Axel Springer has had a successful conclusion to the 2015 financial year.

The following statements refer exclusively to continuing operations (see page 27).

Axel Springer has had a successful conclusion to the 2015 financial year. The forecast targets published in March 2015 were essentially attained (see page 59).

During the reporting year, **total revenues** were € 3,294.9 million, and therefore 8.5 % above the prior-year figure (€ 3,037.9 million). The revenue increase resulted from growth in the segments of Classified Ad Models and Marketing Models, while the revenues of the Paid Models and the Services/Holding segment declined. Adjusted for consolidation and currency effects, total revenues were above the level of the prior-year figure (+ 1.6 %).

The **pro-forma revenues of digital media activities** increased to € 2,004.6 million (PY: € 1,794.6 million), reflecting an organic growth rate of 11.7 %.

EBITDA rose, compared to the previous year, by 10.2 % to € 559.0 million (PY: € 507.1 million). Furthermore, the generated EBITDA margin also improved to 17.0 % (PY: 16.7 %). The significant growth in earnings in our Classified Ad Models and improved earnings within the Services/Holding segment were offset by the declines in the Paid Models and Marketing Models. The EBITDA of **digital activities** rose by 19.4 % from € 358.9 million to € 428.7 million.

The **adjusted earnings per share** from continuing operations of € 2.22 were 10.3 % above the prior-year figure of € 2.01.

At the annual shareholders' meeting to be held on April 13, 2016, the Executive Board and Supervisory Board will propose a **dividend** of € 1.80 (PY: € 1.80) per qualifying share.

Outlook for 2016

We anticipate in the Group that **total revenues** will be higher for the 2016 financial year than the prior-year figure by an amount in the low single-digit percentage range. Adjusted for consolidation effects, primarily due to the deconsolidation of the activities in Switzerland, growth would be higher and would be in the mid single-digit percentage range. We assume that the planned increase in advertising revenues will more than compensate for the decline in circulation revenues and other revenues.

We expect a rise in **EBITDA** in the low to mid single-digit percentage range. In this case, a rise in EBITDA in the Classified Ads Models segment is expected, whilst the EBITDA, of Marketing Models segment should finish around the level of the prior year due to planned investments in product quality and also in digitization. For Paid Models and Service Holding, the EBITDA is expected to be below the previous year level.

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

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

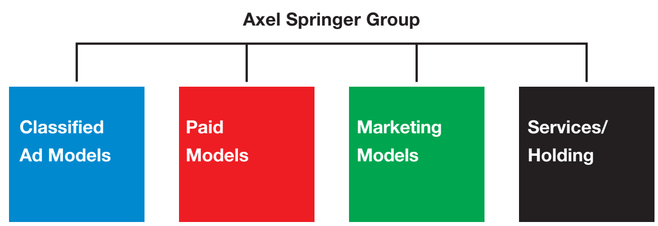
Introductory remarks

The current combined management report for Axel Springer SE and the Group contains statements concerning the economic situation and business performance of the Axel Springer Group. These statements are also largely applicable to Axel Springer SE. Additional information on the economic situation of the parent company Axel Springer SE is provided in a separate chapter on page 39.

For the sake of better comparability, the operating earnings indicators EBITDA and EBIT have been adjusted for non-recurring effects and amortization and impairments from purchase price allocations (see Section (32) of the notes to the financial statements).

Fundamentals of the Axel Springer Group

Segments



Business model

Axel Springer is a leading digital publisher 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 generally used by paying readers, into Marketing Models where revenues are primarily generated by advertising customers and into Classified Ad Models where revenues are primarily generated by job ads, real estate and car ads. The focus is on the digital transformation of the business.

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. The consolidated shareholdings of the Group are listed in Section (43) in the notes to the consolidated financial statements.

The Executive Board and Supervisory Board decided in December 2014 to prepare to change Axel Springer SE into a partnership limited by shares (KGaA). However, the board decided not to pursue the planned change. Following a detailed examination of the conversion in February 2016, the company and Dr. h. c. Friede Springer came to the conclusion that the legal form of the SE is the better alternative for the long-term development of the company and its attractiveness for the capital market. Axel Springer continues to pursue the objective of continuing to grow and becoming the leading digital publisher.

Segments of the Axel Springer Group

Axel Springer's business activities are organized into three operating segments: Classified Ad Models, Paid Models and Marketing 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.

Classified Ad Models

All business models which predominantly generate revenues in online classified advertising are summarized in the Classified Ad Models segment.

Portfolio and market position

Axel Springer has established a portfolio of leading online classified ad portals within the areas of jobs, real estate, automobile, and general classified ads over the last few years. The principal activities of the Classified Ad Models segment are summarized in the graph below.

Portfolio Classified Ad Models

Jobs	Real Estate	General/ Other
■ StepStone ■ Totaljobs ■ Jobsite ■ Saongroup ■ YourCareerGroup	■ SeLoger ■ Immowelt/Immonet ■ Immoweb	■ @Leisure ■ LaCentrale ■ Yad2 ■ meinestadt.de ■ CarWale[1)]

[1)] Until December 2015, see page 26.

Jobs comprises StepStone, the leader among private-sector job exchanges in Germany and Belgium, and one of the leading providers in Europe. The StepStone Group supplies the most candidates in Germany with its portals specializing in management and specialist staff, and also has two of the largest online recruitment portals in Great Britain in the form of Totaljobs and the Jobsite Group, which include, among others, the specialist portals Caterer.com, CWJobs.co.uk, CityJobs.com and eMedcareers.com. The Saongroup, which was acquired by StepStone Group, operates job portals in 15 countries and is the leader in Ireland, Northern Ireland, and South Africa. The specialty provider YourCareerGroup, which was likewise acquired, is the leading niche portal in the German speaking countries for online ads for hotel and restaurant jobs.

In **Real Estate**, Axel Springer is the 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. Since July 2015, the Real estate segment has also included the German real estate portal Immowelt which, together with Immonet, is one of the leading real estate portals in Germany (see page 24).

In **General/Other,** Axel Springer has since July 2014 also held a shareholding of Car & Boat Media SAS, headquartered in Paris. This company operates LaCentrale, the leading specialist classified ads portal for used cars in France, as well as other portals related to cars and boats. Yad2, a portal which was likewise acquired in 2014, is the leading general classified ad portal in Israel for real estate, automobile and classified ads. The German regional portal meinestadt.de consists of marketplaces for jobs, automobiles, real estate and classified ads. In addition, city information, classified directories, and event calendars are also provided, amongst others. Axel Springer had an equity stake in the CarWale automobile portal until the beginning of 2016 (see page 26). Furthermore, since the beginning of 2015 @Leisure, a leading operator of online brokerage portals for vacation home rentals belongs to the Classified Ad Models segment. The company is headquartered in Amsterdam and also operates, amongst others, the portals belvilla and casamundo, as well as the portals TopicTravel, Aanzee and VillaXL, which were newly acquired in 2015.

Business model and key factors

The Classified Ad Models segment generates revenues mainly from sales of classified ads. In addition, it also generates revenues by marketing online ad space, through cooperation arrangements, and by providing software functions to clients. Business developments are significantly determined by the economic environment in the respective market segments, the market position in the respective segment, and online usage behavior of advertisers and seekers. Long-term growth drivers are, among others, the continuing shift of classified ads to the Internet, the rising number of Internet users, and the monetization of supplementary products.

Within **Jobs**, ads are sold to job advertisers, and logins to online resume databases which belong to the respective portals are offered, in which the job advertisers can actively search for suitable candidates.

Real estate portals primarily generate revenues by selling advertising and display space to agents, project developers, housing agencies, or private individuals.

Within **General/Other**, revenues are based on the focus of the relevant portal. These include, among others, commercial automobile retailers, landlords of vacation homes, real estate agents and project developers. The portals are also partially aimed at private individuals who predominantly sell second-hand goods via this marketplace.

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[1]	■ Spain
■ WELT Group	■ USA	■ France
	■ Austria[2]	■ Belgium
	■ Russia[3]	
	Ringier Axel Springer Media	
	■ Poland	■ Slovakia
	■ Hungary	■ Serbia

1) As of January 1, 2016 part of a joint venture, see page 25.
2) Until August 2015, see page 25.
3) Until October 2015, see page 25.

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

The BILD Group comprises the digital media offerings and the newspapers and magazines of the BILD family of brands and B.Z. Bild.de is Germany's largest news and entertainment portal with the widest reach in the country with a digital subscription model. Bild.de is also distributed via mobile channels, with apps for nearly every kind of smartphone, tablet PC, and smart TV, not to mention the mobile portal, once again one of Germany's most-visited mobile media brands in 2015 ("digital facts 2015-10" of the Working Group for Online Research (AGOF)). Bild.de also offers the products stylebook.de, travelbook.de, BUNDESLIGA bei BILD, and BILD Shop. BILD is Europe's biggest daily newspaper with the widest reach, as well as the unchallenged number one in Germany, with a share of 75.6 % by newsstand sales. (All figures for the German newspapers and magazines are based on paid circulation as per IVW as of December 31, 2015). BILD am SONNTAG is Germany's best-selling nationwide Sunday newspaper in 2015, with a share of 61.3 %. 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 share of 54.1 %, AUTO BILD continues to be Germany's biggest automotive magazine. It is also the number one automotive magazine in Europe. Autobild.de is the clear leader among automotive portals featuring editorial content in Germany. Furthermore, the magazines COMPUTER BILD and SPORT BILD occupy leading European market positions in their respective segments. Based on paid circulation, their German shares are 37.8 % and 49.0 % respectively.

With effect from January 1, 2015, the WELT Group merged with N24 to form WeltN24 GmbH, a multi-media news organization for quality journalism which comprises the digital media offering welt.de and n24.de and their apps, the newspapers DIE WELT and WELT AM SONNTAG along with their compact publications and magazine inserts, such as BLAU and BILANZ and the television channel N24.

WELT digital products are some of the most successful stationary and mobile internet sites in the segment of German premium newspapers. The offering is also available on PC tablets, smartphones and e-readers, and also as a digital subscription model. The WELT Edition app for tablets and smartphones has the strongest turnover of any news app in the German app store. DIE WELT AM SONNTAG is the undisputed number one title in the nationwide premium newspaper sectors. DIE WELT (including WELT KOMPAKT) is the third-biggest premium newspaper in Germany, with a share of 18.7 %, based on paid circulation. N24 is the market leader among the news channels and was able to increase its market share to 1.3 % in 2015.

As part of the merger of the brands DIE WELT and N24, a process began in 2015 to redevelop the brand identity for all products. This became apparent initially by way of the changes made to the printed newspapers and within WELT digital products, with changes to the design of the TV channel to be made in 2016. The aim is to ensure the joint brand identity of all products under the uniform WELT umbrella brand in 2017. This will be the basis for the development of the Group to become the leading multi-media news organization for quality journalism in German-speaking countries.

Our music magazines ROLLING STONE, MUSIKEXPRESS and METAL HAMMER were also assigned to the Paid Models National segment.

Paid Models International comprise Axel Springer's digital and print activities in Europe and the USA.

In eastern Europe, the joint venture Ringier Axel Springer Media is the leader in the segment of mass-circulation dailies in the countries of Poland, Hungary, Slovakia, and Serbia. The media offering currently comprises a variety of digital and printed products. The digital EBITDA share of the joint venture amounted to 53.1 % in 2015, with digital revenues amounting to 37.1 %.

We reach 70.6 % of Internet users in Poland through the leading Polish online group Onet. With FAKT as the largest newsstand newspaper and PRZEGLAD SPORTOWY as the country's only national sports daily, the joint venture controls 42,1 % of the market for national dailies (based on paid circulation), making it the biggest newspaper publisher in Poland. With Media Impact Polska, we are also represented by the largest marketing organization in the Polish market. The range consists of strong brands and offers clients innovative, integrated advertising solutions.

Ringier Axel Springer Media's portfolio in Hungary will comprise titles with a strong market position in their respective sectors and with excellent potential for digitization, which predominantly include mass-circulation dailies, including the leader BLIKK, and women's magazines.

In Slovakia, azet.sk is the leading Internet portal reaching 82.3 % of Internet users in that country. The leading 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 share of 39.6 %, based on paid circulation. In total, Ringier Axel Springer Media publishes nine magazines in Slovakia.

In Serbia, Ringier Axel Springer Media is the publisher with the highest total circulation and reach, with three newspapers and five 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 addition, the largest marketing organization in Serbia was launched in the form of Media Impact Srbija.

Axel Springer is represented in Spain by seven magazines and three online portals. In particular, we occupy leading positions in the video game and computer magazines segments and also in automotive magazines.

We are represented in France in a joint venture with the Mondadori Group with three automotive magazines and associated online portals.

In Switzerland, the new joint venture, combining the activities of Axel Springer and Ringier, was launched at the beginning of 2016. For more information on this subject, please refer to page 25.

In October 2015, Axel Springer sold 100 % of its activities in Russia. More detailed information on this subject can be found on page 25.

The 50:50 joint venture established in September 2014 between POLITICO, the leading media brand for political journalism in Washington D.C., and Axel Springer resulted in the start of POLITICO's European operations in spring 2015, with its headquarters in Brussels. Once the joint venture had acquired EUROPEAN VOICE and Development Institute International (DII), France's leading events agency in the field of public affairs, in January 2015, POLITICO's offering in Europe now consisted of a website, digital newsletters, a newspaper and conferences.

Axel Springer has been represented in the USA since the end of October 2015 in the form of businessinsider.com, the leading digital offering for business and financial news (see page 25). In addition to businessinsider.com, "Business Insider" also operates the offerings "Tech Insider" and "Business Insider UK". “Insider” is due to be added as an additional portal in the first half of 2016. "Business Insider" is thus active in nine countries and has been active in Germany since November 2015. Over the past few years, Axel Springer has also established an early-phase portfolio in the USA that focuses on digital journalism and includes, among others, minority interests in Thrillist, Ozy, and NowThis.

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 subscriptions 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. Our newspapers are produced, amongst others, in the three offset printing plants in Hamburg-Ahrensburg, Essen-Kettwig, and Berlin-Spandau. We therefore carry out all steps in the value chain ourselves, from production to monitoring dispatch logistics. Distribution of digital products takes place predominantly via our own Internet pages 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 there are about 107 thousand retail outlets where our newspapers and magazines are sold.

Paid Models are centrally marketed in Germany by Media Impact, one of the leading cross-media marketers based on gross market shares. The digital marketing portfolio also includes content produced by other companies.

Business development in this segment is, amongst other things, strongly influenced by the growing use of digital content. Key growth drivers are moving images and the mobile Internet, via smartphones and tablets, which are mostly used in addition to stationary Internet connections (source: AGOF “digital facts 2015-10”). 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

The Marketing Models segment comprises all business models that generate revenues predominantly through sales to advertising customers of reach-based or success-based marketing services.

