Models segment.

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.

The strategic partnership between Axel Springer and the growth investor General Atlantic in the form of Axel Springer Digital Classifieds GmbH makes it possible 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.

The sale of the women's magazines, TV program guides, and regional titles to FUNKE Mediengruppe, as well as the sale of the Czech print activities – provided that they are completed – will enable Axel Springer SE to focus even more strongly on implementing the strategy of digitization and concentrate on the core journalism brands of the BILD Group and the WELT Group, including the corresponding magazine brands.

The acquisition of N24 Media GmbH that was agreed in December of 2013 (see page 24) represents another strategic investment in the digitization of journalism. The TV news station N24 will become the central supplier of video content for all of Axel Springer's brands. Furthermore, it is planned to merge N24 with the WELT Group. The new joint editorial team will deliver the most comprehensive multimedia coverage in the German media landscape, spanning digital, print, video, and live TV, with an emphasis on quality journalism as the hallmark in all media channels. By this means, we will continuously draw closer to the goal of becoming the leading digital publisher.

Forecast report

Anticipated economic environment

General economic environment

In its World Economic Outlook Update published in January 2014, the International Monetary Fund (IMF) expects global economic growth to accelerate, although it also points to the lingering risks of a setback. According to the IMF's forecast, the **world economy** should expand at a rate of 3.7 % in 2014. The United States will continue to serve as a reliable engine of the global economy. In addition, the countries of the euro zone should be able to emerge from recession in 2014. Major emerging-market countries like China will experience strong, but slower growth.

According to the economic forecast of the ifo Institute, the **German economy** should pick up considerable momentum during the course of 2014. Furthermore, consumer spending is likely to benefit from the positive trend of incomes and increase by 1.5 % in real terms. Supported by rising export expectations and favorable financing terms, investment spending on plant and equipment is expected to increase by 5.6 % in real terms. Based on the currently normal utilization of production capacities, plant and equipment investment can be expected to rise more considerably after a certain delay.

According to the forecast of the ifo Institute, exports should rise by 5.9 % in real terms, due to higher global demand. However, the relative competitiveness of German exporters compared to all trading partners will diminish somewhat in 2014. German gross domestic product is expected to expand by 1.9 % in real terms, compared to 2013. The ifo Institute expects that inflation will continue to be moderate. According to its forecast, consumer prices in total should rise by 1.5 % in 2014. The number of gainfully employed persons is expected to rise by an average of 230,000, while the unemployment rate is expected to dip slightly, from 6.9 % to 6.8 %.

The ifo Institute anticipates a slight acceleration of economic growth in **central and eastern Europe**. As before, the economic performance of this region will be driven by demand from the euro zone, although additional growth stimulus could be delivered by a recovery of domestic demand. Furthermore, the austerity policies of national governments are being relaxed, due to the fact that state finances have stabilized in most countries.

Anticipated Economic Development[1] (Selection)

Change in gross domestic product compared to prior year (real)	2014
Germany	1.9 %
Switzerland[2]	1.8 %
France	0.1 %
United Kingdom	2.6 %
Spain	0.1 %
Hungary	2.0 %
Poland	2.5 %
Czech Republic	1.3 %
Slovakia	1.8 %
Serbia[2]	2.0 %
Russia	2.0 %
Brazil[2]	2.5 %
USA	2.3 %
China	7.5 %
India	4.1 %

1) Source: ifo Institute, December 2013.
2) Source: IMF, October 2013.

Industry environment

In its forecast for 2014, the advertising industry association ZAW expresses its view that the advertising industry got off to a good start in 2014, based on the upswing in the last few weeks of 2013. Beyond this, according to ZAW, the future development of the advertising market in Germany will depend on the measures adopted by the new federal government coalition.

In its latest advertising market forecast, ZenithOptimedia anticipates that worldwide advertising expenditures will increase nominally by 5.3 % in 2014. Thus, ZenithOptimedia upgraded its forecast slightly from the + 5.1 % forecast published in September 2013.

Currently available forecasts for the **German** advertising industry predict mixed developments for the different types of media. ZenithOptimedia is predicting a nominal increase of 1.5 % for the net advertising market in Germany in 2014. Thus, the overall advertising market will not grow as fast as the general economy, which is expected to expand at a nominal rate of 3.8 % (+ 1.9 % in real terms). This growth will be carried by online advertising (+ 8.5 %), TV advertising (+ 3.2 %), outdoor advertising (+ 6.1 %), and radio advertising (+ 1.9 %). ZenithOptimedia is predicting a drop in net advertising revenues for newspapers (– 4.7 %) and magazines (– 1.2 %).

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

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

ZenithOptimedia's forecast (as of December 2013) for the **international markets** in which Axel Springer conducts business through its own subsidiaries paints a mixed picture.

According to ZenithOptimedia's forecast, net advertising revenues in the western European online market will rise by 9.8 % to USD 27.5 billion in 2014, 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 2014[1)]
(Selection)

Change in net ad revenues compared to prior year (nominal)	Newspapers	Magazines	Online
Germany	– 4.7 %	– 1.2 %	8.5 %
Switzerland	– 0.8 %	– 1.1 %	8.8 %
France[2)]	– 3.3 %	– 4.2 %	5.0 %
United Kingdom	– 2.9 %	– 5.2 %	14.5 %
Spain[2)]	– 2.9 %	– 2.0 %	5.1 %
Hungary	– 2.2 %	– 2.2 %	7.0 %
Poland[2)]	– 16.1 %	– 14.9 %	12.2 %
Czech Republic[2)]	– 3.8 %	– 1.8 %	9.3 %
Slovakia[2)]	– 1.4 %	– 3.4 %	33.3 %
Serbia[2)]	– 5.0 %	– 5.3 %	20.0 %
Russia	– 3.5 %	– 3.5 %	26.0 %
Brazil	– 0.1 %	– 0.8 %	11.7 %
USA	– 8.0 %	– 2.7 %	18.4 %
India[2)]	12.0 %	1.0 %	25.0 %

1) Source: ZenithOptimedia, Advertising Expenditure Forecast (December) 2013.
2) Excluding classifieds.

Group

Strategic and organizational orientation

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

Axel Springer revised its organizational and management structure in 2013 to reflect the progress made in the digital transformation of the Group. Axel Springer's business activities are now organized into three operating segments: Paid Models, Marketing Models, and Classified Ad Models. In addition, there is the Services/Holding segment.

Comparison of forecast with actual performance

The forecast published in March was based on the previous segment structure. It was not adjusted because the new segment structure only took effect at the end of the year. Therefore, the comparison between the actual performance of the Group and the segments in 2013 with the forecasts published in March is presented on the basis of the previous segments: Digital Media, Newspapers National, Magazines National, Print International, and Services/Holding. Discontinued operations (see page 25) are contained herein.

The forecast targets published in March 2013 were essentially attained.

Group

	Forecast	2013
Revenues	low single-digit percentage increase	+1.0 %
EBITDA	single-digit percentage decrease	−9.1 %
Earnings per share, adjusted (in €)	significantly below prior year	−15.4 %

Segments

	Forecast	2013
Revenues		
Digital Media	double-digit percentage increase	14.6 %
Newspapers National	low to mid single-digit percentage decrease	−6.2 %
Magazines National	low to mid single-digit percentage decrease	−3.1 %
Print International	mid to high single-digit percentage decrease	−12.0 %
Services/Holding	below prior year	−0.6 %
EBITDA		
Digital Media	significant increase	+14.2 %
Newspapers National	significantly below prior year	−21.6 %
Magazines National	slightly below prior year	+2.8 %
Print International	significantly below prior year	−17.0 %
Services/Holding	significantly below prior year	−95.3 %

The revenue forecasts for the National and Print International segments were updated on the occasion of the publication of the Interim Financial Report in August. The revenue forecast for the Newspapers National segment was concretized insofar as a decrease in the mid single-digit percentage range was now expected. For the Print International segment, a revenue decrease in the low double-digit percentage range was expected, due to the persistently difficult market environment in some countries and the disinvestment in France (see page 30). The revenues of the Magazines National and Services/Holding segments were slightly higher than expected.

Anticipated business developments and financial performance of the Group

On the Group level, we expect **total revenues** to rise by an amount in the mid single-digit percentage range in financial year 2014. We expect that the planned increase in advertising revenues and other revenues will more than offset the anticipated decline in circulation revenues. The Paid Models, Marketing Models, and Classified Ad Models segments are all expected to generate higher revenues.

We expect **EBITDA** to rise by an amount in the low double-digit percentage range. EBITDA contributions of the Paid Models and Classified Ad Models segments are expected to rise, while EBITDA of the Marketing Models segment is expected to remain on the level of the prior year, due to the planned expenditures for establishing new digital business models.

We anticipate that **adjusted earnings per share** will be higher than the prior-year figure by an amount in the low double-digit percentage range.

Anticipated business developments and financial performance of the segments

We expect the total revenues of the **Paid Models** segment to rise by an amount in the low single-digit percentage range in financial year 2014. Growth will be driven primarily by a considerable increase in other revenues, due to consolidation effects related to the acquisition of the N24 Group and the associated TV production revenues. We also expect to generate higher advertising revenues in this segment, while circulation revenues are expected to decline further, due to structural shifts in the national and international print business. We anticipate that segment EBITDA will be higher than the prior-year figure by an amount in the low to mid single-digit percentage range.

We expect the total revenues of the **Marketing Models** segment to increase by an amount in the low double-digit percentage range, mainly based on the anticipated growth of advertising revenues. We expect that segment EBITDA will be on the level of the prior-year figure, by reason of the planned expenditures for establishing new digital business models.

The revenues of the **Classified Ad Models** segment are expected to rise by an amount in the low double-digit percentage range, due to organic growth and consolidation effects. We expect segment EBITDA to rise by an amount in the low double-digit percentage range.

For the **Services/Holding** segment, we anticipate a decrease in revenues in the mid single-digit percentage area and a significant improvement in segment EBITDA, due to the lower expenditures for structural adjustments and stock options.

Anticipated liquidity and financial position

The liquidity and financial position will be influenced by the effects of the transactions agreed, but not yet finalized in 2013 and provided their closing, which will considerably widen the financial maneuvering room for investments in the digitization of the Group’s business. Furthermore, Axel Springer has access to extensive credit facilities, which can also be used for acquisitions. Based on the capital expenditure projects planned to date, investments in property, plant, and equipment, and intangible assets are likely to be lower than the corresponding prior-year figure. Financing will be provided by operating cash flow.

Dividend policy

Subject to the condition of sound financial performance in the future, Axel Springer will pursue a policy of slightly rising dividends, while also allowing for the financing of growth.

Anticipated development of the workforce

The average full-year number of employees in 2014 will be higher than in 2013, mainly due to organic growth and acquisitions in connection with the digital transformation of the Group's business.

Planning assumptions

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

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

EBITDA does not reflect any non-recurring effects. The adjusted earnings per share do not contain any write-downs of purchase price allocations, 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 write-downs 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.

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 61 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 SE 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.

To the company's knowledge, transfer restrictions based on the German law of obligations (Schuldrecht) exist by virtue of the following agreements:

- A share transfer restriction agreement was concluded between Dr. Mathias Döpfner, Brilliant 310. GmbH, Axel Springer SE, and M.M. Warburg & Co. KGaA on July 31 / August 4, 2006. Under this share transfer restriction agreement, the direct and indirect purchase or disposal of the shares of Axel Springer SE by Brilliant 310. GmbH or Dr. Mathias Döpfner are made contingent on the prior consent of Axel Springer SE, 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 SE that were given to him as a present by Dr. h. c. Friede Springer on the same date. In total, the pool agreement covers 52,826,967 voting shares of Axel Springer SE ("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 2012 and 2013 for the employees of the Axel Springer Group. As a general rule, 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, and the shares acquired under the Share Ownership Program 2013 are subject to a minimum holding period of four years, to expire on May 31, 2017. During the minimum holding periods, the shares are held in safe custody for account of employees in a blocked account with Deutsche Bank AG. The above-mentioned holding periods for the Share Ownership Programs 2012 and 2013 have been waived for those employees who will be transferred to FUNKE Mediengruppe when the sale of Axel Springer's regional newspapers, TV program guides, and women's magazines to that company is finalized. Thus, the affected employees will be permitted to sell their shares, but if they do so before expiration of the original minimum holding periods, they will no longer be entitled to participate in a share ownership program of Axel Springer SE in 2014. The minimum holding periods for shares issued under share ownership programs in earlier years have already expired.

In connection with the Virtual Stock Option Plan 2011 for senior executives, the beneficiaries are required to personally invest in shares of Axel Springer SE. These shares are not subject to any restrictions on disposal, but any disposition of these shares would cause the corresponding virtual stock option rights to lapse without replacement or compensation (see page 74 for information on the virtual stock option plan for senior executives).

The same applies to the virtual stock option plans 2009, 2012 and 2014 for members of the Executive Board (see page 72 for information on the virtual stock option plans 2009, 2012, and 2014 for Executive Board members).

Voting right restrictions

Under the above-mentioned pool agreement between Dr. Mathias Döpfner, Dr. h. c. Friede Springer, and Friede Springer GmbH & Co. KG, the voting rights and other rights attached to the pool-bound shares are to be exercised in the annual shareholders' meeting of Axel Springer SE 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 SE, 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 SE, 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 2013, the following direct and indirect shareholdings in the equity of Axel Springer SE 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 above-mentioned shareholdings may be found in the disclosures pertaining to voting rights notifications in the notes to the 2013 financial statements of Axel Springer SE, 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 the years 2011, 2012, and 2013, 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 SE 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. According to Article 46 para. 1 of the EU Regulation on European Companies (SE-VO), the maximum term of office for members of the Executive Board of a European company (Societas Europaea, SE) is six years; in the present instance, this maximum term is shortened to five years by virtue of Article 8 para. 2 sub-para. 1 of the Articles of Incorporation of Axel Springer SE – corresponding to the previous maximum term pursuant to Section 84 (1) (1) of the German Stock Corporations Act (AktG). The term of office can be renewed or extended for a period of no more than five years thereafter (for details, see Article 8 para. 2 of the company's Articles of Incorporation; Article 46 para. 1 and para. 2 SE-VO). 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 (Article 8 para. 3 sub-para. 2 of the Articles of Incorporation of Axel Springer SE). If a required Executive Board member is lacking, the court is authorized, in urgent cases, to appoint the necessary member at the request of one involved party (Article 9 para. 1 letter c) no. ii) SE-VO in conjunction with Section 85 (1) (1) AktG). The Supervisory Board is authorized to revoke the appointment of an Executive Board member and the Executive Board Chairman for an important reason (for details, see Article 39 para. 2 sub-para. 1, 9 para. 1 letter c) no. ii) SE-VO, Section 84 (3) (1) and (2) AktG).

Insofar as obligatory laws or provisions of the Articles of Incorporation do not require a greater majority, amendments to the company's Articles of Incorporation require a resolution of the annual shareholders' meeting carried by a two-thirds majority of the votes cast, or provided that at least one half of the company's share capital is represented, by a simple majority (see Article 21 para. 2 sub-para. 2 of the company's Articles of Incorporation in conjunction with Section 51 (1) of the European Company Implementing Act (SEAG), Article 59 para. 1 and 2 SE-VO); the latter does not apply to an amendment changing the business object and purpose of the company, or to a resolution regarding the relocation of the registered head office of the SE to another member state pursuant to Article 8 para. 6 SE-VO (see Section 51 (1) SEAG, Article 59 para. 1 and 2 SE-VO). An amendment of the corporate governance principles set forth in Article 3 of the company's Articles of Incorporation requires a majority equal to at least four fifths of the share capital represented in the adoption of the resolution (see 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 SE has not established authorized capital that would authorize the Executive Board to issue new shares, nor 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 Article 9 para. 1 letter c) no. ii) SE-VO in conjunction with Sections 71a 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 SE (see Agenda Item 7 and the Executive Board's report on this subject).

At the end of financial year 2013, the company held no treasury shares.

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.

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, the lender is entitled to call in the credit facility within a notice period of 30 days, in the event of a change of control.

Aside from specific exceptions that relate to the shareholders that currently control Axel Springer SE, 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 SE 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 that case, they will have the right to receive payment of their base salary for the most recently negotiated remaining contractual term, while some of the eligible Executive Board members will have the right to receive payment of an amount equal to at least 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 5, 2013:

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

I. Prospective section

The company follows the recommendations of the German Corporate Governance Code (GCGC) in the version of May 13, 2013, as published by the German Federal Ministry of Justice in the official announcements section of the electronic Federal Gazette of June 10, 2013, with the exception of the differences noted and justified below:

1. Presentation of itemized Executive Board compensation in tabular form in the Compensation Report (Section 4.2.5 paras. 5 and 6 GCGC)

Executive Board compensation is disclosed in accordance with provisions of law, in consideration of the so-called "opt-out" resolution of the company's annual shareholders' meeting of April 23, 2010. Accordingly, itemized Executive Board compensation is not disclosed in the separate and consolidated financial statements to be prepared in respect of financial years 2010 to 2014 (inclusive), in accordance with Section 286 (5) (1), 314 (2) (2) HGB.

As long as an "opt-out" resolution adopted by the annual shareholders' meeting remains in effect, the company will not include in the Compensation Report for financial years that begin after December 31, 2013 the disclosures of itemized compensation for each Executive Board member, as recommended in Section 4.2.5 paras. 5 and 6 GCGC.

2. Chairman of the Audit Committee (Section 5.2 para. 2 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.

3. Consideration of the age limit in proposing candidates for election proposals to the Supervisory Board (Section 5.4.1 para. 2 GCGC)

The Supervisory Board has established a standard age limit for its members and continues to believe it is appropriate. With the goal of assuring the best possible composition of the Supervisory Board, it will continue to resolve exceptions in justified cases.

4. 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 paras. 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.

5. Itemized disclosure of Supervisory Board compensation (Section 5.4.6 paras. 5 and 6 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 paras. 5 and 6 GCGC).

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

II. Retrospective section

Period from the issuance of the last Declaration of Conformity on November 6, 2012 to the publication of the new version of the Code on June 10, 2013:

In the time from the issuance of the last Declaration of Conformity on November 6, 2012 to the publication of the new version of the Code on June 10, 2013, 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 Federal Gazette of June 15, 2012, with the exception of the exceptions noted and justified under I. 2), 4) and 5) above, and the following exception:

Alignment of success-oriented Supervisory Board compensation with the sustainable development of the company (Section 5.4.6 para. 4 GCGC in the version published on 10 June 10, 2013 / Section 5.4.6 para. 5 GCGC in the version published on June 15, 2012)

The compensation of the Supervisory Board consisted of a fixed component and a variable component. The variable component of Supervisory Board compensation was 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 was based on the prior year in every case, meaning that it was possibly not aligned with the company's sustainable 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 aligned with the sustainable development of the company, the company declares an exception to the corresponding GCGC recommendation in the time until December 31, 2012. 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 have been proper and appropriate in the past.

Period since publication of the new version of the Codex on June 10, 2013:

In the time since it was published, the company has followed the recommendations of GCGC in the version of May 13, 2013, as published by the German Federal Ministry of Justice in the official announcements section of the Federal Gazette of June 10, 2013, with the exception of the difference noted and justified in Section I. 2) above.

Berlin, November 5, 2013

Axel Springer AG

The Supervisory Board   The Executive Board"

The foregoing Declaration of Conformity of November 5, 2013 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 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 SE concretize the requirements to be met by the managers of the Axel Springer Group, as a framework for action based on transparent expectations.

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 and safety, and 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 management principles and guidelines can be found at www.axelspringer.com/corporateprinciples.

Already in financial year 2010, Axel Springer established a separate department for Corporate 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 taken 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_en.

Procedures of the Executive Board and Supervisory Board, and composition of the committees of the Supervisory Board

Cooperation between the Executive Board and Supervisory Board

The legal form conversion of Axel Springer AG to a European company (Societas Europaea, SE), which was resolved by the annual shareholders' meeting on April 24, 2013, took effect upon being entered into the Commercial Register on December 2, 2013. Also after the conversion to a SE, management and supervision are conducted on the basis of a dual management system, as before under Axel Springer AG. 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 are entitled to convene a meeting. As a general rule, the full Executive Board adopts resolutions by a simple majority of the votes cast; in the case of resolutions adopted by a simple majority, the Chairman casts the deciding vote. A resolution adopted in spite of being opposed by the Executive Board Chairman is deemed to be invalid, 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
- Obligation to disclose conflicts of interest

Given the appointment of Dr. Julian Deutz to the Executive Board as of January 1, 2014, the Management currently consists of six members, until the planned departure of Lothar Lanz in April 2014:

- 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
- Dr. Julian Deutz (Executive Board member as of January 1, 2014)

In April 2014, Dr. Julian Deutz will take over the Finance division from Lothar Lanz, after already taking over several responsibilities from Lothar Lanz in February 2014.

Procedures of the Supervisory Board

As per the company's Articles of Incorporation, the Supervisory Board of Axel Springer SE 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 electronic media. 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 SE and approves the consolidated financial statements of the Group. It regularly assesses the efficiency of its work by means of a questionnaire. Please refer to the report of the Supervisory Board (page 76) for additional information on the specific activities of the Supervisory Board in financial year 2013.

