

## Press Release

Axel Springer AG  
Corporate Communications

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May 11, 2010

### **Axel Springer posts all-time record EBITDA in first quarter Recovery of advertising market continues into second quarter**

*EBITDA of EUR 119.2 million / Profitability improves in all operating segments /  
Group revenues rise by 7.0 percent / Strong growth of Digital Media*

Axel Springer got off to a successful start in the 2010 financial year with the best quarterly result in company history and a sharp increase in revenues. A recovery of the advertising market, especially in March, cost discipline and the positive effects of restructuring measures led to a clear improvement in profitability in all operating segments. The Group also benefited from the continuous dynamic growth of its Digital Media operations, which saw its revenues grow more than 50 percent, thereby becoming the second-largest generator of revenues after National Newspapers. The initial consolidation of acquisitions also made a contribution here.

As preliminarily announced on April 20, 2010 the Group saw earnings before interest, taxes and depreciation (EBITDA) adjusted for special effects and purchase price allocations rise by 48.4 percent to EUR 119.2 million (previous year: EUR 80.3 million). The EBITDA margin rose from 13.0 percent in the previous year's first quarter to 18.0 percent. Group revenues improved by 7.0 percent to EUR 663.7 million (previous year: EUR 620.0 million). The growth of digital media enabled Axel Springer to over-compensate for declining revenues in the print segment.

Newspapers National saw profitability improve significantly thanks to a slight increase in advertising revenues while circulation revenues were down year-on-year. Magazines National posted a record EBITDA margin despite the fact that the advertising market remained sluggish. The cost-cutting measures introduced during the previous year had a positive effect on the earnings picture of the international newspapers and magazines, which were able to strongly increase the EBITDA margin despite declining segment earnings. Digital Media profited from the initial consolidation of the newly acquired companies StepStone, Digital Window and Perfiliate (buy.at) as well as an increase in revenues posted by content portals and other online operations.

Dr. Mathias Döpfner, Chairman and Chief Executive Officer of Axel Springer AG, said: "Axel Springer set a new record for a first quarter result and raised the

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guidance for the full year. This shows that the digital transformation offers content companies many more opportunities than risks. The very high profit margins of newspapers and magazines are evidence that predictions of the demise of the print business are wrong.”

Döpfner added: “It seems that the recovery of the advertising market for German newspapers and magazines, is continuing into the second quarter. This gives us hope that we have reached the bottom and are on the way back up.”

On April 20, 2010 the Management Board of Axel Springer AG raised the forecast for the entire year due to the business development in the first quarter which exceeded the expectations and a more positive outlook for the advertising market. The Group now predicts a significant increase in Group revenues for the 2010 financial year. The Management Board also anticipates that the increase of the Group EBITDA will significantly exceed the previous forecast of 10 percent.

*Increase in advertising revenues – Decline in circulation revenues*

In the first quarter Axel Springer generated circulation revenues of EUR 278.3 million (previous year: EUR 289.0 million). The portfolio divestment of women’s and youth publications carried out last year affected this figure. Furthermore effects from copy-price increases carried out 2008 did not apply any longer. Advertising revenues grew a considerable 12.3 percent to EUR 299.0 million (previous year: EUR 266.1 million). A significant share of this growth is attributed to Digital Media, which saw its advertising revenues rise as the result of the initial consolidation of newly acquired companies as well as organic growth. Print media experienced a much milder decline in advertising revenues than in the quarters of the previous year. Newspapers National even posted a slight increase. The Group also saw other revenues climb sharply by 33.1 percent to EUR 86.4 million (previous year: EUR 64.9 million). This increase is mainly due to the consolidation effects regarding the acquisition of StepStone.

International expansion efforts continued with several acquisitions in the digital segment; their contribution is reflected in the growth of foreign revenues. Revenues in the segment Print International also stabilized. Foreign revenues rose accordingly in the first quarter by 31.1 percent to EUR 157.8 million. Axel Springer thus generated 23.8 percent of total Group revenues in international markets.

Net income for the first quarter was EUR 62.3 million. The previous year’s amount of EUR 213.0 million was significantly influenced by the one-time effect of the profit from the sale of stakes in regional newspapers in the amount of EUR 201.9

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million. As a result earnings per share of EUR 2.03 were lower than the previous year's figure of EUR 7.09. Adjusted for essential non-operating effects Group net income amounted to EUR 62.0 million (previous year: EUR 34.9 million), and earnings per share were EUR 2.07 (previous year: EUR 1.17).

*Segments: Significant improvement in the profitability of all operating segments*

The segment **Newspapers National** was almost able to fully compensate for the decline in circulation revenues through higher advertising revenues, and posted a significant increase in EBITDA. BILD and BILD am SONNTAG in particular contributed to the increase in advertising revenues of 0.9 % to EUR 132.7 million (previous year: EUR 131.5 million). The sluggish circulation market coupled with largely constant copy prices had a direct effect on revenues; segment circulation revenues declined 2.8 percent to EUR 149.6 million (previous year: EUR 153.9 million). Total revenues for the segment Newspapers National were EUR 289.4 million (previous year: EUR 292.4 million). Despite the subdued development of revenues, the segment EBITDA rose a significant 19.7 percent to EUR 77.6 million (previous year: EUR 64.8 million). Measures to increase efficiency introduced in 2009 and cost management had a positive effect here. The EBITDA margin grew from 22.2 percent to 26.8 percent, which is only slightly below the record value.