Portfolio and market position

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

Portfolio Marketing Models

Reach Based Marketing	Performance Marketing
▪ Idealo ▪ aufeminin ▪ Bonial ▪ Smarthouse ▪ finanzen.net	▪ zanox/Digital Window

Axel Springer's **Reach Based Marketing** portfolio includes idealo.de, Germany's leading portal with the widest reach for product searches and price comparisons. Idealo has access to more than 1.8 million products with more than 214 million offers from online retailers (average as of Average December 2015) and is also represented internationally with numerous offerings. The ladenzeile.de product comparison portal is also part of the Idealo Group.

aufeminin is the largest online women's portal worldwide and is active in 16 countries with its articles on fashion, beauty, and lifestyle. The corporate group comprises, among others, the health portal onmeda in Germany, France and Spain, the cooking website marmiton, the online portal netmums, the recommendation newsletter and lifestyle box provider My Little Paris and the digital publisher Livingly Media, acquired at the start of 2015 and based in the USA, and operating the four offers; Livingly.com (fashion, beauty and lifestyle), Zimbio.com (entertainment), StyleBistro.com (fashion, beauty and style) and Lonny.com (lifestyle and home decor).

kaufDA.de and MeinProspekt.de operate under the auspices of the newly created Bonial International Group as Germany's leading consumer information portals regarding local shopping. The offerings distribute digitized advertising retail leaflets predominantly via mobile Internet at a regional level. The services are also offered under local brands in France (Bonial), Spain (Ofertia) and the USA (Retale). Additional portals were also started in 2015 in Mexico, Chile, Columbia (all Ofertia), Sweden, Norway and Denmark (all Bonial).

Germany's widest-reach finance portal finanzen.net provides its users with up-to-date financial markets data on every business day. In line with its internationalization strategy, this portal also operates in Switzerland, Russia, and Austria, among other places, and it has also operated in Sweden since November together with Bonnier Business Media. Furthermore, finanzen.net has also operated the German version of Business Insider since November 2015 (see page 25).

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

With direct and indirect investments in leading private-sector radio stations in the TV and radio sector, 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.

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.

Business model and key factors

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 major 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 increasingly automated purchase and sale of advertising space (programmatic advertising) as well as the growing prevalence of mobile terminal devices, in addition to stationary Internet usage, represents additional potential for Reach Based Marketing.

Performance marketing gives advertisers the chance to advertise their products on websites and publishers' offerings via text links, banners, and online videos. The advertisers only pay a success-based fee to the publishers if the advertising materials have actually been used and resulted in the desired transaction for the advertising customers. Our platforms provide the infrastructure for this efficient form of marketing, record the data flows and transactions, and allow for a variety of services for advertisers and publishers.

This segment benefits from the growth of stationary and mobile Internet usage and the increasing tendency of consumers to make purchases. Through the zanox Group, Axel Springer benefits from the increasing demand of advertising companies for success-based advertising and marketing models.

Services/Holding

Group Services, which also include the three domestic printing plants, as well as the holding functions are reported within the **Services/Holding** segment. The Group Services are purchased by internal, Group-wide customers at standard market prices.

Discontinued Operations

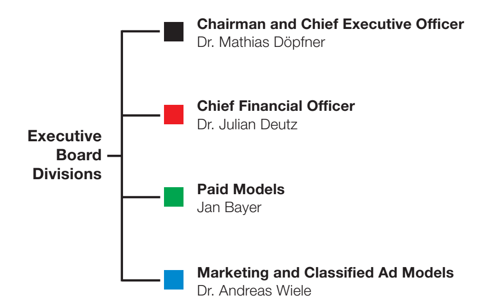
In the previous year, we reported domestic regional newspapers, TV program guides and women's magazines as well as the businesses and equity holdings of Ringier Axel Springer Media in the Czech Republic separately as discontinued operations. Both sales were completed on April 30, 2014.

Management and supervision

Executive Board divisions

The Executive Board of Axel Springer SE currently comprises four 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:

Dr. Mathias Döpfner is Chairman and Chief Executive Officer of Axel Springer SE. All editors-in-chief and the corporate staff departments of corporate communications, public affairs, strategy, executive personnel as well as the Axel Springer Academy report to him.

Dr. Julian Deutz is responsible for the Finance and Personnel Executive Board division. In addition to the commercial sectors, the department covers the M&A, Audit, Governance, Risk & Compliance, Personnel, Law, Group Purchasing and Group Security sectors.

Jan Bayer is the President of the Paid Models segment. Media Impact (Marketing), Sales Impact (Sales), IT, Printing Plants and Customer Services are also assigned to this segment.

Dr. Andreas Wiele is the President of Marketing and Classified Ad Models and is responsible for the corresponding segments including the associated investments.

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 "Important management practices" on page 69 of this Annual Report.

Basic principles of the compensation system

The compensation of our employees, all the way up to senior management level, consists of a fixed component and – for qualifying employees – an additional variable component. Variable compensation is determined on the basis of individual performance and the company's success. To this end, individual target agreements encompassing both Group-wide targets and division targets are adopted every year anew. The part of variable compensation that reflects the attainment of Group-wide targets in 2015 is determined mainly with reference to the financial indicators EBITDA and EBIT. A detailed description of Executive Board compensation can be found in the "Compensation Report" section of the "Corporate Governance" chapter (starting on page 77). There, you will also find information on the compensation of our Supervisory Board members (starting on page 79).

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

Early-phase activities have also been started in the classified ads segment in order to identify innovative business models and providers at an early stage.

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 international brands such as Business Insider.

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 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.

WELT, together with N24, wants to become the leading multimedia provider of quality journalism that is able to optimally serve print, digital and TV as well as out of home. 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 maintain or expand its leading market position and better 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 Media Impact offers an attractive, cross-media platform for advertising campaigns – with a reach that is rivaled only by the big TV marketing firms. As one of the leading cross-media marketing firms (based on gross market shares), Media Impact will continue to expand its external marketing portfolio in the print and digital segments. Axel Springer reached an agreement with Viacom International Media Networks in November 2015 to establish a joint venture for TV and video marketing in Germany. The newly established joint venture, in which Axel Springer has a 51 % stake and Viacom International Media Networks has a 49 % stake, began work in January 2016 under the name Visoon Video Impact, marketing the entire portfolio of Axel Springer and Viacom (Comedy Central, MTV, N24, Nickelodeon/Nicknight, VIVA) within the German TV sector.

The strategy of sustainable growth in the **Marketing Models** segment is followed both in Reach Based Marketing and Performance Based Marketing. In the area of Reach Based Marketing, the strategy is focused on expanding the reach and usage of products, increasing the ad space utilization rate, and developing new advertising, pricing and business models. The continued internationalization of services is also a growth driver. Furthermore, innovative products and business models are promoted, developed and, if successful, expanded further via capital expenditures in early-stage activities. In the performance marketing sector, the focus is on the increased interlinking of the activities combined within the zanox Group, primarily through standardizing the technical platform, as well as the expansion of services and the publisher network.

Organic and acquisitions-driven growth

Generally speaking, the organic growth measures of the different segments pursue the same goal of expanding 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 investing in companies with innovative business ideas, which are still in an early phase of their development. For this purpose, in 2013, Axel Springer started the Axel Springer Plug & Play GmbH accelerator program in conjunction with the Silicon Valley-based Plug & Play Techcenter, in addition to the existing interest in the Project A Ventures early stage fund. A number of direct minority interests are also assigned on a selective basis to these indirect interests in startups. Over the past few years, Axel Springer has also established an early-phase portfolio in the USA that focuses on digital journalism and was expanded in 2015 to include minority interests in companies such as Thrillist and NowThis. Axel Springer also became involved in the LAKESTAR II investment fund in August 2015. The fund concentrates on digital companies with a focus on Europe and the USA (see page 25).

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 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 as well as by 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, EBITDA, and EBIT. EBITDA and EBIT also forms the basis for the performance-based compensation of leadership (please refer to page 76 for more information on the compensation system). These indicators and the EBITDA margin are anchored in our internal planning and controlling system.

Financial Control Parameters[1)]

Selected financial control parameters on the Group level, € millions	**2015**	**2014**
Total revenues	3,294.9	3,037.9
EBITDA[2)]	559.0	507.1
EBITDA margin[2)]	*17.0 %*	*16.7 %*
EBIT[2)]	449.0	394.6

1) Continuing operations.
2) Adjusted for non-recurring effects and amortization and impairments from purchase price allocations, see also the information in the notes to the consolidated financial statements under Note (32).

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 as a whole:

- Unique users/visitors and other business model-specific indicators of our online media, and the resulting market positions
- Reach values of our media in the advertising market and indicators of brand and advertisement familiarity
- Average paid circulation of all principal newspapers and magazines
- Digital subscriptions

Economic report

General economic conditions and business developments

General economic conditions

According to the estimates of the International Monetary Fund (IMF), the **world economy** expanded by 3.1 % in 2015. The IMF noted a moderate recovery of economic growth for industrialized countries. Growth rates in emerging and developing countries have declined from their higher levels. According to the IMF, the global economy is currently influenced by three significant risk factors: Growth rates in China are decreasing as the focus there is shifting from an export-oriented economy to one that is consumer-oriented. The robust growth of the US economy is leading to a tightening of monetary policy. Finally, declining commodity prices have not only resulted in a surge in demand in oil-importing countries, but are also leading to considerable reductions in growth in oil-exporting countries.

According to calculations from the German Federal Statistical Office, the **German economy** recorded solid and steady economic growth in 2015. Gross Domestic Product was 1.7 % higher in real terms compared to the prior-year figure. Consumption showed itself to be the most powerful driver of economic growth once again. Personal consumer spending increased by 1.9 % in real terms, with consumer spending by the government even increasing by 2.8 % in real terms. Capital expenditures also increased: In real terms business and the government have increased expenditure in equipment by 3.6 % compared to the prior-year figure. Construction investments also generated a slight increase of 0.2 % when adjusted for price. German foreign trade was particularly dynamic in 2015: In real terms, Germany exported 5.4 % more than in 2014. Imports rose slightly quicker by 5.7 % in real terms.

In 2015, the number of persons unemployed fell by 3.6 % to an average of 2.8 million persons. The unemployment rate was 6.4 %. The consumer research organization Gesellschaft für Konsumforschung (GfK) established that the consumer climate has dampened slightly in the second half of 2015. However, consumer expectations about the economy and their income were significantly higher by the end of the year. According to calculations from the German Federal Statistical Office, consumer prices rose by 0.3 % during 2015. The continued fall in the rate of inflation was characterized considerably by the fall in energy prices.

According to the ifo Institute, the economic recovery in the euro area is now being felt in **central and eastern European EU member states**. A decrease in unemployment and increasing real incomes have resulted in consumer spending making a strong contribution to economic performance everywhere. Additional impetus was provided by exports. However, exports in Poland and the Baltic states were affected by the recession in Russia.

Industry environment

Press distribution market

Continuing the trend of prior periods, the German **press distribution market** contracted somewhat further. The total paid circulation of newspapers and magazines was 6.0 % below the corresponding prior-year figure. Thanks to the price increases implemented in the past four quarters, however, circulation revenues declined by only 3.6 %.

The 351 IVW registered daily and Sunday newspapers achieved total sales of 18.6 million copies per publication date. Compared to the prior-year figure, this corresponds to a decline of 4.6 %. Newsstand sales (–9.3 %) – as in the prior year – suffered a much greater decline than subscription sales (–3.5 %). Within the press distribution market, the demand for daily and Sunday newspapers – as weighted for their respective publication frequencies – declined by 5.8 %.

Overall sales of general-interest magazines including membership and club magazines was 98.1 million copies per publication date. Compared to the prior-year period, this corresponds to a decline of 4.1 %. IVW tracked a total of 789 titles (–4.0 % compared with the prior-year figure). The demand for general-interest magazines – weighted for their respective publication frequencies – declined by 6.7 %.

Whereas the circulation volumes of print media declined again in 2015, online media continued the growth trend of prior years. According to the study “digital facts 2015-10” published by the Working Group for Online Research (AGOF), 52.9 million people in Germany use the Internet today (Internet users within the last three months). That number represents 76.3 % of German residents aged 14 and older. Of the total regular Internet users, 67.7 % go online to obtain information about world events, and 60.7 % use the Internet for regional or local news. Thus, getting the news is one of the main reasons for using the Internet, besides online searches, e-mail, online shopping, and weather forecasts. Job listings are also one of the 20 most-used online categories. Alongside the wired Internet, the mobile Internet continues to gain in importance according to the study. In the last three months, 37.8 million people used mobile Internet (54.6 % of the German-speaking residential population of Germany over 14 years of age). In most cases (97.0 %), mobile Internet use was predominantly in addition to desktop use. According to IVW, content portals of German print media were visited somewhat more frequently in 2015 compared to the previous year. The 20 most popular portals of German daily newspapers increased the number of visits by an aggregate of 12.7 %, whilst the visits to portals belonging to magazines rose by 14.4 %.

Advertising market

The German Advertising Association (ZAW) assumes in its forecast for 2015, issued in December, that net advertising revenues will be at the prior-year figure.

According to the latest advertising market forecast of ZenithOptimedia (“Advertising Expenditure Forecast“, December 2015), the advertising market in Germany in 2015 was slightly above the prior-year figure.

According to these surveys, net revenues of the **total advertising market** (including classified ads and advertising supplements, less discounts granted and agency commissions, and excluding production costs) amounted to € 19.0 billion in the reporting period, reflecting a nominal increase of 1.7 % from the prior-year figure.

In the German **online market** (display ads, search term marketing, and affiliates), net advertising revenues rose by 9.7 % to € 5.1 billion in 2015.

In the category of print media, the net advertising revenues of **newspapers** (newspapers, advertising supplements, and newspaper supplements) amounted to € 4.8 billion in 2015, reflecting a 3.3 % decrease from the prior-year figure. The net advertising revenues of **magazines** (general-interest and trade magazines, directory media) declined by 4.2 % to € 2.9 billion. According to ZenithOptimedia, digital advertising revenues overtook newspaper advertising revenues for the first time in 2015.

In 2015, **television advertising** in Germany rose by 3.3 % to € 4.4 billion, and net advertising revenues in **radio** declined by 0.4 % to € 735 million. The net advertising revenues of **outdoor advertising** rose by 2.0 % to € 945 million in 2015.

According to ZenithOptimedia, the following advertising revenue developments are expected for selected countries in 2015:

Anticipated Advertising Activity 2015 (Selection)

Change in net ad revenues compared to prior year (nominal)	Online	Print
Germany	9.7 %	– 3.7 %
United Kingdom	13.1 %	– 9.3 %
France[1]	4.4 %	– 9.0 %
Poland[1]	10.7 %	– 15.6 %
Switzerland[2]	16.7 %	– 3.1 %
Hungary	7.7 %	– 2.0 %
Belgium[2]	5.0 %	– 5.9 %
Slovakia[1]	22.1 %	– 3.6 %
Netherlands	7.4 %	– 5.2 %
Serbia[1]	10.9 %	8.2 %
Austria[1]	13.2 %	– 4.5 %
Ireland	22.2 %	2.8 %
Italy[1]	8.7 %	– 6.8 %
Spain[1]	10.0 %	0.9 %
USA	18.2 %	– 4.7 %
Israel	18.1 %	– 14.1 %
India[1]	30.0 %	13.5 %
Brazil	5.9 %	– 9.1 %

Source: ZenithOptimedia, Advertising Expenditure Forecast (December 2015).
[1] Excluding Classified ads, that means exclusively sales from display advertising.
[2] Gross advertising revenues (excluding classified ads).

Business performance

At the beginning of January 2015, we acquired 51 % of the shares of the **@Leisure Group**. @Leisure is a leading European operator of online brokerage portals for vacation home rentals. Through the majority investment in @Leisure, Axel Springer complements its existing digital activities in the travel segment.