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 topics, among others:

- Election and duties of the Chairman and Vice Chairman of the Supervisory Board
- Calling of meetings

- Adoption of resolutions at meetings or by voting by way of written correspondence, telephone calls, telexes, or electronic media

- Supervisory Board committees, including their composition, organization, and duties

- 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 (from January 8, 2013 to April 24, 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).

By resolution of January 7, 2013, the Charlottenburg Local Court appointed Rudolf Knepper to the Supervisory Board until the close of the annual shareholders' meeting, which was held on April 24, 2013. Since the close of this annual general meeting, the Supervisory Board has been composed of eight members, whose terms of office will expire upon 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 76 ff.) for information on the areas of responsibility and composition of the committees.

By way of exception to the recommendation set out in Section para. 2 GCGC, the Chairman of the Supervisory Board, Dr. Giuseppe Vita, is also the Chairman of the Audit Committee of the Supervisory Board (see the stated exception in the Declaration of Conformity of November 5, 2013, page 62). He meets the requirements relative to expertise and independence defined in Article 9 para. 1 letter c) ii) SE-VO in conjunction with Sections 107 (4), 100 (5) AktG (financial expert), as well as the requirements set out in the recommendation of Section 5.3.2 paras. 2 and 3 GCGC.

Further information on corporate governance

Goals for the composition of the Supervisory Board

In its meeting of July 2, 2013, the Supervisory Board of Axel Springer SE confirmed the following goals for its composition, which had been resolved or confirmed by the Supervisory Board of Axel Springer AG in its meetings of October 14, 2010 and October 24, 2012, in consideration of Section 5.4.1 GCGC:

- The Supervisory Board of Axel Springer SE 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.

- 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 SE.

Goals for the composition of the Executive Board

Also in its meeting of October 14, 2010, the Supervisory Board of Axel Springer AG 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 new Executive Board member Dr. Julian Deutz as of January 1, 2014, the Supervisory Board gave due consideration to the principles mentioned above and appointed the most qualified candidate, 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 35 of the present Annual Report.

Shareholders and annual shareholders' meeting

Also after the change of legal form to an SE, the annual shareholders' meeting 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 SE 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. No conflicts of interest arose within the Executive Board in 2013.

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. Please see the report of the Supervisory Board concerning conflicts of interest that arose during the reporting period (page 79).

Memberships on other supervisory bodies

A summary of the seats held by the Executive Board and Supervisory Board members of Axel Springer SE on other legally prescribed supervisory boards or comparable boards in Germany and abroad can be found on pages 153 and 154.

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 8 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 website. 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 3,320,855 shares of Axel Springer SE at the reporting date of December 31, 2013. Of that number, 3,225,492 shares were held directly by the Chairman of the Executive Board, Dr. Mathias Döpfner, and indirectly via Brilliant 310. GmbH.

At the reporting date, the Supervisory Board members directly or indirectly held a total of 56,011,170 shares of Axel Springer SE. Dr. h. c. Friede Springer held 51,000,030 shares indirectly via Friede Springer GmbH & Co. KG and Axel Springer Gesellschaft für 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 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 SE 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, and in 2008 the shareholders Dr. Oliver Krauß and Klaus Zapf 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 in financial year 2013.

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. The company 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 performance-dependent 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 2013.

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 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 SE), as well as corporate goals; the amount is capped at twice the amount payable upon 100 % goal attainment. In financial year 2013, as in the prior year, the corporate goals were based on the EBITDA of the Group and the EBITDA of the Digital Media segment. The Supervisory Board adopts both the goals applied for measuring individual performance and the corporate goals. A portion of the variable cash compensation is determined on the basis of fulfillment of the corporate goals adopted for a measurement period of three years. Goal fulfillment 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 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), as of January 1, 2012 (referred to hereinafter as the Virtual Stock Option Plan 2012), and as of January 1, 2014 (referred to hereinafter as the Virtual Stock Option Plan 2014).

Under the Virtual Stock Option Plan 2009, a total of 1,125,000 (before the share split resolved by the annual shareholders' meeting in April 2011: 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; and under the Virtual Stock Option Plan 2014, a total of 205,313 virtual stock options were issued, effective January 1, 2014. In all three 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 calendar day of the year in 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; Virtual Stock Option Plan 2014: € 44.06), 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: max. € 40.57 (before share split: max. € 121.72); Virtual Stock Option Plan 2012: max. € 61.06; Virtual Stock Option Plan 2014: max. € 88.12); this amount is 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 SE 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 options at the grant date in 2009 was € 4.7 million. Because the remaining options under the Virtual Stock Option Plan 2009 were exercised in financial year 2013, this plan is ended. The value of the virtual stock options at the grant date in 2012 was € 2.4 million; the value of the virtual stock options at the grant date in 2014 was € 1.4 million. For additional information on the Virtual Stock Plans 2009 and 2014, please refer also to the disclosures in Section (12) of the notes to the consolidated financial statements.

Most of the 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, an Executive Board member who has served for at least five years after the pension commitment date acquires a vested claim to a pension payment proportional to the length of his employment with the company. Payments are also made in the event of complete occupational disability.

Some Executive Board members have the right to terminate their service contracts due to a change in control. In that case, they will have the right to receive payment of their base salary for the most recently negotiated remaining contractual term, while some of the eligible Executive Board members will have the right to receive payment of an amount equal to at least 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 2013. This review yielded the result that the Executive Board compensation system complies with applicable laws and regulations, and in particular that it is appropriately aligned with the sustainable development of the company.

The total compensation granted to the Executive Board in **financial year 2013** amounted to € 20.1 million (PY: € 19.9 million plus € 2.4 million long-term share-based remuneration component). The fixed compensation amounted to € 9.4 million (PY: € 9.2 million); that amount also includes the amounts for fringe benefits (company car or company car allowance, and security expenses). The total variable compensation in cash amounted to € 10.7 million (PY: € 10.7 million).

No long-term variable compensation components in the form of share-based compensation were granted in financial year 2013 (PY: € 2.4 million, Virtual Stock Option Plan 2012). Accordingly, the fixed compensation, including fringe benefits, represented 47 % of the total compensation granted in financial year 2013 (PY: 41 %, respectively 46 % with respect to the sum of fixed and variable cash compensation).

To cover the company's pension obligations to Executive Board members, personnel expenses of € 0.5 million were incurred in financial year 2013 (PY: € 0.3 million). At the reporting date, the net present value of the pension obligation recognized in the pension provisions was € 7.0 million (PY: € 6.2 million). No loans or advances were granted to members of the Executive Board in financial year 2013. With regard to pension commitments granted to Executive Board members after June 10, 2013, that being the effective date of the corresponding recommendation set out in Section 4.2.3 para. 10 GCGC, the Supervisory Board adopted the targeted amount of pension commitments in every case, taking into consideration, the annual and long-term pension expenses for the company derived on that basis, in accordance with the aforementioned GCGC recommendation.

Axel Springer SE 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 the former Axel Springer AG held on April 23, 2010, adopted such a resolution with the requisite majority. The reason for this is that Axel Springer SE's competitors do not disclose itemized compensation either.

Supervisory Board

The compensation of the Supervisory Board is set by the annual shareholders' meeting.

The compensation of the Supervisory Board of Axel Springer AG is regulated by Article 16 of the Articles of Incorporation of Axel Springer AG. Effective January 1, 2013, new rules were established by virtue of the resolution of the annual shareholders' meeting of April 24, 2013, which took effect when the corresponding provisions of the Articles of Incorporation were entered into the Commercial Register on May 7, 2013. Accordingly, the Supervisory Board of Axel Springer AG receives an annual fixed compensation of € 3.0 million. The Supervisory Board decides how the aforementioned amount is distributed among its members, with appropriate consideration given to their activities as chairman and in the committees. If the member does not serve on the Supervisory Board or exercise a higher-paying function of a Supervisory Board member for the full year, such member will receive a pro-rated share of the full-year compensation. Only full months of activity are taken into account for this purpose. The compensation is payable after the close of the given financial year.

The foregoing compensation rules also govern the compensation of the Supervisory Board of Axel Springer SE. In accordance with the resolution adopted by the annual shareholders' meeting of Axel Springer AG of April 24, 2013 to convert Axel Springer AG into Axel Springer SE, which took effect upon being entered into the Commercial Register on December 2, 2013, provisions identical to Article 16 of the Articles of Incorporation of Axel Springer AG were incorporated into the Articles of Incorporation of Axel Springer SE. Furthermore, the legal form conversion resolution provides that the month in which the conversion takes effect is deemed to be a full month of activity for Axel Springer SE.

For **financial year 2013**, the Supervisory Board will receive total compensation of € 3.0 million (PY: € 2.5 million, including variable compensation of € 0.5 million). The portion of this compensation corresponding to the months of January through November 2013 will be paid in respect of service on the Supervisory Board of Axel Springer AG, and the portion corresponding to December 2013 will be paid in respect of service on the Supervisory Board of Axel Springer SE.

In addition, the company reimburses all members of the Supervisory Board for their expenses and for the value-added tax payable on their compensation and on the reimbursement of their expenses. 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 5 and 6 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 SE'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 the company, 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 SE 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 SE 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 Siemens AG

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

Rudolf Knepper
(from January 8, 2013 until April 24, 2013)
Member of the Supervisory Board
of Axel Springer AG

Klaus Krone
Member of the Supervisory Board
of Axel Springer SE

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,

In financial year 2013, 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.

By means of written and oral reports, the Executive Board informed the Supervisory Board in detail, regularly, and promptly about all relevant matters of strategy, planning, business performance, and the risk situation of the company, as well as the risk management system, the Internal Control System (ICS), and matters pertaining to compliance. The Executive Board also kept the Supervisory Board informed of important 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. The Supervisory Board examined the important planning documents and financial statements presented to it and assured itself that they were correct and appropriate. It reviewed and discussed all submitted reports and documents to an appropriate extent. It was not necessary in financial year 2013 for the Supervisory Board to inspect company books and documents beyond those presented during the normal course of reporting by the Executive Board.

The Supervisory Board discussed with the Executive Board all matters of crucial importance for the company, especially the company's business plan, business strategy, major investment and disinvestment plans, and personnel matters. Furthermore, the Supervisory Board discussed specific transactions of importance to the company's future development. It 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. After in-depth review, the Supervisory Board approved all matters presented to it by the Executive Board for resolution or approval.

The Supervisory Board of Axel Springer AG held a total of six meetings in 2013, three of which in the first half and three in the second half of the calendar year. In addition, the Supervisory Board of Axel Springer SE held one meeting in the first half and one meeting in the second half of the year. All Supervisory Board members attended at least half the meetings of the Supervisory Board of Axel Springer AG and Axel Springer SE. When necessary, Supervisory Board resolutions were adopted by way of written circulation.

Important matters addressed by the Supervisory Board

In its meeting of **February 1, 2013**, the Supervisory Board discussed and approved the financial plan 2013 submitted by the Executive Board. The Executive Board informed the Supervisory Board of the preliminary figures concerning the company's business performance in financial year 2012 and reported on the planned conversion of Axel Springer AG to the legal form of a Societas Europaea (SE). The Supervisory Board also dealt with the conversion of Supervisory Board compensation to a purely fixed-compensation system. The Supervisory Board adopted the corresponding draft resolution on the amendment of the company's Articles of Incorporation to be submitted to the annual shareholders' meeting for approval and the related amendments to the internal rules of procedure in the subsequent meeting of March 5, 2013.

In its meeting of **March 5, 2013**, 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, 2012 (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 2012, 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 2013, to be submitted to the annual shareholders' meeting. The Supervisory Board also discussed the agenda for the annual shareholders' meeting in 2013, including the draft resolutions to be approved by the annual shareholders' meeting, and adopted a resolution on the report for financial year 2012 to be submitted to the annual shareholders' meeting. The Supervisory Board also adopted a resolution on the share ownership plan for employees with target agreements or profit-sharing bonuses, which was implemented in financial year 2013.

At its meeting of **April 24, 2013**, the Supervisory Board again dealt with the preparations for the upcoming shareholders' meeting. In addition, the Executive Board reported to the Supervisory Board on the company's business performance in the first quarter of financial year 2013. Immediately following the annual shareholders' meeting, the Supervisory Board of Axel Springer SE, which had been newly elected by the annual shareholders' meeting as a precaution in connection with the resolution to convert the company into an SE, held its constitutive meeting and elected Dr. Guiseppe Vita as the Chairman and Dr. h. c. Friede Springer as the Vice Chairwoman of the Supervisory Board of Axel Springer SE. Since that time, the composition of the Supervisory Board of Axel Springer SE has been identical to the composition of the Supervisory Board of Axel Springer AG.

In the meeting of **July 2, 2013**, the Executive Board reported to the Supervisory Board on the company's current business performance. In the subsequent meeting of the Supervisory Board of Axel Springer SE, various resolutions pertaining to the resolved conversion were adopted. In a first step, the members of the Executive Board of Axel Springer AG were appointed to the Executive Board of Axel Springer SE and the previous division of executive responsibilities was retained, and Dr. Mathias Döpfner was concurrently appointed as its Chairman. Furthermore, the Supervisory Board appointed Dr. Julian Deutz to the Executive Board of Axel Springer SE as the successor to the Chief Financial Officer Lothar Lanz, with effect as of January 1, 2014. As a result of a resolution of the Supervisory Board in February 2014, he had taken over several responsibilities (Accounting, Risk & Compliance, Internal Audit) from Mr. Lanz in February 2014. In addition, the Supervisory Board established the committees that had already been instituted at Axel Springer AG (Executive Committee, Personnel Committee, Audit Committee, Nominating Committee), each comprising the same members as the previous committees, as the committees of the Supervisory Board of Axel Springer SE, and adopted internal rules of procedure for the Supervisory Board and Executive Board of Axel Springer SE. Finally, the Supervisory Board of the SE confirmed and re-adopted various resolutions of the Supervisory Board of Axel Springer AG, particularly including the resolutions pertaining to the goals for the composition of the Supervisory Board from the meetings of October 14, 2010 and October 24, 2012, and the new rules pertaining to the restriction of transferability of the company's shares from the meeting of October 24 2012, by way of precaution.

In a joint special meeting of the full Supervisory Board and Executive Committee on **July 25, 2013**, the Executive Committee and Supervisory Board addressed the sale of the regional newspaper groups Berliner Morgenpost und Hamburger Abendblatt, including the advertising supplements and the TV program guides and women's magazines, to FUNKE Mediengruppe, and the formation of joint ventures with FUNKE Mediengruppe in the areas of marketing and retail sales, on the basis of an extensive written and oral report of the Executive Board. In this respect, in-depth attention was devoted particularly to the strategic reasons, component elements, and the opportunities and risks of the transaction. The Supervisory Board and Executive Committee approved the transaction.

In its meeting of **October 23, 2013**, the Supervisory Board primarily addressed and discussed the business strategy of Axel Springer, particularly in consideration of the transaction with FUNKE Mediengruppe, on the basis of an extensive Executive Board presentation. The Supervisory Board also adopted a resolution on the Declaration of Conformity for 2013. In this regard, the Supervisory Board addressed the amendments made to the German Corporate Governance Code (GCGC), which took effect on June 10, 2013. Furthermore, the Supervisory Board conducted a self-evaluation on the basis of questionnaires, and after discussing the results it concluded that the Supervisory Board continues to work in an efficient manner. The Supervisory Board adopted a resolution on the Executive Board employment contract for the new member appointed to the Executive Board with effect as of January 1, 2014, including the granting of a long-term, share-based compensation component in the form of virtual stock options, in accordance with the Virtual Stock Option Plan 2014 (for more information on this subject, see page 72).

Conflicts of interest

The draft resolution expressing the Executive Committee's approval of the acquisition by Axel Springer Digital GmbH of a minority interest in Project A GmbH & Co. KG was also forwarded to the full Supervisory Board. To avoid the appearance of a potential conflict of interest, however, the document was not forwarded to Dr. Michael Otto, in consideration of the indirect investment held by Otto (GmbH & Co. KG) in Project A GmbH & Co. KG.

Corporate governance

The Executive Board and Supervisory Board issued their joint Declaration of Conformity pursuant to Section 161 AktG on November 5, 2013. 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 62 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 62).

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, investments, and the financing of investments. It is also responsible for preparing decisions on the organization of the Executive Board, the approval of sales of company shares 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 six meetings in financial year 2013, which were regularly attended also by the members of the company's Executive Board. The Executive Committee approved, among others, the following transactions: the acquisition of a 100 % equity interest in YourCareerGroup by the StepStone Group, the acquisition of the remaining equity in Digital Windows Ltd. by ZANOX AG, the acquisition of a minority interest in Project A GmbH & Co. KG by Axel Springer Digital GmbH, the acquisition of a majority interest in Runtastic

GmbH via Axel Springer Digital Ventures GmbH, the acquisition of a 100 % equity interest in Saongroup Limited by the StepStone Group, the acquisition of a majority interest in Metrigo GmbH by ZANOX AG, the acquisition of a majority interest in My Little Paris S.A.S. and a 100 % equity interest in Merci Alfred S.A.S. by aufeminin.com S.A., and the acquisition of a 100 % equity interest in N24 Media GmbH. The deliberations and resolutions of the Executive Committee also pertained to the sale of the regional newspaper groups Berliner Morgenpost and Hamburger Abendblatt, including the advertising supplements and the TV program guides and women's magazines, to FUNKE Mediengruppe, and the formation of joint ventures with FUNKE Mediengruppe in the areas of marketing and retail sales. It also approved the exercise of a put option in relation to Doğan TV, the amendment of the investment agreements with Doğan TV, the contribution of Axel Springer ideAS Engineering GmbH to "Axel Springer Verlag" Beteiligungsgesellschaft mbH, and the sale of the Czech activities of Ringier Axel Springer Media AG. The Executive Committee also deliberated and adopted resolutions on the conclusion of management control and profit/loss transfer agreements between "Axel Springer Verlag" Beteiligungsgesellschaft mbH and Axel Springer ideAS Engineering GmbH, and between Axel Springer Digital GmbH and Axel Springer Digital Ventures GmbH, and the termination of the existing management control and profit/loss transfer agreements between Axel Springer SE and Axel Springer Media Impact Dienstleistungsgesellschaft mbH, WBV Wochenblatt Verlag GmbH, Axel Springer Digital TV Guide GmbH, and Axel Springer Syndication GmbH, and between Berliner Morgenpost GmbH (formerly Ullstein GmbH) and B.Z. Ullstein GmbH. The Executive Committee also adopted resolutions on decisions to approve transfers of the company's shares pursuant to Article 5 para. 3 of the company's Articles of Incorporation.

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 approves 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 and on the approval of contracts with Supervisory Board members pursuant to Section 114 AktG. To the extent it bears responsibility, the Personnel Committee also represents the company in transactions with individual Executive Board members. Finally, the Personnel Committee decides on the approval of the 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 four meetings in financial year 2013. Among other things, it prepared the decision on appointing a new member to the Executive Board and on the amount of his compensation. 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 decisions to be made by the Supervisory Board 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, the discussion of the audit report with the independent auditor, and the review of the management system, the internal control system, and the internal audit system, and matters pertaining to compliance. 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. With regard to the audit of the financial statements, the Audit Committee 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 2013, three of which in the form of telephone conferences. 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 2012, 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 2013. 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 2013. 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 2013. In addition, the Audit Committee 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 for 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 three meetings in financial year 2013 and deliberated on the appointment of a Supervisory Board new member to fill the vacant seat following the resignation of Mr. Rudolf Knepper at the close of the annual shareholders' meeting of April 24, 2013, and the planned re-election of the entire Supervisory Board upon the expiration of the terms of office of the current Supervisory Board members at the close of the upcoming annual shareholders' meeting.

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 the annual 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, all of which were prepared by the Executive Board for financial year 2013, and issued an unqualified audit opinion in every case. 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 24, 2014 and March 3, 2014. At these meetings, the independent auditor reported on the principal audit findings 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 € 977 thousand in financial year 2013. 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 3, 2014, the Audit Committee reported on the results of its examination and recommended that the Supervisory Board approve the separate and consolidated financial statements, as well as the combined management report of the parent company and the Group, and the review of the Dependency Report. At this meeting, the Supervisory Board reviewed the documents in question, having noted and duly considered the 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 of the parent company and the Group, all of which were prepared by the Executive Board. Accordingly, the annual financial statements of Axel Springer SE 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 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 also 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 3, 2014, 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.

Composition of the Supervisory Board

By resolution of January 7, 2013, the Charlottenburg Local Court appointed Rudolf Knepper to the Supervisory Board of Axel Springer AG as the successor to Michael Lewis, who resigned in September 2012, until the close of the next annual shareholders' meeting, which was held on April 24, 2013. Because Mr. Knepper withdrew his candidacy for election to the Supervisory Board by the annual shareholders' meeting of April 24, 2013 on short notice, the intended election of a replacement member to the Supervisory Board of Axel Springer AG was not held in the annual shareholders' meeting of April 24, 2013. Consequently, the Supervisory Board, which is to be composed of nine members according to the company's Articles of Incorporation, is currently composed of eight members.