In the first quarter of 2010 **Digital Media** generated revenues of EUR 160.0 million (previous year: EUR 104.7 million), thereby becoming for the first time the second-largest source of Group revenues. The initial consolidation of StepStone, Digital Window and Perfileate (buy.at) contributed significantly to this result. Digital activities also grew organically (plus 8.4 percent), thanks primarily to an increase in revenues posted by content portals coupled as well as idealo and gamigo. Segment advertising revenues grew 47.3 percent to EUR 113.5 million (previous year: EUR 77.1 million), and other revenues increased 68.7 percent to EUR 46.5 million (previous year: EUR 27.6 million). The EBITDA also rose sharply from EUR 6.8 million to EUR 13.3 million.

The segment **Magazines National** enjoyed a strong increase in earnings despite the slow market environment and lower revenues, thereby setting a new record for its EBITDA margin. Revenues generated by Magazines National declined 6.1 percent to EUR 119.2 million (previous year: EUR 126.9 million). Half of the decline is attributed to the effects of the divestment of women's and youth publications during the previous year. Segment circulation revenues came to EUR 82.9 million (previous year: EUR 89.1 million); advertising revenues dropped to EUR 30.4 million (previous year: EUR 33.2 million). Thanks to measures to improve efficiency introduced during the previous year and cost management, the segment

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Magazines National was able to nearly double its EBITDA despite the decline in revenues. The EBITDA rose by 92.8 percent from EUR 13.1 million to EUR 25.2 million. The EBITDA margin of 21.1 percent set a new record.

In the first quarter Axel Springer managed to stabilize revenues and greatly improved the earnings picture in the **Print International** segment. At EUR 71.6 million revenues generated by international newspapers and magazines nearly equaled the figure for the first quarter of last year of EUR 72.4 million. Circulation revenues, which amounted to EUR 45.8 million (previous year: EUR 46.0 million), benefited from improvements in foreign markets with the exception of Poland, Spain and the Czech Republic. Advertising revenues declined from EUR 24.3 million to EUR 22.3 million. Following operating losses of EUR -2.4 million in the first quarter of last year, the segment posted an EBITDA of EUR 5.4 million and an EBITDA margin of 7.5 percent for the reporting period. Thanks to disciplined cost management, all foreign companies exceeded the results of the previous year.

The segment **Services/Holding** remained stable with revenues of EUR 23.4 million (previous year: EUR 23.5 million). The EBITDA was EUR -2.2 million following EUR -1.9 million for the previous year.

*Financial situation: Equity ratio rises to 42.3 percent.*

Cash flow from operating activities declined from EUR 48.1 million for the previous year's first quarter to EUR 29.1 million. The primary reason for this was the increase in working capital (previous year: reduction of working capital) as well as higher profit tax payments. Financial liabilities remained nearly unchanged at EUR 393.0 million, and net debt remained constant at EUR 193.0 million. Cash and cash equivalents increased slightly from EUR 197.3 million to EUR 200.0 million as of March 31, 2010. The equity ratio rose from 40.8 percent to 42.3 percent. The number of employees grew by 615 to 11,267 following the initial consolidation of acquired companies.

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This press release and the complete interim report in English can be downloaded from [www.axelspringer.com/q-1](http://www.axelspringer.com/q-1); the German originals can be downloaded from [www.axelspringer.de/ql](http://www.axelspringer.de/ql) .

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<b>Group Key Figures</b>			
<b>in EUR millions</b>	<b>Q1/2010</b>	<b>Q1/2009</b>	<b>Change</b>
<b>Revenues</b>	<b>663.7</b>	<b>620.0</b>	<b>7.0%</b>
Newspapers National	289.4	292.4	- 1.0%
Magazines National	119.2	126.9	- 6.1%
Print International	71.6	72.4	- 1.2%
Digital Media	160.0	104.7	52.9%
Services/Holding	23.4	23.5	-0.5%
International revenues	157.8	120.4	31.1%
<i>International revenues as percent of total revenues</i>	<i>23.8%</i>	<i>19.4%</i>	
Pro forma revenues Digital Media	168.6	155.6	8.4%
<i>Digital Media revenues as percent of total revenues (pro forma)</i>	<i>25.1%</i>	<i>23.2%</i>	
<b>EBITDA<sup>1)</sup></b>	<b>119.2</b>	<b>80.3</b>	<b>48.4%</b>
<i>EBITDA margin<sup>1)</sup></i>	<i>18.0%</i>	<i>13.0%</i>	
Consolidated net profit	62.3	213.0	- 70.8%
Consolidated net profit, adjusted <sup>2)</sup>	62.0	34.9	77.4%
Total assets <sup>3)</sup>	2,992.1	2,934.3	2.0%
Equity <sup>3)</sup>	1,264.9	1,196.8	5.7%
Equity ratio <sup>3)</sup>	42.3%	40.8%	
Free cash flow	17.7	40.3	-56.2%
Net debt <sup>3)</sup>	- 193.0	- 193.0	-
Earnings per share (in €) <sup>4)</sup>	2.03	7.09	-71.4%
Earnings per share, adjusted (in €) <sup>2) 4)</sup>	2.07	1.17	76.9%
Closing price (in €)	85.61	51.36	66.7%
Average number of employees	11,267	10,652	5.8%

<sup>1)</sup> Adjusted for non-recurring effects and effects of purchase price allocation.

<sup>2)</sup> Adjusted for significant, non-operating items.

<sup>3)</sup> As of March 31, 2010 and December 31, 2009, respectively.

<sup>4)</sup> Diluted. The year-ago comparison figure for the adjusted earnings per share was calculated on the basis of the weighted average shares outstanding during the reporting period.