In February 2015, Axel Springer signed an agreement with the shareholders of the real estate portal, **Immowelt,** regarding combining the Immowelt Group and our **Immonet** Group. After finalization of various purchase and contribution agreements in June 2015, both real estate portals were brought under the auspices of the new Immowelt Holding AG company. Axel Springer holds a majority interest in the company of 55 %. The other 45 % is held by the current shareholders of Immowelt AG. The remaining shareholders have been offered various options for selling their shareholding to Axel Springer in connection with the transaction. The transaction was based on a valuation of both companies totaling € 420 million. Axel Springer paid a total of approximately € 131 million as a purchase price to the previous partners of Immowelt in connection with creating the new structure. The combining of both portals makes it possible to sustainably improve the competitive position within the German market segment for real estate portals.

aufeminin has taken over all shares in the digital publisher **Livingly Media** in the USA in the first quarter of 2015 as part of its strategy of internationalization. Livingly Media operates the three websites Zimbio.com (entertainment), StyleBistro.com (fashion, beauty and style) and Lonny.com (living and decor). Later on in the year, the company also started an additional website in the form of livingly.com (fashion, beauty and lifestyle).

Furthermore, aufeminin intends to concentrate on its digital publishing activities and thus sold its shares in the subsidiary **Smart AdServer** to Cathay Capital and to the current management of Smart AdServer in April 2015 at a total price of € 37 million.

In the first quarter of 2015, we sold about 2.7 % of our equity stake in **Doğan TV Holding** A.S., Istanbul, Turkey. The proceeds from this transaction amounted to € 63.3 million.

At the end of July 2015, the media group Talpa Media acquired the remaining 50.1 % interest in the TV producers **Talpa Germany** from Axel Springer SE. In December 2014, Talpa had already acquired 49.9 % of Talpa Germany (previously Schwartzkopff TV.)

In August, Axel Springer SE sold its majority share (50.1 %) in **Runtastic GmbH**, a provider of mobile apps for measuring sports and fitness data, to the Adidas Group. The company value for the entire transaction amounted to € 220 million. In October 2013, Axel Springer acquired the shares for a company value of € 22 million, and then to a limited extent made further investments in the company.

In July, Axel Springer and **ProSiebenSat.1** announced a joint initiative for promoting digital startups. The aim is joint investments in companies and funds, linking the incubation and accelerator programs as well as media-for-equity investments. In August, both cooperation partners acquired equity stakes in the **LAKESTAR II** investment fund with an overall mid-double-digit contribution in millions over the term of the fund. The fund will concentrate on digital companies with a focus on Europe and the USA. In September, Axel Springer and ProSiebenSat.1 each acquired a non-controlling interest in **Jaunt**, an American startup that has specialized in the creation and dissemination of virtual reality content.

Also in September, Axel Springer agreed a strategic partnership with **Samsung Electronics Co. Ltd.** for the development of new digital media formats. The first result of the partnership was the presentation of the beta version of **upday**, a content platform for aggregated, curated and self-written news content. The product combines selected information (content that users want to know about in order to be able to have a say) from local editorial teams in various countries with information offers selected by algorithm that are tailored to the individual interests of users. After the launch in Germany and Poland in September 2015, the product is also due to be launched on the market in France and Great Britain in 2016.

In September 2015, Yad2 acquired 70 % of the shares in Saknai Net Ltd., the operator of **Drushim**, one of the leading Israeli job portals, and strengthened its position on the market for online job exchanges.

In September 2015, Ringier and Axel Springer signed the contract for the establishment of a **joint venture in Switzerland**. Since January 1, 2016, all Swiss-German and West Swiss newspaper titles (including their associated online portals) of Ringier as well as the West Swiss broadsheet, Le Temps, and all of Axel Springer's business in Switzerland are combined under the Ringier Axel Springer Schweiz company. With the new company, the partners want to significantly improve their competitiveness in the Swiss readers and advertising market, and in particular force the digitization of its well-known brands. Axel Springer is consolidating the pro rata income from investments.

Also in September, Axel Springer concluded an agreement for the purchase of around 87.8 % of the shares in **Business Insider**. New York based Business Insider, operates the leading digital offering for business and financial news in the U.S. (businessinsider.com). The acquisition is a vital part of Axel Springer strategy to broaden its global digital reach and expand its journalistic portfolio in the English-speaking world. Business Insider is thus present in nine countries. The purchase price for the acquired shares in Business Insider totaled € 320.4 million. Axel Springer previously held an equity stake of around 8.7 % of the company and after the purchase holds around 96.5 % of the Business Insider shares. Henry Blodget, founder, Chief Executive Officer and Editor-in-Chief, and Julie Hansen, Chief Operating Officer and President, will also manage Business Insider in the future in the respective functions. The transaction was completed at the end of October 2015.

At the beginning of October, Axel Springer acquired a non-controlling interest in the New York-based **Thrillist Media Group**, one of the leading digital media companies and lifestyle media for the male "millennials".

In October, Axel Springer sold its **activities in Russia**. Axel Springer had been active in Russia since 2004; the portfolio includes the brands FORBES, OK!, GEO and GALA BIOGRAFIA.

In November 2015, as part of its efforts focusing on the digital growth strategy, Axel Springer agreed the sale of its interest in **CarWale**, a leading online portal for automobiles in the Indian market, at a converted purchase price (net of taxes) of € 64.2 million. The transaction was completed in January 2016.

In December, we acquired the remaining 15 % of shares in **Axel Springer Digital Classifieds GmbH** from General Atlantic Coöperatif U.A., Amsterdam, the Netherlands, in return for issuing new shares in Axel Springer SE. In doing so, Axel Springer now controls 100 % of the company in which significant parts of the Classified Ad business are combined. As part of this transaction, General Atlantic Coöperatif U.A. received 8,955,311 new shares of Axel Springer SE. Thus, General Atlantic now holds an 8.3 % stake in Axel Springer. The new shares were created based on the authorized capital that was approved by the annual shareholders' meeting in 2015. The capital increase was entered in the commercial register on December 9, 2015, thereby increasing the total number of Axel Springer shares from 98,940,000 to 107,895,311. 5,803,799 of the new shares were admitted for trading on December 17, 2015, with the remaining shares due to be admitted for trading at the end of 2016.

Overall statement of the Executive Board on the course of business and economic environment

Digitization continues to be the defining trend for the economic environment for media companies. Segments of the Axel Springer Group have therefore developed accordingly. The strongest increase in revenues was recorded with the two segments that have been fully digitized, namely Classified Ads and Marketing Models. Revenues for Paid Models decreased slightly due to the higher proportion of print business which declined due to structural changes. Business performance was also influenced by acquisitions in digital business models and active portfolio management. The overall positive development in the financial year confirms our strategy of rigorously digitizing the company.

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.

During the reporting year, **total revenues** were € 3,294.9 million, and therefore 8.5 % above the prior-year figure (€ 3,037.9 million). The revenue increase resulted from growth in the segments of Classified Ad Models and Marketing Models, while the revenues of the Paid Models and the Services/Holding segment declined. Adjusted for consolidation and currency effects, total revenues were 1.6 % higher than the prior-year.

The **pro-forma revenues for digital media** increased to € 2,004.6 million (PY: € 1,794.6 million), organic growth was correspondingly at 11.7 %. For the operative segments, organic growth was 13.6 % for Classified Ad Models, 6.7 % for Paid Models, and 12.2 % for Marketing Models. The pro-forma revenues take into account the development of companies, which currently belong to the Axel Springer Group and hence also the companies acquired in 2014 and 2015 on the basis of unaudited financial data.

International revenues rose by 20.2 % from € 1,309.3 million to € 1,573.5 million and amounted to 47.8 % (PY: 43.1 %) of Axel Springer's total revenues. The increase resulted from the growing internationalization of the digital business.

The increase in **advertising revenues** by 16.1 % to € 2,107.6 million (PY: € 1,815.1 million) was largely attributable to the growth in Classified Ads and Marketing Models, whilst advertising revenues from Paid Models were slightly below the prior-year figure. Advertising revenues as a proportion of total revenues was 64.0 % (PY: 59.7 %). Of the total advertising revenues, 80.4 % were generated by **digital activities**.

Circulation revenues totaled € 721.7 million and were 1.8 % below the prior-year figure (€ 735.3 million). The structural circulation declines within the print business were therefore able to be partially compensated for by way of copy price increases and increasing digital distribution revenues. Circulation revenues only accounted for 21.9 % of total revenue (PY: 24.2 %).

The **other revenues** of € 465.7 million were 4.5 % below the prior-year figure (€ 487.5 million). Primarily, consolidation effects had an impact (including in particular the sale of Talpa Germany and Smart AdServer). When adjusted for such effects they increased by 4.2 %. Overall, other revenues represented a share of 14.1 % (PY: 16.0 %) of the total revenues.

Compared to the prior year, **total expenses** increased by 6.7 % to € 3,175.7 million (PY: € 2,977.3 million). The increase is predominantly due to consolidation effects of acquired companies.

Compared to the prior-year figure, **purchased goods and services** increased slightly by 2.4 % to € 1,013.5 million (PY: € 990.0 million). Due to investments in companies with less intensive purchased goods and services, the ratio of purchased goods and services to total revenues fell to 30.8 % (PY: 32.6 %).

The increase in **personnel expenses** by 12.9 % to € 1,100.3 million (PY: € 974.4 million) resulted predominantly from the inclusion of subsidiaries acquired in the prior year and in the financial year, and the higher number of employees within the digital business models segment. The average number of employees grew in 2015 by 7.9 %.

Depreciation, amortization, and impairments amounted to € 199.8 million and were considerably lower than the prior-year figure of € 255.6 million, despite consolidation effects and investments in intangible assets with increasing effects. In the previous year, impairment losses of € 33.0 million were applied within the framework of the valuation of real estate held for sale, as well as impairment losses on goodwill within the Marketing Models segment.

Other operating income was € 271.8 million, in particular due to the sale of Runtastic and the Smart-AdServer group, and therefore significantly above the prior-year figure (PY: € 164.7 million). The **other operating expenses** were € 862.2 million, mainly due to the incorporation of acquired subsidiaries, and therefore above the prior-year figure (PY: € 757.2 million).

Net investment income amounted to € 24.7 million (PY: € 81.4 million) which was characterized, in particular, during the prior year by the profit from the sale of our interest in iProperty. The operating net investment shown in the EBITDA amounted to € 3.8 million. (PY: € 10.7 million).

The **net financial result** was € –22.2 million, which was almost at the prior-year figure (PY: € –21.1 million).

During the reporting period, **income taxes** amounted to €–136.2 million. (PY: € –78.9 million). The tax rate for the reporting period of 30.9 % (PY: 25.1 %) was influenced, amongst others, in the financial year as well as in the prior year by the largely tax-exempt income from sales of investments.

Earnings before interest, taxes, depreciation, and amortization (**EBITDA**) rose by 10.2 % to € 559.0 million compared to the prior-year figure (PY: € 507.1 million). The generated EBITDA margin of 17.0 % exceeded the level of the prior year (PY: 16.7 %). The **EBITDA of digital activities** increased by 19.4 % from € 358.9 million to € 428.7 million. This meant that based on operative business the share of digital business of EBITDA rose from 62.4 % to 69.6 %. As a result of the slight decline in depreciation, the earnings before interest and taxes (EBIT) increased by 13.8 % to € 449.0 million (PY: € 394.6 million). Non-recurring effects e. g. such as gains or losses on the sale of business divisions and investments are not included in EBITDA and EBIT; furthermore, write-downs from purchase price allocations and write-downs linked with the sale of real estate are not included in EBIT.

The **net income** from continuing operations amounted to € 304.6 million (PY: € 235.7 million). The adjusted net income from continuing activities at € 279.3 million was above the prior-year level (€ 251.2 million).

Net Income (continuing operations)

€ millions	2015	2014
Net income (continuing operations)	**304.6**	**235.7**
Non-recurring effects	–98.9	–45.0
Depreciation, amortization, and impairments of purchase price allocations	84.9	103.9
Taxes attributable to these effects	–11.3	–43.4
Net income, adjusted (from continuing operations)	**279.3**	**251.2**
Attributable to non-controlling interest	58.3	52.3
Adjusted net income from continuing operations attributable to shareholders of Axel Springer SE	**220.9**	**198.8**

The **earnings per share** from continuing operations (undiluted = diluted) amounted to € 2.50 (PY: € 1.71). Based on the average weighted shares outstanding in the reporting period (99.7 million; PY: 98.9 million), the calculated **adjusted earnings per share** from continuing operations (undiluted = diluted) increased to € 2.22 (PY: € 2.01).

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

Financial performance of the operating segments (continuing operations)

An adjustment of the segmentation was performed during the financial year with regard to the assignment of individual operational functions. As a result, a part of the reclassification of costs and earnings between segments was omitted. Furthermore, the continued transformation of Axel Springer into a digital publisher by way of amended cost distributions was taken into account. The prior-year figures for the segments were adjusted for comparison purposes.

Classified Ad Models

All Business models which predominantly generate revenues in online classified advertising are summarized in the Classified Ad Models segment.

The segment is sub-divided into jobs, real estate, and general/other.

Key Figures Classified Ad Models

€ millions	2015	2014	Change
External revenues	**753.1**	**512.0**	**47.1 %**
Advertising revenues	730.7	492.7	48.3 %
Other revenues	22.4	19.3	15.8 %
Jobs	**360.7**	**256.4**	**40.6 %**
Real Estate	**231.0**	**193.5**	**19.4 %**
General/Other	**161.4**	**62.1**	**>100 %**
EBITDA[1]	**305.0**	**217.7**	**40.1 %**
Jobs	157.4	117.7	33.8 %
Real Estate	107.1	92.4	15.9 %
General/Other	49.5	14.9	>100 %
EBITDA maring	**40.5 %**	**42.5 %**	
Jobs	43.7 %	45.9 %	
Real Estate	46.4 %	47.8 %	
General/Other	30.7 %	23.9 %	

[1] Segment EBITDA includes non-allocated costs of € 9.0 million (PY: € 7.2 million).

The Classified Ad Models segment registered the biggest revenue growth of all segments during the financial year with revenues of € 753.1 million and growth of 47.1 % compared to the previous year (€ 512.0 million). Alongside an improvement in operative results, particularly from job portals; consolidation effects, amongst other things, had an influence due to the incorporation of @Leisure, Jobsite, LaCentrale Immowelt and Yad2. Adjusted for these effects, revenue growth came to 14.5 %. Also, the increase in advertising revenues by 48.3 % to € 730.7 million (PY: € 492.7 million) was largely attributable to consolidation effects. Adjusted for these effects, the increase came to 15.5 %.

The EBITDA for the segment rose considerably by 40.1 % to € 305.0 million (PY: € 217.7 million). As in the case of revenues, a significant part of the increase can be attributed to consolidation effects. Adjusted for these effects, growth came to 17.1 %. The margin fell from 42.5 % to 40.5 %. Here, the inclusion of acquired companies, the margins of which are below the average value of the segment margin, is noticeable. Moreover, in the second half, the additional marketing expenses in the area of real estate portals after first-time consolidation of Immowelt showed an effect for the first time.

EBIT in the Classified Ad Models segment rose by 38.5 % from € 198.6 million to € 275.1 million. Depreciation, amortization and impairments rose by 56.8 % to € 29.9 million (PY: € 19.1 million).