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 3, 2014

The Supervisory Board

Dr. Giuseppe Vita

Chairman

Consolidated Financial Statements

85 Responsibility Statement

86 Auditor's Report

87 Consolidated Statement of Financial Position

89 Consolidated Statement of Comprehensive Income

90 Consolidated Statement of Cash Flows

91 Consolidated Statement of Changes in Equity

92 Consolidated Segment Report

Notes to the Consolidated Financial Statements

93 General information

111 Notes to the consolidated statement of financial position

130 Notes to the consolidated statement of comprehensive income

137 Notes to the consolidated statement of cash flows

138 Notes to the consolidated segment report

140 Other disclosures

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 20, 2014

Axel Springer SE

Dr. Mathias Döpfner

Jan Bayer

Ralph Büchi

Dr. Julian Deutz

Lothar Lanz

Dr. Andreas Wiele

Auditor's Report

We have audited the consolidated financial statements prepared by Axel Springer SE, 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 SE for the fiscal year from January 1 to December 31, 2013. The preparation of the consolidated financial statements and the combined management report of the Axel Springer Group and Axel Springer SE 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 SE 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 SE 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 SE 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 SE. 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 SE 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 24, 2014

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

Plett

Wirtschaftsprüfer
[German Public Auditor]

Glöckner

Wirtschaftsprüfer
[German Public Auditor]

Consolidated Statement of Financial Position

€ millions

ASSETS	Note	12/31/2013	12/31/2012
Non-current assets		**3,680.2**	**3,868.3**
Intangible assets	(4)	2,411.5	2,455.5
Property, plant, and equipment	(5)	640.3	690.7
Investment property	(6)	55.0	57.0
Non-current financial assets	(7)	433.9	470.9
Investments accounted for using the equity method		8.7	24.6
Other non-current financial assets		425.2	446.3
Receivables due from related parties [1]	(36)	25.5	26.9
Receivables from income taxes		19.8	27.7
Other assets	(10)	53.1	78.4
Deferred tax assets	(26)	41.2	61.2
Current assets		**1,093.6**	**939.9**
Inventories	(8)	23.5	27.1
Trade receivables	(9)	472.8	502.6
Receivables due from related parties [1]	(36)	10.4	14.0
Receivables from income taxes		40.8	44.5
Other assets	(10)	81.6	97.6
Cash and cash equivalents	(29)	248.6	254.1
Assets held for sale	(2d)	215.9	0.0
Total assets		**4,773.8**	**4,808.2**

[1] Regarding the adjustment of the prior-year figures see note (13).

€ millions

EQUITY AND LIABILITIES	Note	12/31/2013	12/31/2012
Equity	(11)	**2,244.0**	**2,253.1**
Shareholders of Axel Springer SE		1,869.9	1,887.5
Non-controlling interests		374.1	365.6
Non-current provisions and liabilities		**1,601.7**	**1,628.9**
Provisions for pensions [1]	(13)	267.0	321.6
Other provisions	(14)	56.0	52.0
Financial liabilities	(15)	718.7	691.2
Trade payables		0.7	0.9
Liabilities due to related parties	(36)	4.1	1.4
Other liabilities	(16)	241.7	232.1
Deferred tax liabilities	(26)	313.5	329.8
Current provisions and liabilities		**928.1**	**926.1**
Provisions for pensions [1]	(13)	20.8	22.6
Other provisions	(14)	169.1	144.2
Financial liabilities	(15)	1.1	12.5
Trade payables		270.7	281.3
Liabilities due to related parties	(36)	11.0	24.2
Liabilities from income taxes		37.8	72.9
Other liabilities	(16)	326.7	368.5
Liabilities related to assets held for sale	(2d)	90.8	0.0
Total equity and liabilities		**4,773.8**	**4,808.2**

[1] Regarding the adjustment of the prior-year figures see note (13).

Consolidated Statement of Comprehensive Income

€ millions

Consolidated Income Statement	Note	2013	2012[1]
Revenues	(18)	2,801.4	2,737.3
Other operating income	(19)	145.3	139.2
Change in inventories and internal costs capitalized		17.7	10.8
Purchased goods and services	(20)	–925.8	–902.6
Personnel expenses	(21)	–921.6	–827.1
Depreciation, amortization, and impairments	(22)	–155.1	–161.4
Other operating expenses	(23)	–697.7	–672.6
Income from investments	(24)	25.7	5.9
Result from investments accounted for using the equity method		1.8	1.8
Other investment income		23.9	4.2
Financial result	(25)	–23.1	–45.8
Income taxes	(26)	–88.1	–92.9
Income from continued operations		**178.6**	**190.7**
Income from discontinued operations		**65.1**	**85.0**
Net income		**243.7**	**275.8**
Net income attributable to shareholders of Axel Springer SE		197.1	238.1
Net income attributable to non-controlling interests		46.6	37.7
Basic/diluted earnings per share (in €) from continued operations	**(27)**	**1.34**	**1.64**
Basic/diluted earnings per share (in €) from discontinued operations	**(27)**	**0.65**	**0.78**

[1] Prior-year figures were adjusted due to the disclosure of discontinued operations.

€ millions

Consolidated Statement of Recognized Income and Expenses	Note	2013	2012
Net income		**243.7**	**275.8**
Actuarial gains/losses from defined benefit pension obligations		2.5	–48.2
Items that may not be reclassified into the income statement in future periods		**2.5**	**–48.2**
Currency translation differences		–65.4	14.1
Changes in fair value of available-for-sale financial assets		11.5	–1.3
Changes in fair value of derivatives in cash flow hedges		–0.4	10.9
Other income/loss from investments accounted for using the equity method		0.0	–0.3
Items that may be reclassified into the income statement in future periods if certain criteria are met		**–54.3**	**23.3**
Other income/loss	**(28)**	**–51.9**	**–24.9**
Comprehensive income		**191.9**	**250.9**
Comprehensive income attributable to shareholders of Axel Springer SE		150.7	211.1
Comprehensive income attributable to non-controlling interests		41.1	39.8

Consolidated Statement of Cash Flows

€ millions	Note	2013	2012
Net income		**243.7**	**275.8**
Reconciliation of net income to the cash flow from operating activities			
Depreciation, amortization, impairments, and write-ups		164.9	167.0
Result from investments accounted for using the equity method	(7)	10.1	–2.5
Dividends received from investments accounted for using the equity method	(7)	5.4	4.5
Result from disposal of consolidated subsidiaries and business units and intangible assets, property, plant, and equipment, and financial assets		–0.7	15.4
Changes in non-current provisions		9.8	13.1
Changes in deferred taxes		3.4	–31.0
Other non-cash income and expenses		5.4	10.3
Changes in trade receivables		6.4	–36.2
Changes in trade payables		3.6	1.3
Changes in other assets and liabilities		–28.7	46.1
Cash flow from operating activities [1]	**(29)**	**423.4**	**463.9**
Proceeds from disposals of intangible assets, property, plant, and equipment		1.7	1.3
Proceeds from disposals of consolidated subsidiaries and business units, less cash and cash equivalents given up		1.1	–0.1
Proceeds from disposals of non-current financial assets		87.6	34.6
Proceeds from investments in short-term financial funds		10.8	0.0
Purchases of intangible assets, property, plant, equipment, and investment property		–98.4	–80.7
Purchases of shares in consolidated subsidiaries and business units less cash and cash equivalents acquired	(2c)	–169.8	–518.1
Purchases of investments in non-current financial assets		–11.9	–9.6
Cash flow from investing activities [1]	**(29)**	**–178.8**	**–572.7**
Dividends paid to shareholders of Axel Springer SE		–167.9	–167.6
Dividends paid to other shareholders		–23.2	–12.0
Purchase/disposal of non-controlling interests		2.2	244.9
Issuance of treasury shares		4.9	6.1
Repayments of liabilities under finance leases		–0.2	–0.3
Proceeds from other financial liabilities		320.3	649.5
Repayments of other financial liabilities		–315.0	–693.4
Additions to plan assets		–25.0	–25.0
Other financial transactions		–7.0	121.1
Cash flow from financing activities [1]	**(29)**	**–210.9**	**123.3**
Cash flow-related changes in cash and cash equivalents		**33.7**	**14.5**
Changes in cash and cash equivalents due to exchange rates		–7.9	1.0
Changes in cash and cash equivalents due to changes in companies included in consolidation		–3.7	–5.4
Cash and cash equivalents at beginning of period		254.1	244.0
Reclassification relating to assets held for sale		–27.6	0.0
Cash and cash equivalents at end of period	**(29)**	**248.6**	**254.1**

[1] For the portion attributable to discontinued operations see note (2d).

€ millions

Cash flows contained in the cash flow from operating activities		2013	2012
Income taxes paid		–183.1	–162.2
Income taxes received		39.8	22.1
Interest paid		–21.7	–31.0
Interest received		8.8	8.7
Dividends received		19.2	19.2

Consolidated Statement of Changes in Equity

€ millions	Subscribed capital	Additional paid-in capital	Accumulated retained earnings	Treasury shares	Accumulated other comprehensive income: Currency translation	Changes in fair value: Available-for-sale financial assets	Changes in fair value: Derivatives in cash flow hedges	Other equity	Shareholders of Axel Springer SE	Non-controlling interests	Equity
Balance as of 01/01/2012	**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**
Net income			197.1						197.1	46.6	243.7
Other income/loss					–56.7	8.0	–0.1	2.3	–46.4	–5.5	–51.9
Comprehensive income			**197.1**		**–56.7**	**8.0**	**–0.1**	**2.3**	**150.7**	**41.1**	**191.9**
Dividends paid			–167.9						–167.9	–23.2	–191.1
Purchase/issuance of treasury shares			2.1	2.8					4.9		4.9
Change in consolidated companies									0.0	2.9	2.9
Purchase and disposal of non-controlling interests			–0.1						–0.1	2.2	2.1
Other changes		0.2	–5.6						–5.4	–14.5	–19.9
Balance as of 12/31/2013	**98.9**	**44.2**	**1,781.6**	**0.0**	**–3.7**	**9.4**	**–0.3**	**–60.3**	**1,869.9**	**374.1**	**2,244.0**

Consolidated Segment Report

Operating segments[1]

	Paid Models		Marketing Models		Classified Ad Models		Services/Holding		Consolidated totals	
€ millions	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
External revenues	**1,521.5**	**1,582.9**	**716.5**	**662.8**	**402.6**	**330.2**	**160.8**	**161.4**	**2,801.4**	**2,737.3**
Internal revenues	16.8	5.0	9.7	7.6	1.1	0.5	211.0	220.2		
Segment revenues	1,538.3	1,587.9	726.3	670.5	403.7	330.7	371.8	381.5		
EBITDA[2]	**250.1**	**301.8**	**103.4**	**98.1**	**163.8**	**133.6**	**–63.0**	**–34.8**	**454.3**	**498.8**
EBITDA margin[2]	**16.4 %**	**19.1 %**	**14.4 %**	**14.8 %**	**40.7 %**	**40.5 %**			**16.2 %**	**18.2 %**
Thereof income from investments	4.6	4.4	3.5	7.1	0.0	–0.1	4.0	4.8	12.1	16.3
Thereof accounted for using the equity method	3.4	1.6	–1.6	0.2	0.0	0.0	0.0	0.0	1.8	1.8
Depreciation, amortization, impairments and write-ups (except from purchase price allocations)	–24.9	–22.6	–9.6	–7.5	–14.2	–9.1	–46.0	–45.9	–94.7	–85.1
EBIT[2]	**225.2**	**279.2**	**93.9**	**90.5**	**149.6**	**124.6**	**–108.9**	**–80.7**	**359.7**	**413.6**
Effects of purchase price allocations	–18.5	–19.6	–12.0	–29.5	–28.9	–23.6	–0.1	–0.1	–59.4	–72.7
Non-recurring effects	8.6	–30.2	–9.0	23.6	–12.8	–4.9	2.8	0.0	–10.4	–11.4
Segment earnings before interest and taxes	215.3	229.4	72.9	84.7	107.9	96.2	–106.2	–80.8	289.8	329.5
Financial result									–23.1	–45.8
Income taxes									–88.1	–92.9
Income from continued operations									178.6	190.7
Income from discontinued operations									65.1	85.0
Net income									**243.7**	**275.8**

[1] Prior-year figures were adjusted due to a change in segment reporting and the disclosure of discontinued operations.
[2] Adjusted for non-recurring effects.

Geographical information[1]

		Germany		Other countries		Consolidated totals	
€ millions		2013	2012	2013	2012	2013	2012
External revenues	(31)	1,637.0	1,674.6	1,164.4	1,062.7	2,801.4	2,737.3
Non-current segment assets	(31)	1,180.2	1,158.1	1,926.5	2,045.1	3,106.7	3,203.2

[1] Prior-year figures were adjusted due to a change in segment reporting and the disclosure of discontinued operations.

Notes to the Consolidated Financial Statements

General information

(1) Basic principles

Axel Springer SE (previously Axel Springer AG) is an exchange-listed stock corporation with its registered head office in Berlin, Germany. The transformation of the company into the legal form of a European Company or 'Societas Europaea' (SE) pursuant to a resolution adopted by the annual shareholders' meeting on April 24, 2013, became effective upon entry into the Commercial Register on December 2, 2013. The principal activities of Axel Springer SE and its subsidiaries ("Axel Springer Group", "Axel Springer" or the "Group") are described in note (30a).

On February 20, 2014, the Executive Board of Axel Springer SE authorized the consolidated financial statements for fiscal year 2013 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 SE and its subsidiaries. Subsidiaries are entities in which Axel Springer SE 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 and recognized in the amount allocated to our shares, unless we acquire all shares in the company. 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:

	12/31/2013	12/31/2012
Fully consolidated companies		
Germany	64	56
Other countries	82	75
Fully consolidated special purpose entities		
Germany	0	1
Investments accounted for using the equity method		
Germany	4	2
Other countries	3	3

Consolidated companies are listed in note (42). The special-purpose entity was a closed property fund whose risks and rewards were economically attributable to the Group.

The following changes occurred in 2013:

Since the beginning of January, we fully consolidated Axel Springer ideAS Engineering GmbH, Berlin, as well as TunedIn Media GmbH, Berlin, (75.1 %), which was acquired at the beginning of January 2013. In addition, the liquidation of two fully consolidated companies outside of Germany was concluded in January 2013, and these companies were deconsolidated.

Bonial Ventures GmbH, Berlin, and Bonial Enterprises GmbH & Co. KG, Berlin, have been included in the consolidated financial statements since the beginning of January as associated companies using the equity method for the first time.

At the beginning of May, we fully consolidated Axel Springer Syndication GmbH, Berlin (formerly Vierundfünfzigste “Media” Vermögensgesellschaft mbH, Berlin), for the first time.

At the beginning of June 2013, we increased our holdings in Diagorim S.A.S., Paris, France, from 17.4 % to 82.2 %. We have included this company in the consolidated financial statements as a fully consolidated subsidiary since this time. Furthermore, a new intermediate holding company was founded and consolidated in June 2013, in which we have contributed all of our shares in Totaljobs Group Limited, London, Great Britain.

In July 2013, we sold all of our shares in Les Publications Grand Public S.A.S., Neuilly-sur-Seine, France. The company has been deconsolidated.

Two Polish companies have been included in the consolidated financial statements for the first time since September 2013 in the course of full consolidation. In addition, GoBrands Sp. z o.o., Krakow, Poland, was founded and fully consolidated in October 2013.

At the beginning of October 2013, we acquired 50.1 % of the shares in runtastic GmbH, Pasching, Austria, which has been included in the consolidated financial statements as a fully consolidated subsidiary since this time. The founding and initial consolidation of Zuio GmbH, Berlin, also occurred in October 2013.

Sales Impact GmbH & Co. KG, Hamburg, was founded and fully consolidated in November 2013.

The acquisition of all shares in Saongroup, Dublin, Ireland, was carried out in November 2013. As a consequence of this acquisition, Saongroup Limited, Dublin, Ireland, as well as seven other foreign subsidiaries were included in the consolidated financial statements in the course of full consolidation.

We also acquired 56.1 % of the shares in Metrigo GmbH, Hamburg, in November 2013. This company has been fully consolidated since that time.

At the beginning of December 2013, 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-III-Ostflügel

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

In December 2013, we fully consolidated Ullstein Gesellschaft mbH, Berlin (formerly Achtundreißigste "Media" Vermögensverwaltungsgesellschaft mbH, Berlin), and the newly founded Media Impact Polska Sp. z o.o., Warsaw, Poland, for the first time.

At the end of December 2013, we sold and deconsolidated our shares in VVDG Verlags- und Industrieversicherungsdienste GmbH, Berlin, which was fully consolidated until that time.

The acquisition of all shares in YourCareerGroup, Düsseldorf, by StepStone GmbH, Berlin, took place at the end of December 2013. Since that time, two subsidiaries were consequently included in the consolidated financial statements in the course of full consolidation.

At the end of December 2013, we deconsolidated the three French subsidiaries belonging to the AutoReflex Group previously included in the course of full consolidation and completed the deconsolidation of our subsidiary StepStone AB, Stockholm, Sweden, and the liquidation and deconsolidation of zanox Inc., Chicago, USA, which was previously fully consolidated.

(c) Acquisitions and divestitures

In the context of the growth campaign in the online classified advertising sector, we acquired control of Saongroup Limited, Dublin, Ireland, and thus of its subsidiaries (hereinafter collectively: Saongroup) at the beginning of November 2013. Saongroup is a worldwide operator of online job portals.

The preliminary acquisition costs in the amount of the purchase price paid in the reporting year totaled € 76.1 million. The acquisition-related expenses recorded in other operating expenses of the fiscal year amounted to € 1.4 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	1.0	39.8	40.8
Property, plant, and equipment	0.3		0.3
Non-current financial assets	1.6		1.6
Trade receivables	2.5		2.5
Other assets	2.9		2.9
Cash and cash equivalents	1.8		1.8
Provisions and liabilities	–9.4	5.1	–4.3
Trade payables	–1.8		–1.8
Deferred tax liabilities	0.0	–8.5	–8.5
Net assets	**–1.2**	**36.4**	**35.2**
Acquisition cost (preliminary)			76.1
Goodwill (preliminary)			**40.9**

Of the intangible assets acquired, intangible assets with carrying amounts of € 16.0 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 the strategic advantages resulting from the leading market position of the acquired company, and were allocated to the Classified Ad Models segment.

The gross amount of the acquired trade accounts receivable was € 2.6 million. Corresponding valuation allowances in the amount of € 0.1 million were recorded.

Since first inclusion, Saongroup contributed to consolidated revenues in the amount of € 1.8 million and to consolidated net income in the amount of € – 0.6 million. If Saongroup had already been fully consolidated at January 1, 2013, Saongroup would have contributed to consolidated revenues in the amount of € 17.2 million and to consolidated net income in the amount of € – 3.4 million.

In the context of the growth campaign in the online classified advertising sector, we acquired control of YOURCAREERGROUP International GmbH & Co. KG, Düsseldorf, and YourCareerGroup AG, Düsseldorf, (hereinafter collectively YourCareerGroup) at the end of December 2013. YourCareerGroup is Germany's leading operator of online job portals for the hotel, gastronomy, and tourism industries.

The preliminary acquisition costs amounted to € 47.5 million, comprising the purchase price of € 39.1 million paid in the reporting year, a liability of € 6.9 million for a purchase price retention, and an expected purchase price adjustment of € 1.5 million recognized as a liability. The acquisition-related expenses recorded in other operating expenses of the fiscal year amounted to € 0.3 million.

Based on the preliminary purchase price allocations, 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	0.1	20.3	20.4
Property, plant, and equipment	0.1		0.1
Trade receivables	0.5		0.5
Other assets	0.3		0.3
Cash and cash equivalents	2.3		2.3
Provisions and liabilities	−1.1		−1.1
Deferred tax liabilities	0.0	−5.6	−5.6
Net assets	**2.1**	**14.7**	**16.8**
Acquisition cost (preliminary)			47.5
Goodwill (preliminary)			**30.7**

Of the intangible assets acquired, intangible assets with carrying amounts of € 10.0 million have indefinite useful lives. The amount of € 5.0 million of the resulting goodwill is expected to be deductible for tax purposes. The goodwill value 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 were allocated to the Classified Ad Models segment.

The gross amount of the acquired trade accounts receivables was € 0.5 million. Corresponding valuation allowances in the amount of € 0.1 million were recorded.

Due to the acquisition at the end of the fiscal year, no revenues and no operating profits from YourCareerGroup were recognized in the 2013 consolidated financial statements. If YourCareerGroup had already been fully consolidated at January 1, 2013, YourCareerGoup would have contributed to consolidated revenues in the amount of € 6.6 million and to consolidated net income in the amount of € 0.6 million.

In December, we signed a purchase agreement for 100 % of the shares in N24 Media GmbH, Berlin, which represents an additional strategic investment towards digitalization of journalism. The news station N24 will become a centralized supplier of video for all Axel Springer brands. At the same time, an integration of N24 and the WELT Group is planned. Once the approvals under antitrust and media law were granted, the transaction was completed and control was thus acquired in mid-February 2014. After factoring in the purchase price adjustment determined based on the transferred net cash, the preliminary acquisition costs amounted to € 85.0 million. The acquisition-related expenses recorded in other operating expenses of the fiscal year amounted to € 0.3 million. Because the acquisition occurred shortly before the publication of this Annual Report, audited financial information regarding the acquired net assets as well as the contributions to revenues and operating profits are not yet available. Any resulting goodwill will be allocated to the Paid Models segment.

At the end of December 2013, Autoreflex.com SAS, Paris, France, and two related French holding companies were deconsolidated because the possibility of exercising the call options enabling control at any time no longer exists. The loss on deconsolidation recorded in other operating expenses amounted to € 14.5 million. The following table shows the carrying amounts of the assets and liabilities disposed of:

€ millions	Carrying amount
Goodwill	9.4
Other intangible assets	13.6
Property, plant, and equipment	0.1
Trade receivables	5.5
Other assets	0.6
Cash and cash equivalents	1.0
Provisions and other liabilities	–9.7
Trade payables	–2.0
Deferred tax liabilities	–4.6
Disposal net assets	**13.9**
Share of non-controlling interests in net assets	–0.6
Deconsolidation result	**–14.5**

Additional transactions carried out in 2013, 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 divestitures in the prior year:

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 jobs 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 2012. 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 in fiscal year 2012 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 the strategic advantages resulting from the leading market position of the acquired company, and were allocated to the Classified Ad Models segment.

The gross amount of the acquired trade accounts receivable 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 operating 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 advertising sector, we acquired control of the leading German regional portal, alleskslar.com, at the beginning of October 2012 by taking over 100 % of the shares in allesklar.com AG, Siegburg (which was renamed meinestadt.de GmbH in 2013). 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 in fiscal year 2012 amounted to € 0.3 million.

Based on the preliminary purchase price allocation at December 31, 2012, 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	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**

Of the intangible assets acquired, intangible assets with carrying amounts of € 9.9 million have indefinite useful lives. The preliminary and 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 Classified Ad Models segment.

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

Since first inclusion, meinestadt.de contributed to consolidated revenues in the amount of € 6.4 million and to consolidated net income in the amount of € 0.1 million. If meinestadt.de had already been fully consolidated at January 1, 2012, meinestadt.de would have contributed to operating 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 campaign in the online classified advertising sector, Axel Springer Digital Classifieds acquired 80 % of the shares in Immoweb S.A., Brussels, Belgium, in November 2012. In this way, we acquired control of the leading online real estate portal in Belgium. Reciprocal call and put options were agreed upon for the remaining 20 % of the shares, in which the purchase price to be paid will be measured by the future corporate earnings of Immoweb S.A. The purchase price of the put options is limited by contract to a maximum of € 100.0 million.

The acquisition costs amounted to € 184.8 million, comprising the purchase price of € 135.8 million paid in 2012, a purchase price adjustment of € 3.1 million paid at the beginning of 2013, and a contingent purchase price liability of € 46.0 million for the agreed option rights, which was measured at the acquisition date. Proportional financing of the acquisition was paid in the amount of € 22.5 million in the form of a capital contribution from our partner General Atlantic. The acquisition-related expenses of the purchase recorded in other operating expenses in fiscal year 2012 amounted to € 0.7 million.

Based on the preliminary purchase price allocations at December 31, 2012, the preliminary 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	0.3	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**

Of the intangible assets acquired, intangible assets with carrying amounts of € 52.9 million have indefinite useful lives. The preliminary and 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 Classified Ad Models 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 operating 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 digitalization. Onet.pl is the leading online portal in Poland.

The acquisition of 75 % of the shares in onet.pl took place through the intermediate holding company Vidalia Investments Sp. z o.o. (renamed ONET Holding Sp. z o.o. in 2013), Warsaw, Poland. The seller then contributed the remaining 25 % of the shares in onet.pl to ONET Holding and received in exchange 25 % of the shares in ONET Holding. Mutual call and put options were agreed upon for this 25 % of the shares in ONET Holding, 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 fiscal year 2012, a liability of € 8.4 million for a purchase price adjustment that occurred at the beginning of 2013, and the contingent purchase price liability of € 88.1 million for the agreed option rights, which was measured at the acquisition date. Proportional financing of the acquisition was paid in the amount of € 60.5 million in form of a capital contribution from our joint venture partner Ringier. The acquisition-related expenses of the purchase recorded in other operating expenses in fiscal year 2012 amounted to € 2.3 million.

Based on the preliminary purchase price allocations at December 31, 2012, the preliminary 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	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**

Of the intangible assets acquired, intangible assets with carrying amounts of € 112.1 million have indefinite useful lives. The preliminary and 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 were allocated to the Paid Models 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 operating 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 digitalization and internationalization strategy in the online classified advertising 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 SE 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**
Net realizable value	0.0
Gain on disposal	**−16.9**

Additional transactions carried out in fiscal year 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.

(d) Discontinued operations
In the reporting year, we consistently pursued our digitization strategy in order to become the leading digital publisher. We are focusing even stronger on multimedia journalistic core brands with a high level of digitization potential. In this context, we agreed on the sale of domestic and foreign regional newspapers, TV program guides, and women's magazines.

Since a significant portion of the consolidated revenues and of the consolidated EBITDA of the Paid Models segment is allocated to these activities, and they are independent portions of this segment, these activities were classified as discontinued operations.

In December, we legally agreed on the takeover of the domestic regional newspapers and the TV program guides and women's magazines by FUNKE Mediengruppe. According to the agreements made, implementation of the planned measures is scheduled with economic effect at January 1, 2014. The purchase price (before purchase price adjustment) amounts to € 920 million, of which € 660 million must be paid in cash. We will grant a loan with a multi-year term for the remaining amount. The expected gain on the disposal will be subject to regular taxation. The sale of the domestic regional newspapers, TV program guides, and women's magazines will only be executed uniformly when all issues related to merger control have been cleared. It is expected that clearance will be granted within the first half of 2014.

It was further agreed in this context to establish joint ventures for the marketing of printed and digital media offerings and retail sales. Axel Springer will be the entrepreneurial leader in both companies and hold the majority of the shares. The foundation of these joint venture companies requires approval by the competent government agencies under business combination and antitrust law.

In addition, we signed a contract in December 2013 to sell the lines of business and investments of Ringier Axel Springer Media in the Czech Republic. This includes the leading tabloid and the leading news magazine, as well as the leading titles in automotive and women's magazines. The portfolio of newspapers, magazines, and brand-linked online activities was sold to two Czech entrepreneurs. The expected purchase price (before purchase price adjustment) will amount to € 170.0 million. The transaction is subject to approval by the antitrust authorities.

The assets and liabilities of the discontinued operations at December 31, 2013, are shown in the following table:

€ millions	12/31/2013
Intangible assets	87.9
Goodwill	40.7
Property, plant, and equipment	22.3
Non-current financial assets	6.0
Deferred tax assets	3.5
Inventories	1.6
Trade receivables	15.3
Other assets	11.0
Cash and cash equivalents	27.6
Assets held for sale	**215.9**
Provisions for pensions	19.3
Other provisions	10.5
Deferred tax liabilities	18.6
Trade payables	10.0
Other liabilities	32.4
Liabilities related to assets held for sale	**90.8**

The results of the discontinued operations are as follows:

€ millions	12/31/2013	12/31/2012
Revenues	572.6	602.7
Other operating income	8.6	8.0
Expenses	–476.0	–492.9
Operating result from discontinued operations (before taxes)	**105.1**	**117.7**
Income taxes	–28.0	–32.7
Operating result from discontinued operations (after taxes)	**77.2**	**85.0**
Impairment loss due to remeasurement to fair value less costs to sell	–12.1	0.0
Income from discontinued operations	**65.1**	**85.0**
Thereof attributable to shareholders of Axel Springer SE	64.2	76.5
Thereof attributable to non-controlling interests	0.9	8.5

The following table shows the cash inflows and cash outflows attributed to the discontinued operations:

€ millions	2013	2012
Cash flow from operating activities	84.5	90.5
Cash flow from investing activities	–3.9	–3.7
Cash flow from financing activities	0.0	0.0

Please see note (11e) for the effects of the discontinued operations regarding the accumulated other comprehensive income.

(e) 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:

	Average price		Exchange rate on balance sheet date	
1 € in foreign currency	**2013**	**2012**	**12/31/2013**	**12/31/2012**
Polish zloty	4.20	4.10	4.15	4.07
Swiss franc	1.23	1.21	1.23	1.21
Czech koruna	25.95	25.21	27.46	25.07
Hungarian forint	296.72	284.80	297.02	291.73
British pound	0.85	0.81	0.83	0.82

(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 2013 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.

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 summed up 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 % to 2.5 % (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 6.3 % to 9.9 % (PY: from 6.4 % to 10.4 %) after taxes and from 8.2 % to 12.6 % (PY: from 8.5 % to 13.0 %) before taxes.

Estimation uncertainties arise in the following assumptions applied in calculating the value-in-use 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 also consider 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 in the estimates upon which the measurement is based. 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.

For financial assets and financial liabilities which need to be measured at fair value, we apply the following valuation hierarchy. Hereby, the input factors used in the valuation models are categorized into three levels:

Level 1 – in active markets for identical assets or liabilities (unadjusted) quoted prices (e.g., stock market prices),

Level 2 – input factors other than quoted prices which are observable for the asset or the liability, either directly or indirectly (e.g., interest yield curves, forward rates), and

Level 3 – input factors that are not observable on a market for the asset or the liability (e.g., estimated future results)

When determining fair value, the application of relevant and observable input factors is given high priority, whereas the application of non-observable input factors is given less priority. The classification of the valuation models into the respective valuation hierarchy levels is monitored at the end of each reporting period.

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 the 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 EBITDA figures adjusted for material non-recurring effects. In case of an increase/a decrease of the relevant earnings measures by 10 %, the value of the contingent consideration would also fluctuate by 10 %.

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 and discontinued operations

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. Liabilities that are held in connection with assets held for sale are disclosed likewise separately in the balance sheet as a current item.

Discontinued operations are operations that are to be sold and comprise a material geographical or operational line of business of the Group.

The results from continued operations in the reporting year and the prior year are shown in the income statement. The results from discontinued operations are shown separately. Cash inflows and cash outflows from discontinued operations are shown separately in the notes to the consolidated financial statements. The information in the notes relates to the continued operations of the Group.

(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 return underlying the measurement of the plan assets is identical to the discount rate for defined benefit commitments.

Actuarial gains and losses resulting from changes in actuarial parameters are 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

The following IFRSs relevant for Axel Springer were applied for the first time in the fiscal year:

As of January 1, 2013, we have implemented "Changes to IAS 1 – Presentation of Financial Statements". We thus additionally disclose which items of the other income/loss – if certain criteria are met – have to be reclassified into the income statement in future periods. The values for the prior year were disclosed accordingly.

Since January 1, 2013, we are applying "Changes to IAS 19 – Employee Benefits". Besides enhanced disclosure requirements, the newly published standard predominantly demanded us to apply the net interest method. The net interest method demands that the discount rate used for pension obligations is also applied in the context of the calculation of the return on plan assets. The first-time application of further changes had only immaterial effects. Thus, adjustments of prior-year disclosures were unnecessary.

IFRS 13 "Fair Value Measurement" introduces a comprehensive framework for measuring the fair value. IFRS 13 has been used by Axel Springer since January 1, 2013, and leads to expanded disclosure requirements for assets and liabilities measured at fair value. Otherwise, there were no material influences on our financial position, liquidity, and financial performance.

Otherwise, no material changes resulted in fiscal year 2013 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 the 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. IFRS 9 was re-published in November 2013 in amended form, introducing a new comprehensive model for hedge accounting, which replaces the requirements set forth in IAS 39; the new comprehensive model for hedge accounting extends the possible scope of relevant underlying transactions and hedging instruments. Furthermore, an option to account for all hedged transactions using either the existing rules of IAS 39 or the respective new instructions of IFRS 9 is introduced. A required initial application date – which certainly will be after January 1, 2015 – is not expected to be specified until all phases of the project have been completed and a final version of IFRS 9 has been produced. 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”. 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 doubtful cases. 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 requirements 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, were incorporated into European law in April 2013. We assume that the new and revised standards will have no material influence on our financial position, liquidity, and financial performance.

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, 2012	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**
Initial consolidation	69.0	16.3	92.5	177.8
Deconsolidation	–15.5	–1.0	–39.9	–56.4
Currency effects	–16.4	–0.5	–5.0	–21.9
Additions	33.0	22.0	0.0	55.0
Disposals	–3.7	–0.1	–3.7	–7.4
Transfers	–113.9	1.5	–43.1	–155.5
Balance as of December 31, 2013	**1,354.3**	**130.6**	**1,370.2**	**2,855.0**
Depreciation, amortization, and impairments				
Balance as of January 1, 2012	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**
Initial consolidation	0.1	0.4	0.1	0.6
Deconsolidation	–4.1	–0.6	–30.4	–35.1
Currency effects	–2.3	–0.2	0.0	–2.5
Additions	78.4	20.7	2.7	101.9
Disposals	–1.9	0.0	0.0	–1.9
Transfers	–26.5	1.0	–2.0	–27.4
Balance as of December 31, 2013	**340.0**	**60.5**	**43.0**	**443.6**
Carrying amounts				
Balance as of December 31, 2013	1,014.2	70.1	1,327.1	2,411.5
Balance as of December 31, 2012	1,105.4	53.3	1,296.7	2,455.5

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 reclassifications consisted almost exclusively of the classification as assets held for sale (see note (2d)).

The goodwills and the purchased rights and licenses that were included in the intangible assets with indefinite useful lives totaled € 1,979.9 million at December 31, 2013 (PY: € 2,005.4 million). Of this amount € 466.1 million (PY: € 572.1 million) was allocated to the Paid Models segment, € 484.4 million (PY: € 500.7 million) to the Marketing Models, and € 1,029.0 million (PY: € 932.3 million) to the Classified Ad Models segment. No change resulted in the allocation of goodwill to the reporting units due to the adjustment of segment reporting that occurred in the reporting year (see note (30)). Goodwills of € 40.7 million and intangible assets with indefinite useful lives of € 77.1 million of the Paid Models segment have been allocated to the assets held for sale in the reporting year.

With the exception of the SeLoger and StepStone reporting units assigned to the Classifieds Ad Models, and the Ringier Axel Springer Media reporting unit assigned to the Paid Models segment, 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 % (PY: 9 %) of the total value.

With goodwill of € 465.3 million (PY: € 464.9 million) and intangible assets with indefinite useful lives of € 129.7 million (PY: € 129.4 million), about 30 % (PY: 30 %) of the total value is assigned to the SeLoger reporting unit. The goodwill increased in the amount of € 0.4 million compared to the prior year due to the first inclusion of Diagorim in particular. In order to determine the value in use, a discount rate of 7.1 % or 9.9 % before taxes (PY: 6.4 % or 8.8 % before taxes) and a growth rate of 1.5 % (PY: 1.5 %) for the cash flows subsequent to the five-year medium-term planning were used. The surplus between the value in use and the carrying amount of this reporting unit amounts to € 265.7 million (PY: € 424.4 million).

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 activities 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.

With goodwill of € 103.9 million (PY: € 146.3 million) and intangible assets with indefinite useful lives of € 199.4 million (PY: € 279.1 million), about 15 % (PY: 21 %) of the total value is assigned to the Ringier Axel Springer Media reporting unit. The goodwill compared to the prior year decreased particularly due to classification as assets held for sale (€ 39.9 million) and due to currency effects. In order to determine the value in use, a discount rate of 7.4 % or 8.4 % before taxes (PY: 6.7 % or 8.1 % before taxes) and a growth rate of 2.5 % (PY: 1.5 %) for the cash flows subsequent to the five-year medium-term planning were used. The surplus between the value in use and the carrying amount of this reporting unit amounts to € 217.7 million (PY: € 401.1 million).

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 boulevard brands as well as strict cost management will make it possible to largely maintain profitability.

With goodwill of € 160.4 million (PY: € 89.8 million) and intangible assets with indefinite useful lives of € 107.1 million (PY: € 81.7 million), about 14 % (PY: 9 %) of the total value is assigned to the StepStone reporting unit. The goodwill increased compared to the prior year, particularly due to the acquisitions of the Saongroup and of YourCareerGroup (€ 71.7 million), and additionally due to currency effects. In order to determine the value in use, a discount rate of 6.9 % or 9.2 % before taxes (PY: 6.5 % or 8.5 % before taxes) and a growth rate of 1.5 % (PY: 1.5 %) for the cash flows subsequent to the five-year medium-term planning were used. The surplus between the value in use and the carrying amount of this reporting unit amounts to € 1,051.4 million (PY: € 1,056.1 million).

In the medium-term planning of StepStone, we assume that the anticipated development of the economy will have a positive impact on the labor market. The assumptions made include rising sales revenues in our European core markets and in our new markets in Africa and Latin America, as well as further strict cost management in order to maintain on the high level of return of the past years. In particular, by the further development of the product range and the expansion of the system landscape, the market position should be expanded and strengthened.

The surplus between the value in use and the carrying amount of the reporting units would reduce to zero if the material measurement parameters would change as follows:

2013	Increase of discount rate (before taxes) to	Increase of discount rate (after taxes) to	Reduction of growth rate to	Reduction of cash flow in the fifth year of medium-term planning by
SeLoger	13.1 %	9.3 %	– 1.5 %	– 34.7 %
StepStone	30.6 %	22.3 %	– 50.5 %	– 90.5 %
Ringier Axel Springer Media	11.4 %	9.8 %	– 0.8 %	– 40.0 %

2012	Increase of discount rate (before taxes) to	Increase of discount rate (after taxes) to	Reduction of growth rate to	Reduction of cash flow in the fifth year of medium-term planning by
SeLoger	13.3 %	9.5 %	– 2.9 %	– 46.0 %
StepStone	32.8 %	24.2 %	– 72.5 %	– 93.7 %
Ringier Axel Springer Media	12.4 %	10.1 %	– 3.3 %	– 48.0 %

(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, 2012	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**
Initial consolidation	0.0	0.1	3.0	0.0	3.1
Deconsolidation	0.0	0.0	–2.0	0.0	–2.0
Currency effects	–0.8	–2.2	–1.3	–0.2	–4.5
Additions	7.8	11.7	21.1	4.2	44.8
Disposals	–9.7	–7.9	–16.0	–0.1	–33.7
Transfers	–1.1	–20.6	–3.9	–12.7	–38.3
Balance as of December 31, 2013	**560.6**	**530.5**	**219.5**	**4.2**	**1,314.8**
Depreciation, amortization, and impairments					
Balance as of January 1, 2012	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**
Deconsolidation	0.0	0.0	–1.2	0.0	–1.2
Currency effects	–0.1	–1.6	–0.7	0.0	–2.3
Additions	10.6	24.5	27.7	0.0	62.9
Disposals	–4.8	–6.6	–12.6	0.0	–24.0
Transfers	–1.5	–9.3	–4.8	0.0	–15.6
Balance as of December 31, 2013	**161.6**	**362.2**	**150.8**	**–0.1**	**674.4**
Carrying amounts					
Balance as of December 31, 2013	399.0	168.3	68.7	4.3	640.3
Balance as of December 31, 2012	406.9	194.4	76.4	13.0	690.7

As of December 31, 2013, property, plant and equipment with acquisition or production cost of € 276.1 million (PY: € 151.7 million) were in use that had already been fully depreciated.

At the balance sheet date, property, plant, and equipment amounting to € 21.7 million (PY: € 30.9 million) had been pledged as security for own liabilities.

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 € 52.9 million at December 31, 2013 (PY: € 46.4 million).

In the reporting year, real estate assets with a residual carrying amount of € 4.7 million (property, plant, and equipment) and € 5.1 million (investment property) were contributed to plan assets to cover pension obligations (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 € 4.9 million and as additions to investment property at € 5.0 million.

The reclassifications consisted almost exclusively of the classification as assets held for sale (see note (2d)).

(6) Investment property

The development of the office and retail spaces in Berlin and Hamburg leased to third parties was as follows:

€ millions	Investment property
Acquisition or production cost	
Balance as of January 1, 2012	83.3
Additions	3.1
Disposals	–5.6
Transfers	0.7
Balance as of December 31, 2012	**81.5**
Additions	5.1
Disposals	–9.3
Transfers	–1.5
Balance as of December 31, 2013	**75.8**
Depreciation, amortization, and impairments	
Balance as of January 1, 2012	30.7
Additions	1.4
Disposals	–2.5
Transfers	0.1
Write-ups	–5.2
Balance as of December 31, 2012	**24.5**
Additions	1.4
Disposals	–4.2
Transfers	0.1
Write-ups	–1.0
Balance as of December 31, 2013	**20.8**
Carrying amounts	
As of December 31, 2013	55.0
As of December 31, 2012	57.0

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 € 11.4 million at December 31, 2013 (PY: € 7.1 million).

The fair value of investment property as of December 31, 2013 amounted to € 55.5 million (PY: € 57.0 million). Our measurement 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 % and a perpetuity capitalization rate of 5.85 % were applied, unchanged from the prior year. As a result of the change in fair value, write-ups amounting to € 1.0 million (PY: € 5.2 million) have been recognized in other operating income in the Services/Holding segment.