Paid Models

The Paid Models segment comprises all business models that are predominantly used by paying readers. This segment is subdivided into national and international paid-content models.

Paid Models National

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

Circulation, Digital Subscriptions, and Reach

Thousands	Circulation/Digital-Subs[1]	Change yoy	Reach[2]	Change[3]
Bild/B.Z.	2,158.0	−9.5 %	10,357.2	0.0 %
Bild am Sonntag	1,078.7	−6.9 %	8,393.9	−3.1 %
bild.de (total)	291.2	25.4 %	19,435.0	-
bild.de (stationary)	-	-	16,637.0	-
bild.de (mobile)	-	-	7,983.0	-
Die Welt/ Welt Kompakt	195.5	−5.3 %	670.4	0.2 %
Welt am Sonntag/ Welt am Sonntag Kompakt	400.7	0.0 %	910.8	2.8 %
welt.de (total)	69.4	25.9 %	14,694.0	-
welt.de (stationary)	-	-	10,303.0	-
welt.de (mobile)	-	-	6,487.0	-

[1] Source: IVW, average paid circulation 2015; For bild.de (total) and welt.de (total): IVW, digital subscriptions (paid content), monthly average 2015 (May-Dec) vs. 2014 (May-Dec).
[2] Source: ma 2016 Pressemedien I; For bild.de and welt.de: AGOF 2015–10, Unique Users.
[3] Compared to ma 2015 Pressemedien II.

The focus of the national digital Paid Models remained to sign up paying subscribers in the area of stationary Internet. For this purpose, marketing campaigns with exclusive events were carried out, amongst others, for subscribers of digital paid models from BILDplus and WELT. Both BILDplus and the corresponding offerings from WELT showed a clear increase in the number of subscribers to digital offers.

The circulation numbers of the print media in the Paid Models segment declined in financial year 2015, due to market trends, while the reach values increased slightly in some cases.

BILD newspaper published a single nationwide special edition in the reporting period (PY: two editions). With a circulation of approx. 42 million copies, “BILD zur Einheit” was distributed on October 1, 2015, free of charge to nearly all households in Germany, to commemorate the 25th anniversary of German reunification. This special issue was successfully marketed to advertising customers.

Paid Models International

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

Circulation and Reach

Tsd.	Circulation	Change yoy	Reach	Change yoy
Business Insider (total)	-	-	67,627.8[1]	45.6 %
Business Insider (USA)	-	-	41,495.9[2]	46.6 %
Business Insider (USA, stationary)	-	-	15,414.5[2]	19.2 %
Business Insider (USA, mobile)	-	-	28,403.6[2]	68.5 %
onet.pl	-	-	15,323.2[3]	−6.9 %
Fakt[4]	307.6	−5.3 %	1,504.4	−16.6 %
fakt24.pl	-	-	3,947.9[3]	8.9 %
Blikk[5]	127.8	−4.5 %	738.7	−7.1 %
blikk.hu	-	-	760.5[3]	13.9 %
Blic[6]	97.3	−8.7 %	690.8	−15.0 %
blic.rs	-	-	2,774.4[3]	−4.1 %

[1] Source: comScore USA, own estimates, monthly average (Jan-Dec 2015).
[2] Source: comScore USA, monthly average (Jan-Dec 2015).
[3] Source: comScore Europa, monthly average (Jan-Dec 2015); blikk.hu, monthly average (Jun-Dec 2015).
[4] Poland. Circulation: ZKDP, 2015 (Jan-Dec) vs. 2014 (Jan-Dec.); Reach: PBC General, 2015 (Jan-Nov) vs. 2014 (Jan-Nov).
[5] Hungary. Circulation: MATESZ, 2015 (Jan-Dec) vs. 2014 (Jan-Dec); Reach: Millward Brown, TNS, 2015 (Jan-Sep) vs. 2014 (Jan-Sep).
[6] Serbia. Circulation: Company Information, 2015 (Jan-Dec) vs. ABC, 2014 (Jan-Dec); Reach: Ipsos Strategic Marketing, 2015 (Jan-Dec) vs. 2014 (Jan-Dec).

In 2015, Business Insider saw significant growth in its reach, driven predominantly by very strong growth in its mobile reach. There is no data for mobile reach development comparable with the net reaches of the online portals in other European countries illustrated in the table. As a result, the table for these portals does not reflect the dynamic growth based on the increasing use of mobile terminal devices. However, this is of real importance to some of our digital activities. The circulation and reach figures of our international print media declined in line with market conditions.

Key Figures Paid Models

€ millions	2015	2014	Change
External revenues	**1,582.2**	**1,617.5**	**– 2.2 %**
Advertising revenues	652.1	671.0	– 2.8 %
Circulation revenues	721.3	735.3	– 1.9 %
Other revenues	208.8	211.2	– 1.1 %
National	**1,169.7**	**1,228.8**	**– 4.8 %**
Advertising revenues	465.5	497.7	– 6.5 %
Circulation revenues	559.5	576.9	– 3.0 %
Other revenues	144.7	154.2	– 6.2 %
International	**412.5**	**388.7**	**6.1 %**
Advertising revenues	186.6	173.4	7.6 %
Circulation revenues	161.8	158.3	2.2 %
Other revenues	64.2	57.0	12.7 %
EBITDA	**223.2**	**251.4**	**– 11.2 %**
National	170.7	200.0	– 14.7 %
International	52.5	51.3	2.3 %
EBITDA margin	**14.1 %**	**15.5 %**	
National	14.6 %	16.3 %	
International	12.7 %	13.2 %	

The total revenues of the Paid Models segment fell by 2.2 % to € 1,582.2 million (PY: € 1,617.5 million). Adjusted for consolidation effects, total revenues were 4.0 % below the prior-year figure. The structural declines within the print business were noticeable both in terms of advertising revenues as well as circulation revenues. Advertising revenues for national Paid Models (–6.5 %) included strong comparable values from the previous years as a result of two BILD special editions and the Soccer World Cup. Advertising revenues for international Paid Models increased by 7.6 % as a result of consolidation effects (including, among others, Business Insider). Adjusted for consolidation effects, advertising revenues for Paid Models were down by 5.9 % compared to the prior-year figure, with circulation revenues down by 2.2 %.

At € 223.2 million, EBITDA was 11.2 % below the prior-year figure (€ 251.4 million). In addition to the decline in revenues, this was also primarily down to the increase in restructuring expenses from € 24.5 million to € 34.8 million, while launch costs for developing new businesses of € 12.4 million were below the prior-year figure of (€ 17.2 million). The margin on the segment fell from 15.5 % in the previous year to 14.1 % in the current financial year.

EBIT in the segment Paid Models fell by 11.6% from € 214.3 million to € 189.4 million. Depreciation, amortization and impairments fell by 9.0% from € 37.1 million to € 33.8 million.

Marketing Models

The Marketing Models segment comprises all business models that generate revenues predominantly through sales to advertising customers of reach-based or performance-based marketing services.

Key Figures Marketing Models

€ millions	2015	2014	Change
External revenues	**878.9**	**794.1**	**10.7 %**
Advertising revenues	725.1	651.3	11.3 %
Other revenues	153.8	142.7	7.8 %
Reach Based Marketing	**298.2**	**279.3**	**6.8 %**
Performance Marketing	**580.7**	**514.7**	**12.8 %**
EBITDA[1]	**88.0**	**106.5**	**– 17.4 %**
Reach Based Marketing	73.6	90.8	– 18.9 %
Performance Marketing	25.0	23.7	5.4 %
EBITDA margin	**10.0 %**	**13.4 %**	
Reach Based Marketing	24.7 %	32.5 %	
Performance Marketing	4.3 %	4.6 %	

[1] Segment EBITDA includes non-allocated costs of € 10.6 million (PY: € 8.0 million).

Total revenues in the Marketing Models segment increased compared to the prior-year figure by 10.7 % to € 878.9 million (PY: € 794.1 million). Also adjusted for consolidation effects, revenues increased markedly by 13.0 %. Most of the revenue growth resulted from the 11.3 % increase in advertising revenues. This increase was mainly attributable to the zanox Group in the area of Performance Marketing. Growth in other revenues was 7.8 % and was generated within Performance Marketing.

EBITDA in the Marketing Models segment fell by 17.4 % to € 88.0 million (PY: € 106.5 million). Whilst EBITDA slightly improved in Performance Marketing, results from Reach Based Marketing were below the prior-year figure, which was mainly due to an intensified competitive environment at idealo and thus the necessary investments in product development as well as changes in the portfolio at aufeminin (amongst others, the sale of Smart AdServer) and the expenses for the internationalization of the Bonial Group. The EBITDA margin fell from 13.4 % to 10.0 %.

EBIT in the Marketing Models segment fell by 16.0 % from € 89.6 million to € 75.3 million. Depreciation, amortization and impairments fell during the reporting period by 25.1 % to € 12.6 million (PY: € 16.9 million).

Services/Holding

Group Services, which also include the three domestic printing plants, as well as the holding functions, are reported within the Services/Holding segment. The group services are purchased by internal, group-wide customers at standard market prices.

Key Figures Services/Holding

€ millions	2015	2014	Change
External revenues	**80.7**	**114.4**	**– 29.4 %**
EBITDA	**– 57.1**	**– 68.5**	

Total revenues within the Services/Holding segment of € 80.7 million were down by 29.4 % compared to the prior-year figure (€ 114.4 million), predominantly as a result of the sale of shares of the distribution service provider IMS Internationaler Medienservice in the first quarter of 2015.

EBITDA was at € –57.1 million (PY: € –68.5 million). The improvement was predominantly a result of less non-operating expenses. Restructuring expenses were € 26.7 million (PY: € 22.2 million).

The EBIT in the Services/Holding segment was at € –90.8 million (PY: € –108.0 million). Depreciation, amortization and impairments of € 33.7 million were below the prior-year figure (€ 39.4 million).

Financial performance of discontinued operations

In the previous year, we reported domestic regional newspapers, TV program guides and women's magazines as well as the businesses and equity holdings of Ringier Axel Springer Media in the Czech Republic separately as discontinued operations. Both sales were completed on April 30, 2014.

Discontinued Operations

€ millions	2015	2014[1]
External revenues	0.0	181.3
EBITDA	0.0	29.3
EBITDA margin	-	16.2 %
Net income	2.8	668.3
Earnings per share (in €), basic = diluted	0.03	6.37
Net income, adjusted	0.0	19.7
Earnings per share, adjusted (in €)[2] basic = diluted	0.00	0.17

[1] The operating result from discontinued operations only concerns the period until the closing date as of April 30, 2014.
[2] The earnings per share (basic/diluted) adjusted for non-recurring effects, amortization and impairments from purchase price allocations were calculated on the basis of average weighted shares outstanding in the reporting period (99.7 million; PY: 98.9 million).

Non-recurring effects, for example such as gains or losses on the sale of business divisions and investments and write-downs from purchase price allocations are not included in EBITDA. Adjusted net income and adjusted earnings per share are not defined under International Financial Reporting Standards, and should therefore be regarded as supplementary information to the consolidated financial statements.

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	2015	2014
Cash and cash equivalents[1]	186.3	383.1
Financial liabilities	1,252.9	1,050.9
Net liquidity/debt	**–1,066.6**	**–667.8**

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

The increase in net debt reported on December 31, 2015 resulted predominantly from cash outflows from finalized company acquisitions within the scope of our digitization and internationalization strategy. This development was partially offset by payments from the sale of companies, including in particular the sale of Runtastic and 2.7 % of our share in Doğan TV.

In order to optimize our financing conditions, we have improved the average interest rate of our credit lines in the third quarter, increased the financing volume and extended the term. Besides the Schuldschein (promissory note) which mature in April 2016 (nominal value of € 56.5 million), in April 2018 (nominal value of € 112.0 million), in October 2018 (nominal value of € 220.0 million) and in October 2020 (nominal value of € 248.5 million), as of December 31, 2015 there are credit lines in the amount of € 1,500.0 million, the utilization of which is due for repayment in July 2020. Both the Schuldschein and the credit facilities may be used either for general business purposes or for financing acquisitions.

As of December 31, 2015, € 618.0 million (December 31, 2014: € 409.0 million) of the existing long-term credit facilities were taken as drawdowns. The total available amount of unutilized short-term and long-term credit facilities was € 902.0 million on the reporting date (December 31, 2014: € 511.0 million).

Cash flows

The following presentation of cash flows also includes discontinued operations.

Consolidated Cash Flow Statement (Condensed)

€ millions	2015	2014
Cash flow from continuing operations	369.6	360.8
Cash flow from investing activities	–546.4	92.7
Cash flow from financing activities	51.1	–343.8
Change in cash and cash equivalents	–125.8	109.6
Cash and cash equivalents as of December 31	253.8	383.1

Cash flow from operating activities for the continuing operations in the reporting period was € 369.6 million, a figure which was, particularly due to higher earnings, above the value from the prior year (€ 339.2 million).

The cash flow from investing activities of the continuing operations in the reporting period amounted to € –538.3 million. (PY: € –440.8 million). The cash outflows (less cash and cash equivalents acquired) in the reporting year for the acquisition of equity shares in consolidated subsidiaries and business units, as well as financial assets amounting to € 708.5 million (PY: € 572.5 million) were attributable primarily to the acquisitions of Business Insider, Immowelt, the @Leisure Group, and Thrillist. Furthermore, this figure included increased ongoing investments in intangible assets, property, plant, and equipment, as well as in particular the payments in connection with the sale of Runtastic (€ 105.3 million) and Smart AdServer (€ 37.0 million) as well as payments from the sale of 2.7 % of our equity stake in Doğan TV (€ 63.3 million). The portion of the purchase price attributed to Axel Springer from the sale of real estate assets finalized at the start of 2016 (€ 48.1 million) is also included. Cash flow from investing activities in the prior year was particularly attributable to the acquisition of N24, My Little Paris, Yad2, LaCentrale and Jobsite, as well as the repayment of a purchase price claim, payments from the sale of the non-controlling interests in iProperty and 2.6 % of our share in Doğan TV. Discontinued operations in the prior year predominantly comprised receipt of the purchase price (net of cash and cash equivalents disposed of and taxes paid) from the sale of our print activities to FUNKE Mediengruppe of € 538.3 million.

The cash flow from financing activities in the reporting period of € 51.1 million (PY: € –343.8 million), as in the prior year, was attributable in full to continued operations and was due to the payment of dividends to shareholders of Axel Springer SE and more particularly the repayment of financial liabilities. The portion of the purchase price collected by Axel Springer, attributable to the plan assets formed for our pension payments, from the sale of real estate assets finalized at the start of 2016 (€ 67.5 million) is also included. This was paid into the plan assets in January 2016. Payments from the acquisition of 15 % of shares in Axel Springer Digital Classifieds (€ 446.0 million) and a special distribution of funds of € 90.7 million in connection with the completed sale of our print activities in the Czech Republic were also included in the prior year.

Financial position

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

Consolidated Balance Sheet (Condensed)

€ millions	12/31/2015	12/31/2014
Non-current assets	5,187.2	4,466.5
Current assets	1,317.4	1,241.9
Assets	**6,504.7**	**5,708.5**
Equity	2,511.5	2,505.7
Non-current liabilities	2,455.5	2,169.6
Current liabilities	1,537.8	1,033.2
Equity and liabilities	**6,504.7**	**5,708.5**

An adjustment was performed during the reporting year 2014 (see also the information in the notes to the consolidated financial statements under Note (4)).