In 2013, rental income of € 5.2 million (PY: € 5.4 million) was generated, with corresponding directly attributable operating expenses of € 0.6 million (PY: € 0.8 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 broke down as follows:

€ millions	2013	2012
Due in up to one year	3.4	3.5
Due in one to five years	10.2	10.7
Due in more than five years	4.4	6.3
Total	**18.0**	**20.5**

(7) Non-current financial assets

The carrying amounts of investments carried using the equity method showed the following development:

€ millions	2013	2012
Carrying amount as of January 1	**24.6**	**30.6**
Attributable net income	2.0	4.5
Dividends	–5.4	–4.5
Changes recognized in other comprehensive income	–0.5	0.4
Impairment losses	0.0	–2.0
Disposals	0.0	–4.3
Reclassification into assets held for sale	–13.7	0.0
Other changes	1.6	0.0
Carrying amount as of December 31	**8.7**	**24.6**

Proportionate income/losses to be recognized in income from investments were not recognized in the reporting year in the amount of € –23.0 million (PY: € –17.4 million), and cumulatively in the amount of € –50.5 million (PY: € –27.5 million). The corresponding net carrying amount of investments was fully depreciated in 2010.

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	2013	2012
Net income	–92.3	–65.2
Revenues	703.3	781.0
Assets	411.2	452.9
Liabilities	614.7	567.5

The financial data for the associated companies classified as held for sale (see note (2d)) is summarized in the table below:

€ millions	2013	2012
Net income	1.0	2.3
Revenues	140.6	117.0
Assets	41.8	40.1
Liabilities	33.0	29.1

The non-current financial assets include mainly the shares in Doğan TV at € 305.5 million (PY: 352.0 million). In 2013, we sold about 2.6 % of the shares. The proceeds from this transaction amounted to € 61.6 million. The revenue recognized in investment income was € 15.1 million. 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.

Non-current financial assets also include the investment in the iProperty Group Ltd., Sydney, Australia, recognized at fair value based on the market price in the amount of € 39.3 million (PY: € 22.1 million). The change in value was recognized in accumulated other comprehensive income without affecting net income.

(8) Inventories

The inventories broke down as follows:

€ millions	12/31/2013	12/31/2012
Raw materials and supplies	15.8	17.1
Semi-finished goods	2.4	2.9
Finished goods and merchandise	5.4	7.1
Inventories	**23.5**	**27.1**

Inventories of € 20.2 million (PY: € 11.0 million) were measured at their net realizable value. At December 31, 2013, the valuation allowance for these inventories amounted to € 2.9 million (PY: € 2.7 million), of which € 0.3 million (PY: € 0.1 million) was recognized affecting net income in 2013.

(9) Trade receivables

The trade receivables broke down as follows:

€ millions	12/31/2013	12/31/2012
Trade receivables, nominal	498.2	527.7
Allowances for doubtful trade receivables	–25.5	–25.0
Trade receivables	**472.8**	**502.6**

The changes in the allowances for doubtful trade receivables are presented below:

€ millions	2013	2012
Balance as of January 1	25.0	13.1
Utilization	–1.0	–0.9
Reversals	–2.0	–0.3
Disposal due to deconsolidation	–0.9	0.0
Additions	6.4	12.3
Other changes	–2.1	0.9
Balance as of December 31	**25.5**	**25.0**

As of December 31, 2013, receivables in the amount of € 333.6 million (PY: € 345.6 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	12/31/2013	12/31/2012
up to 30 days	49.8	55.5
31 to 90 days	20.2	16.5
91 to 180 days	5.1	7.7
181 to 360 days	3.9	10.0
361 days and longer	4.6	9.0

(10) Other assets

The other assets broke down as follows:

€ millions	12/31/2013	12/31/2012
Deferral of payment for regional newspaper investments	75.0	100.0
Credit balances in accounts payable	6.9	4.6
Derivatives	0.5	0.7
Other	20.8	39.2
Other financial assets	**103.3**	**144.5**
Advance payments	20.6	17.3
Receivables from other taxes	10.8	14.1
Other non-financial assets	**31.4**	**31.5**
Other assets	**134.6**	**176.0**

The residual purchase price from the sale of investments in regional newspapers that occurred in 2009 will become due and payable at € 25.0 million per annum in the period from 2011 to 2016.

The miscellaneous financial assets include loans and receivables due from other investment 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, 98,940 thousand shares were outstanding (PY: 98,790 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 here.

In 2013, Axel Springer SE distributed an amount of € 167.9 million as dividend payments (€ 1.70 per qualifying share) for the fiscal year 2012. In 2012, the amount of € 167.6 million was distributed as dividend payments (€ 1.70 per qualifying share) for the fiscal year 2011.

The premium resulting from the issue of treasury shares in the reporting period increased accumulated retained earnings by € 2.1 million (PY: € 2.6 million) (see note (11d)).

(d) Treasury shares

As of December 31, 2013, Axel Springer SE held no treasury shares (PY: 150 thousand shares, corresponding to 0.2 % of its capital stock).

In the reporting year, 194 thousand treasury shares were issued at their fair value at the date of issue in the amount of € 32.70 by conversion of variable compensation tied to performance of the employees of the Group. For this purpose, additional treasury shares were acquired previously. From the distribution of the treasury shares € 4.9 million was collected, thereby increasing equity (of which € 2.1 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: € – 10.4 million), actuarial gains/losses from employer pension plans of € – 46.8 million (PY: € – 49.1 million), as well as a revaluation reserve of € – 3.1 million (PY: € – 3.1 million).

Unrealized gains recognized in accumulated other comprehensive income in the amount of € 0.7 million resulting from revaluation of currency forwards were reclassified in the reporting year from equity to profit or loss. 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 the prior year (see note (35)).

The cumulative effects included in accumulated other comprehensive income and allocated to discontinued operations relate to actuarial profits and losses of € – 2.2 million as well as profits/losses from foreign currency translation of € – 4.6 million.

(f) Non-controlling interests

The non-controlling interests mainly related to the following companies:

€ millions	12/31/2013	12/31/2012
Ringier Axel Springer Media	173.7	179.7
Axel Springer Digital Classifieds	132.8	120.3
auFeminin	19.2	15.2
Other companies	48.4	50.4
Non-controlling interests	**374.1**	**365.6**

(12) Share-based payment

Virtual stock options plans were set up in January 2012 (hereinafter 2012 virtual stock option plan), October 2011 (two tranches, hereinafter 2011a and 2011b virtual stock option plan), and in July 2009 (hereinafter virtual stock option plan 2009). 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	6	4	6	6
Qualifying period	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] 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 SE 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 SE 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**
01/01/2012	0	473	473	1,041 [1]
Grant	450	0	0	0
12/31/2012	450	473	473	1,041
Exercise	0	0	0	–1,041
12/31/2013	**450**	**473**	**473**	**0**

[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 2013	**–2.7**	**–6.0**	**–2.1**	**–11.5**
Expenses 2012	–1.4	–1.1	–1.0	–1.0
Carrying amount as of 12/31/2013 [1]	**4.1**	**7.6**	**3.4**	**0.0**
Carrying amount as of 12/31/2012 [1]	1.4	1.6	1.3	10.7

In 2013, in the context of a stock participation program, 194 thousand treasury shares (PY: 184 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 € 32.70 (PY: € 33.08). Personnel expenses of € 2.6 million (PY: € 2.5 million), which were already set aside in the prior year, 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 from the years 2009 to 2013 onwards, 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. 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 virtual option right or a total of € 15.1 million. The virtual options will be remeasured at each reporting date and recognized proportionally in accordance with the vesting that has now completely occurred. The development of the virtual options is shown below:

in thousands	2013	2012
Option rights as of January 1	310	403
Exercise	–67	–93
Option rights as of December 31	**243**	**310**

€ millions	2013	2012
Personnel expenses	–3.8	–3.5
Other operating income (+) / expenses (-)	–0.2	–0.3
Liabilities as of December 31	11.3	10.1

Our subsidiary 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 2013, 300 thousand stock options for acquisition of one share of auFeminin.com S.A., each with an exercise price of € 26.19, 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 2013 or EBITDA 2014) was achieved. Once they have vested, the options can be exercised for a total of five (50 %) or four (50 %) years.

In November 2010, 300 thousand stock options 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 stock options 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 201o) 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 fair values of the stock options granted in fiscal year 2013 were determined by application of the Black-Scholes model at the grant date. For this purpose, the following parameters were applied:

	Options Nov. 2013
Share price at the grant date in €	29.21
Exercise price in €	26.19
Interest rate for risk-free investments, in %	0.14 / 0.28
Expected term until fully vested in years	1 / 2
Expected term of the options in years	6
Expected volatility, in %	40.00
Expected dividend yield, in %	0.00
Fair value at grant date, in €	6.08 / 7.87

The expected volatility was determined based on historical volatility rates using a period corresponding to the term of the options.

The number of options and the weighted average exercise price developed as follows:

	2013		2012	
	Options in thousands	Exercise price[1] in €	Options in thousands	Exercise price[1] in €
Balance as of January 1	496	15.20	576	15.05
Lapse	–25	18.36	–80	14.07
Exercise	–163	12.81	0	–
Issuance	300	26.19	0	–
Balance as of December 31	**609**	**21.13**	**496**	**15.20**
Thereof exercisable	309	16.21	496	15.20

[1] Weighted average exercise price.

The weighted average stock price at the date of exercise of the options in 2013 was € 22.60.

The exercise prices for the options outstanding on the reporting date were between € 8.94 and € 26.19 (between € 8.94 and € 21.21 in the prior year). The weighted average remaining term of these options was 4 years (PY: 3 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 2013 (PY: € 0.2 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 € 52.1 million (PY: € 52.5 million), of which € 4.9 million (PY: € 5.9 million) are allocated to foreign pension insurance carriers.

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 Group companies are subject to various risks in connection with the pension plans. Along with general actuarial risks such as risks from salary and pension increases, longevity risk, and interest rate risk, these are inflation risk and capital market and investment risk.

Essentially, three different pension plans exist in the German Group companies that are subject to the German Company Pension Act, and thus to the statutory regulations relating in particular to vesting, compensation for inflation in the benefit phase, and insolvency protection by the Pensions Guarantee Corporation. The pension plans are partially financed by premium reserve funds that are managed by Axel Springer Pensionstreuhand e.V. as trustee. The two defined-benefit pension plans provide for an annual pension for entitled persons based on fixed amounts that depend for the first pension plan only on the length of service in the company, and for the second pension plan additionally on the position in the company, and are static in the vesting period and dynamic in the benefit payment period in accordance with the requirements of the Company Pension Act. The promises to the Executive Board correspond in their design to the second pension plan and are additionally dynamic in the vesting period depending on inflation. The third pension plan is a defined-contribution benefit in which a benefit is calculated using fixed factor tables dependent on converted compensation components. Ongoing benefits are adjusted from the beginning of pension payments at 1 % p.a.

Pension commitments in other countries relate above all to Switzerland. The employees are insured against the risks of old age, death, and disability in various defined-benefit plans in a legally separate employee benefit fund at an independent third party. The retirement benefit is calculated using the retirement fund balance existing at the time of retirement applying a conversion rate. The retirement fund balance earns interest and accrues using age-dependent staggered savings contribution rates depending on the insured salary up to retirement age. The risk benefits for death and disability are calculated as a percentage of the insured salary.

As for the plan assets existing for foreign pension commitments, the values of the assets essentially correspond to the individual surrender values of the reinsurer. For the active insured persons, this is the retirement fund balance, and for the retirees, this is the premium reserves/provisions of the reinsurer.

The measurement was based on the following parameters:

	2013		2012	
Information in %	Germany	Other countries	Germany	Other countries
Discount rate	3.6	2.0	3.6	1.75
Salary trend	1.75	1.0	1.75	1.0
Pension trend	1.75	0.25	1.75	0.25

The amount of the provision was calculated as follows:

	12/31/2013			12/31/2012		
€ millions	Germany	Other countries	Total	Germany	Other countries	Total
Present value of defined benefit obligations financed by fund	379.2	101.1	480.3	384.9	104.3	489.2
Fair value of plan assets	–149.3	–88.4	–237.7	–109.9	–89.6	–199.5
Present value of defined benefit obligations not financed by fund	44.4	1.0	45.3	53.2	1.2	54.4
Provision	**274.2**	**13.7**	**287.9**	**328.2**	**15.9**	**344.2**
Reimbursement right	–27.9	0.0	–27.9	–29.4	0.0	–29.4
Net obligation	**246.3**	**13.7**	**260.0**	**298.8**	**15.9**	**314.7**

The changes in the present value of the pension obligations are presented in the table below:

	2013			2012		
€ millions	Germany	Other countries	Total	Germany	Other countries	Total
Present value of obligations as of January 1	438.2	105.5	543.6	364.0	103.7	467.7
Change in consolidated companies	1.0	0.0	1.0	0.0	0.0	0.0
Current service cost	6.2	3.2	9.4	3.9	2.7	6.6
Interest expense	15.3	1.8	17.1	17.7	2.6	20.3
Actuarial gains/losses arising from changes in demographic assumptions	0.9	0.0	0.9	0.3	2.5	2.8
Actuarial gains/losses arising from changes in financial assumptions	–0.4	–2.4	–2.8	69.0	–0.3	68.7
Payments by employees	3.5	2.0	5.4	3.4	2.2	5.5
Transfer of pension obligation	–1.4	0.0	–1.4	0.0	–1.1	–1.1
Exchange rate change	0.0	–1.8	–1.8	0.0	1.1	1.1
Payments to retirees	–20.6	–6.2	–26.8	–20.1	–7.9	–28.0
Reclassification into liabilities in connection with assets held for sale	–19.3	0.0	–19.3	0.0	0.0	0.0
Present value of obligations as of December 31	**423.5**	**102.1**	**525.6**	**438.2**	**105.5**	**543.6**

In fiscal year 2014, contributions to fund-financed defined benefit plans are expected to total € 27.3 million, of which € 2.3 million are employer contributions from Swiss companies (PY: € 37.6 million, of which € 2.5 million were employer contributions from Swiss companies).

The fair value of the plan assets showed the following changes:

€ millions	2013 Germany	2013 Other countries	2013 Total	2012 Germany	2012 Other countries	2012 Total
Plan assets as of January 1	109.9	89.6	199.5	50.0	91.2	141.2
Income from plan assets	4.0	1.5	5.5	2.8	3.1	5.9
Employee contribution	0.0	2.0	2.0	0.0	2.1	2.1
Employer contribution	0.0	2.3	2.3	0.0	2.5	2.5
Benefits paid	0.0	–6.2	–6.2	0.0	–9.0	–9.0
Actuarial gains/losses arising from changes in demographic assumptions	0.1	0.0	0.1	–0.2	–1.0	–1.1
Actuarial gains/losses arising from changes in financial assumptions	0.0	0.4	0.4	0.0	0.0	0.0
Transfer of plan assets	35.3	0.0	35.3	57.3	0.0	57.3
Exchange rate changes	0.0	–1.2	–1.2	0.0	0.6	0.6
Plan assets as of December 31	**149.3**	**88.4**	**237.7**	**109.9**	**89.6**	**199.5**

The transfers related to real estate assets previously held in fully consolidated special-purpose entities with fair values of € 10.8 million (PY: € 33.9 million) less transaction costs of € 0.5 million (PY: € 1.6 million), as well as cash of € 25.0 million (PY: € 25.2 million).

The investment portfolio broke down as follows:

€ millions	12/31/2013 Germany	12/31/2013 Other countries	12/31/2013 Total	12/31/2012 Germany	12/31/2012 Other countries	12/31/2012 Total
Shares	5.5	3.2	8.8	0.0	1.7	1.7
Bonds	41.9	66.3	108.2	22.5	67.4	89.9
Derivatives	1.4	0.0	1.4	0.0	0.0	0.0
Cash and cash equivalents	32.0	0.1	32.1	28.8	0.1	28.9
Plan assets with market price quotations	**80.8**	**69.6**	**150.4**	**51.3**	**69.1**	**120.4**
Real estate	68.5	14.8	83.3	58.6	15.1	73.8
Others	0.0	4.0	4.0	0.0	5.3	5.3
Plan assets without market price quotations	**68.5**	**18.8**	**87.3**	**58.6**	**20.5**	**79.1**
Total	**149.3**	**88.4**	**237.7**	**109.9**	**89.6**	**199.5**

The fair value of the plan assets includes real estate used by the company itself in the amount of € 56.1 million (PY: € 50.4 million).

Axel Springer SE 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

Germany 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. Based on the existing contractual regulations, we do not assume a short-term settlement of the reimbursement claim and the corresponding pension obligations any more, and therefore in the reporting period 2013, we classified the asset as well as the related pension liability in an amount of € 25.5 million (PY: € 26.9 million) as long-term; the previous year amount was restated correspondingly.

The value of the reimbursement right developed as follows:

€ millions	2013	2012
Reimbursement right as of January 1	29.4	27.2
Income from reimbursement rights	1.0	1.3
Paid-out benefits	–2.4	–2.4
Actuarial gains/losses arising from changes in demographic assumptions	–0.1	0.0
Actuarial gains/losses arising from changes in financial assumptions	0.0	3.3
Reimbursement right as of December 31	**27.9**	**29.4**

The expenses for defined benefit pension plans broke down as follows:

	2013			2012		
€ millions	Germany	Other countries	Total	Germany	Other countries	Total
Current service cost	6.2	3.2	9.4	3.9	2.7	6.6
Interest expense	15.3	1.8	17.1	17.7	2.6	20.3
Income from plan assets	–4.0	–1.5	–5.5	–2.8	–3.1	–5.9
Income from reimbursement rights	–1.0	0.0	–1.0	–1.3	0.0	–1.3
Pension expenses	**16.6**	**3.5**	**20.0**	**17.5**	**2.1**	**19.7**

Service cost is presented within the personnel expenses. The interest portion contained in the pension expenses and the income from the plan assets and interest reimbursements are presented as components of interest expenses.

An increase or decrease in the material actuarial assumptions by 25 basis points would have the following effects on the present value of the total pension obligations as of December 31, 2013:

	Increase by 25 basis points		Decrease by 25 basis points	
Information in %	Germany	Other countries	Germany	Other countries
Discount rate	–3.1	–2.3	3.3	2.3
Salary trend	0.0	0.4	0.0	–0.4
Pension trend	2.3	1.8	–2.2	–1.7

The sensitivity calculations are based on the average term of the pension obligations calculated as of December 31, 2013. The calculations were carried out in isolation for the actuarial parameters classified as material. Since the sensitivity analyses are based on the average duration of the expected pension obligations and consequently the expected disbursement dates are disregarded, they only lead to approximate information or trend statements. In case of a change of the underlying death rates or lifespans, it is assumed that a lifespan of the benefit recipients extended by an average of one year as of December 31, 2013, would have led to an increase in the pension obligations of 2.9 % at German companies or of 3.5 % at foreign companies.

As of December 31, 2013, the weighted average duration of the defined-benefit obligation in Germany was 16.0 years (PY: 16.0 years), while that of the defined-benefit obligation in foreign countries was 9.7 years (PY: 9.9 years).

(14) Other provisions and accruals

The other provisions and accrued liabilities broke down as follows:

€ millions	Balance as of 01/01/2013	Utilization	Reversals	Additions	Other changes	Balance as of 12/31/2013
Other obligations towards employees	82.7	–57.2	–4.7	74.4	–5.7	89.5
Structural measures	19.0	–12.5	–2.6	35.6	–0.6	38.9
Partial early retirement program (Altersteilzeit)	35.1	–11.8	–0.1	13.0	–2.6	33.7
Returns	27.6	–26.5	–0.4	23.5	–0.2	24.0
Discounts and rebates	5.1	–4.3	–0.8	12.1	–0.9	11.2
Other taxes	3.7	–0.5	–0.1	1.6	0.2	4.9
Dismantling obligations	3.8	0.0	–0.2	0.6	0.1	4.3
Litigation expenses	8.8	–0.1	–5.1	0.9	–0.6	3.8
Other	10.2	–4.3	–0.2	8.0	1.1	14.8
Other provisions	**196.2**	**–117.3**	**–14.4**	**169.7**	**–9.2**	**225.1**

Other obligations towards employees primarily included variable compensation tied to performance. Structural measures were mainly allocated to the newspaper and printing plant segments. Provisions for returns comprise the expected sales returns of publishing products.

The other changes resulted primarily from the reclassification from provisions to liabilities in connection with the assets held for sale (see note (2d)).

Non-current provisions are primarily contained in the provisions for partial early retirement programs, dismantling obligations, and structural measures. Payments are expected to occur predominantly within the next five years.

(15) Financial liabilities

The financial liabilities comprise liabilities from a promissory note loan in the amount of € 499.1 million (PY: € 498.8 million), other liabilities due to banks amounting to € 156.2 million (PY: € 151.2 million) and finance leases amounting to € 64.5 million (PY: € 53.6 million).

The promissory note loan was characterized by the following utilizations, interest rates, and maturities.