The consolidated balance sum was € 6,504.7 million, and therefore higher than at the end of 2014 (€ 5,708.5 million), largely due to acquisitions.

Significant development of the long-term financial position resulted predominantly from the increase in intangible assets by € 728.0 million, resulting in particular from initial consolidation of Business Insider, Immowelt and the @Leisure Group. In addition to the designated as held for sale real estate assets (including associated financing leasing liability), assets (including goodwill) of our Swiss print activities in connection with the joint venture with Ringier, which was completed at the beginning of 2016, were shown separately.

Another reason for the slight increase in current assets was the initial consolidation of acquired companies. The decline in cash and cash equivalents and the reduction of a loan granted in the prior year had a partial offsetting effect on the immediate payment of a special distribution of funds finalized during the financial year in connection with the sale of our print activities in the Czech Republic.

The increase in equity resulted, among others, from the generated net income, from positive effects arising from the currency conversion of consolidated financial statements as well as from the adjustment of the discount rate with regard to the pension accounting. The distribution of dividends to Axel Springer SE shareholders as well as other shareholders had a reducing effect. In conjunction with the consolidation of Immowelt and Immonet, differences were taken into account to reduce equity, as well as recording additional minority shares. Furthermore, the capital stock and capital reserves of Axel Springer SE were increased by issuing new shares in return for non-cash contributions for the remaining 15 % of shares in Axel Springer Digital Classifieds GmbH by € 8.9 million or € 453.9 million respectively. The difference to the reduced interests of other shareholders was offset against equity without impacting income. The equity ratio was 38.6 % (PY: 43.9 %; an adjustment was performed for financial year 2014 (see the information in the notes to the consolidated financial statements, Section (4)).

The increase in non-current debt was mainly due to the acquisition of companies and the associated increase in financial liabilities through utilization of our credit line and the increased latent passive liabilities. The increase in other liabilities was primarily due to recognition of liabilities from option rights granted for the acquisition or sale of remaining non-controlling interests. By contrast, provisions for pensions decreased due to adjustment of the discount rate to 2.4 % to follow the current market level (as of December 31, 2014: 1.9 %).

The development in short-term debt was particularly due to liabilities from option rights granted for the acquisition of remaining non-controlling interests recognized during the course of the finalized company acquisitions. Further growth in short-term debt resulted from the reclassification of non-current liabilities held for sale related to our Swiss print activities in conjunction with the joint venture with Ringier finalized at the start of 2016. Furthermore, a portion of the financial liabilities was to be reported as short-term as at the reporting date.

Non-financial performance indicators

Employees

Axel Springer had an average of 15,023 (PY: 13,917) employees (excluding vocational trainees and journalism students/interns) in the reporting period. The 7.9 % increase resulted primarily from the higher number of employees in Classified Ad Models and Marketing Models, due to acquisitions and organic growth in these segments. Outside of Germany, Axel Springer had an average of 6,846 employees (PY: 5,727); this accounted for 45.6 % (PY: 41.2 %). On average, 6,289 of the Group's total workforce were women and 8,733 were men. The number of editors fell during the reporting period by 1.5 % to 2,730; however the number of employees – largely due to expansion of digital business activities and new equity stakes – rose by a total of 10.7 % to 11,572 employees. However, if compared at year-end, the number of editors has increased by 3.5 %.

Employees by Segments (continuing operations)

Average number per year	2015	2014	Change
Classified Ad Models	3,660	2,580	41.9 %
Paid Models	7,013	7,149	–1.9 %
Marketing Models	2,505	2,220	12.8 %
Services/Holding	1,844	1,968	–6.3 %
Group	**15,023**	**13,917**	**7.9 %**

An adjustment of the segment allocation was performed during the reporting year (see also the information in the notes to the consolidated financial statements under Note (31)).

The strongest growth occurred in the Classified Ad Models segment, mainly due to acquisitions, but also to organic growth. In the Marketing Models segment, the increase resulted from the growth of reach-based Marketing Models, particularly with regard to the Bonial and Idealo Group. The decrease in the Paid Models and Service Holding segment is primarily due to the reduction in headcount in IT (infrastructure support), AS Customer Services, Sales Impact GmbH & Co.KG and the offset printing plants.

Length of service and age structure

As of the reporting date in 2015, the average length of service with Axel Springer was 10.4 (PY: 10.5); 41.8 % (PY: 42.5 %) 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. The proportion of severely disabled employees in German companies was, on average over the year, 3.7 % (PY: 3.8 %).

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 "Chancen:gleich!" 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. This objective is being pursued in the form of various initiatives for the targeted promotion and networking of women and to increase the percentage of women with regard to new recruits and promotions. As of December 31, 2015, women held 27.9 % of management positions within the Axel Springer Group.

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. In addition to established seminars and support programs, the offering of shorter and unconventional formats has in particular been greatly expanded, leading to improved networking among individuals as well as the pure transfer of knowledge. In doing so, Personnel Development is pursuing the objective of developing Axel Springer into a permanent "learning organization" that is able to stand up to change processes. The leverage of synergies, the exchange of knowledge between the companies forming part of the Axel Springer family as well as the communication of new knowledge content and the accompaniment of the teams with regard to the introduction of new working methods, such as agile process work, are equally important.

Research and development

Axel Springer does not have a traditional research and development department of the kind that industrial enterprises maintain. 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, 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.

Further development of classified portals

The development of new offerings also applies to the Classified Ad Models segment.

StepStone Deutschland introduced new “Liquid Design” mobile job ads that significantly enhance mobile user experience. “Irishjobs.ie Company Reviews” were introduced in Ireland, providing candidates with detailed information about companies as potential employers.

Yad2 has also invested in its mobile offering and developed a new app for the market for “blue collar” jobs. The offering is aimed primarily at users who are looking for temporary jobs in their immediate vicinity and is becoming increasingly popular with employers and job seekers in the Israeli market.

Further development of Paid Models

The existing platforms for paid content were also systematically expanded during the financial year. Improvements in the registration process (“Single Sign On”), integration of additional sales agreements and the technical processing of subscription transactions (buying process, cash, postprocessing, etc.) were implemented.

Extensive development work was undertaken for the UPDAY project (see page 25) during the course of the year in conjunction with the partnership with Samsung Electronics Co. Ltd. that was announced in September 2015.

Further development of marketing services

In the Marketing Models, existing online offers were continuously developed and supplemented by new ones. Development of innovative product functionalities and marketing technologies for increasing reach and use of offers as well as monetization is a key priority for our investments. In addition, we also invest in new companies in an early stage of development, which develop new business models and technologies. This is either as a direct investment, or indirectly via investment companies such as the Project A-Ventures, where Axel Springer and the Otto Group are both involved, or Axel Springer Plug & Play Accelerator GmbH, a joint venture with Plug & Play Tech Center in Silicon Valley.

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.

Since the mid 1990s Axel Springer has published environmental reports, and sustainability reports have been published since 2000. Since 2005 we have published a sustainability report on a biannual basis, which follows the full list of indicators of the Global Reporting Initiative (GRI), the internationally relevant format for sustainability reporting. The current sustainability report in "GRI+" format also documents the "Media Sector Supplement" (GRI+). This section provides additional indicators that are reflective of the specific issues encountered by journalism companies. At the same time, the report focuses on aspects of digitization which are relevant from a sustainability perspective. Axel Springer’s sustainability reports are audited by independent auditors. The current sustainability report appeared in the middle of 2014 and can be found at www.sustainability.axelspringer.com. The next sustainability report will appear in the middle of 2016.

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

The strategy of digital transformation was also at the fore during the 2015 financial year. We have driven digitization organically as well as via acquisitions. Key milestones in this context included the acquisition of Business Insider in the autumn, as well as the acquisition of the 15 % stake held by General Atlantic in our digital classified advertising business in return for shares as part of a capital increase. EBITDA, EBIT, and the adjusted earnings per share from continuing operations were all higher than in the previous year. Net debt has continued to increase as a result of the acquisitions made. Considering the strong cash flow, the still exceedingly solid balance sheet structure, and the cost-effective financing options available to the company, we find ourselves in a solid position to realize the necessary investments for future growth.

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)	**2015**	**2014**
Total revenues	3,294.9	3,037.9
EBITDA[1]	559.0	507.1
EBITDA margin[1]	*17.0 %*	*16.7 %*
EBIT[2]	449.0	394.6
Tax rate	*30.9 %*	*25.1 %*
Net income	304.6	235.7
Net income, adjusted[2]	279.3	251.2
Earnings per share, adjusted (in €)[2] [3]	2.22	2.01
Dividend per share (in €)[4]	1.80	1.80
Total dividends[4]	194.2	178.1
Net debt/liquidity[5]	−1,066.6	−667.8
Free cash flow[6]	299.8	244.1

[1] Adjusted for non-recurring effects, see also the information in the notes to the consolidated financial statements under Note (32).
[2] Adjusted for non-recurring effects and amortization and impairments from purchase price allocations.
[3] The earnings per share (basic/diluted) adjusted for non-recurring effects, amortization and impairments from purchase price allocations were calculated on the basis of average weighted shares outstanding in the reporting period (99.7 million; PY: 98.9 million).
[4] Dividend proposal for the financial year 2015.
[5] In 2015, without the purchase price received in connection with real estate sales amounting to € 67.5 million, attributable to the plan assets created for our pension obligations.
[6] Cash flow from operating activities minus capital expenditures, plus cash inflows from disposals of intangible assets and property, plant and equipment.

Economic position of Axel Springer SE

€ millions	2015	2014	2013	2012	2011
Revenues	925.9	1,174.6	1,442.8	1,507.1	1,551.2
Net income	213.5	590.8	186.4	371.9	260.2
Transfer to retained earnings	19.3	412.7	8.3	204.0	92.6
Total dividends[1]	194.2	178.1	178.1	167.9	167.6
Dividend per share (in €)[1]	1.80	1.80	1.80	1.70	1.70

[1] The dividend for the financial year 2015 is subject to the condition of approval by the annual shareholders' meeting.

Introductory remarks

Axel Springer SE is the parent company of the Axel Springer Group. Due to its subsidiaries, which Axel Springer SE controls directly or indirectly, the business development is subject to the same risks and opportunities as the entire group. These are presented in the Report on risks and opportunities (see page 44). Also the anticipations regarding the development of Axel Springer SE correspond to the essential expectations described in the Forecast Report (see page 60).

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 and the 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 operationally active in the Paid Models segment and mainly publishes nationwide daily and weekly newspapers as well as automobile, computer, and sports magazines. Furthermore, Axel Springer SE, in its role as a parent company of the Axel Springer Group, also exercises holding functions, monitors Group-wide liquidity management and performs other services to Group companies. The general economic conditions of Axel Springer SE correspond essentially to those of the Group and are described in the economic report (see page 22 et seq.).

On January 1, 2015, the newspaper printing plants in Ahrensburg, Berlin-Spandau and Essen-Kettwig, which had, up to that point, been managed as parts of Axel Springer SE's operations, were combined into legally independent companies. Furthermore, Axel Springer SE's WELT Group and the news channel N24 merged at the start of the financial year under the auspices of the subsidiary WeltN24 GmbH.

Financial performance

Income Statement (Condensed)

€ millions	2015	2014
Revenues	925.9	1,174.6
Other operating income	136.3	125.3
Purchased goods and services	−272.9	−290.4
Personnel expenses	−266.8	−382.1
Amortization, depreciation, and impairments of intangible assets and property, plant and equipment	−21.4	−45.7
Other operating expenses	−496.3	−532.1
Net income from non-current financial assets	279.6	52.3
Net interest income	−28.5	−32.2
Profit from ordinary activities	**255.9**	**69.7**
Extraordinary profit	**0.0**	**797.8**
Taxes	−42.4	−276.7
Net income	**213.5**	**590.8**

Revenues fell by € 248.7 million or 21.2 %. The decline in distribution and advertising revenues by € 106.5 million and € 77.4 million respectively can in particular be attributed to the sale of domestic regional newspapers and the TV program guides and women's magazines belonging to the Axel Springer Group to FUNKE Mediengruppe, which was finalized at the end of April in the prior year. Other revenues fell by € 64.8 million, primarily as a result of the spin-offs of the printing plants.

Purchased goods and services fell by € 17.5 million to € 272.9 million. An increase in expenditure for print services was able to be more than compensated for by way of reduced expenditure for paper and fees. The ratio of purchased goods and services to total revenues was 30 % (PY: 25 %).

The personnel expenses of € 266.8 million remained 30.2 % lower than the prior-year figure. The cause of this was the lower number of employees in particular. This declined by 44.7 %, from an average of 3,364 in the prior year to 1,861 in financial year 2015, primarily as a result of the transfer of employees from the printing plants and the WELT Group.

Depreciation, amortization and impairments fell by € 24.3 million to € 21.4 million, primarily as a result of the transfer of tangible assets to the newly established printing plant companies.

Net income from financial assets (€ 279.6 million) surpassed the prior year figure by € 227.3 million. The increase resulted primarily from profit transfers (€ 284.5 million; PY: € 35.2 million) which contained significantly higher profits from sales of investments compared to the prior year on the one hand, and were also increased by way of newly concluded profit and loss transfer agreements on the other hand. Furthermore, higher income from investments (€ 35.7 million; PY: € 19.3 million) and income from loans (€ 14.3 million; PY: € 10.4 million) was able to be generated. Higher depreciation, amortization and impairments had the opposite impact on financial assets (€ 54.9 million; PY: € 12.6 million).

Interest income (€ –28.5 million) improved by € 3.7 million. This was primarily due to prepaid compensation received in the prior year in conjunction with the restructuring of the promissory note.

Profit from ordinary activities increased by € 186.2 million to € 255.9 million. The annual net profit was € 213.5 million (PY: € 590.8 million).

Liquidity

Net debt (liabilities due to banks and promissory note less cash and cash equivalents) on December 31, 2015 amounted to € 1,218.6 million. (PY: € 946.1 million).

In order to optimize the financing conditions, the financing volume of the credit lines was increased and the term was extended during the financial year. As well as the promissory note which mature in April 2016 (nominal value of € 56.5 million), in April 2018 (€ 112.0 million), in October 2018 (€ 220.0 million) and in October 2020 (€ 248.5 million), there are credit lines to the amount of € 1,500.0 million as of December 31, 2015, the utilization of which is due for repayment in July 2020. Both the promissory note and the credit facilities may be used either for general business purposes and/or for financing acquisitions.

By December 31, 2015, € 618.0 million (PY: € 409.0 million) of the existing long-term credit facility was taken as drawdowns. The total available amount of unutilized short-term and long-term credit facilities was € 902.0 million on the reporting date. (PY: € 511.0 million).

Financial position

Balance Sheet (Condensed)

€ millions	12/31/2015	12/31/2014
Intangible assets, and property, plant, and equipment	173.7	220.9
Non-current financial assets	5,398.8	4,284.7
Trade receivables	30.1	39.4
Receivables from affiliated companies	151.6	71.8
Cash and cash equivalents	36.4	99.9
Other assets	67.0	102.6
Total assets	**5,857.6**	**4,819.3**
Equity	2,463.6	1,965.1
Provisions	327.1	383.2
Liabilities due to banks and promissory notes bonds	1,255.0	1,046.0
Liabilities to affiliated companies	1,611.4	1,328.7
Other liabilities	200.5	96.3
Total equity and liabilities	**5,857.6**	**4,819.3**

Total assets rose by € 1,038.3 million to € 5,857.6 million during the financial year. Non-current assets amounted to € 5,572.5 million (PY: € 4,505.6 million) and accounted for 95.1 % (PY: 93.5 %) of total assets. 44.2 % (PY: 43.6 %) was covered by equity.