2013 € million	2012 € million	Interest rate in %	Maturity
178.5	178.5	3.06	04/11/2018
143.0	143.0	2.38	04/11/2016
126.5	126.5	6-month EURIBOR + 1.0	04/11/2016
52.0	52.0	6-month EURIBOR + 1.3	04/11/2018

The other 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.

2013 € million	2012 € million	Interest rate in %	Maturity
150.0	134.0	1-month Euribor + 0,575	09/18/2017
4.3	4.8	3-month EURIBOR + 0.30	10/15/2022
0.0	9.0	5.09	11/30/2013

The interest rates were mainly equivalent to the effective rates of interest. In the case of fixed-interest loan tranches, the interest rates were fixed until the maturity date.

Furthermore, at the reporting date additional unused short-term and long-term credit facilities amounted to € 770 million (PY: € 786 million).

The finance leases resulted primarily from lease agreements for office buildings that were contributed to the plan assets. 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, 2013 as follows:

€ millions	Minimum lease payments	Interest portion	Present value
Due in up to one year	4.5	3.8	0.6
Due in one to five years	17.2	15.0	2.2
Due in more than five years	106.5	44.8	61.7
Total	**128.2**	**63.7**	**64.5**

The reconciliation as of December 31, 2012 breaks down 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**

We expect future cash provided by subleasing of € 4.2 million (PY: € 2.4 million).

(16) Other liabilities

The other liabilities broke down as follows:

€ millions	12/31/2013	12/31/2012
Contingent consideration	178.7	201.5
Debit balances in accounts receivable	11.7	22.6
Liabilities due to employees	24.2	18.8
Liabilities from derivatives	28.9	8.1
Other	63.8	57.3
Other financial liabilities	**307.4**	**308.3**
Prepaid subscriptions	74.8	84.5
Liabilities from other taxes	46.4	53.5
Accrued liabilities	21.6	23.4
Advance payments	9.2	19.0
Capital investment subsidies	15.2	18.3
Liabilities due to social insurance carriers	7.9	10.7
Liabilities for duties and contributions	6.0	6.8
Other	79.8	76.1
Other non-financial liabilities	**261.0**	**292.4**
Other liabilities	**568.3**	**600.6**

The reduction in other liabilities was based primarily on the reclassification to liabilities in connection with the assets held for sale performed at the reporting date (see note (2d)).

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:

€ millions	Carrying amount as of 12/31/2013	Undiscounted cash outflows 2014	2015–2018	2019 ff
Financial liabilities	719.8	20.2	701.3	53.0
Contingent consideration	178.7	23.7	161.0	0.0
Other non-derivative financial liabilities	382.3	345.1	28.1	3.4
Derivative financial liabilities	28.9	0.4	28.5	0.0

€ millions	Carrying amount as of 12/31/2012	Undiscounted cash outflows 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

Notes to the consolidated statement of comprehensive income

(18) Revenues

The revenues broke down as follows:

€ millions	2013	2012
Advertising revenues	1,637.8	1,529.4
Circulation revenues	759.1	814.7
Printing revenues	75.1	73.4
Other revenues	329.5	319.8
Revenues	**2,801.4**	**2,737.3**

The revenues from barter transactions amounted to € 48.6 million in 2012 (PY: € 52.2 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	2013	2012
Revaluation of contingent consideration	25.8	25.5
Income from reversal of provisions	14.4	9.4
Foreign exchange gains	12.4	8.0
Write-ups	1.0	5.2
Miscellaneous operating income	91.7	91.1
Other operating income	**145.3**	**139.2**

The miscellaneous operating income included both income from providing services to discontinued operations and a large number of circumstances with immaterial amounts.

(20) Purchased goods and services

The purchased goods and services broke down as follows:

€ millions	2013	2012
Raw materials and supplies and purchased merchandise	189.1	190.9
Purchased services	736.6	711.7
Purchased goods and services	**925.8**	**902.6**

Raw materials and supplies and purchased merchandise comprised paper costs amounting to € 93.3 million (PY: € 115.4 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	2013	2012
Wages and salaries	760.9	693.5
Social security	120.2	114.6
Pension expenses	9.8	7.4
Expenses for share-based payments	26.3	8.1
Other benefit expenses	4.4	3.4
Personnel expenses	**921.6**	**827.1**

The average number of employees in the Group is shown below:

	2013	2012
Salaried employees	9,167	8,260
Editors	2,797	2,869
Wage-earning employees	880	952
Total employees	**12,843**	**12,080**

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	2013	2012
Impairment losses in goodwill	2.7	17.4
Amortization of other intangible assets	90.7	79.2
Impairment losses in other intangible assets	1.9	4.1
Depreciation of property, plant, and equipment	58.4	58.5
Impairment losses in property, plant, and equipment	0.0	0.8
Depreciation of investment property	1.4	1.4
Depreciation, amortization, and impairments	**155.1**	**161.4**

Impairment losses in goodwill were primarily recorded in the Paid Models segment, while in the prior year the Paid Models I and Marketing Models segments were affected.

The increase in the amortization of other intangible assets primarily resulted from increased ongoing investments as well as 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	2013	2012
Advertising expenses	162.0	163.5
Expenses for non-company personnel	118.7	109.5
Mailing and postage expenses	87.9	93.5
Commissions and gratuities	41.1	48.9
Rental and leasing expenses	37.5	35.2
Maintenance and repairs	30.5	31.4
Travel expenses	24.6	23.3
Services provided by related parties	16.4	20.4
Allowances for doubtful receivables	11.9	11.1
Foreign exchange losses	10.4	11.5
Other taxes	7.1	6.0
Miscellaneous operating expenses	149.6	118.3
Other operating expenses	**697.7**	**672.6**

The miscellaneous operating expenses included a large number of circumstances with immaterial amounts.

The following professional fees for the services rendered by the auditor Ernst & Young GmbH were recognized:

€ millions	2013	2012
Audits of the annual financial statements	1.0	0.9
Other certification or appraisal services	0.4	0.2
Tax advisory services	0.5	0.3
Other services	0.1	0.3
Total professional fees	**2.0**	**1.7**

The professional fees for the audit of financial statements include the audit of the separate financial statements of Axel Springer SE and other German subsidiaries, and the audit of the consolidated financial statements. The other certification and appraisal services primarily include fees for the auditor’s review of the quarterly financial statements, the semi-annual financial statement, and audits to verify compliance with 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 € 25.7 million (PY: € 5.9 million) was influenced by impairment losses of € 3.0 million (PY: € 11.0 million).

In addition, we sold about 2.6 % of the shares in Doğan TV Holding A.S., Istanbul, Turkey, in the reporting period and recognized a profit of € 15.1 million, which was recorded in income from investments.

(25) Net financial result

The net financial result broke down as follows:

€ millions	2013	2012
Interest income from bank accounts	2.4	2.0
Interest income from loans and securities	3.4	1.2
Interest income from derivatives	1.6	0.0
Other interest income	3.1	8.0
Interest income	**10.5**	**11.2**
Interest expenses on liabilities due to banks and on promissory note	–14.2	–14.6
Interest expenses on pension provisions, less reimbursements	–10.0	–12.2
Interest expenses from derivatives	0.0	–17.8
Miscellaneous interest expenses	–13.3	–12.5
Interest and similar expenses	**–37.5**	**–57.2**
Other financial result	**3.8**	**0.2**
Financial result	**–23.1**	**–45.8**

A total of € 5.9 million (PY: € 7.0 million) of the interest income and € –21.7 million (PY: € –30.9 million) of the interest expense was allocated to financial assets and liabilities that were not measured at fair value through profit or loss.

(26) Income taxes

The income taxes paid or owed and the deferred taxes are recognized under income taxes. The income taxes consist 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	2013	2012
Current taxes	89.4	124.9
Deferred taxes	–1.3	–32.0
Income taxes from continued operations	**88.1**	**92.9**
Income taxes from discontinued operations	28.0	32.7
Income taxes	**116.0**	**125.7**

The income tax expense applying the tax rate of Axel Springer SE reconciles to the income tax expense recognized in the income statement as follows:

€ millions	2013	2012
Income before income taxes	266.7	283.7
Tax rate of Axel Springer SE	31.19 %	31.19 %
Expected tax expenses	**83.2**	**88.5**
Differing tax rates	–3.0	–2.4
Changes in tax rates	0.2	0.2
Permanent differences	5.4	8.1
Adjustments to carrying amounts of deferred taxes	–0.6	–12.5
Current income taxes for prior years	–4.8	4.8
Deferred income taxes for prior years	2.1	0.4
Non-deductible operating expenses	15.7	15.4
Tax-exempt income	–11.6	–11.7
Trade tax additions/deductions	4.5	2.9
Other effects	–2.9	–0.7
Income taxes	**88.1**	**92.9**

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 SE are explained in the reconciliation in the item differing tax rates. The permanent differences result mainly from impairment losses in goodwill and deconsolidation effects that are not taken into account for tax purposes. The adjustments made to the carrying amounts of deferred taxes included € 4.0 million (PY: € 4.7 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 were included in the amount of € 21.0 million in the prior year.

Deferred tax assets and liabilities were recognized to account for temporary differences and tax loss carry-forwards, as follows:

	12/31/2013		12/31/2012	
€ millions	Deferred tax assets	Deferred tax liabilities	**Deferred tax assets**	**Deferred tax liabilities**
Intangible assets	19.0	274.0	20.9	269.7
Property, plant, and equipment and investment property	1.8	106.2	1.0	114.5
Non-current financial assets	2.8	0.2	3.5	0.3
Inventories	0.8	0.0	0.9	0.0
Receivables and other assets	33.5	10.5	17.5	1.7
Pension provisions	8.2	11.1	12.0	0.1
Other provisions	9.6	3.2	8.3	3.5
Liabilities	29.2	0.6	23.3	1.2
Temporary differences	**105.0**	**405.8**	**87.4**	**391.1**
Tax loss carry-forwards	**28.5**	**0.0**	**35.1**	**0.0**
Total	**133.5**	**405.8**	**122.4**	**391.1**
Offsetting	−92.3	−92.3	−61.3	−61.3
Amounts as per balance sheet	**41.2**	**313.5**	**61.2**	**329.8**

The net balance of deferred tax items from January 1 to December 31, 2013, was derived as follows:

€ millions	2013	2012
Deferred tax assets as of January 1	61.2	27.5
Deferred tax liabilities as of January 1	–329.8	–253.3
Net tax position as of January 1	**–268.7**	**–225.8**
Deferred tax of current year	1.4	31.9
Changes in deferred taxes recognized in other comprehensive income	–6.5	17.1
Changes in consolidation group	–13.8	–91.8
Reclassification into assets and liabilities held for sale	15.1	0.0
Net tax position as of December 31	**–272.4**	**–268.7**
Deferred tax assets as of December 31	41.2	61.2
Deferred tax liabilities as of December 31	–313.5	–329.8

Of the deferred tax assets, an amount of € 9.4 million (PY: € 16.5 million), and of the deferred tax liabilities, an amount of € 6.9 million (PY: € 8.3 million) can be realized in the short term.

The amount of deferred tax assets to be disclosed in accordance with IAS 12.82 was € 22.9 million (PY: € 26.8 million). It is expected that this amount can be realized by application against the available operating income.

Deferred taxes in the total amount of € 15.6 million (PY: € 22.2 million) were recognized directly in equity, as they relate to matters that were likewise recognized directly in equity.

In fiscal year 2013, no deferred tax assets were recognized with respect to corporate income tax loss carry-forwards amounting to € 122.4 million (PY: € 152.1 million), and with respect to trade tax loss carry-forwards amounting to € 1.7 million (PY: € 13.7 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 € 11.3 million (PY: € 20.2 million) can be carried forward for up to five years and an amount of € 9.9 million (PY: € 11.2 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 € 5.7 million (PY: € 1.4 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 € 0.5 million (PY: € 0.2 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 as presented in the consolidated balance sheet and the corresponding investment balance 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 € 28.9 million (PY: € 8.6 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:

		2013	2012
Result of continued operations attributable to shareholders of Axel Springer SE	€ millions	133.0	161.5
Result of discontinued operations attributable to shareholders of Axel Springer SE	€ millions	64.2	76.5
Net income attributable to shareholders of Axel Springer SE	€ millions	197.1	238.1
Weighted average shares outstanding	000s	98,888	98,728
Earnings per share from continued operations (basic/diluted)		**1.34**	**1.64**
Earnings per share from discontinued operations (basic/diluted)		0.65	0.78
Net income attributable to shareholders of Axel Springer SE per share (basic/diluted)	**€**	**1.99**	**2.42**

(28) Other income/loss

The other income/loss broke down as follows:

	2013			2012		
€ millions	Before tax	Tax effect	Net	Before tax	Tax effect	Net
Actuarial gains/losses from defined benefit pension obligations	3.0	−0.6	2.5	−69.2	21.0	−48.2
Currency translation differences	−65.4	0.0	−65.4	14.1	0.0	14.1
Changes in fair value of available-for-sale financial assets	17.4	−5.9	11.5	−2.0	0.7	−1.3
Changes in fair value of derivatives in cash flow hedges	−0.4	0.0	−0.4	15.5	−4.6	10.9
Other income/loss from investments accounted for using the equity method	0.0	0.0	0.0	−0.3	0.0	−0.3
Other income/loss	**−45.4**	**−6.5**	**−51.9**	**−42.0**	**17.1**	**−24.9**

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 € 4.9 million (PY: € 2.5 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, and purchased assets and liabilities for business acquisitions are presented in the following table:

€ millions	2013	2012
Intangible assets	84.6	364.5
Property, plant, and equipment	0.4	26.4
Non-current financial assets	1.7	1.4
Trade receivables	4.3	27.1
Other assets	4.0	15.8
Cash and cash equivalents	7.7	20.7
Provisions and liabilities	–10.2	–31.3
Deferred tax liabilities	–20.4	–90.8
Net assets	**72.0**	**333.7**
Acquisition cost (preliminary)	157.7	683.3
Thereof paid	130.0	537.7

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 the cash payments and acquired funds listed in the table, also include payments for acquisitions of the previous years (in particular payments from contingent consideration; see note (33)).

The following table provides details of sales proceeds, paid up amounts, and disposed assets and liabilities arising from divestitures (including the deconsolidation of AutoReflex, see note (2c)):

€ millions	2013	2012
Goodwill	9.5	1.6
Other intangible assets	13.7	9.9
Property, plant, and equipment	0.8	2.4
Non-current financial assets	0.1	1.7
Trade receivables	12.4	2.9
Other assets	5.0	3.9
Cash and cash equivalents	7.3	5.5
Provisions and other liabilities	–22.9	–3.7
Deferred tax liabilities	–4.6	–0.5
Disposal net assets	**21.2**	**23.7**
Net realizable value	4.6	0.0
Thereof paid-up	4.6	0.0

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: € 25.0 million) in cash and also real estate assets with carrying amounts of € 9.8 million (PY: € 31.3 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. Due to the further progress of the digital transformation of the company, and particularly due to the company acquisitions that occurred as well as the sales of significant print activities initiated in the reporting year and treated as discontinued operations, Axel Springer further developed its internal organizational and management structure in the reporting year. The various customer groups and revenue types of an increasingly digitally active publisher are reflected in the new segment structure. The reporting format is now broken down into the three operating segments: Paid Models, Marketing Models, and Classifieds Ad Models. These are in addition to the Services/Holding segment.

Segmentation of assets, liabilities, and investments based on the operating segments does not occur as these measures do not serve as a basis for decision making at segment level.

(a) Operating segments

The Paid Models segment comprises all business models that are primarily used by paying readers.

Paid Models National is based primarily on the BILD and WELT Group and comprises the digital media offers as well as the newspapers and computer, automotive, sport, and music magazines of the BILD, B.Z., and WELT brand family. In addition, the investments in newspaper and magazine publishers in Germany are included. Paid Models International comprises the digital media offers as well as the newspapers and magazines in Western, Central, and Eastern Europe, where we are particularly represented in Poland, Slovakia, Serbia, Hungary, Switzerland, Russia, and Spain. Onet.pl and azet.sk, the leading Internet portals in Poland and Slovakia, also belong to this segment.

The Marketing Models segment collects all domestic and foreign business models whose revenues are primarily generated by advertising customers in marketing based on performance or reach. These particularly include the performance-based activities of the zanox Group and the reach-based marketing offers of Idealo, auFeminin, and Bonial. Furthermore, this segment also comprises the investment in the TV broadcast company Doğan TV.

The Classified Ad Models segment comprises all domestic and foreign business models whose revenues are primarily generated by paying job and real estate advertising customers. Our portfolio of leading domestic and foreign online classifieds portals, with the focus areas of real estate and job advertising, is bundled in Axel Springer Digital Classifieds. This primarily comprises the real estate portals SeLoger, Immoweb, and Immonet, the job portals of the StepStone Group, and the regional portal meinestadt.de.

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 € 8.6 million (PY: € –30.2 million) in the Paid Models National segment relate particularly to the effects from the revaluation of contingent purchase price liabilities (€ 24.0 million; PY: € –1.3 million), costs in connection with initiated divestments (€ –14.8 million; PY: € –17.2 million), as well as depreciation on financial assets (€ –0.5 million; PY: € –9.3 million). The non-recurring effects of € –9.0 million (PY: € 23.6 million) in the Marketing Models segment are particularly based on the revaluation of contingent purchase price liabilities (€ –8.1 million; PY: € 24.7 million). In the Classified Ad Models segment, non-recurring effects of € –12.8 million (PY: € –4.9 million) relate particularly to expenses in connection with realized acquisitions (€ –5.1 million; PY: € –4.5 million) as well as the revaluation of contingent purchase price liabilities (€– 7.5 million; PY: € –0.3 million).

The effects of purchase price allocations mainly consisted of amortization and depreciation on newly measured assets acquired in the context of business combinations. They also contain impairment losses on goodwill in the amount of € 2.7 million in the Paid Models segment (PY: € 17.4 million in the Paid Models and Marketing Models segments).

The reconciliation of the income from investments carried on the income statement as well as the impairments is shown below:

€ millions	2013	2012
Income from investments included in EBITDA	12.1	16.3
Non-recurring effects included in income from investments	13.6	–10.3
Income from investments	**25.7**	**5.9**
Depreciation, amortization, impairments, and write-ups (except from purchase price allocations)	–94.7	–85.1
Thereof write-ups	–1.0	–5.2
Effects of purchase price allocations as far as depreciation, amortization, and impairments are affected	–59.4	–71.1
Depreciation, amortization, and impairments	**–155.1**	**–161.4**

The non-current segment assets include goodwill, intangible assets, 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 SE 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 notes placed in the prior year (€ 500.0 million) and also draw down our credit line (€ 900.0 million) both for general business purposes as well as to finance acquisitions. The promissory note loan will expire in 2016 (nominal value of € 269.5 million) or 2018 (nominal value of € 230.5 million). In addition, we arranged a new credit line in the prior year in the amount of € 900.0 million. Drawdowns of this new credit line will become due and payable in September 2017. The drawdown of the credit lines is tied to compliance with the credit terms. Since the existence of the credit lines 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 % of the subscribed capital. Treasury shares can be used for acquisition financing, or they can be retired. As of December 31, 2013, we held no treasury shares (in the prior year, the treasury shares represented 0.2 % 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 receivables	Financial liabilities	Available-for-sale financial assets	Financial assets and liabilities held for trading	No category according to IAS 39
Assets 12/31/2013						
Other non-current investments and securities	384.2			384.2		
Loans and advances	41.0	41.0				
Other non-current financial assets	425.2	41.0		384.2		
Trade receivables	472.8	472.8				
Receivables due from related parties	36.0	8.0				27.9
Derivatives	0.5				0.5	
Other	134.1	102.7				31.4
Other assets	134.6	102.7			0.5	31.4
Cash and cash equivalents	248.6	248.6				
Liabilities 12/31/2013						
Financial liabilities	719.8		655.3			64.5
Trade payables	271.4		271.4			
Liabilities due to related parties	15.1		11.0			4.1
Derivatives designated as a hedging instrument	0.9					0.9
Derivatives not designated as a hedging instrument	27.9				27.9	
Contingent consideration	178.7					178.7
Other	360.8		99.8			261.0
Other liabilities	568.3		99.8		27.9	440.6
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	391.1		98.7			292.4
Other liabilities	600.6		98.7		6.9	495.1

With the exception of the following financial assets and liabilities, the valuation is at amortized cost.

€ millions	Fair value based on market price (level 1)	Fair value based on observable market data (level 2)	Fair value not based on observable input factors (level 3)
December 31, 2013			
Other non-current investments and securities	39.3		
Derivatives not designated as a hedging instrument (positive fair value)		0.5	
Derivatives designated as a hedging instrument (negative fair value)		0.9	
Derivatives not designated as a hedging instrument (negative fair value)		27.9	
Contingent consideration			178.7
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

The fair values of contingent considerations developed as follows:

€ millions	2013	Thereof Onet	Thereof Immoweb	2012	Thereof Onet	Thereof Immoweb
January 1	201.5	89.7	46.1	88.2	0.0	0.0
Initial consolidation	16.4			142.0	88.1	46.0
Divestment	–2.2			0.0		
Payment	–42.0			–2.9		
Revaluation not affecting net income	11.2			–5.5		
Revaluation affecting net income	–9.0	–23.6	6.8	–23.5	1.3	0.0
Thereof other operating income	–25.8	–23.6		–25.5		
Thereof other operating expenses	16.8		6.8	1.9	1.3	
Compound	2.8	1.0	0.8	3.1	0.3	0.1
December 31	**178.7**	**67.1**	**53.7**	**201.5**	**89.7**	**46.1**
Thereof revaluation affecting net income	177.5	67.1	53.7	172.4	89.7	46.1
Thereof revaluation not affecting net income	1.2	0.0	0.0	29.0	0.0	0.0

Payments during the reporting year relate particularly to the acquisition of the remaining shares in Digital Window.