The decline in intangible assets and property, plant and equipment by € 47.2 million resulted primarily from the spin-offs of the printing plants, leading in particular to the transfer of company buildings and technical systems and machinery.

Financial assets increased by € 1,114.1 million to € 5,398.8 million during the financial year. The increase resulted mainly from additional payments in capital reserves of subsidiaries in order to finance company acquisitions.

Receivables from associated companies increased by € 79.8 million to € 151.6 million, and liabilities owed to associated companies also increased by € 282.7 million to € 1,611.4 million, both as a result of Group-wide liquidity management.

The acquisition of the remaining shares in Axel Springer Digital Classifieds in return for issuing new shares resulted in an increase in equity by € 462.9 million. As of December 31, 2015, equity amounted to € 2,463.6 million. (PY: € 1,965.1 million). The equity ratio increased to 42.1 % (PY: 40.8 %).

Provisions decreased by € 56.1 million to € 327.1 million compared to the prior-year reporting date. This decline was in particular due to transfers of pension provisions and other personnel provisions in conjunction with employee transfers from the printing plants and the WELT Group.

Advance payments in relation to the sale of the publishing building in Hamburg increased other liabilities, which grew by € 104.3 million to € 200.5 million.

Profit utilization proposal

The Supervisory Board and Executive Board propose that the Company applies the full amount of the distributable profit of € 194.2 million (PY: € 295.4 million) to pay a dividend of € 1.80 (PY: € 1.80) per qualifying share for the 2015 financial year.

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 establishment of a further joint venture in Switzerland contractually initiated between Ringier and Axel Springer in September 2015 was finalized at the beginning of January 2016 (see page 25).

The sale of our interest in CarWale, an Indian online portal for automobiles, which was agreed in November 2015, was also finalized in January 2016 (see page 26).

Additionally, in January 2016, the sale of the first part of the Hamburg office buildings was completed (see the information in the Appendix of the Group figures, (11) and (17))

The Executive Board and Supervisory Board decided in December 2014 to prepare to change Axel Springer SE into a partnership limited by shares (KGaA). Still, the board decided not to pursue the planned change. Following a detailed examination of the conversion, the company and Dr. h. c. Friede Springer came to the conclusion in February 2016 that the legal form of the SE is the better alternative for the long-term development of the company and its attractiveness for the capital market. Axel Springer SE continues to pursue the objective of the growth trend in becoming the leading digital publisher and will make use of other suitable capital raising options where necessary.

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 coordinated and closely aligned 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 decisions and our business activities, from a well-informed perspective. Accordingly, opportunities should be exploited to generate income or increase the company's value and risks should be assumed only if they remain within appropriate limits that are acceptable to the company. 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

Taking into account the various national and international requirements, an increasingly complex and volatile environment and a company that is growing and changing in a dynamic manner, we still managed to develop further and expand certain elements of internal corporate monitoring (Risk Management, Compliance Management, Internal Control and Internal Audit) during this financial year as well. There was particular focus on optimizing existing processes and structures, and integrating new participations and business areas into the existing risk management system. We are also focused on ensuring the continuous improvement of the quality and completeness of the risk inventory and the corresponding internal management measures.

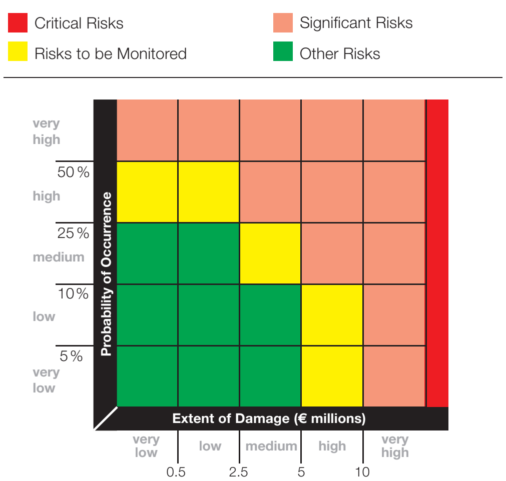
The general form of structures and processes in the risk management system at Axel Springer are based on the internationally recognized "Enterprise Risk Management Framework", a framework developed by the Committee of Sponsoring Organizations of Treadway Commission (COSO). This links the risk management process to the internal control system. The use of this holistic, integrated approach should ensure that countermeasures and monitoring activities are systematically focused upon the strategic, operative, reporting-related and compliance-related objectives of Axel Springer and their risks. In addition, as much coverage as possible of the entire company and its activities should be achieved.

To ensure close interlinking of individual subsystems in the long term which results in an appropriate, effective monitoring system for Axel Springer, Group-wide coordination of systems for risk management, compliance management and the internal control system as well as the related reporting is carried out by the Governance, Risk & Compliance central division.

The risk management processes at Axel Springer are focused in accordance with Section 91 (2) of the German Stock Corporations Act (AktG) on recognizing and evaluating all significant and existential risks as well as essential changes in the risk situation as promptly as possible. It should therefore be assured in accordance with risk policy principles and risk strategy that corresponding control and countermeasures can be used in time to react to such risks. This approach gives us the necessary maneuvering room and allows for the controlled and responsible management of risks.

The risks at Axel Springer are divided into strategic, operative, reporting-relevant, and compliance-relevant risks based on the COSO framework (risk categories). Insofar it is appropriate and quantifiable, risks are assessed quantitatively with reference to the parameters "loss amount" (impact) and "probability of occurrence". Based on these parameters, risks are assigned to one of the following risks classes: critical risks, significant risks, risks to be monitored, and other risks. To achieve focus on the various risks that are relevant and significant at a Group level, a materiality limit is established based on EBITDA, and the classifications are determined from the depicted risk matrix. Currently, the materiality limit at a Group level is € 10 million.

Risk Matrix of Axel Springer SE



A theoretical threat to the company's survival as a going concern is assessed by Axel Springer with reference to the criterion of the gross loss amount and its impact on the financial position and liquidity (excessive debts and insolvency) at a Group level. The gross loss amount is the impact of a risk prior to any risk management measures being established.

To ensure the effective management and greatest possible transparency in the presentation of the risk position, all identified risks are assessed both prior to the implementation of risk management measures (gross risk assessment - inherent risk), and after the corresponding measures are taken (net risk assessment - residual risk).

Whilst overall responsibility for risk management lies with the full Executive Board, the operational management of the individual risks falls primarily within the area of responsibility of the respective company divisions or Axel Springer Group companies. This includes the early detection and identification, assessment, definition of appropriate measures, the management and monitoring of such measures and adequate documentation and reporting processes.

The senior managers of Axel Springer and the management of Axel Springer Group companies bear the responsibility for the content of the risk management system implemented within their division or company and the risks contained therein. As part of the so-called bottom-up procedure, they undertake to participate in the update campaign that takes place every six months, along with the systematic and standardized risk inventory conducted once a year. They must also continuously monitor any changing risk situations within their division or company. Significant changes in the risk situation must be reported immediately to the Corporate Office of Governance, Risk & Compliance.

This decentralized risk inventory process is supplemented by a centralized risk inventory within the top management group (top-down procedure), which is accompanied and moderated by the Governance, Risk & Compliance central division.

The purpose of the risk inventories and analyses carried out in the top-down and bottom-up procedures is to systematically identify and assess cross-company, cross-divisional and cross-procedural risks in order to complete the risk inventory and ensure its quality.

In the Governance, Risk & Compliance division, risk management activities are coordinated, risks are aggregated up to the Group level, reported risks are checked in terms of their plausibility, and the completeness of the required risk reports is monitored. The division is also responsible for compiling, updating and communicating the risk management guidelines, all supporting measures, such as maintaining the risk management software, the continuous further development of the centralized risk management system and reporting to the Supervisory Board and Executive Board.

The semi-annual and ad-hoc risk reports prepared for the Executive Board and Supervisory Board focus primarily on existential risks and significant risks, along with the countermeasures adopted and suitable early warning indicators, to the extent they are available.

Internal audit system

Group Auditing within Axel Springer SE is organized as a process-independent staff department, which is under the control of the full Executive Board in functional terms, and under the Executive Board member in charge of Personnel and Finance in disciplinary terms. It provides consulting and investigations in all Group companies and divisions in a risk-oriented manner and aligns its activities with relevant national and international professional standards.

In particular, Group Auditing has the task of inspecting the effectiveness of the internal risk management and control system as well as the compliance management system based on a risk-oriented inspection plan and to derive measures for eradicating weaknesses. Implementation of improvement measures is followed up based on a systematic process.

The results of individual audit or consultancy mandates are typically reported to the Executive Board and periodically summarized to the Audit Committee of the Supervisory Board.

To ensure the effectiveness of the internal audit system, a quality assurance and improvement process is set up, which provides for external quality assessments amongst other things in accordance with professional guidelines.

Report on the financial reporting-related risk management system and internal control system pursuant to Section289 (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 Treadway 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 and reporting 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, reporting, 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 accounting and reporting process by means of appropriate selection procedures and training.

- Centralized preparation of the consolidated financial statements (including management report), 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. Thus, 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

If not stated elsewhere, all risks will be mentioned in the following which have a considerable negative effect on reaching our company-wide targets. Within the risk areas described below, risks are typically presented in the order of their priority for the Group. This method may be deviated from in order to prevent repetitions and in the interests of readability.

The risks illustrated below are primarily based on the 2016 forecast period, unless the risks in question relate to long-term objectives.

Market and competition risks

Internationalization is one of the pillars of Axel Springer's strategy alongside focusing on journalism and business models benefiting from journalism in the broader sense, as well as digital transformation. As a result, the economic and industry-specific developments in many different regions are of key importance to the financial performance of the Group, in addition to the general global economic situation. Developments in the European Economic Area, the USA and Switzerland in particular play a decisive role alongside the developments in Germany.

Although above-average growth is forecast for the Anglo-Saxon region, including in particular the USA, growth rates in both the European Union as well as Germany are only expected to grow comparatively slowly. The fact that individual countries are currently not able to correct their deficits and that the required structural reforms are only being implemented slowly is causing a growing economic chasm between euro zone countries. The spill-over effect of political issues that remain largely unresolved, such as the refugee crisis or the conflicts in the Ukraine and in the Middle East, could have a negative impact on the global economy, and particularly on our core markets within the European Union. Another economic downturn or global financial crisis would in all likelihood have a negative impact on Axel Springer as well. This could lead to a significant deterioration in the revenue situation and a slow-down in online market growth, and might also put the brakes on digital transformation at Axel Springer. An unplanned reduction in revenues cannot therefore be ruled out on a national or international basis, meaning therefore that it poses a significant risk to all Axel Springer segments.

The digital revolution, demographic changes and technological advances have led to massive changes in consumption and reading habits. The resulting increase in the importance and use of digital offerings leads to sustained revenue reductions in the field of printed publications. Unpredictable market developments or a further acceleration of this trend could reinforce even further the declines already factored in on the basis of structural changes.

Furthermore, the general market situation and media industry is still characterized by intense competition pressure. This has arisen partly due to the creation of alliances or mergers between direct competitors (such as within national marketing) as well as other free-of-charge offerings within the online and print media sector, putting pressure on our revenue share and positions in the entire distribution and advertising business. Furthermore, the loss of advertising customers due to switching over to other advertising media such as TV or radio could considerably reduce our advertising revenues, both in print and online. The pressure on digital advertising revenues has also increased as a result of the increased use of mobile devices that make it difficult for advertisements to be displayed due to their small display surfaces.

High levels of market and competition dynamism are prevailing in the markets for our Marketing Models and Classified Ad Models as a result of ever shorter innovation cycles. Our digital portals are therefore exposed to the risk that new portals and competitors aiming to break into the market could jeopardize the existing market position in the long run. Increasing competition is a threat not only on the part of the world's leading Internet companies aiming to penetrate into new market segments and/or the traditional media business, but also for new companies with innovative business concepts. As a result, missing out on market trends and technological developments will pose an ever greater risk in future as our leading market position could also be threatened by this.

In order to mitigate the aforementioned market and competition risks, the environment is monitored in an intensive and continuous manner, enabling definitive internal management measures to be derived for the operational management. At the same time, the digitization of our products will be further strengthened, our journalistic product portfolio will be expanded both nationally and internationally, and our journalistic and technological competences will be optimized and enhanced. Adjustments to evolving consumer and reader requirements also occur via technical and product-specific innovations. This will be accompanied by pricing and product policy measures.

Many of our digital Marketing and Classified Ad Models are additionally confronted with the risk arising from the dominant position of major Internet search engines. If, for example, these search engines change their search algorithms or expand their business models that compete with our business sectors, this can have noticeable effects on the future revenue situation. Even small changes in visibility or in position on the results pages could lead to significant losses in turnover with certain business models.

We counter this risk by means of targeted ad placements on search engine results pages and through search engine optimization as well as the further expansion of our activities in target-group relevant social media channels and by continuously improving the attractiveness of our offerings. Simultaneously, we are focusing on adequate measures to reinforce the brands and offerings of Axel Springer SE and their prominence so that their reach and usage will not be as dependent on services provided by third parties, particularly the visibility on search engines.

Furthermore, the spread and use of ad blockers presents a risk for advertising revenues which must be taken seriously in the digital advertising sector. Specially preconfigured browsers and browser add-ons prevent ads from being displayed on visited web pages. The continued spread and use of ad blockers could lead to substantial declines in advertising revenues, not just for Paid Models but also for our Reach Based Marketing and our Performance Marketing Models.

We counter the increasing use of ad blockers both with legal action against the providers as well as with the development of technical solutions, such as those in place for BILD.de. The readers must disable the activated ad blocker or purchase a chargeable “BILD smart” subscription enabling virtually ad-free access in order to use the journalistic content.

Through the constant further development of our mobile applications, we are continuously increasing the degree of digitization and clarify our strategy of becoming the leading digital publisher throughout all our segments. 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 also on page 29 in the report on the financial performance of the segments.)

Political and legal risks

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, which was also expressed by the European Court of Justice as grounds for termination of the so-called "Safe Harbor Agreement", 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. Consumer protection and data privacy proposals have also gained significance in the legislative and executive bodies of the German states and the German Federal Government, and at European level as well. This trend is worrisome for digital business models, because they are reliant upon the use of data. Furthermore, in the absence of any long-standing and uniform jurisdiction with regard to new digital business models, this means the legal position is in some cases unclear and, thus, there is the latent risk of written warning letters and the allegation of breaches of law. This uncertainty could increase as a result of the EU General Data Protection Regulation that has already been enacted and is due to take effect from 2018. 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 measures that necessitate the use of personal data without prior consent. Furthermore, recent regulatory proposals are potentially more advantageous for the providers of registration-required online services than for advertising-financed online services and advertising networks that do not maintain direct contacts with end customers, because the popular, registration-required online services already possess a large, personalized subscriber base, making it much easier for them to obtain permission from their users. Major restrictions in advertising and customer-retention possibilities resulting from this Data Protection Regulation could result in substantial revenue losses for mobile and web-page-based business models.

The Internet activities of public-sector broadcasters currently pose another risk to our business. 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. 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 appealed against this before the Federal Supreme Court, the appeal was upheld and referred the case back to the Cologne Higher Regional Court for a new trial.

Depending on the outcome of the legal case, it could 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, consultation and approval rules, introduced guidelines and initiated extensive training programs, among other measures. The company intends to intensify such activities in the future.

IT risks

For Axel Springer, a Group with an increasingly high degree of digitization of its offering and internal processes, there are numerous significant risks regarding the availability of IT systems used, as well as the confidentiality and integrity of information.

Due to the high degree of integration of information technology within business processes, Axel Springer is reliant on high availability of IT components. Failure of IT infrastructure as well as the applications that are driven by said infrastructure, such as those used to view chargeable content on BILD.de, can have considerable influence on availability. Possible causes of such impairments are internal factors such as increasing complexity of systems and the infrastructure which has grown over a prolonged period of time, but also include external factors such as, for example, computer criminality via DDoS attacks. At worst, these could cause interruptions in business activities along with far-reaching consequences regarding revenues and reputation.

Additional IT risks are classified as important if the confidentiality of information and data integrity is compromised as a consequence. In consideration of the growing importance of paid content offerings and services requiring authentication, and the related collection and storage 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 of great importance.

For this reason targeted measures have been and indeed are being undertaken to avoid or to limit the effects and probability of occurrence of criminal activities and the failure of IT components as far as is possible. Measures such as back-up systems, emergency data centers, firewalls, use of encryption, identity & access management, consolidation and standardization and hardening of systems are used to reduce risk. The stated measures are continuously analyzed and expanded or improved if necessary.

Reputation risks

Reputation risks are not recorded separately in Axel Springer's risk inventory as they arise in the majority of cases as a secondary risk or effect in conjunction with the primary risks. Axel Springer has an exposed position and any risk that occurs can cause a great deal of attention. As a result, countermeasures that aim to prevent the risk in question from occurring are primarily used to prevent reputation risks. Possible reputation risks range from the violation of journalistic independence to the breach of country-specific laws and programs for equal treatment and equal opportunity.

Axel Springer implements numerous internal and external measures to counter reputation risks, such as observing local laws and any structural changes that may subsequently be necessary, and carrying out information campaigns and public relations activities. 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. Failure to observe this International Social Policy could lead to a serious loss of image. In addition, we also expect our business partners to adhere strictly to our corporate principles – for example in the production of advertising materials and product supplements.

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 and the standards of behavior contained therein. 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.

Axel Springer has instituted an advanced 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 environmental protection organizations. We also conduct monitoring measures across the value chain. Our internal and external communications on this subject are characterized by openness and transparency.

Strategic and other risks

Significant strategic risks arise primarily for Axel Springer from decisions regarding capital expenditures in new business segments and models, as well as companies that perform differently in the long term than expected or are unable to compete within the market in a sustainable manner and/or are superseded by new business models. These risks could lead to negative financial results and impairment losses recorded on the balance sheet when permanent impairment is expected in the context of the impairment test which is to be carried out. This risk could materialize in our activities in the Marketing Models, Classified Ad Models, and national and international Paid Models segments. Strategic risks alongside the expected opportunities result from the internationalization and digitization strategy of Axel Springer and the associated expansion in the USA, the acquisition of Business Insider being particularly at the fore here.

In general, the business segments and models of our interests are, however, extremely heterogeneous, so that so-called cluster risks are limited by means of diversification. Such risks are further diversified by means of preventative measures such as the clear investment criteria, in accordance with which we check new investments as part of 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. In addition, the internal steering functions are continuously adapted in line with the Group's development, both in terms of organization as well as personnel.

The business activities undertaken in eastern Europe also form part of Axel Springer's internationalization strategy. These activities are combined in the Ringier Axel Springer Media AG joint venture and form part of the Paid Models segment. Potential risks and uncertainties arise on the one hand for the Axel Springer Group from the activities and political framework conditions in the eastern European region.

On the other hand, the joint venture is confronted with the same risks as those which have already been stated for the Paid Models for the entire Group. They range from the structural transformation from print to online, to financial risks arising due to the level of internationalization. The dependency of certain individual distribution partners as a result of the heavily concentrated Polish press distribution market must also be taken into account as a significant individual risk. This dependency entails the latent risk of there being a higher proportion of open receivables remaining outstanding in the case of payment defaults by individual companies, resulting therefore in considerable losses. To limit this risk, a portion of the potential loss on receivables is already covered by way of an appropriate insurance policy.

The challenges faced within the marketing environment in Germany are also growing. This is caused, amongst other things, by the increasingly specific nature of customer requirements (multichannel marketing) or by new competitors and the establishment of a marketing alliance created by several newspaper publishers. For this reason, Media Impact GmbH & Co. KG, the joint venture marketing company with the FUNKE Mediengruppe as a minority shareholder, is looking to restructure in order to position itself better from a strategic perspective and highlight its own strengths compared to the competition. This could, under certain circumstances, lead to revenue losses in the implementation phase.

Axel Springer is of course exposed to natural risks that continue to pose significant risks to the Group. Possible damage caused by natural disasters may lead to material losses and business interruptions. We counter these risks in two ways: Firstly, structural and organizational measures have been undertaken to raise the Group's security standards even further, and secondly insurance cover is in place to reduce any possible financial consequences.

Although Axel Springer is not considered to be a primary terrorist target based on current knowledge, the threat level has increased significantly as a result of the current global political situation. This risk is countered, amongst other things, with enhanced security standards, more stringent access regulations and controls, and comprehensive education and training of all security staff. The financial risk caused by potential material losses and business interruptions is hedged here by way of appropriate insurance policies.

The modern Axel Springer Campus is being built in the heart of Berlin, helping to support the cultural transformation into a digital publisher. When planning and implementing such a major project, it is inevitable that Axel Springer will be confronted with construction-related risks that are significant based on the value of capital expenditure alone. To mitigate potential risks, an appropriate general contractor agreement has been concluded, and project controlling and reporting structures have been established for the purpose of continuous monitoring.

Personnel risks

The individual skills, professional competence, and commitment of our employees contribute greatly to the success of the Axel Springer Group. As a consequence, the loss of specialist staff and management and the associated loss of expertise and capacity issue is a significant risk which we actively look to counter. A primary focus of human resource management is the targeted, progressive development of employees and motivation with the aid of focused and continuous training, attractive bonus schemes, flexible working time models and a better work/life balance. Age-related employee turnover is also acted upon at an early stage with systematic succession planning and development. As a result, the transfer of a valuable wealth of experience and personnel demands should be ensured in a sustainable manner.

In addition, the increasingly difficult situation regarding the recruitment of junior staff as well as potential management staff also represents an ever-increasing risk. It is increasingly difficult to recruit qualified staff, and this is a result of demographic change, and also a matter of increasing competition on the human resources market. IT specialist staff are increasingly in demand, particularly with regard to the increasing digitization of business models. As a result, we have set up an in-house recruiting team that has already been very successful in discovering candidates for digital business activities. With the current employer marketing campaign, we want to differentiate ourselves significantly from other companies and portray Axel Springer as an innovative and modern employer.

Financial risks and risks associated with the use of financial instruments

The financial risks especially relevant to Axel Springer are default risks associated with loans and financial investments as well as interest rate risks.

Axel Springer granted loans to business partners as part of the transaction with the FUNKE Mediengruppe and during the course of other business activity. The risk of potential default on loan claims is countered by gathering information on the economic and financial situation of the business partner, along with corresponding analysis and preparation of such data. We are able to quickly recognize default risks using this method. In addition, these business partners have granted us security to their assets.

With regard to our investment in Doğan TV Holding A.S., the potential risk of financial loss – associated with the risk of depreciation of the investment – arising from the existing contractual agreement regarding the sale is fully hedged by bank guarantees.

However, in order to combat potential risks of financial loss with regard to the investment of surplus cash not needed for operations, such cash is invested on the basis of stipulated 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 investment volume is divided up amongst several banks to avoid a cluster risk.

Existing interest rate risks arise primarily from financial assets or liabilities with variable interest rates. However this risk is limited. During the financial year, we primarily financed ourselves via Schuldschein that are mainly fixed interest-bearing. An additional existing interest rate risk that could affect the Schuldschein and credit lines with variable interest rates is minimized, where required, by using interest rate derivatives.

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 lines in the amount of € 1.5 billion (through 2020) obtained for liquidity assurance purposes have been committed by the participating banks with binding effect. The interest rate is linked to a ratio of net debt and earnings indicator of the Axel Springer Group, meaning therefore that the utilization of credit lines would result in a higher interest burden in the case of negative performance. As part of the loan agreements, we must also observe a number of additional conditions that would give the banks a right of termination if they are not observed. We have observed these conditions, and therefore we consider the risk of accelerated maturity 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.

There are corresponding currency risks to the Group caused by Axel Springer's level of internationalization. Risks arise from expenses, revenues, investment income and expenses, and receivables and liabilities denominated in foreign currencies (transaction risk).

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 comprehensive income. Therefore, Axel Springer does not hedge such currency risks.

The risks arising from financial instruments and hedging activities are discussed in detail in Section (35) of the notes to the consolidated financial statements.

Overall risk assessment

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. Taking into account the interaction and aggregation of individual risks, there are, at present, no discernible risks that could threaten the continued existence of the Axel Springer Group, or could significantly affect the Group's financial position, financial performance and liquidity in the forecasting period 2016. This applies on the proviso that there is no dramatic deterioration of the economic situation in our markets and the media industry, and, thus, a significant deterioration in the market and financial performance of the Group. Furthermore, risk concentrations are being reduced by means of diversification, internationalization, optimization of the brand and product portfolio, and digitization. Slight changes in risk positions are indeed recorded compared to the prior year, particularly as a result of the acquisitions and sales of companies completed, and the associated capital expenditures. However, these changes have not significantly influenced the company's overall risk situation and risk tolerance.

Opportunities management

The opportunities management system established at Axel Springer aims to ensure the success and continued existence of Axel Springer sustainably by systematically exploiting opportunities that arise. As part of the management, strategic and planning processes, potential opportunities induced both internally as well as externally are identified and assessed for the company divisions and Group companies. This is based for example, on market and competition monitoring activities and analyses as well as regular dialog with external experts. In considering the risks involved, identified opportunities are fundamental to corporate decision-making and the introduction of corresponding measures, such as measures regarding investments in new markets or technologies. Responsibility for the management of opportunities is taken in as decentralized a manner as possible by the operational divisions and their management or senior managers.

Opportunities

According to the definition of risk, opportunities are understood to refer inversely to positive deviations from defined targets. They may arise from unscheduled and/or non-budgeted positive developments and/or events. This applies if there is insufficient certainty regarding the occurrence of events, or the framework conditions and environment in question develop in a more favorable manner than expected. In addition, potential arising from long-term strategic decisions that had not been fully budgeted may lead to additional growth.

Strategic opportunities

In a constantly changing environment we continue to develop our company so that we are able to face global and industry-specific challenges in the future with innovative and tailored solutions.

Axel Springer's digitization strategy offers especially promising opportunities for generating additional growth and revenues based on highly positive developments within the digital markets. Axel Springer exploits these developments by investing in new or future-oriented technologies, entering into new forms of cooperations, the ongoing digital transformation of journalistic products and the consistent linkage of various media. This linkage will deliver the most comprehensive multimedia coverage in the German media landscape, spanning digital, print, and live-TV with an emphasis on quality journalism as the hallmark in all media channels. In addition, the Group invested in expanding Paid Models in the Internet and expanded its digital portfolio through additional acquisitions of Marketing and Classified Ad Models. Through this approach, we want to continuously draw closer to the goal of becoming the leading digital publisher.

On the one hand, acquisition of equity stakes in companies with promising digital business models in early stage and growth phases in their lifecycle provides us with the option of establishing contacts within the industry and to other founders and investors, and also grants access to new ideas and business models. On the other hand, we also obtain access to co-investments, which could remain open, if necessary, for subsequent acquisition of a majority stake. In the event of substantial development of the associate companies, we can also profit from a significant appreciation in value.

We also see further opportunities for growth in the internationalization strategy and, closely linked to this, entering into new markets and/or expanding in existing markets. As a result, there is significant potential associated with the introduction of business models successfully established in the home market, the acquisition of existing and successfully established companies, and entering into strategic partnerships in international growth regions. We also have an advantage over our competitors in that we have already attained strong positions in many countries.

Market and competition opportunities

If the global economic situation continues to stabilize and – as is currently forecast by leading economic institutes – grows at the rate expected, then this could have a positive effect on our revenue development. The decisive factor will be what spill-over effect regional conflicts and crises will have on our core markets subject to the highly interconnected nature of the global economy. Nevertheless, Axel Springer believes it is in a strong position to exploit the opportunities that may arise with its early investments in the projected regional and digital growth markets. Even a negative development of the overall economy could create opportunities. Competitors could pull out of the market, thereby strengthening our own position. Furthermore, there may be the option of acquiring companies at low prices, then subsequently expanding market share in existing markets and investing in new markets with growth potential.

Additional industry-specific potential to generate unplanned revenue for Axel Springer may also arise from higher advertising spending on individual advertising media than forecast by advertising associations. This could in particular be the case if the media mix changes in our favor, or, in other words, if advertising spending flows into the digital sector driven by journalistic content.

Axel Springer agreed a strategic partnership with Samsung in 2015. The result of this partnership is upday, a content platform that aggregates and curates journalistic content from trusted sources and can display such content in a personalized manner together with self-created editorial content. The link between technology and journalism is established by way of standardized and successive integration into Samsung's relevant products. The aim therefore, amongst other things, is for a product to become established in the market, reducing the dependency on reach-based drivers such as Google News and Facebook Instant News.

In addition to the challenges that occur, the technological developments seen in the marketing business also constitute further opportunities for additional advertising revenues. Employing our know-how and exploiting suitable technical solutions within the field of programmatic advertising as well as targeted customer agreements by way of targeting measures, results in promising additional opportunities within the advertising business.

The increased internationalization of Axel Springer resulting from corresponding investments represents an additional benefit to the Group within the advertising business. In comparison to competitor publishers who are more heavily focused on the German-speaking region, we are able to offer globally active customers a wider reader base and/or higher reach for advertising campaigns, all from a single source.

All of Axel Springer's divisions and companies work on continuous improvement of technologies and processes in order to maintain and expand their position in the face of competition. This also includes an intensive, Group-wide exchange of successful business models, technologies, and processes. It is assumed that this exchange and the exploitation of potential synergies at the company headquarters in Berlin will be supported by the planned Axel Springer Campus and, thus, the spatial proximity of our undertakings.

Political and legal opportunities

The ancillary copyright for press publishers (Leistungsschutzrecht für Presseverleger) entered into force at the beginning of August 2013, with the aim of further enhancing the protection of intellectual property. This stipulates that license fees shall be chargeable to search engine providers for using publisher content, unless such use relates to “individual words” or “the smallest text snippets“. The market-leading search engine provider rejected this. At present, there is a revocable “free-of-charge” consent granted by the publishers to Google to use their text snippets in search results. In December 2015, VG Media, a copyright collective representing more than 200 digital publisher offerings, lodged a complaint in the dispute with Google over the ancillary copyright. This may have a positive impact on Axel Springer and its digital offerings, depending on the outcome and/or any agreement reached.