With the exception of the financial liabilities presented below, the carrying amounts of the financial assets and liabilities were identical to their fair values.

	12/31/2013		12/31/2012	
€ millions	Carrying amount	Fair value	Carrying amount	Fair value
Liabilities	655.3	663.5	650.0	663.6
Thereof promissory note	499.1	507.3	498.8	512.1
Thereof due to banks	156.2	156.2	151.2	151.5

The fair value disclosed is determined on the basis of the advantage between the contractually agreed fixed interest rate and the market interest rate (level 2 of the measurement hierarchy, see note (3g)).

The net gains and losses of financial instruments (excluding interest and dividends) recognized in the income statement are presented in the following table.

€ millions	2013	2012
Loans and receivables, financial liabilities	29.8	8.6
Available-for-sale financial assets	12.8	−11.8
Financial assets and liabilities held for trading	−25.4	−0.1

The net gains and losses in the categories of “loans and receivables” and “financial liabilities” consisted mainly of the result from the currency translation, the fair valuation of contingent liabilities, and valuation allowances.

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 and impairments. 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, positive fair value changes of € 17.2 million before taxes were recognized directly in equity for the remeasurement of our investment in iProperty (PY: negative fair value adjustments of € 2.0 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, in particular, in addition to increased use of fixed interest agreements. 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, 80.5 % (PY: 76.2 %) of the variable interest-bearing promissory note loans and liabilities to banks have been hedged using interest derivatives and fixed-interest agreements. At the reporting date, an amount of

€ 332.5 million (PY: € 37.5 million) of the unsecured variable-interest promissory note loans and 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: € 1.6 million).

Currency risks from operations are mainly avoided through the incurrence of operating costs 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 19 % (PY: 13 %).

Currency risks from foreign currency claims and liabilities (without contingent compensation) as well as claims and liabilities in euros in non-euro countries 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 SE 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 lines in the amount of € 900.0 million (until 2017) as well as promissory notes placed in 2012 (€ 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, and other assets.

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 € 75.0 million (PY: € 100.0 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- (S&P) or Baa3 (Moody's)).

(35) Financial derivatives

(a) Financial derivatives designated as hedging instruments

In 2013, 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 swaps. 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 were recognized in accumulated other comprehensive income until the hedged item was realized.

The fair value measurement of the interest rate derivatives at the reporting date yielded negative fair values of € –0.9 million (PY: € –1.2 million). During the reporting period, a profit of € 0.3 million (PY: loss of € 0.1 million) was recognized in other income.

In connection with the refinancing of our credit facilities in 2012, the hedging relationship of the individual interest rate derivatives did not apply, so that in the prior year we recognized the unrealized losses from the remeasurement of the interest rate derivatives in the amount of € 10.5 million previously carried in accumulated other comprehensive income. These interest rate derivatives no longer exist at the reporting date.

In addition, in the prior year there existed the hedging relationship through the forward exchange contracts with a positive fair value of € 0.7 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. Unrealized gains of € 0.7 million previously included in the accumulated other comprehensive income have been reclassified to net income at the time of realization.

Fair value changes in the net amount of € –0.3 million (PY: € –0.2 million) after taxes were recognized in accumulated other comprehensive income.

(b) Financial derivatives not designated as hedging instruments

As of December 31, 2013, currency swaps regarding loans of foreign subsidiaries with a negative fair value of € –27.9 million and a positive fair value of € 0.5 million (PY: negative fair value of € –0.2 million) existed. They were entered into to hedge currency risks from loans of foreign subsidiaries or contingent liabilities. The nominal value of the hedged transactions amounted to € 472.3 million (PY: € 26.5 million). The profits and losses from the fair value measurement of these currency swaps, as well as the opposite profits and losses from the foreign currency measurement of the hedged loan claims and obligations were recognized.

As of December 31, 2012, loans in the nominal amount of € 280.0 million were hedged against interest rate risks. 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 prior-year reporting date.

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 SE (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	12/31/2013			12/31/2012		
Loans	5.0	3.2	1.8	3.1	2.3	0.8
Receivables	36.0	31.2	4.8	40.9	39.1	1.8
Thereof trade	6.6	2.9	3.7	9.1	8.8	0.4
Allowances included	25.7	2.2	23.5	28.1	2.4	25.8
Provisions	7.0	0.0	7.0	6.2	0.0	6.2
Liabilities	15.0	4.0	11.0	25.5	7.0	18.5
Thereof trade	5.2	4.0	1.2	13.0	7.0	6.1
Income statement	2013			2012		
Goods and services supplied	18.0	16.0	2.0	19.6	17.3	2.2
Goods and services received	63.2	30.3	32.9	64.1	33.4	30.7
Financial result	0.6	0.5	0.1	0.3	0.2	0.1

With regard to discontinued operations, services were rendered amounting to € 79.9 million (PY: € 83.3 million) and services were received amounting to € 6.5 million (PY: € 5.3 million).

The changes in the allowances for receivables due to related parties are presented in the table below:

€ millions	2013	2012
Balance as of January 1	**28.1**	**27.3**
Reversals	–3.4	–0.4
Additions	0.9	1.2
Balance as of December 31	**25.7**	**28.1**

As of December 31, 2013, receivables in the amount of € 31.1 million (PY: € 40.7 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 related parties would not fulfill their payment obligations.

The receivables due from associated companies included a reimbursement claim for pension obligations in the amount of € 27.9 million (PY: € 29.4 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 € 4.1 million (PY: € 12.1 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 € 48.2 million (PY: € 53.6 million) were rendered for companies of the Axel Springer Group in 2013.

In 2013, the fixed compensation of the members of the Executive Board of Axel Springer SE amounted to € 9.4 million (PY: € 9.2 million). The variable compensation amounted to € 10.7 million (PY: € 10.7 million). The measurement of the share-based compensation granted to the Executive Board of Axel Springer SE gave rise to personnel expenses of € 14.2 million (PY: € 2.3 million) in the reporting year. Guaranteed pension payments to members of the Executive Board resulted in a personnel expense of € 0.5 million in fiscal year 2013 (PY: € 0.3 million).

The compensation of the members of the Supervisory Board amounted to € 3.0 million (PY: € 2.5 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 Executive and Supervisory Board is described in detail 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 € 2.6 million (PY: € 2.3 million) was paid to former Executive Board members and special directors and their survivors. A total amount of € 32.4 million (PY: € 32.5 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, 2013, contingent liabilities from guarantees existed in the amount of € 11.6 million (PY: € 12.7 million).

(38) Contingent assets

Contingent assets were due from KirchMedia GmbH & Co KGaA i.L. in the amount of € 263.3 million (PY: € 269.8 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 € 6.5 million (PY: € 3.3 million) was paid in the reporting year.

(39) Other financial commitments

The other financial commitments broke down as follows:

€ millions	12/31/2013	12/31/2012
Purchase commitments for		
- intangible assets	4.9	2.7
- property, plant, and equipment	5.9	4.1
- inventories	21.1	9.8
Future payments under operating leases	106.0	115.4
Future payments under finance leases	80.9	73.0
Long-term purchase obligations	113.4	150.8
Other financial obligations	**332.2**	**355.8**

The long-term purchase obligations resulted from paper supply contracts.

The future minimum lease payments from operating leases at December 31, 2013 are broken down in the following table:

€ millions	2013	2012
Due in up to one year	34.5	32.3
Due in one to five years	69.2	77.2
Due in more than five years	2.3	5.8
Total	**106.0**	**115.4**

(40) Events after the reporting date

The acquisition of the 100 % shares in the TV news station N24 was completed upon receipt of the necessary approval of the cartel and media authorities in February 2014 (see note (2c) for further details).

Among other things, the composition agreement concluded between Deutsche Bank AG and the Kirch side provided that an amount of € 775 million plus interest will be paid to the Kirch side. As a creditor in the insolvency proceedings of the Kirch Group (particularly including KirchMedia GmbH & Co. KGaA i.I.), Axel Springer SE expects to receive a payment from the insolvency administrator. At the present time, it is not possible to make a reliable statement concerning the amount and timing of this payment.

There are no further significant events after the reporting date to be reported.

(41) Declaration of Conformity with the German Corporate Governance Code

Axel Springer SE published the Declaration of Conformity with the German Corporate Governance Code issued by the Management Board and Supervisory Board in accordance with Section 161 of the German Stock Corporations Act (AktG) on the company's website 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 SE (previously Axel Springer Aktiengesellschaft), Berlin (parent company)	-	-	
	Fully consolidated subsidiaries			
	Germany			
2	AS Osteuropa GmbH, Berlin	100.0	15	
3	AS TV-Produktions- und Vertriebsgesellschaft mbH, Hamburg	100.0	1	
4	ASV Direktmarketing GmbH, Hamburg	100.0	1	5)
5	Axel Springer Asia GmbH, Hamburg	100.0	15	
6	Axel Springer Auto-Verlag GmbH, Hamburg	100.0	1	5)
7	Axel Springer Digital Classifieds GmbH, Berlin	70.0	9	
8	Axel Springer Digital Classifieds Holding GmbH, Berlin	100.0	7	
9	Axel Springer Digital GmbH, Berlin	100.0	1	5)
10	Axel Springer Digital TV Guide GmbH, Berlin	100.0	1	5)
11	Axel Springer Digital Ventures GmbH, Berlin	100.0	9	5)
12	Axel Springer Financial Media GmbH, Munich	100.0	1	
13	Axel Springer ideAS Engineering GmbH (previously Axel Springer IdeAS GmbH), Berlin	100.0	23	
14	Axel Springer International GmbH, Berlin	100.0	1	5)
15	Axel Springer International Holding GmbH, Berlin	100.0	14	5)
16	Axel Springer Media Impact GmbH & Co. KG (previously Axel Springer Media Impact Dienstleistungs-GmbH), Berlin	100.0	1	6)
17	Axel Springer Media Logistik GmbH, Berlin	100.0	1	
18	Axel Springer Mediahouse Berlin GmbH, Berlin	100.0	1	5)
19	Axel Springer Medien Accounting Service GmbH, Berlin	100.0	1	5)
20	Axel Springer Services & Immobilien GmbH, Berlin	100.0	1	5)
21	Axel Springer Syndication GmbH (previously Vierundfünfzigste "Media" Vermögensverwaltungsges. mbH), Berlin	100.0	23	5)
22	Axel Springer TV Productions GmbH, Hamburg	100.0	1	5)
23	"Axel Springer Verlag" Beteiligungsgesellschaft mbH, Berlin	100.0	1	5)
24	Axel Springer Vertriebsservice GmbH, Hamburg	100.0	1	5)
25	B.Z. Ullstein GmbH, Berlin	100.0	23	
26	Bergedorfer Buchdruckerei von Ed. Wagner (GmbH & Co.), Hamburg	100.0	1	6)
27	Berliner Morgenpost GmbH (previously Ullstein GmbH), Berlin	100.0	23	
28	BERLINER WOCHENBLATT Verlag GmbH, Berlin	100.0	60	5)
29	BILD GmbH & Co. KG (previously BILD digital GmbH & Co. KG), Berlin	100.0	1	6)
30	Bonial International GmbH, Berlin	74.9	1	
31	Buch- und Presse-Großvertrieb Hamburg GmbH & Co. KG, Hamburg	78.1	1	6)
32	Commerz-Film GmbH, Berlin	100.0	15	
33	comparado GmbH, Lüneburg	100.0	39	
34	COMPUTER BILD Digital GmbH, Hamburg	100.0	1	5)
35	eprofessional GmbH, Hamburg	100.0	63	
36	finanzen.net GmbH, Karlsruhe	55.0	11	
37	Gofeminin.de GmbH, Cologne	100.0	71	
38	hamburg.de GmbH & Co. KG, Hamburg	61.9	9	6)
39	Idealo Internet GmbH, Berlin	74.9	9	
40	Immonet GmbH, Hamburg	88.7	8	
41	ims Internationaler Medien Service GmbH & Co. KG, Hamburg	55.0	1	6)
42	meinestadt.de GmbH (previously Allesklar.com Aktiengesellschaft), Siegburg	100.0	43	
43	meinestadt.de Holding GmbH, Berlin	100.0	8	
44	Metrigo GmbH, Hamburg	56.1	63	
45	Niendorfer Wochenblatt Verlag GmbH & Co. KG, Hamburg	100.0	60	6)
46	PACE Paparazzi Catering & Event GmbH, Berlin	100.0	1	5)
47	Panther Holding GmbH, Berlin	100.0	39	
48	Sales Impact GmbH & Co. KG, Hamburg	100.0	1	6)
49	Schwartzkopff TV-Productions GmbH & Co. KG, Hamburg	100.0	22	6)
50	Smarthouse Media GmbH, Karlsruhe	91.0	11	
51	Sohomint GmbH, Hamburg	72.6	1	
52	StepStone Deutschland GmbH, Düsseldorf	100.0	53	5)
53	StepStone GmbH, Berlin	100.0	8	5)
54	Transfermarkt GmbH & Co. KG, Hamburg	51.0	29	6)
55	TunedIn Media GmbH, Berlin	77.6	1	
56	Ullstein GmbH (previously Achtunddreißigste "Media" Vermögensverwaltungsges. mbH), Berlin	100.0	23	5)
57	Umzugsauktion GmbH & Co. KG, Schallstadt	51.0	40	
58	Visual Meta GmbH, Berlin	76.0	39	
59	WBV Direktzustell-GmbH, Hamburg	100.0	60	
60	WBV Wochenblatt Verlag GmbH, Hamburg	100.0	27	5)
61	YOURCAREERGROUP AG, Düsseldorf	100.0	53	
62	YOURCAREERGROUP International GmbH & Co. KG, Düsseldorf	100.0	53	6)
63	ZANOX AG (previously ZANOX.de AG), Berlin	52.5	9	
64	Zuio GmbH, Berlin	100.0	23	
	Other countries			
65	alFemminile s.r.l., Milan, Italy	100.0	71	
66	Amiado Group AG, Zurich, Switzerland	100.0	79	
67	Amiado Online AG, Zurich, Switzerland	100.0	66	
68	APM Print d.o.o., Belgrade, Serbia/Kosovo	25.1 74.9	114 134	
69	AS-NYOMDA Kft, Kecskemét, Hungary	100.0	73	
70	auFeminin.com Productions SARL, Paris, France	100.0	71	
71	auFeminin.com S.A., Paris, France	80.8	15	
72	Axel Springer - Budapest Kiadói Kft, Budapest, Hungary	92.9	1	
73	Axel Springer - Magyarország Kft, Tatabánya, Hungary	93.5	1	
74	Axel Springer Digital Classifieds France SAS, Paris, France	100.0	8	
75	Axel Springer España S.A., Madrid, Spain	100.0	1	
76	Axel Springer France S.A.S., Paris, France	100.0	1	
77	Axel Springer Norway AS, Oslo, Norway	100.0	9	
78	"Axel Springer Russia" Geschlossene Aktiengesellschaft, Moscow, Russia	100.0	2	
79	Axel Springer Schweiz AG, Zurich, Switzerland	100.0	1	
80	Azet.sk a.s., Zilina, Slovakia	70.0	119	
81	Belles Demeures S.A.S., Paris, France	100.0	111	
82	Bonial SAS, Paris, France	100.0	30	
83	Candidate Manager (US) Inc., Boston, USA	100.0	84	
84	Candidate Manager Limited, Dublin, Ireland	100.0	121	
85	Diagorim SAS, Paris, France	82.2	122	
86	Digital Window Inc., Wilmington, USA	100.0	87	
87	Digital Window Limited, London, Great Britain	100.0	63	
88	DreamLab Onet.pl sp. z o.o., Krakow, Poland	100.0	92	
89	enFemenino SARL, Madrid, Spain	100.0	71	
90	Etoilecasting.com SAS, Paris, France	100.0	71	
91	GoBrands Sp. z o.o., Krakow, Poland	100.0	92	
92	Grupa Onet.pl SA, Krakow, Poland	100.0	105	
93	Immoweb SA, Brussels, Belgium	80.0	74	

No.	Company	Share-holding in %	via No.	
94	IT-Jobbank A/S, Copenhagen, Denmark	100.0	53	
95	Jobs LU Limited, Dublin, Ireland	100.0	121	
96	Jobs.ie Limited, Dublin, Ireland	100.0	121	
97	Marmiton SAS, Paris, France	100.0	71	
98	Media Impact Polska Sp. z o.o., Warsaw, Poland	50.0 50.0	117 92	
99	MyJob Group Limited, Sheffield, Great Britain	100.0	121	
100	Népújság Kft, Békéscsaba, Hungary	94.0	23	
101	Netmums Limited, Watford, Great Britain	100.0	71	
102	NIJobs.com Limited, Belfast, Ireland	100.0	121	
103	NIN d.o.o., Belgrade, Serbia/Kosovo	99.7	114	
104	ofeminin.pl Sp. z o.o., Warsaw, Poland	51.0 49.0	71 117	
105	ONET Holding Sp. z o.o. (previously Vidalia Investments Sp. z o.o.), Warsaw, Poland	75.0	116	
106	OnetMarketing Sp. z o.o. (previously SunWeb sp. z o.o.), Krakow, Poland	100.0	92	
107	OnetMarketing Sp. z o.o. S.K.A, Krakow, Poland	100.0	92	
108	Petőfi Lap- és Könyvkiadó Kft, Kecskemét, Hungary	94.0	23	
109	Pnet (Pty) Ltd, Johannesburg, South Africa	100.0	121	
110	Poliris S.A.S., Paris, France	7.0 93.0	111 122	
111	PressImmo On Line S.A.S., Paris, France	100.0	122	
112	RAS Online d.o.o., Belgrade, Serbia/Kosovo	100.0	114	
113	Ringier Axel Springer CZ a.s., Prague, Czechia	100.0	116	
114	Ringier Axel Springer d.o.o., Belgrade, Serbia/Kosovo	100.0	116	
115	Ringier Axel Springer Management AG, Zurich, Switzerland	100.0	116	
116	Ringier Axel Springer Media AG, Zurich, Switzerland	50.0	15	[3)]
117	Ringier Axel Springer Polska Sp. z o.o., Warsaw, Poland	100.0	116	
118	Ringier Axel Springer Print CZ a.s., Prague, Czechia	100.0	113	
119	Ringier Axel Springer Slovakia a.s., Bratislava, Slovakia	100.0	116	
120	runtastic GmbH, Pasching, Austria	50.1	11	
121	Saongroup Limited, Dublin, Ireland	100.0	132	
122	SeLoger.com S.A.S. (previously SeLoger.com SA), Paris, France	0.5 98.0	8 74	
123	SmartAdServer SAS, Paris, France	100.0	71	
124	soFeminine.co.uk Limited, London, Great Britain	100.0	71	
125	StepStone A/S, Copenhagen, Denmark	100.0	53	
126	StepStone B.V., Leiden, Netherlands	100.0	53	
127	StepStone France SAS, Paris, France	100.0	53	
128	StepStone NV, Brussels, Belgium	0.0 100.0	129 53	[7)]
129	StepStone Österreich GmbH, Vienna, Austria	100.0	52	
130	StepStone Schweiz GmbH, Härkingen, Schwitzerland	100.0	53	
131	StepStone Services Sp. z o.o., Warsaw, Poland	100.0	53	
132	StepStone UK Holding Limited, London, Great Britain	100.0	53	
133	Totaljobs Group Limited, London, Great Britain	100.0	132	
134	Trans Press d.o.o., Belgrade, Serbia/Kosovo	100.0	114	
135	Villaweb SARL, Rennes, France	100.0	111	
136	Viviana Investments Sp. z o.o., Warsaw, Poland	100.0	117	
137	zanox B.V., Amsterdam, Netherlands	100.0	63	
138	ZANOX Hispania SL, Madrid, Spain	100.0	63	
139	zanox ltd., London, Great Britain	100.0	63	[8)]
140	zanox Reklam Hizmetleri Limited Sirketi, Istanbul, Turkey	100.0	63	

No.	Company	Share-holding in %	via No.	
141	zanox SAS, Paris, France	100.0	63	
142	zanox Sp. z o.o., Warsaw, Poland	100.0	63	
143	zanox SRL, Milan, Italy	100.0	63	
144	ZANOX VEICULAÇÃO DE PUBLICIDADE NA INTERNET LTDA., São Paulo, Brazil	0.0 100.0	35 63	[7)]
145	zanox we create partners AB, Stockholm, Sweden	100.0	63	
146	ZÖLD ÚJSÁG Tömegkommunikációs és Kiadói Zrt, Budapest, Hungary	100.0	73	
	Other subsidiaries [1)]			
	Germany			
147	Achtundsechzigste "Media" Vermögensverwaltungsges. mbH, Berlin	100.0	1	
148	Alster Wochenblatt Verlag GmbH, Hamburg	100.0	60	
149	AS Buchversand GmbH, Munich	100.0	23	
150	Axel Springer ideAS Ventures GmbH (previously Vierundsechzigste "Media" Vermögensverwaltungsges. mbH), Berlin	100.0	23	
151	Axel Springer Media Impact Management GmbH, Berlin	100.0	1	
152	Axel Springer Security GmbH, Berlin	100.0	1	
153	B.Z. Media GmbH, Berlin	100.0	25	
154	BILD Multimedia Verwaltungs GmbH (previously BILD digital Verwaltungs GmbH), Berlin	100.0	1	
155	"Dating Café" Vermittlungsagentur GmbH, Hamburg	100.0	42	
156	Dreiundsiebzigste "Media" Vermögensverwaltungsges. mbH, Berlin	100.0	23	
157	Dreizehnte "Media" Vermögensverwaltungsges. mbH, Hamburg	100.0	1	
158	Druck- und Verlagshaus Bergedorf GmbH, Hamburg	100.0	1	
159	Einundsiebzigste "Media" Vermögensverwaltungsges. mbH, Berlin	100.0	1	
160	Finanzen Corporate Publishing GmbH, Berlin	100.0	1	
161	Fünfundsiebzigste "Media" Vermögensverwaltungsges. mbH, Berlin	100.0	23	
162	hamburg.de Beteiligungs GmbH, Hamburg	100.0	38	
163	Hammerich & Lesser Zeitschriften- und Buchverlag GmbH, Hamburg	100.0	1	
164	Hauptstadtsee 809. VV GmbH, Berlin	100.0	1	
165	Idealo International GmbH, Berlin	100.0	39	
166	ims Verwaltungs GmbH, Hamburg	55.0	1	
167	Informationsmedien Handels GmbH, Hamburg	100.0	1	
168	Jobanova GmbH, Munich	100.0	53	
169	kinkaa GbR, Berlin	50.0 50.0	39 47	
170	meinestadt.de Vertriebs-GmbH (previously meinestadt stellenmarkt GmbH), Siegburg	100.0	42	
171	myPass GmbH, Berlin	100.0	1	
172	Neunundfünfzigste "Media" Vermögensverwaltungsges. mbH, Berlin	100.0	1	
173	Neunundsechzigste "Media" Vermögensverwaltungsges. mbH, Berlin	100.0	1	
174	New Waves Entertainment GmbH (previously I.S.I. TV Productions GmbH), Berlin	100.0	49	
175	Room 49 GmbH, Berlin	100.0	150	
176	Sales Impact Management GmbH, Hamburg	100.0	1	
177	Schwartzkopff TV-Productions Verwaltungsges. mbH, Hamburg	100.0	22	
178	Scubia GbR, Berlin	50.0 50.0	39 47	
179	Sechsundsechzigste "Media" Vermögensverwaltungsges. mbH, Berlin	100.0	1	
180	Sechsundsiebzigste "Media" Vermögensverwaltungsges. mbH, Berlin	100.0	23	
181	Shop Now GmbH, Berlin	100.0	150	
182	Siebzigste "Media" Vermögensverwaltungsges. mbH, Berlin	100.0	1	
183	SmartAdServer GmbH, Berlin	100.0	71	

No.	Company	Share-holding in %	via No.	
184	StepStone Verwaltungs GmbH (previously Fünfundsechzigste "Media" Vermögensverwaltungsges. mbH), Berlin	100.0	53	
185	Tarif24 GmbH, Berlin	100.0	39	
186	TOPS Online Publications GbR, Lüneburg	90.0	33	
		10.0	39	
187	Transfermarkt Verwaltungs GmbH, Hamburg	51.0	29	
188	Umzugsauktion Verwaltungs GmbH, Schallstadt	51.0	40	
189	Vierundsiebzigste "Media" Vermögensverwaltungsges. mbH, Berlin	100.0	23	
190	Zanox 1 AG, Berlin	100.0	63	
191	Zebra Interactive UG (limited liability), Berlin	100.0	288	
192	Zweiundfünfzigste "Media" Vermögensverwaltungsges. mbH, Berlin	100.0	1	
193	Zweiundsechzigste "Media" Vermögensverwaltungsges. mbH, Berlin	100.0	1	
194	Zweiundsiebzigste "Media" Vermögensverwaltungsges. mbH, Berlin	100.0	23	
	Other countries			
195	African Jobs Online Limited, Port Louis, Mauritius	100.0	121	
196	Alpha Real spol. s.r.o., Zilina, Slovakia	100.0	80	
197	Automotive Exchange Private Limited, Maharashtra, India	72.8	5	
198	AUTOVIA, s.r.o., Bratislava, Slovakia	100.0	80	
199	Axel Springer Editions SAS, Paris, France	100.0	163	
200	Axel Springer Group Inc., New York, USA	100.0	16	
201	Axel Springer Hírszolgálat Kft, Tatabánya, Hungary	100.0	146	
202	Axel Springer International Finance B.V., Amsterdam, Netherlands	100.0	1	
203	Axel Springer International Group Limited, London, Great Britain	100.0	1	
204	Axel Springer Media France S.A.R.L., Neuilly-sur-Seine, France	100.0	76	
205	Axel Springer Media Italia s.r.l., Milan, Italy	100.0	16	
206	Axel Springer Publishing International Limited, London, Great Britain	100.0	203	
207	Axel Springer TV International Limited, London, Great Britain	100.0	203	
208	Azet.sk – katalóg s.r.o., Zilina, Slovakia	100.0	80	
209	BEMFEMININO.COM.BR, Sao Paulo, Brazil	99.9	71	
		0.1	70	
210	Beyond the Job Limited, Dublin, Ireland	100.0	121	
211	CaribbeanJobs Limited, George Town, Cayman Islands	100.0	121	
212	Communications Smart AdServer Canada Inc., Montreal, Canada	100.0	71	
213	CompuTel Telefonservice AG, Chur, Switzerland	100.0	79	
214	Cpress Media s.r.o., Zilina, Slovakia	100.0	80	
215	Cybersearch S.A., Guatemala City, Guatemala	0.0	121	7)
		100.0	247	
216	Estascontratadocom S.A., Panama City, Panama	100.0	247	
217	Euro Blic Press d.o.o., Banja Luka, Bosnia-Herzegovina	100.0	114	
218	eurobridge Inc., New York, USA	100.0	1	
219	EUROPRESS POLSKA Sp. z o. o., Warsaw, Poland	100.0	117	
220	Handelszeitung Medien AG, Zurich, Switzerland	100.0	79	
221	Immostreet ES, Barcelona, Spain	100.0	111	
222	Intermedia Publishing Limited, Dundee, Great Britain	100.0	121	
223	Jean Frey AG, Zurich, Switzerland	100.0	79	
224	Job Navigator (Pty) Limited, Johannesburg, South Africa	100.0	109	
225	JumptoJobs Limited, Sheffield, Great Britain	100.0	121	
226	Keyland Irishjobs Limited, Dublin, Ireland	100.0	121	
227	My Kenyan Network Limited, Nairobi, Kenya	100.0	195	
228	My Web Limited, Ebene, Mauritius	100.0	109	
229	Périclès Atlantique S.A.R.L, Casablanca, Morocco	51.0	110	
		16.0	111	
230	Pnet Corporate Services (Pty) Limited, Johannesburg, South Africa	100.0	121	

No.	Company	Share-holding in %	via No.	
231	Poradca podnikatela a.s., Zilina, Slovakia	51.0	113	
232	Saongroup Caribbean (Jamaica) Limited, Kingston, Jamaica	100.0	211	
233	Saongroup Caribbean (Trinidad) Limited, Port of Spain, Trinidad and Tobago	100.0	211	
234	Saongroup.com India Pvt Limited, Pune, India	100.0	121	
235	Shanghai Springer Advertising Company Ltd. i. L., Shanghai, China	100.0	5	
236	Shanghai Springer Distribution Company Ltd. i. L., Shanghai, China	100.0	5	
237	SMART ADSERVER DO BRASIL LTDA., São Paulo, Brazil	100.0	71	
238	Smart AdServer Espana S.L., Madrid, Spain	100.0	71	
239	Smart AdServer Italia S.r.l., Milan, Italy	100.0	71	
240	Smart Adserver Limited, London, Great Britain	100.0	71	
241	Smart AdServer Polska Sp. z o.o., Krakow, Poland	100.0	71	
242	Smart AdServer USA Inc., Wilmington, USA	100.0	71	
243	SPORT.SK s.r.o., Zilina, Slovakia	66.7	80	
244	Tecoloco Com S.A. de C.V. Costa Rica, San Jose, Costa Rica	0.0	121	7)
		100.0	247	
245	Tecoloco El Salvador S.A. de C.V., San Salvador, El Salvador	0.0	121	7)
		100.0	247	
246	Tecoloco Holding S.A. de C.V., San Salvador, El Salvador	0.0	121	7)
		100.0	247	
247	Tecoloco International Inc., Panama City, Panama	100.0	121	
248	Tecoloco S.A. de C.V. Honduras, Tegucigalpa, Honduras	0.4	121	
		99.6	247	
249	Tecoloco.com S.A. de C.V. Nicaragua, Managua, Nicaragua	95.0	247	
		3.0	245	
		2.0	215	
250	Tecoloco.com S.A. de C.V. Panama, Panama City, Panama	100.0	247	
251	The Home Directory (Pty) Ltd, Johannesburg, South Africa	100.0	109	
252	wewomen.com Inc., Wilmington, USA	100.0	71	
253	zanox Inc., Chicago, USA	100.0	63	
254	zanox Schweiz AG, Zurich, Switzerland	100.0	63	
	Investments accounted for using the equity method			
	Germany			
255	Bonial Enterprises GmbH & Co. KG, Berlin	65.0	9	4)
256	Bonial Ventures GmbH, Berlin	74.9	1	4)
257	buecher.de GmbH & Co. KG, Augsburg	33.3	1	
258	PRINOVIS Ltd. & Co. KG, Hamburg	25.1	1	
	Other countries			
259	Editions Mondadori Axel Springer (EMAS) S.E.N.C., Montrouge Cedex, France	50.0	76	
260	INFOR BIZNES Sp. z o.o., Warsaw, Poland	49.0	117	
261	Prvni novinova spolecnost a.s., Prague, Czechia	27.0	116	
	Other associated companies and joint ventures 2)			
	Germany			
262	autohaus24 GmbH, Pullach	50.0	6	
263	Axel Springer Plug and Play Accelerator GmbH, Berlin	50.0	11	
264	Blitz-Tip Medien Verwaltungs GmbH, Bad Soden am Taunus	33.3	60	
265	Blitz-Tip Radio Hessen Beteiligungsges. mbH & Co. KG, Bad Soden am Taunus	33.3	1	
266	Bonial Enterprises Verwaltungs GmbH (previously Sechzigste "Media" Vermögensverwaltungsges. mbH), Berlin	65.0	9	4)
267	buecher.de Verwaltungs GmbH, Augsburg	33.3	1	
268	BZV Berliner Zustell- und Vertriebsgesellschaft für Druckerzeugnisse mbH, Berlin	33.3	27	
269	"Direkt" Redaktionsservice GmbH, Hamburg	24.8	60	

No.	Company	Share-holding in %	via No.
270	Dropspot GmbH, Berlin	40.0	1
271	elbe WOCHENBLATT Verlagsgesellschaft mbH & Co., Hamburg	24.9	60
272	Filmgarten GmbH, Berlin	42.0	39
273	Gesellschaft für integrierte Kommunikationsforschung mbH & Co. KG, Munich	25.0	1
274	Gesellschaft für integrierte Kommunikationsforschung Verwaltungs GmbH, Munich	25.0	1
275	Harburger Zeitungsverwaltungsgesellschaft mbH, Hamburg	24.8	1
276	hyvent GmbH previously Dreiundsechzigste "Media" Vermögensverwaltungsges. mbH), Berlin	49.0	1
277	Intermedia Standard Presse-Code GmbH, Hamburg	32.0	1
278	InterRed GmbH, Haiger	24.0	1
279	ISPC Intermedia Standard Presse-Code GmbH & Co.KG, Hamburg	32.0	1
280	"Lühmanndruck" Harburger Zeitungsges. mbH & Co. KG, Hamburg	24.8	1
		4.8	280
281	media kombi nord GbR, Hamburg	35.7	1
		4.8	26
282	Mont Ventoux Media GmbH, Berlin	50.0	22
283	Motor-Talk GmbH, Berlin	20.0	11
284	MSV Medien Special Vertrieb GmbH & Co. KG, Hamburg	50.0	31
285	Myby GmbH & Co. KG i. L., Düsseldorf	25.1	1
286	Qivive GmbH i. L., Bad Homburg	33.3	1
287	Radio Hamburg GmbH & Co. KG, Hamburg	35.0	1
288	Sparheld International GmbH (previously Mein Gutscheincode GmbH), Berlin	30.0	39
289	TraderFox GmbH, Reutlingen	25.1	36
290	TVB Transportvermittlungs- und Vertriebsgesellschaft Bergedorf mbH, Hamburg	20.0	26
291	V.V. Vertriebs-Vereinigung Berliner Zeitungs- und Zeitschriften-Grossisten GmbH & Co. KG, Berlin	48.5	1
292	Verlag Hans-Jürgen Böckel GmbH, Glinde	24.8	26
293	Verlags-Gesellschaft Hanse mbH & Co. KG, Hamburg	50.0	60
294	Verwaltungsgesellschaft elbe WOCHENBLATT mbH, Hamburg	24.8	60
295	Verwaltungsgesellschaft MSV Medien Special Vertrieb m.b.H., Hamburg	50.0	31
296	Volksdorfer Verlagsgesellschaft mbH, Hamburg	50.0	60
297	Wochenblatt Verlag Schrader GmbH & Co. KG, Buchholz i.d. Nordheide	24.8	60

No.	Company	Share-holding in %	via No.
298	Wochenblatt Verlag Verwaltungsges. mbH, Buchholz i.d. Nordheide	24.8	60
299	WVV Werbevertrieb-Verwaltungs- und Beteiligungs-GmbH, Berlin	33.3	27
300	Zeitungs- und Zeitschriften Vertrieb Berlin GmbH, Berlin	35.5	1
	Other countries		
301	AR Technology SAS, Paris, France	86.5	305
302	Asocijacija Privatnih Media, Belgrade, Serbia/Kosovo	20.0	114
303	Autoreflex.com SAS, Paris, France	100.0	301
304	BULGARPRESS OOD, Veliko Tarnovo, Bulgaria	25.5	1
305	EMAS Digital SAS, Montrouge Cedex, France	50.0	76
306	HARLEQUIN MAGYARORSZÁG Kft, Budapest, Hungary	45.0	1
307	HUNGAROPRESS Sajtóterjesztö Kft, Budapest, Hungary	24.0	1
308	ITAS Media Private Limited, Delhi, India	49.0	5
309	Les Rencontres aufeminin.com SAS, Paris, France	50.0	71
310	MDB SAS, EVRY CEDEX, France	49.0	74
311	PRINOVIS Ltd., London, Great Britain	25.1	1
312	SOKOWEB TECHNOLOGIES, S.L., Barcelona, Spain	31.2	30
313	VINA WOMAN UK LTD., London, Great Britain	30.0	71
	Other significant investments		
	Other countries		
314	Doğan TV Holding A.S., Istanbul, Turkey	17.3	32
315	iProperty Group Limited, Sydney, Australia	17.3	122

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) No control due to the lack of management control.
5) The company has exercised the exemption options of Section 264 (3) of the German Commercial Code (Handeslgesetzbuch – HGB).
6) The company has exercised the exemption options of Section 264b of the German Commercial Code (Handeslgesetzbuch – HGB).
7) Shares less than 0.1%.
8) zanox Ltd (company No. 05444440) is exempted from the statutory audit obligation in Great Britain according to § 479A of the Companies Act 2006.

Boards

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 Chairman of the Supervisory Board of Axel Springer SE		RCS MediaGroup S.p.A., Italy (Board of Directors until May 2013) UniCredit S.p.A., Italy (Chairman of the Board of Directors)
Dr. h. c. Friede Springer Vice Chairwoman of the Supervisory Board of Axel Springer SE	ALBA plc & Co. KGaA ALBA Finance plc & Co. KGaA	ALBA Group plc & Co. KG (Advisory Board)
Dr. Gerhard Cromme Chairman of the Supervisory Board of Siemens AG	Siemens AG (Chairman) ThyssenKrupp AG (Chairman until March 2013)	Compagnie de Saint-Gobain, France (Board of Directors until June 2013)
Oliver Heine Attorney at law and partner in the law firm Heine & Partner		YooApplications AG, Switzerland (Board of Directors)
Rudolf Knepper Member of the Supervisory Board of Axel Springer AG (since January 8, 2013 until April 24, 2013)		
Klaus Krone Member of the Supervisory Board of Axel Springer SE		
Dr. Nicola Leibinger-Kammüller President and Chairwoman of the Executive Board of TRUMPF GmbH + Co. KG	Lufthansa AG Siemens AG Voith GmbH	
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	Otto GmbH & Co KG (Chairman)	FORUM Grundstücksgesellschaft m.b.H. (Chairman of the Advisory Board) 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 Chairman and Chief Executive Officer Journalist		B.Z. Ullstein GmbH (Advisory Board) RHJ International SA, Belgium (Board of Directors) Axel Springer Schweiz AG, Switzerland (Chairman of the Board of Directors) Time Warner Inc., USA (Board of Directors)
Jan Bayer President WELT Group and Printing Media scholar	Allesklar.com AG (until December 2013)	meinestadt.de GmbH (since December 2013)
Ralph Büchi President International Division Master's degree in business administration	ZANOX AG (Chairman)	Immoweb SA, Belgium (Chairman of the Board of Directors) AR Technology SAS, France (Board of Directors) aufeminin.com S.A., France (Board of Directors) AutoReflex.com SAS, France (Board of Directors) SeLoger.com SAS, France (Chairman of the Supervisory Board) Automotive Exchange Private Limited, India (Non-Executive Director) ITAS Media Private Limited, India (Non-Executive Director) Today Merchandise Private Limited, India (Non-Executive Director, until January 2014) Amiado Group AG, Switzerland (Chairman of the Board of Directors) Amiado Online AG, Switzerland (Chairman of the Board of Directors) Axel Springer Schweiz AG, Switzerland (Vice Chairman of the Board of Directors) CompuTel Telefonservice AG, Switzerland (inactive; Chairman of the Board of Directors) Handelszeitung Medien AG, Switzerland (inactive; Chairman of the Board of Directors) Ringier Axel Springer Management AG, Switzerland (Chairman of the Board of Directors) Ringier Axel Springer Media AG, Switzerland (Chairman of the Board of Directors) Axel Springer España S.A., Spain (Board of Directors) Grupa Onet.pl S.A., Poland (Chairman of the Supervisory Board) Axel Springer Digital Classifieds France SAS, France (Chairman of the Board of Directors, since April 2013)
Dr. Julian Deutz Executive Board member (since January 1, 2014) Master's degree in business administration		Amiado Group AG, Switzerland (Board of Directors, until January 2014) aufeminin.com S.A., France (Board of Directors) Automotive Exchange Private Limited, India (Non-Executive Director) Axel Springer – Budapest Kiadói Kft, Hungary (Supervisory Board) Axel Springer – Magyarország Kft, Hungary (Supervisory Board) Axel Springer Schweiz AG, Switzerland (Board of Directors) ITAS Media Private Limited, India (Non-Executive Director)
Lothar Lanz Chief Financial Officer and Chief Operating Officer Master's degree in business administration	TAG Immobilien AG (since June 2013) Zalando AG (since February 2014)	esmt European School of Management and Technology GmbH (Supervisory Board, until August 2013) Axel Springer Digital Classifieds GmbH (Chairman of the Supervisory Board) Axel Springer International Finance B.V., Netherlands (Supervisory Board) Ringier Axel Springer Management AG, Switzerland (Board of Directors) Ringier Axel Springer Media AG, Switzerland (Board of Directors) Doğan TV Holding A.S., Turkey (Supervisory Board)
Dr. Andreas Wiele President BILD Group and Magazines Lawyer	ZANOX AG dpa Deutsche Presse-Agentur GmbH	B.Z. Ullstein GmbH (Advisory Board) StepStone GmbH (Chairman of the Supervisory Board) Axel Springer Digital Classifieds Holding GmbH (Chairman of the Advisory Board) aufeminin.com S.A., France (Board of Directors) PRINOVIS Limited, Great Britain (Board of Directors)

Financial Calendar

- **March 6, 2014**
  Annual Report, annual financial statements press conference, investor/analyst teleconference
- **April 16, 2014**
  Annual shareholders' meeting, Berlin
- **May 6, 2014**
  Quarterly financial report as of March 31, 2014
- **August 5, 2014**
  Interim financial report as of June 30, 2014
- **November 5, 2014**
  Quarterly financial report as of September 30, 2014

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