Operational and other opportunities

Axel Springer is continually working on the optimization of operational processes and structures. Axel Springer therefore regards inter-company, cross-divisional and cross-functional interlinking as a key factor for success in order to produce innovative and tailored content as well as provide high quality products and services for our customers. Smooth interlinking and the digital transformation of processes could lead to a number of unplanned synergy effects on the cost situation, thus leading to positive deviations from the budget. The increased and suitably supported exchange of technological know-how between Axel Springer Group companies, for example, also offers additional opportunities to further improve our position in our core markets.

Forecast report

Anticipated economic environment

General economic environment

The International Monetary Fund (IMF) slightly lowered its growth forecast for the **world economy** in its outlook from January 2016. The IMF states weaker prospects for emerging countries in particular as being the reason for doing so. Furthermore, economic growth in the USA is expected to be less dynamic than the IMF had even forecast in autumn 2015.

According to the forecast, the world economy will expand in 2016 by 3.4 % in real terms. The IMF expects growth of 2.6 % in the USA in real terms. The high dollar exchange rate is indeed putting the brakes on US performance. However, growth is being supported by the favorable developments seen on the housing and employment market. According to the forecast, the Chinese economy will expand by 6.3 %, adjusted for price. The IMF expects an increase in Gross Domestic Product of 1.7 % for the euro area in real terms for 2015. Such growth will probably be driven primarily by lower energy prices and the continuation of the favorable financing conditions.

The ifo Institute expects to see a continuing upward trend in 2016 for the **German economy**. Accordingly, economic performance will increase by 1.9 % in real terms over the whole year. Private consumption will continue to back growth. Thanks to increasing incomes and an overall drop in charges for taxes and duties of households, the ifo Institute therefore forecasts an increase of 2.0 % in private consumption, adjusted for price.

Construction investments should increase substantially again in 2016 with a real increase of 2.1 %. However, despite the favorable financing conditions in place, industrial investment will grow at a weaker rate of 3.5 % compared to the current year, adjusted for price. According to the ifo Institute, capacities will on the one hand continue to be used as normal, whereas on the other hand the export industry is only expected to expand at a moderate rate. While German exports are expected to grow in 2016 by 4.4 % in real terms, imports are even expected to increase by 5.3 % as a result of the robust domestic economic situation.

The ifo Institute no longer expects any price-dampening momentum from crude oil prices in the current year. In addition, price rises in the domestic economy are expected to become more intense. As a result, the consumer price level is expected to increase by 1.0 % on average over the course of 2016. According to the ifo forecast, the unemployment rate will remain stable in 2016 at 6.4 %. This will mean around 2.8 million unemployed persons on average over the course of the year. Thanks to the strong demand for labor, the number of gainfully employed persons will reach a total of 43.3 million. This corresponds to an increase of around 370,000 persons. The ifo Institute estimates that the migration of refugees will help to increase the potential labor force in 2016 by around 350,000 persons.

The ifo Institute anticipates a slight acceleration in economic stimulation for **central and eastern Europe**. Price levels and local currencies appear to be stable, and interest rates are likely to remain low. Economic stimulus is provided by companies and private household, but also increasingly from government measures.

Industry environment

The German Advertising Association (ZAW) assumes in its forecast for 2016 an upward trend for advertising budgets, partially driven by sports events such as the European Soccer Championships in France and the Olympic Games in Rio de Janeiro.

According to the current advertising market forecast by ZenithOptimedia, an increase of 4.7 % is expected for 2016 worldwide (nominally). ZenithOptimedia therefore corrected its forecast of + 5.0 % from September 2015 downwards. The expected swing in expectations is in principle based on the major sports events, the European Soccer Championships in France and the summer Olympic Games, as well as the presidential elections in the USA. According to ZenithOptimedia, mobile devices and online moving images are current drivers in the global advertising market.

Currently available forecasts for the **German** advertising industry predict mixed developments for the different types of media. ZenithOptimedia expects net advertising market revenue (marketing revenues net of rebates and agent's commission) in Germany for 2016 to increase by 1.6 % (nominal). Thus, the total advertising market will not grow as fast as the general economy, which is expected to expand at a nominal rate of 3.6 % (+1.9 % in real terms) according to the ifo Institute. Growth in the advertising market is driven by digital (+7.6 %), TV (+2.5 %) and outdoor (+3.0 %). ZenithOptimedia is predicting a drop in net advertising revenues for newspapers (–3.4 %), magazines (–2.1 %) and radio (–0.3 %).

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

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

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

ZenithOptimedia's forecast for the **international markets** in which Axel Springer conducts business through its own subsidiaries paints a mixed picture. In 2016, the net advertising volume of the online market in western Europe will increase by 12.1 % to US–$ 40.8 billion, based on the assumption of consistent exchange rates.

Anticipated Advertising Activity 2016 (Selection)

Change in net ad revenues compared to prior year (nominal)	Online	Print
Germany	7.6 %	–2.9 %
United Kingdom	17.9 %	–6.2 %
France[1]	4.6 %	–7.3 %
Poland[1]	10.6 %	–14.4 %
Switzerland[2]	10.8 %	–2.9 %
Hungary	6.8 %	–1.5 %
Belgium[2]	10.0 %	–2.0 %
Slovakia[1]	14.5 %	–4.8 %
Netherlands	7.6 %	–4.7 %
Serbia[1]	11.0 %	8.7 %
Austria[1]	11.4 %	–3.4 %
Ireland	12.9 %	2.3 %
Italy[1]	7.4 %	–4.5 %
Spain[1]	12.0 %	1.4 %
USA	15.6 %	–4.6 %
Israel	7.7 %	–10.1 %
India[1]	25.0 %	11.5 %
Brazil	4.2 %	–6.4 %

Source: ZenithOptimedia, Advertising Expenditure Forecast (December 2015).
[1] Excluding classified ads, that means exclusively sales from display advertising.
[2] Gross advertising revenues (excluding classified ads).

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 publisher by further developing our digital offerings in Germany and abroad, and by making targeted acquisitions.

Comparison of forecast with actual performance

The forecast targets published in March 2015 were essentially attained.

Group

	Forecast	2015
Revenues	low to mid single-digit percentage increase	8.5 %
EBITDA	high single-digit percentage increase	10.2 %
EBIT	high single-digit percentage increase	13.8 %
Earnings per share, adjusted	low double-digit percentage increase	10.3 %

Segments

	Forecast	2015
Revenues		
Classified Ad Models	Significant increase	47.1 %
Paid Models	low single-digit percentage decline	−1.7 %
Marketing Models	low to mid single-digit percentage increase	10.7 %
Services/Holding	Significant decline	−24.5 %
EBITDA/EBIT		
Classified Ad Models	Significant increase	38.9 %/ 37.2 %
Paid Models	low double-digit percentage decline	−15.9 %/ −17.0 %
Marketing Models	mid to high single-digit percentage decline	−17.7 %/ −16.3 %
Services/Holding	Significant improvement	35,3 %/ 27.3 %

The revenue forecast for the **Group** was upgraded during the year. Following the revenue development in the first nine months, an increase in total revenues in the mid single-digit percentage range was forecast in November for the entire year, whereas previously an increase in the low to mid single-digit percentage range had been expected. Expectations for revenues and EBITDA as well as for EBIT were slightly exceeded and met for the adjusted earnings per share.

Expectations for the Classified Ad Models and Paid Models segments were met for the **segments**. In Paid Models the revenues developed in the expected range. The decrease of the EBITDA/EBIT occurred due to unplanned restructuring expenses, slightly higher than initially forecasted. An update of the forecast for revenues and EBITDA/EBIT was performed in August for the Marketing Models segment following publication of the half year figures in August. We expect revenues to increase by an amount in the mid to high single-digit percentage range after better than expected development in the Performance Marketing area, whereas previously an increase in the low to mid percentage range had been expected. The upgraded revenue forecast for the segment was slightly exceeded. Up until then, we had also expected EBITDA/EBIT to decrease in the mid to high single-digit percentage range, amongst other things due to planned expenditure for increasing competitiveness, and the internationalization of digital business models within the field of Reach Based Marketing. The EBITDA/-EBIT forecast for the segment was adjusted to a low double-digit to significant decline, particularly as a result of portfolio changes. This adjusted prognosis was confirmed by the development of the business in the sector of marketing Models.

Anticipated business developments and financial performance of the Group

We anticipate in the Group that **total revenues** will be higher for the 2016 financial year than the prior-year figure by an amount in the low single-digit percentage range. Adjusted for consolidation effects, primarily due to the deconsolidation of the activities in Switzerland, growth would be higher and would be in the mid single-digit percentage range. We assume that the planned increase in advertising revenues will more than compensate for the decline in circulation revenues and other revenues.

We expect a rise in **EBITDA** in the low to mid single-digit percentage range. In this case, a rise in EBITDA in the Classified Ads Models segment is expected, whilst the EBITDA, of Marketing Models segment should finish around the level of the prior year due to planned investments in product quality and also in digitization. For Paid Models and Service Holding, the EBITDA is expected to be below the previous year level.

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

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

Anticipated business developments and financial performance of the segments

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

In the **Paid Models** segment we expect a decline in total revenues in the mid single-digit percentage range for the 2016 financial year. This is predominantly due to consolidation effects, especially of the activities in Switzerland. We expect a decline in circulation revenues, amongst other reasons, due to the structural declines within the national and international print business. We expect advertising revenues and other revenues to be almost at the prior-year figure. We also expect a decline in EBITDA in the mid to high single-digit percentage range due to planned investments for new digital business models, primarely for Business Insider and upday.

We expect the total revenues of the **Marketing Models** segment to increase by an amount in the mid single-digit percentage range, based on the anticipated growth of advertising revenues revenues. We expect a decline in other revenues due to the sale of Talpa Germany and Smart AdServer in the prior year. We expect EBITDA around the previous year level, due to, amongst other things, planned expenditure for the internationalization of digital business models and planned investments in product development and technology within the field of Reach Based Marketing.

Due to decreasing printing plant revenues and lower rental revenues in connection with the sale of parts of the building on the Hamburg site, we expect a considerable decline in revenues in the **Services/Holding** segment. Due to the revenue development, amongst other things, we expect a decline in EBITDA in the mid single-digit percentage range compared to the prior year figure.

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

Anticipated liquidity and financial position

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

Dividend policy

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

Anticipated development of the workforce

The average full-year number of employees in 2016 will be higher than in 2015. This is mainly due to organic growth and acquisitions in connection with the digital transformation of the Group's business.

Planning assumptions

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

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

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

EBITDA, EBIT, and the adjusted earnings per share do not contain any non-recurring effects, any writedowns from purchase price allocations, nor any 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 writedowns and writeups of equity investments, effects resulting from the sale of real estate, impairments, and writeups of real estate used for operational purposes. Purchase price allocation writedowns 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, EBIT, 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, EBIT, 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

Following the capital increase implemented in December 2015 (for more information see page 9), the company's subscribed capital amounts to € 107,895,311. It is divided into 107,895,311 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 65 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 AG 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 to 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.

- The 8,955,311 newly registered shares of Axel Springer SE issued to General Atlantic Coöperatif U.A., Amsterdam, Netherlands, under the capital increase, are subject to a holding period in accordance with the agreements made between the company and General Atlantic Coöperatif U.A. This amounts to 6 months for 50 % of these shares, and 18 months for the remaining 50 %.

Other transfer restrictions based on the German law of obligations exist in connection with the share ownership programs conducted in the 2012, 2013 and 2014 financial years, as well as the current financial year, for the employees of the Axel Springer Group. In general the shares acquired as part of the share ownership program in 2012, 2013, 2014 and 2015 are subject to a minimum holding period of four years (i.e. until May 31, 2016, May

31, 2017, May 31, 2018, and May 31, 2019). During the minimum holding period, employee shares are held in a blocked account with Deutsche Bank AG.

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 and 2014 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 (for information on the virtual stock option plan 2011 and 2014 for senior executives, see page 80).

The same applies to the virtual stock option plans 2012 and 2014 for members of the Executive Board (see page 77 for information on the virtual stock option plans 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 its 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 2015, 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 2015 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 controlling 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, 2013, 2014 and 2015, 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 persons. 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 (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) 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, Article 9 para. 1 letter c) 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 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 (2) 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 votes cast represented in the adoption of the resolution (see Article 21 para. 3 of the 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

The Executive Board was authorized, in accordance with Article 5 para. 4 of the Articles of Incorporation, and based on the resolution of the annual shareholders' meeting of April 14, 2015, to increase the capital stock by April 13, 2020, subject to the approval of the Supervisory Board, by issuing registered shares of restricted transferability, either in a single tranche or in several tranches and in return for cash and/or non-cash contributions (including mixed non-cash contributions), up to a total of € 11,000,000 (authorized capital).

By partially drawing down this authorized capital, the capital stock was increased by € 8,955,311 and 8.955.311 new registered shares of Axel Springer SE were issued to General Atlantic, with effect from December 9, 2015. The subsequently remaining authorized capital in accordance with Article 5 para. 4 of the Articles of Incorporation empowers the Executive Board to increase the capital stock, subject to the approval of the Supervisory Board, by € 2,044,689 by issuing new registered shares of restricted transferability.

By way of a resolution at the annual shareholders' meeting on April 14, 2011, (Agenda Item 7), the Executive Board was authorized with approval of the Supervisory Board until April 13, 2016, to acquire treasury shares of the company up to 10 % of the existing share capital on adoption of the resolution. In the context of the company being converted into an SE with effect of December 2, 2013, as a precautionary measure in case non-registrable resolutions would be held to not remain valid after the conversion, it was resolved at the annual shareholders' meeting of April 16 2014, to authorize the Company again to acquire and use treasury shares, with a prolonged term until April 15, 2019, whilst revoking the previous authorization. Acquisition must only take place on the stock exchange or via a public offer directed at all shareholders or a public invitation to submit an offer to buy.

Along with the shares held by the company or attributable to the company in accordance with Article 5 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 16, 2014, which is available on the website of Axel Springer SE (see AgendaItem 8 and the Executive Board's report on this subject).

At the end of financial year 2015, the company held no treasury shares.

Axel Springer SE does not have any contingent capital.

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

With the exception of regulations in the Schuldschein and consortium loans stated in the following, as well as contractually entitled cancellation rights for part of Executive Board members in case of a change of control (for more information see page 65 below and page 78 of this Annual Report), the company has not made any major agreements that would take effect in the event of a change of control due to a takeover.

The company placed a Schuldschein with a nominal volume of € 500,000,000 on the capital market in April 2012; the financing volume was increased by € 137,000,000 for optimizing financing terms in October 2014 by partial cancellation, conversion, and subscription of the existing promissory note, meaning therefore that the total volume was € 637,000,000, and callable in six tranches. The lender can demand, in the event of a change of control, that the receivables held can be partially or fully paid back early within a 90 day period.

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 Schuldschein, 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.

With regard to the consortium loans re-negotiated in July 2015 and totaling € 1,500,000,000, the lenders are also entitled to terminate the loan 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 the acquisition of shares of Axel Springer SE representing more than 50 % of 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 of control in the context of these agreements shall not apply if the controlling shareholder Dr. h. c. Friede Springer no longer holds and/or intends to control the majority of shares, either directly or indirectly. In such a case, they will have the right to receive payment of their base salary for the most recently negotiated remaining contractual term (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) and/or a lump sum amounting to the total remuneration for the duration of the original residual term; the amount of the aforementioned payments is typically limited. 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.